S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants

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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 accompanying standalone financial statements of InCred Financial Services Limited ("the Company"), which comprise the Balance sheet as at March 31, 2022, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including a summary of 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, as amended ("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 March 31, 2022, its profit, including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs), as 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 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 audit opinion on the standalone financial statements.

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 for the financial year ended March 31, 2022. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone financial statements.

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Key audit matters	How our audit addressed the key audit matter
(a) **Impairment of financial assets as at balance sheet date (expected credit losses)** (as described in note 5 of the standalone financial statements)	
Ind AS 109 requires the Company to provide for impairment of its loan receivables (designated at amortised cost and fair value through other comprehensive income) using the expected credit loss (ECL) approach. ECL involves an estimation of probability-weighted loss on financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions which could impact the credit quality of the Company's loans and advances. In the process, a significant degree of judgement has been applied by the management for: • Staging of loans (i.e. classification in 'significant increase in credit risk' ("SICR") and 'default' categories); • Grouping of borrowers based on homogeneity by using appropriate statistical techniques; • Estimation of behavioral life; • Determining macro-economic factors impacting credit quality of receivables; • Estimation of losses for loan products with no/ minimal historical defaults. In view of such high degree of management's judgement involved in estimation of ECL, it is a key audit matter.	• Read and assessed the Company's accounting policies for impairment of financial assets and their compliance with Ind AS 109 and the governance framework approved by the Board of Directors pursuant to Reserve Bank of India guidelines issued on March 13, 2020. • Read and assessed the Company's policy with respect to one-time restructuring offered to customers pursuant to the "Resolution Framework for COVID-19-related Stress" issued by RBI on August 6, 2020 and tested the implementation of such policy on a sample basis. • Evaluated the reasonableness of the management estimates by understanding the process of ECL estimation and related assumptions and tested the controls around data extraction and validation. • Assessed the criteria for staging of loans based on their past-due status to check compliance with requirement of Ind AS 109. Tested a sample of performing (stage 1) loans to assess whether any SICR or loss indicators were present requiring them to be classified under higher stages. • Assessed the additional considerations applied by the management for staging of loans as SICR or default categories in view of Company's policy on one-time restructuring. • Tested the ECL model, including assumptions and underlying computation. Assessed the floor/ minimum rates of provisioning applied by the Company for loan products with inadequate historical defaults. • Tested assumptions used by the management in determining the impact on account macro-economic factors on calculation of default rates (including COVID-19 pandemic). • Assessed disclosures included in the standalone financial statements in respect of expected credit losses including the specific disclosures made with regards to the impact of COVID-19 on ECL estimation.

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Key audit matters	How our audit addressed the key audit matter
(b) IT systems and controls	
Financial accounting and reporting processes, especially in the financial services sector, are fundamentally reliant on IT systems and IT controls to process significant transaction volumes, hence we identified IT systems and controls over financial reporting as a key audit matter for the Company. Automated accounting procedures and IT environment controls, which include IT governance, general IT controls over program development and changes, access to programs and data and IT operations, are required to be designed and to operate effectively to ensure reliable financial reporting.	• Tested the design and operating effectiveness of the Company's IT access controls over the information systems that are important to financial reporting and various interfaces, configuration and other identified application controls. • Tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing requests for access to systems were reviewed and authorized. • Tested the Company's periodic review of access rights. We also tested requests of changes to systems for approval and authorization. • In addition to the above, tested the design and operating effectiveness of certain automated controls that were considered as key internal controls over financial reporting. • Tested the design and operating effectiveness of compensating controls, where deficiencies were identified and, where necessary, extended the scope of our substantive audit procedures.

Other Information

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

Our opinion on the 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 financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether such other information is materially inconsistent with the 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.

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 including other comprehensive income, cash flows and changes in equity 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 read with the 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

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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 the 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 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance 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 skepticism throughout the audit. We also:

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures 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 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 for the financial year ended March 31, 2022 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.

Other Matter

The financial statements of the Company for the year ended March 31, 2021, included in these standalone financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on May 7, 2021.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
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 including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity 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, as amended;

   (e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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 these standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

   (g) In our opinion, the managerial remuneration for the year ended March 31, 2022 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

   (h) 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, as amended in our opinion and to the best of our information and according to the explanations given to us:

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

      ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 4 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.

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iv. a) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the note 43(vi)(a) to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The management has represented that, to the best of its knowledge and belief, as disclosed in note 46(vi)(b), no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on such audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v. No dividend has been declared or paid during the year by the Company.

For **S. R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

Sarvesh Warty.

per Sarvesh Warty
Partner
Membership Number: 121411
UDIN: 22121411AICXWK337
Place of Signature: Mumbai
Date: April 29, 2022

Annexure 1 referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: InCred Financial Services Limited

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) Property, Plant and Equipment have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(c) The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.

(d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2022.

(e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The Company's business does not require maintenance of inventories and, accordingly, the requirement to report on clause 3(ii)(a) of the Order is not applicable to the Company.

(b) As disclosed in note 13 to the standalone financial statements, the Company has been sanctioned working capital limits in excess of Indian Rupees five crores in aggregate from banks during the year on the basis of security of current assets of the Company. The quarterly returns/statements filed by the Company with such banks are in agreement with the books of accounts of the Company.

(iii) (a) The principal business of the Company is to give loans and is a registered non-banking financial company ('NBFC') and accordingly, the requirement to report on clause 3(iii)(a) of the Order is not applicable to the Company.

(b)During the year the investments made and the terms and conditions of the grant of all loans and advances in the nature of loans to companies, firms, limited liability partnerships or any other parties are not prejudicial to the Company's interest. The Company has not provided any guarantees or given any security during the year.

(c) In respect of loans and advances in the nature of loans granted by the Company as part of its business of providing loans to individuals and corporates, the schedule of repayment of principal and payment of interest has been stipulated by the Company. Having regard to the voluminous nature of loan transactions, it is not practicable to furnish entity-wise details of amount, due date for repayment or receipt and the extent of delay (as suggested in the Guidance Note on CARO 2020, issued by the Institute of Chartered Accountants of India for reporting under this clause) in this Annexure 1, in respect of loans and advances which were not repaid / paid when they were due or were repaid / paid with a delay, in the normal course of lending business.

Further, except for those instances where there are delays or defaults in repayment of principal and/ or interest as at the balance sheet date, in respect of which the Company has disclosed asset classification in note 30A(iii) to the standalone financial statements in accordance with Indian Accounting Standards (Ind AS) and the guidelines issued by the Reserve Bank of India, the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest, as applicable.

(d) In respect of loans and advances in the nature of loans, the total amount overdue for more than ninety days as at March 31, 2022 and the details of the number of such cases, are disclosed in note 30A(iii) to the financial statements. In such instances, in our opinion, reasonable steps have been taken by the Company for recovery of the overdue amount of principal and interest.

(e) The principal business of the Company is to give loans and is a registered NBFC and accordingly, the requirement to report on clause 3(iii)(e) of the Order is not applicable to the Company.

(f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.

(iv) There are no loans, investments, guarantees, and security in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 are applicable and accordingly, the requirement to report on clause 3(iv) of the Order is not applicable to the Company.

(v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

(vi) The Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products/services of the Company.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues applicable to the Company have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues applicable to the Company were outstanding, at the year end, for a period of more than six months from the date they became payable.

(b) There are no dues of goods and services tax, provident fund, employees' state insurance, income tax, sales-tax, service tax, customs duty, excise duty, value added tax, cess, goods and service tax and other statutory dues which have not been deposited on account of any dispute.

(viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

(ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) Term loans were applied for the purpose for which the loans were obtained.

(d) On an overall examination of the financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.

(f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Hence, the requirement to report on clause (ix)(f) of the Order is not applicable to the Company.

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(x) (a) The Company has utilized the monies raised during the year by way of initial public offer / further public offer (including debt instruments) in the nature of non-convertible debentures for the purposes for which they were raised.

(b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) No fraud/ material fraud by the Company or no fraud or material fraud on the Company has been noticed or reported during the year.

(b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by cost auditor/ secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

(xii) The Company is not a nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii) of the Order is not applicable to the Company.

(xiii) Transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) (a)The Company has an internal audit system commensurate with the size and nature of its business.

(b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.

(xv) As represented by the management, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.

(xvi) (a) The Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934).

(b)The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtaining a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.

(d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.

(xvii) The Company has not incurred cash losses in the current financial year and immediately preceding financial year.

(xviii) Having regard to the RBI circular on statutory auditor appointment and limits thereon, the previous statutory auditors of the Company have resigned during the year and there were no issues, objections or concerns raised by the outgoing auditors.

(xix) On the basis of the financial ratios disclosed in note 42 to the standalone financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at

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the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx)(a)In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in note 38 to the standalone financial statements.

(b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act. This matter has been disclosed in note 38 to the standalone financial statements.

For **S. R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

Sarvesh Warty.

per Sarvesh Warty
Partner
Membership Number: 121411
UDIN: 22121411AICXWK337
Place of Signature: Mumbai
Date: April 29, 2022

Annexure 2 referred to in paragraph 2 (f) under the heading "Report on other legal and regulatory requirements" of our report of even date

Report on 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 InCred Financial Services Limited (the "Company") as of March 31, 2022 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 over financial reporting 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"). 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 Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these standalone financial statements 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") and the Standards on Auditing as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. 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 these 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 adequacy of the internal financial controls with reference to these 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 these 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 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 these standalone financial statements.

Meaning of Internal Financial Controls with reference to these 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 financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls 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 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 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.

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, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on issued by the ICAI.

For **S. R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

Sarvesh Warty

per Sarvesh Warty
Partner
Membership Number: 121411
UDIN: 22121411AICXWK337
Place of Signature: Mumbai
Date: April 29, 2022

InCred Financial Services Limited

Standalone Financial Statements
Balance Sheet as at March 31, 2022

(Rs. in lakhs)

Particulars	Note No	As at March 31, 2022	As at March 31, 2021
ASSETS			
(1) Financial assets			
(a) Cash and cash equivalents	2	5,203.13	1,323.38
(b) Bank balance other than cash and cash equivalents	3	2,991.36	588.46
(c) Derivative financial instruments	4	1,181.05	-
(d) Loans	5	3,73,226.42	2,55,359.84
(e) Investments	6	8,679.53	12,670.66
(f) Other financial assets	7	2,736.69	1,821.28
		3,94,018.18	2,71,763.62
(2) Non-financial assets			
(a) Current tax assets (Net of provision for tax)		1,184.47	720.61
(b) Deferred tax assets (Net of deferred tax liabilities)	8	2,038.67	1,857.39
(c) Property, plant and equipment	9A	3,384.80	3,276.35
(d) Capital work-in-progress	9B	293.95	14.49
(e) Other Intangible assets	10	188.63	222.49
(f) Other non-financial assets	11	1,280.55	1,285.55
		8,371.07	7,376.88
Total assets		4,02,389.25	2,79,140.50
LIABILITIES AND EQUITY			
LIABILITIES			
(1) Financial liabilities			
(a) Derivative financial instruments	4	186.87	-
(b) Debt securities	12	1,06,523.77	73,827.02
(c) Borrowings (other than debt securities)	13	1,75,065.49	93,422.08
(d) Other financial liabilities	14	8,157.93	6,620.97
		2,89,934.06	1,73,870.07
(2) Non-financial liabilities			
(a) Provisions	15	323.27	169.48
(b) Other non-financial liabilities	16	900.48	516.17
		1,223.75	685.65
EQUITY			
(a) Equity share capital	17 (A)	35,450.27	30,772.79
(b) Preference share capital	17 (B)	3,347.96	7,851.63
(c) Other equity	18	72,433.21	65,960.36
		1,11,231.44	1,04,584.78
Total liabilities and equity		4,02,389.25	2,79,140.50

Significant accounting policies and other explanatory information 1

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

As per our report of even date
For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No.: 101049W/E300004

Sarvesh Warty

per Sarvesh Warty
Partner
Membership No: 121411

Place: Mumbai
Date: April 29, 2022

S.R. BATLIBOI & ASSOCIATES LLP ★ MUMBAI ★ CHARTERED ACCOUNTANTS

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
Membership No: A19285

Place: Mumbai
Date: April 29, 2022

InCred Financial Services Limited

Standalone Financial Statements
Statement of Profit and Loss for the year ended March 31, 2022

(Rs. in lakhs)

Particulars	Note No	Year ended March 31, 2022	Year ended March 31, 2021
Revenue From operations			
(i) Interest income	19	47,334.45	37,711.75
(ii) Net gain on derecognition of financial instruments under amortised cost category		336.68	-
(iii) Fees and commission income	20	1,022.24	557.16
(iv) Net gain/(loss) on fair value changes	21	98.29	268.91
(I) Total revenue from operations		**48,791.66**	**38,537.82**
(II) Other income	22	3,330.04	647.09
(III) Total income (I + II)		**52,121.70**	**39,184.91**
Expenses			
(i) Finance costs	23	21,951.92	15,271.40
(ii) Net loss on derecognition of financial instruments under amortised cost category		1,045.87	-
(iii) Impairment on financial instruments	24	4,351.64	8,865.37
(iv) Employee benefits expenses	25	13,687.26	9,159.37
(v) Depreciation, amortization and impairment	9A & 10	1,070.98	841.79
(vi) Others expenses	26	5,196.83	3,805.92
(IV) Total expenses		**47,304.50**	**37,943.85**
(V) Profit before tax (III - IV)		4,817.20	1,241.06
Tax Expense:			
(i) Current Tax		1,358.68	1,182.98
(ii) Tax pertaining to previous years		-	(47.84)
(iii) Deferred Tax		(153.25)	(917.52)
(VI) Total Tax Expense	27	1,205.43	217.62
(VII) Profit for the year (V - VI)		**3,611.77**	**1,023.44**
(VIII) Other comprehensive income			
(A) (i) Items that will not be reclassified to profit or loss			
(a) Remeasurement gain/(loss) of the defined benefit plans		(94.84)	(26.29)
(ii) Income tax relating to items that will not be reclassified to profit or loss		23.87	6.62
Subtotal (A)		(70.97)	(19.67)
(B) (i) Items that will be reclassified to profit or loss			
(a) Debt instruments through other comprehensive income		(120.30)	118.97
(b) The effective portion of gains and loss on hedging instruments in a cash flow hedge		103.74	
(ii) Income tax relating to items that will not be reclassified to profit or loss		4.17	(29.95)
Subtotal (B)		(12.39)	89.02
Other comprehensive income / (loss) (A + B)		**(83.36)**	**69.35**
(IX) Total comprehensive income for the period (VII + VIII)		**3,528.41**	**1,092.79**
(X) Earnings per equity share (Face Value : Rs. 10 per share)	28		
Basic (Rs.)		0.94	0.27
Diluted (Rs.)		0.93	0.26

Significant accounting policies and other explanatory information 1
The accompanying notes form an integral part of the standalone financial statements

As per our report of even date
For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No.: 101049W/E300004

Sarvesh Warty.

per Sarvesh Warty
Partner
Membership No: 121411

Place: Mumbai
Date: April 29, 2022

S.R. BATLIBOI & ASSOCIATES LLP
MUMBAI
CHARTERED ACCOUNTANTS

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
Membership No: A19285

Place: Mumbai
Date: April 29, 2022

Standalone Financial Statements
Cash Flow Statement for the year ended March 31, 2022

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Cash flow from operating activities		
Profit before tax	4,817.20	1,241.06
Adjustments ro reconcile net profit to net cash generated from / (used in) operating activities		
Depreciation, amortization and impairment	656.90	468.59
Loss on sale of property, plant and equipment	3.40	-
Net (gain) on fair value changes	(98.29)	(268.91)
Interest income	(47,334.45)	(37,711.74)
Finance costs	21,568.06	15,271.40
Impairment on financial instruments	4,356.83	8,865.37
Share based payment to employees	2,442.16	1,027.92
Retirement Benefit expenses	60.52	(21.39)
Operating profit before working capital changes	**(13,527.67)**	**(11,127.70)**
Working capital adjustments		
(Increase) in Loans	(1,22,227.31)	(59,179.72)
(Increase) in other financial assets	(915.42)	(102.86)
Decrease / (Increase) in other non financial assets	5.00	(267.35)
Increase in other financial liabilities	1,840.23	1,082.26
(Decrease) / Increase in provisions	(1.58)	12.79
Increase in other non financial liabilities	384.28	827.04
Cash generated from operations	**(1,34,442.47)**	**(68,755.54)**
Interest received on loans	45,746.66	37,515.45
Interest paid on borrowings and debt	(21,568.06)	(17,429.34)
Income taxes paid (net)	(1,822.50)	(970.03)
Net cash (used in) operating activities	**(1,12,086.37)**	**(49,639.46)**
Cash flow from investing activities		
Purchase of property, plant and equipment	(527.29)	(555.14)
Proceeds from sale of property, plant and equipment	37.77	-
Purchase of intangibles assets	(107.08)	(189.42)
Capital work-in-progress	(279.45)	110.57
Investment in subsidiaries	(999.34)	-
Purchase of investments	(61,273.28)	(1,56,146.89)
Proceeds from sale of investments	66,947.44	1,46,947.67
Investment in term deposits earmarked with banks	(57,430.30)	(96,580.25)
Proceeds from maturity of term deposits earmarked with banks	55,027.40	96,724.72
Net cash (used in) / generated from investing activities	**1,395.87**	**(9,688.74)**
Cash flow from financing activities		
Issue of equity shares (including securities premium)	671.64	36.48
Reversal of rent expense	(441.55)	(292.95)
Proceeds from borrowings (other than debt securities)	1,55,520.00	72,665.00
Proceeds from issue of debt securities	93,524.29	62,173.39
Repayment of borrowings (other than debt securities)	(74,624.56)	(48,668.11)
Redemption of debt securities	(60,827.55)	(28,044.83)
Net cash generated from financing activities	**1,13,822.27**	**57,868.98**
Net increase / (decrease) in cash and cash equivalents	**3,131.77**	**(1,459.23)**
Cash and cash equivalents at the beginning of the year	(645.69)	813.54
Cash and cash equivalents at the end of the year	**2,486.08**	**(645.69)**

Significant accounting policies and other explanatory information 1
The accompanying notes form an integral part of the standalone financial statements

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

S.R. BATLIBOI & ASSOCIATES LLP MUMBAI CHARTERED ACCOUNTANTS

InCred Financial Services Limited

(b) Cash and cash equivalents comprises of

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Cash on hand	-	2.84
Balances with banks		
- Current Accounts	4,953.13	1,320.54
Deposit with bank with maturity less than 3 months	250.00	-
Cash and cash equivalents (Refer note 2)	**5,203.13**	**1,323.38**
Less: Bank overdraft and cash credit (Refer note 13)	(2,717.05)	(1,969.07)
Cash and cash equivalents in cash flow statement	**2,486.08**	**(645.69)**

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

Sarvesh Warty

per Sarvesh Warty
Partner
Membership No: 121411

Place: Mumbai
Date: April 29, 2022

S.R. BATLIBOI & ASSOCIATES LLP MUMBAI CHARTERED ACCOUNTANTS

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
Membership No: A19285

Place: Mumbai
Date: April 29, 2022

InCred Financial Services Limited

Standalone Financial Statements
Statement of Changes in Equity for the year ended March 31, 2022

A. Equity share capital

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Balance as at the beginning of the year	30,772.79	30,763.67
Changes in equity share capital during the year	4,677.47	9.12
Balance as at the end of the year	35,450.27	30,772.79

B. Preference share capital

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Balance as at the beginning of the year	7,851.63	7,851.63
Changes in preference share capital during the year	(4,503.67)	-
Balance as at the end of the year	3,347.96	7,851.63

C. Other equity

(Rs. in lakhs)

Particulars	Reserves and Surplus						Debt instruments through OCI	Cash flow hedge reserve	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, 2020	452.03	61,702.79	27.74	50.89	734.78	828.68	-	-	15.36	63,812.28
Profit for the year	-	-	-	-	-	1,023.44	-	-	-	1,023.44
Other comprehensive income for the year	-	-	-	-	-	(19.67)	89.03	-	-	69.35
Total comprehensive income for the year (net of tax)	-	-	-	-	-	1,003.76	89.03	-	-	1,092.79
Transfer / utilisations										
Additions during the year	-	27.36	-	-	-	-	-	-	-	27.36
Utilized during the year	-	-	-	-	-	-	-	-	-	-
Transferred to special reserve from retained earnings	204.69	-	-	-	-	(204.69)	-	-	-	-
Share based payment 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
Profit for the year	-	-	-	-	-	3,611.77	-	-	-	3,611.77
Other comprehensive income for the year	-	-	-	-	-	(70.97)	(90.02)	77.63	-	(83.36)
Total comprehensive income for the year (net of tax)	-	-	-	-	-	3,540.80	(90.02)	77.63	-	3,528.41
Transfer / utilisations										
Additions during the year (cash premium)	-	497.86	-	-	-	-	-	-	-	497.86
Additions during the year (non-cash premium)	-	270.48	-	-	(270.48)	-	-	-	-	-
Utilized during the year	-	-	-	-	-	-	-	-	-	-
Transferred to special reserve from retained earnings	722.35	-	-	-	-	(722.35)	-	-	-	-
Share based payment expense	-	-	-	3.82	2,442.76	-	-	-	-	2,446.58
Transfer from share based payment reserve	-	-	-	-	(23.07)	23.07	-	-	-	-
Balance at March 31, 2022	1,379.07	62,498.49	27.74	66.09	3,900.55	4,469.27	(0.99)	77.63	15.36	72,433.21

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

Sarvesh Warty.

per Sarvesh Warty
Partner
Membership No: 121411

Place: Mumbai
Date: April 29, 2022

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
Membership No: A19285

Place: Mumbai
Date: April 29, 2022

S.R. BATLIBOI & ASSOCIATES LLP ★ MUMBAI ★ CHARTERED ACCOUNTANTS

(1) Significant Accounting Policies and Other Explanatory Information

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, as amended (the "Master Directions").

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).

The standalone financial statements were authorized for issue by the Company's Board of Directors on April 29, 2022.

B. Basis of preparation

The standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and notified under section 133 of the Companies Act, 2013 (the Act) along with other relevant provisions of the Act, the RBI Master Directions and notification for Implementation of Indian Accounting Standard vide circular RBI/2019-20/170 DOR(NBFC).CC.PD.No.109 /22.10.106/2019-20 dated 13 March 2020 ('RBI Notification for Implementation of Ind AS') issued by RBI. The Company uses accrual basis of accounting except in case of significant uncertainties (Refer Note D15).

i. Functional and presentation currency

The standalone financial statements 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.

ii. Basis of measurement

The standalone financial statements 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 on initial recognition

S.R. BATLIBOI & ASSOCIATES LLP MUMBAI CHARTERED ACCOUNTANTS

Incred Financial Services Limited

iii. Use of estimates and judgements

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

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

Significant accounting estimates and judgements:

i. Business model assessment
ii. Fair value of financial instruments
iii. Effective interest rate (EIR)
iv. Impairment of financial assets
v. Provision for tax expenses
vi. Residual value, useful life and indicators of impairment and recoverable value of property, plant and equipment

C. Presentation of financial statements

The standalone financial statements of the Company are presented as per Division III of Schedule III, as amended, 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.

The Company presents its Balance Sheet in the order of its liquidity.

The Company generally reports financial assets and financial liabilities on a gross basis in the Balance Sheet. They are offset and reported net only when Ind AS specifically permits the same or it has an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event. Similarly, the Company offsets incomes and expenses and reports the same on a net basis when permitted by Ind AS.

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.

S.R. BATLIBOI & ASSOCIATES LLP * MUMBAI * CHARTERED ACCOUNTANTS

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).
- *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

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Trade receivables and payables, loan receivables, investments in securities and subsidiaries, debt securities and other borrowings, preferential and equity capital etc. are some examples of financial instruments.

All financial instruments are at amortised cost, unless otherwise specified.

All the financial instruments are recognised on the date when the Company becomes party to the contractual provisions of the financial instruments. For tradable securities, the Company recognises the financial instruments on settlement date.

i. Financial assets

Initial measurement

All financial assets are recognised initially at fair value including transaction costs that are attributable to the acquisition of financial assets except in the case of financial assets recorded at FVTPL where the transaction costs are charged to profit or loss. Generally, the transaction price is treated as fair value unless proved to the contrary.

S.R. BATLIBOI & ASSOCIATES LLP * MUMBAI * CHARTERED ACCOUNTANTS

Incred Financial Services Limited

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.

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:

i. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

ii. 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.

Subsequent measurement

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 .

S.R. BATLIBOI & ASSOCIATES LLP ★ MUMBAI ★ CHARTERED ACCOUNTANTS

InCred Financial Services Limited

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.

ii. 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.

iii. **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.

S.R. BATLIBOI & ASSOCIATES LLP MUMBAI CHARTERED ACCOUNTANTS

InCred Financial Services Limited

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.

On derecognition of a financial assets in its entirety, the difference between:

- the carrying amount (measured at the date of derecognition) and
- the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

Financial assets subsequently measured at amortised cost are generally held for collection of contractual cashflow. The Company on looking at economic viability of certain portfolios measured at amortised cost may enter into immaterial and infrequent transaction for sale of loans which doesn't affect the business model of the Company.

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.

iv. **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.

v. **Derivatives recorded at fair value through profit and loss**

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract (i.e., the 'underlying').

- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts expected to have a similar response to changes in market factors.

- It is settled at a future date.

The Company enters into derivative transactions with various counterparties to hedge its foreign currency risks, interest rate risks and equity price risks, respectively. These include cross-currency swaps, forward foreign exchange contracts, futures and options on equities.

S.R. BATLIBOI & ASSOCIATES LLP ★ MUMBAI ★ CHARTERED ACCOUNTANTS

InCred Financial Services Limited

Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of derivatives are included in net gain on fair value changes unless hedge accounting is applied.

vi. **Embedded derivatives**

An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract. A derivative that is attached to a financial instrument, but is contractually transferable independently of that instrument, or has a different counterparty from that instrument, is not an embedded derivative, but a separate financial instrument.

If the hybrid contract contains a host that is a financial asset / financial liability within the scope of Ind AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract.

Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

3. Share capital

Equity 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.

4. Investment in subsidiaries

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

5. 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.

6. Impairment of financial assets

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

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

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

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

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

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

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 30.

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 30.

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 30.

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 overdue for more than 540 days and 450 days respectively. However, Small and Medium Enterprises (SME) Secured and Unsecured Loans, are written off on a case-to-case basis, 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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7. Hedge accounting

The Company makes use of derivative instruments to manage exposures to interest rate risk and foreign currency risk. In order to manage particular risks, the Company applies hedge accounting for transactions that meet specified criteria.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the Company would assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed on an on-going basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

During the year, hedges that meet the criteria for hedge accounting and qualify as cash flow hedges are accounted as follows:

Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability and could affect profit or loss. For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity (cash flow hedge reserve). The ineffective portion of the gain or loss on the hedging instrument is recognised immediately as finance cost in the Statement of Profit and Loss. When the hedged cash flow affects the Statement of Profit and Loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the Statement of Profit and Loss.

When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in OCI at that time remains in OCI and is recognised when the hedged forecast transaction is ultimately recognised in the statement of profit and loss.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the Statement of Profit and Loss.

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.

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9. Share-based payment arrangements

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

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

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

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

10. Lease Accounting

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

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

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

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

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

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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 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:

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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 straight line basis as per the useful life given under Schedule II of the Companies Act, 2013, and is generally recognised in the Standalone Statement of Profit and Loss.

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

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

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

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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.

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.

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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:

The Company recognises revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial instruments' is applicable) based on a comprehensive assessment model as set out in Ind AS 115 'Revenue from contracts with customers'. The Company identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognises revenue only on satisfactory completion of performance obligations.

Loan related 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.

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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 into 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.

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.

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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 operates in a single reportable segment i.e., financing, since the nature of the loans are exposed to similar risk and return profiles hence they are collectively operating under a single segment. The Company operates in a single geographical segment i.e. domestic.

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.

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 upto the date of issuance of the financial statements

Ministry of Corporate affairs have made changes on March 23, 2022, in the following Indian Accounting Standards (Ind AS) namely Ind AS 101, Ind AS 103, Ind AS 109, Ind AS 16, Ind AS 37 and Ind AS 41. The same are effective from April 01, 2022.

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Notes to the Standalone Financial Statements

2. Cash and cash equivalents

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Cash on hand	-	2.84
Balances with banks	4,953.13	1,320.54
Fixed deposit with bank with original maturity of less than 3 months	250.00	-
Total	**5,203.13**	**1,323.38**

3. Bank balance other than cash and cash equivalents

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Earmarked fixed deposits with banks *	2,991.36	588.46
Total	**2,991.36**	**588.46**

** Earmarked for borrowings, bank guarantee.*

4. Derivative financial instruments at Fair Value

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
(A) Derivative financial assets		
(i) Cross Currency Interest Rate Swaps		
Cash flow hedge (Notional amount : 5,110.00 , PY : Nil)*	299.22	-
(ii) Equity Linked Derivatives		
Options and futures (Notional amount : 5,443.98 , PY : Nil) (Refer note 12)	881.83	-
Total	**1,181.05**	-
(B) Derivative financial liabilities		
Embedded Derivative on Market Linked Debentures (Notional amount : 4,620.00 , PY : Nil) (Refer Note 12)	186.87	-
Total	**186.87**	-

**Derivative transactions comprise of currency and interest rate swaps. The Company undertakes such transactions for hedging borrowings in foreign currency.*

5. Loans

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
	Amortised cost	Amortised cost
(A) (i) Term loans	3,82,323.85	2,64,464.73
Total - Gross (A)	**3,82,323.85**	**2,64,464.73**
Less: Impairment loss allowance	(9,097.43)	(9,104.89)
Total - Net of impairment loss allowance (A)	**3,73,226.42**	**2,55,359.84**
(B) (i) Secured by tangible assets*	1,54,384.85	1,30,978.67
(ii) Covered by Bank and Government guarantees	4,778.52	5,786.74
(iii) Unsecured	2,23,160.48	1,27,699.32
Total - Gross (B)	**3,82,323.85**	**2,64,464.73**
Less: Impairment loss allowance	(9,097.43)	(9,104.89)
Total - Net of impairment loss allowance (B)	**3,73,226.42**	**2,55,359.84**
(C) Loans in India		
(i) Public sectors	-	-
(ii) Others	3,82,323.85	2,64,464.73
Total - Gross (C)	**3,82,323.85**	**2,64,464.73**
Less: Impairment loss allowance	(9,097.43)	(9,104.89)
Total - Net of impairment loss allowance (C)	**3,73,226.42**	**2,55,359.84**

** Secured by charge on immovable properties, vehicles, inventories and receivables.*

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Notes to the Standalone Financial Statements

6. Investments

(Rs. in lakhs)

Particulars	As at March 31, 2022					As at March 31, 2021				
	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		
Debt securities	855.47	2,909.12	-	-	3,764.59	2,120.55	6,652.06	-	-	8,772.61
Equity instruments										
-Subsidiaries (Refer Note 31)	-	-	-	4,915.00	4,915.00	-	-	-	3,911.22	3,911.22
- Convertible Preference Shares	-	-	9.22	-	9.22	-	-	-	-	-
Total - Gross (A)	**855.47**	**2,909.12**	**9.22**	**4,915.00**	**8,688.81**	**2,120.55**	**6,652.06**	-	**3,911.22**	**12,683.83**
Investments in India (B)	855.47	2,909.12	9.22	4,915.00	8,688.81	2,120.55	6,652.06	-	3,911.22	12,683.83
Total - Gross (B)	**855.47**	**2,909.12**	**9.22**	**4,915.00**	**8,688.81**	**2,120.55**	**6,652.06**	-	**3,911.22**	**12,683.83**
Less: Allowance for impairment loss (C)	(0.03)	(9.25)	-	-	(9.28)	(0.05)	(13.12)	-	-	(13.17)
Total - Net (B - C)	**855.44**	**2,899.87**	**9.22**	**4,915.00**	**8,679.53**	**2,120.50**	**6,638.94**	-	**3,911.22**	**12,670.66**

** Investments at amortised cost are all classified as Stage I under credit risk*

*** Others are measured at cost*

7. Other financial assets

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
	Amortised cost	Amortised cost
Security Deposits (Unsecured, considered good)	304.83	230.06
Retained interest on loans derecognised	336.68	-
Receivable from related parties (Refer note 31)	521.35	15.46
Balances with partners/anchors	746.31	959.05
Margin money deposit	150.00	-
Others	677.52	621.89
Less: Allowance for impairment loss	-	(5.18)
Total	**2,736.69**	**1,821.28**

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Notes to the Standalone Financial Statements

8. Deferred tax

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

Particulars	Net balance April 01, 2021	Recognised in profit or loss	Recognised in OCI	Net balance as at March 31, 2022
Deferred tax assets				
Provision for impairment loss on financial instruments	2,107.36	175.45	-	2,282.81
Provision for retirement benefit plans	39.89	15.23	23.87	78.99
Disallowance of merger expenses	119.56	29.13	-	148.69
Lease liability	54.18	13.09	-	67.27
Fair value change on financial instruments	-	53.75	4.17	57.92
Difference between written down value of property plant and equipment and Intangible assets as per the books of accounts and income tax	71.45	27.06	-	98.51
(A)	**2,392.44**	**313.71**	**28.04**	**2,734.19**
Deferred tax liabilities				
Fair value change of investment valued at Fair value through OCI	(29.96)	26.99	-	(2.97)
EIR impact on financial instruments	(504.81)	(187.74)	-	(692.55)
Others	(0.28)	0.28	-	-
(B)	**(535.05)**	**(160.47)**	**-**	**(695.52)**
Deferred tax asset (net) (A-B)	**1,857.39**	**153.24**	**28.04**	**2,038.67**

(Rs. in lakhs)

Particulars	Net balance April 01, 2020	Recognised in profit or loss	Recognised in OCI	Net balance as at March 31, 2021
Deferred tax assets				
Provision for impairment loss on financial instruments	1,219.10	888.26	-	2,107.36
Provision for retirement benefit plans	37.68	(4.41)	6.62	39.89
Disallowance of expenses	-	119.56	-	119.56
Lease liability	29.82	24.36	-	54.18
Difference between written down value of property plant and equipment and Intangible 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				
Revaluation of investment valued at Fair value through OCI	-	-	(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**

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Notes to the Standalone Financial Statements

9A. 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, 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	373.21	710.54
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	605.97	1,345.41
Net carrying value as at March 31, 2021	21.55	144.08	915.96	144.46	251.48	86.26	1,712.56	3,276.35
Year ended March 31, 2022								
At carrying cost at the beginning of the year	22.71	157.60	1,081.18	186.78	730.68	124.28	2,318.53	4,621.76
Additions during the year	-	13.25	35.37	9.32	383.94	85.42	552.36	1,079.66
Disposals	-	(13.68)	(141.57)	(1.74)	(18.78)	(52.84)	-	(228.61)
Gross carrying value as March 31, 2022	22.71	157.17	974.98	194.36	1,095.84	156.86	2,870.89	5,472.81
Accumulated depreciation as at the beginning of the year	1.16	13.52	165.22	42.32	479.20	38.02	605.97	1,345.41
Depreciation for the year	0.38	33.61	212.33	45.89	208.75	15.01	414.08	930.05
Disposals	-	(13.68)	(135.81)	(0.65)	(18.28)	(19.03)	-	(187.45)
Accumulated depreciation as at March 31, 2022	1.54	33.45	241.74	87.56	669.67	34.00	1,020.05	2,088.01
Net carrying value as at March 31, 2022	21.17	123.72	733.24	106.80	426.17	122.86	1,850.84	3,384.80

** Immovable properties have been pledged against debt securities issued. Refer Note 12*

*** Refer Note 34 for recognition of right-of-use assets*

9B. Capital Work in progress

(Rs. in lakhs)

Capital work in progress (CWIP)	As at March 31, 2022				As at March 31, 2021			
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Less than 1 year	1-2 years	2-3 years	More than 3 years
Projects in progress	293.95	-	-	-	14.49	-	-	-
Projects temporarily suspended	-	-	-	-	-	-	-	-
	293.95	-	-	-	14.49	-	-	-

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Notes to the Standalone Financial Statements

10. Other intangible assets

(Rs. in lakhs)

Particulars	Computer software
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	272.74
Amortisation for the year	266.89
Accumulated amortisation as at March 31, 2021	**539.63**
Net carrying value as at March 31, 2021	**222.49**
Year ended March 31, 2022	
At cost at the beginning of the year	762.12
Additions during the year	107.08
Gross carrying value as March 31, 2022	**869.20**
Accumulated amortisation:	
Accumulated amortisation as at the beginning of the year	539.63
Amortisation for the year	140.94
Accumulated amortisation as at March 31, 2022	**680.57**
Net carrying value as at March 31, 2022	**188.63**

11. Other non-financial assets

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
	Amortised cost	Amortised cost
Prepaid expenses	294.29	360.27
Advances recoverable in kind (Unsecured, considered good)	94.73	201.49
GST receivable	891.53	723.79
Total	**1,280.55**	**1,285.55**

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Notes to the Standalone Financial Statements

12. Debt Securities

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
	Amortised cost	Amortised cost
Debentures	95,683.00	73,827.02
Commercial Papers	10,840.77	-
Total	**1,06,523.77**	**73,827.02**
Debt securities in India	1,06,523.77	73,827.02
Debt securities outside India	-	-
Total	**1,06,523.77**	**73,827.02**

Terms and conditions

(Rs. in lakhs)

Sr No	Particulars	Nature of security	Terms of repayment	Maturity date	As at March 31, 2022	As at March 31, 2021
1	750, 10.25% Secured Rated Listed Redeemable Non-Convertible Debentures of Rs. 10,00,000 each	1. Non- Convertible Debentures issued by the company are secured by way of a first pari- passu charge over the receivables of the Company to the extent they meet the stipulated security cover ("Hypothecated Receivables") created pursuant to the deed of hypothecation executed by the Company in favour of the Debenture Trustee. 2. Additionally secured by way of a pari- passu charge with other debenture holders over the identified immovable property owned by the Company.	Redeemable at par at the end of 1096 days from the date of allotment. Coupon to be paid annually.	26-Apr-21	-	8,213.51
2	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
3	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	5,313.88	5,265.56
4	1,000, 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	10,689.83	10,649.39
5	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
6	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
7	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
8	250, 9.10% Secured Rated Listed Redeemable Non Convertible Debentures of INR 10,00,000 each		Redeemable at par at the end of 547 days from the date of allotment. Coupon to be paid quarterly.	04-Jun-22	628.49	2,502.24
9	1150, 10.95% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 10,00,000 each		Redeemable with agreed coupon at the end of 2191 days from the date of allotment, subject to a Put Option or Call Option at the end of 1096 days.	27-Jul-24	12,128.60	-
10	5,21,273, 0% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 1,000 each	Non- Convertible Debentures issued by the company are secured by way of a first ranking exclusive and continuing charge created over identified book debts/loan receivables (the "Hypothecated Assets") pursuant to the deed of hypothecation executed by the Company in favour of the Debenture Trustee.	Redeemable with agreed coupon at the end of 366 days from the date of allotment.	17-Feb-23	5,203.54	-
11	4,15,484, 9.25% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 1,000 each		Redeemable with agreed coupon at the end of 730 days from the date of allotment.	17-Feb-24	4,146.15	-
12	53,836, 9.13% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 1,000 each		50% will be redeemed on the date at the end of 365 days and remaining 50% at the end of 730 days from the date of allotment.	17-Feb-24	1,074.31	-

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Notes to the Standalone Financial Statements

12. Debt Securities

13	158, 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 730 days from the date of allotment.	30-Sep-21	-	1,849.04
14	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
15	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
16	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	6,406.88	5,744.54
17	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	1,657.03	1,487.92
18	372, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 545 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	20-Oct-22	4,056.95	-
19	154, 0% 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 if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	26-May-23	1,658.75	-
20	139, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 1221 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	04-Oct-24	1,400.88	-
21	150, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 1011 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	26-Apr-24	1,527.53	-
22	200, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 518 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	29-Dec-22	2,132.32	-
23	200, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 761 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	29-Aug-23	2,139.44	-
24	320, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 942 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	22-Apr-24	3,309.36	-
25	750, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 912 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	29-Mar-24	7,707.02	-
26	400, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 547 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	23-Jun-23	4,062.03	-
27	173, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 1205 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	08-May-25	1,705.86	-
28	1,000, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000	1. First ranking and exclusive charge over the Identified Receivables together with all right, title and interest in relation thereto including the rights in relation to the security interests created in connection therewith: 2. A first ranking and exclusive charge over the Cash Collateral; 3. A first ranking and exclusive charge over all right, title and interest of the Company in the SPV Trust, whether as residual beneficiary or in connection with the contribution undertaken to be made available by the Company to the SPV Trust in terms of the Assignment Documents.	Redeemable with agreed coupon at the end of 609 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	04-Jan-23	10,780.60	-
29	7,500, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 640 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	03-Apr-23	7,953.55	-
28	Commercial Paper	Unsecured	Issued at a discount and redeemable at par. The tenure is 32 days to 189 days with an average discount rate of 8.13% p.a.	NA	10,840.77	-
	Total				1,06,523.77	73,827.02

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Notes to the Standalone Financial Statements

13. Borrowings (other than debt securities)

(Rs. in lakhs)

Particulars	As at March 31, 2022 Amortised cost	As at March 31, 2021 Amortised cost
(a) Term loans		
(i) from banks	1,42,452.01	62,464.65
(ii) from other parties	19,839.77	16,338.37
(b) Inter corporate borrowings from related parties	-	6,202.16
(c) Inter corporate borrowings from other parties	4,550.00	1,000.25
(d) Loans repayable on demand		
(i) from banks	8,223.71	5,456.93
(e) Commercial Papers	-	1,959.72
Total	**1,75,065.49**	**93,422.08**
Borrowings in India	1,69,735.67	93,422.08
Borrowings outside India	5,329.82	-
Total	**1,75,065.49**	**93,422.08**

Note : The borrowings from banks and financial institutions have been used for the specific purpose for which it was taken.

Terms and conditions

(Rs. in lakhs)

Particulars	Nature of security	Terms of repayment	As at March 31, 2022	As at March 31, 2021
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 11 to 60 months at an average rate of interest ("ROI") of 9.00% p.a.	1,42,452.01	62,464.65
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 24 to 39 months at an average ROI of 10.94% p.a.	14,509.95	16,338.37
b) Others- External commercial borrowings	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.	Loan is repayable on maturity at the end of 60 months. Interest linked to LIBOR and payable half yearly.	5,329.82	-
Inter corporate borrowings from related parties (Refer Note 31)	Unsecured	The tenure is 6 months. Interest is payable on a monthly basis at an average ROI of 9.90% p.a.	-	6,202.16
Inter corporate borrowings from other parties	Unsecured	The tenure is 1 month to 3 months. Interest is payable on a monthly basis at an average ROI of 9.14% p.a.	4,550.00	1,000.25
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.	CC / WCDL facilities are repayable on demand with renewal at the end of 1 year. Interest is payable on a monthly basis at an average ROI of 8.44% p.a.	8,223.71	5,456.93
Commercial Paper	Unsecured	The tenure is 364 days with discount rate of 9.00% p.a.	-	1,959.72
Total			1,75,065.49	93,422.08

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Notes to the Standalone Financial Statements

14. Other financial liabilities

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
	Amortised cost	Amortised cost
Lease liability (Refer Note 34)	2,141.57	1,927.82
Collaterals from customers	3,098.48	2,273.22
Security deposits	55.35	10.57
Payable on servicing portfolio	106.13	-
Provision for expenses	2,734.66	2,389.08
Others	21.74	20.28
Total	**8,157.93**	**6,620.97**

15. Provisions

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for employee benefits (Refer Note 32)	313.85	158.48
Expected credit loss provision on undrawn commitments	9.42	11.00
Total	**323.27**	**169.48**

16. Other non-financial liabilities

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Statutory dues payable	900.48	516.17
Total	**900.48**	**516.17**

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Notes to the Standalone Financial Statements

17 (A). Equity share capital

(Rs. in lakhs)

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number	Amount	Number	Amount
Authorised Capital				
Equity shares of Rs. 10/- each	2,01,10,00,000	2,01,100.00	2,00,00,00,000	2,00,000.00
Total	**2,01,10,00,000**	**2,01,100.00**	**2,00,00,00,000**	**2,00,000.00**
Issued, subscribed and paid up capital				
Equity Shares of Rs. 10/- each fully paid up	35,45,02,651	35,450.27	30,77,27,936	30,772.79
Total	**35,45,02,651**	**35,450.27**	**30,77,27,936**	**30,772.79**

Increase in authorised capital is on account of merger of InCred Housing Finance Private Limited with the Company

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.

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, 2022		As at March 31, 2021	
	No. of shares held	Amount	No. of shares held	Amount
Bee Finance Limited (Mauritius)	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**

Equity shares held by promoters of the company

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

(Rs. in lakhs)

Name of shareholder	As at March 31, 2022		As at March 31, 2021	
	No. of shares held	% of shares held	No. of shares held	% of shares held
Bee Finance Limited (Mauritius)	23,03,73,125	59.38%	23,03,73,125	59.64%
Bhupinder Singh	25,19,554	0.65%	25,19,554	0.65%
Total	**23,28,92,679**	**60.03%**	**23,28,92,679**	**60.29%**

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

Name of shareholder	As at March 31, 2022		As at March 31, 2021	
	No. of shares held	% Holding	No. of shares held	% Holding
Bee finance Limited (Mauritius), the holding company	23,03,73,125	64.98%	23,03,73,125	74.86%
Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.	-	0.00%	100	0.00%
Oaks Asset Management Private Limited (formerly known as "Alpha Capital Advisors Private Limited A/C PMS")	1,86,43,793	5.26%	1,88,93,793	6.14%
Total	**24,90,16,918**	**70.24%**	**24,92,67,018**	**81.00%**

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, 2022		As at March 31, 2021	
	Number	Amount	Number	Amount
At the beginning of the year	30,77,27,936	30,772.79	30,76,36,727	30,763.67
Add: Issued during the year				
Shares issued during the year	-		-	-
Stock options exercised during the year	17,38,050	173.81	91,209	9.12
Preference shares converted into equity shares	4,50,36,665	4,503.67	-	-
At the end of the year	**35,45,02,651**	**35,450.27**	**30,77,27,936**	**30,772.79**

For shares reserved for issue under Employee Stock option plan - Refer Note No 33

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17 (B). Preference share capital

(Rs. in lakhs)

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number	Amount	Number	Amount
Authorised Capital				
Preference Shares of Rs. 10/- each	9,50,00,000	9,500.00	8,00,00,000	8,000.00
Total	**9,50,00,000**	**9,500.00**	**8,00,00,000**	**8,000.00**
Issued, subscribed and paid up capital				
Preference Shares of Rs. 10/- each fully paid	3,34,79,624	3,347.96	7,85,16,289	7,851.63
Total	**3,34,79,624**	**3,347.96**	**7,85,16,289**	**7,851.63**

Increase in authorised capital is on account of merger of InCred Housing Finance Private Limited with the Company

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.

Preference shares held by holding company: Nil (PY : Nil)

Preference shares held by promoters of the company: Nil (PY : Nil)

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

Name of shareholder	As at March 31, 2022		As at March 31, 2021	
	No. of shares held	% Holding	No. of shares held	% Holding
Bee finance Limited (Mauritius), the holding company	-	0.00%	-	0.00%
Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.	-	0.00%	4,50,36,665	57.36%
Oaks Asset Management Private Limited (formerly known as "Alpha Capital Advisors Private Limited A/C PMS")	72,37,813	21.62%	72,37,813	9.22%
Total	**72,37,813**	**21.62%**	**5,22,74,478**	**66.58%**

Preference shares reconciliation

(Rs. in lakhs)

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number	Amount	Number	Amount
At the beginning of the year	7,85,16,289	7,851.63	7,85,16,289	7,851.63
Add: Issued during the year				
Shares issued during the period	-	-	-	-
Preference shares converted into equity shares	(4,50,36,665)	(4,503.67)	-	-
At the end of the year	**3,34,79,624**	**3,347.96**	**7,85,16,289**	**7,851.63**

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

Name of shareholder	As at March 31, 2022		As at March 31, 2021	
	No. of shares held	% Holding	No. of shares held	% Holding
Bee finance Limited (Mauritius), the holding company	23,03,73,125	59.38%	23,03,73,125	59.64%
Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.	-	0.00%	4,50,36,765	11.66%
Oaks Asset Management Private Limited (formerly known as "Alpha Capital Advisors Private Limited A/C PMS")	2,58,81,606	6.67%	2,61,31,606	6.77%
Total	**25,62,54,731**	**66.05%**	**30,15,41,496**	**78.07%**

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18. Other Equity

(Rs. in lakhs)

Particulars	Reserves and Surplus						Debt instruments through OCI	Cash flow hedge reserve	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, 2020	452.03	61,702.79	27.74	50.89	734.78	828.68	-	-	15.36	63,812.28
Profit for the year	-	-	-	-	-	1,023.44	-	-	-	1,023.44
Other comprehensive income for the year	-	-	-	-	-	(19.67)	89.03	-	-	69.35
Total comprehensive income for the year (net of tax)	-	-	-	-	-	1,003.76	89.03	-	-	1,092.79
Transfer / utilisations										
Additions during the year	-	27.36	-	-	-	-	-	-	-	27.36
Utilized during the year	-	-	-	-	-	-	-	-	-	-
Transferred to special reserve from retained earnings	204.69	-	-	-	-	(204.69)	-	-	-	-
Share based payment 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
Profit for the year	-	-	-	-	-	3,611.77	-	-	-	3,611.77
Other comprehensive income for the year	-	-	-	-	-	(70.97)	(90.02)	77.63	-	(83.36)
Total comprehensive income for the year (net of tax)	-	-	-	-	-	3,540.80	(90.02)	77.63	-	3,528.41
Transfer / utilisations										
Additions during the year (cash premium)	-	497.86	-	-	-	-	-	-	-	497.86
Additions during the year (non-cash premium)	-	270.48	-	-	(270.48)	-	-	-	-	-
Utilized during the year	-	-	-	-	-	(722.35)	-	-	-	-
Transferred to special reserve from retained earnings	722.35	-	-	-	-	-	-	-	-	-
Share based payment expense	-	-	-	3.82	2,442.76	-	-	-	-	2,446.58
Transfer from share based payment reserve	-	-	-	-	(23.07)	23.07	-	-	-	-
Balance at March 31, 2022	1,379.07	62,498.49	27.74	66.09	3,900.55	4,469.27	(0.99)	77.63	15.36	72,433.21

Nature and purpose of each reserves:

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 including non-cash component arising on exercise of stock options. The reserve is utilised in accordance with the provisions of the Act.

Deemed equity - This reserve 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.

Cash Flow hedge reserve- This represents the cumulative gains / (losses) arising on the revaluation of derivative instruments designated at cash flow hedges 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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19. Interest income

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
On financial assets measured at amortised cost:		
-Interest on loans	45,746.66	35,496.52
-Interest income from investments	856.75	523.59
-Interest on deposits with banks	122.17	154.14
On Financial Assets measured at fair value through Other Comprehensive Income:		
-Interest income from investments	608.87	1,537.50
Total	**47,334.45**	**37,711.75**

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 2022 and 31 March 2021.

20. Fees and commission income

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Loan servicing and administration charges	966.24	501.16
Service fees (Refer Note 31)	56.00	56.00
Total	**1,022.24**	**557.16**
Geographical Markets		
Within India	1,022.24	557.16
Outside India	-	-
Total	**1,022.24**	**557.16**
Timing of revenue recognition		
Services transferred at a point in time	1,022.24	557.16
Services transferred over time	-	-
Total	**1,022.24**	**557.16**

Note: For receivable balances against the income, refere note no 6

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

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Net gain/ (loss) on financial instruments at fair value through profit or loss		
-Investments	132.93	268.91
-Derivatives	(34.64)	-
Total	**98.29**	**268.91**
Fair value changes:		
-Realised	132.93	268.91
-Unrealised	(34.64)	-

22. Other income

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Marketing income	1,764.00	195.00
Business support charges (Refer Note 31)	1,349.32	401.46
Other income	216.72	50.63
Total	**3,330.04**	**647.09**

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23. Finance costs

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
On financial liabilities measured at amortised cost:		
(i) Interest on borrowings	10,593.94	8,258.41
(ii) Discount on Commercial Paper	487.26	124.74
(iii) Interest on Debentures	10,206.40	6,499.73
(iv) Interest on Inter Corporate Debts ("ICD")	280.46	195.74
(v) Interest on lease liability (Refer Note 34)	198.43	152.16
(vi) Other finance cost	185.43	40.62
Total	**21,951.92**	**15,271.40**

24. Impairment on financial instruments

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
On Financial instruments measured at amortised cost:		
(i) Loans (including amount written off, net of recovery)	4,360.72	8,868.53
(ii) Investments	(3.90)	0.05
(iii) Others	(5.18)	(3.21)
Total	**4,351.64**	**8,865.37**

25. Employee benefits expenses

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Salaries and wages	10,685.21	7,799.95
Contribution to provident and other funds	270.31	216.00
Share based payment to employees (Refer Note 33)	2,443.68	1,026.38
Staff welfare expenses	225.32	138.43
Retirement Benefit expenses (Refer Note 32)	60.52	(21.39)
Others	2.22	-
Total	**13,687.26**	**9,159.37**

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26. Other expenses

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Information Technology expenses	1,312.43	593.96
Collection expenses	1,150.94	851.93
Legal, professional and consultancy charges	1,137.49	441.41
Office Expense	442.45	378.81
Travelling and conveyance	260.31	129.22
Advertisement, publicity and sales promotion expenses	226.59	389.18
Rating fees	189.75	104.25
Payment to auditors	111.83	84.93
Directors' sitting fees (Refer Note 31)	45.35	13.19
Stamp Duty & Filing fees	29.68	8.10
Bank charges	26.64	31.94
Repairs and maintenance	21.22	15.28
Corporate Social responsibility (Refer Note 38)	16.35	20.05
Rent (Refer Note 34)	10.51	275.89
Membership and Subscription	4.70	5.50
Miscellaneous expenses	210.59	462.28
Total	**5,196.83**	**3,805.92**

Payment to the auditors:

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Auditor's remuneration		
- Audit fees	68.33	62.89
- Limited review	18.97	11.23
In other capacity		
- Certification services	24.53	10.81
- Taxation	-	-
Total	**111.83**	**84.93**

Excludes fees of Rs. 15.00 lakhs (exlcuding GST) (Previous year Nil) incurred during the year ended 31 March 2022 in respect of services provided in connection with public issue of non-convertible debentures which is considered as a part of finance costs for the issue.

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27. Tax expense

(a) Amounts recognised in profit and loss

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Current tax expense		
Current year	1,358.68	1,182.98
Tax pertaining to previous years	-	(47.84)
Current tax expense	**1,358.68**	**1,135.14**
Deferred tax expense		
Origination and reversal of temporary differences	(153.25)	(917.52)
Deferred tax expense	**(153.25)**	**(917.52)**
Tax expense for the year	**1,205.43**	**217.62**

(b) Amounts recognised in other comprehensive income

(Rs. in lakhs)

Particulars	Year ended March 31, 2022			Year ended March 31, 2021		
	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)	(94.84)	23.87	(70.97)	(26.29)	6.62	(19.67)
(b) Equity instruments through other comprehensive income	-	-	-	-	-	-
Items that will be reclassified to profit or loss						
(a) Debt instruments through other comprehensive income	(120.30)	30.28	(90.02)	118.97	(29.95)	89.02
	(215.14)	**54.15**	**(160.99)**	**92.68**	**(23.33)**	**69.35**

(c) Amounts recognised directly in equity

There are no temporary difference recognised directly in equity for the year ended March 31, 2022 (Previous Year: Nil)

(d) Reconciliation of effective tax rate

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Profit before tax as per Statement of profit and loss (A)	4,817.20	1,241.06
Statutory tax rate	25.17%	25.17%
Tax using the Company's domestic tax rate (B)	1,212.49	312.37
Tax effect of:		
Tax effect of amounts which are not deductible in calculating taxable income	4.15	8.43
Effect of income exempt from income tax	(25.17)	(42.11)
Tax pertaining to prior year	-	(47.84)
Other adjustments	13.96	(13.23)
Effective tax amount	**1,205.43**	**217.62**
Effective tax rate	25.02%	17.53%

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28. 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, 2022	Year ended March 31, 2021
Profit attributable to equity holders of the Company used in calculating basic earnings per share	3,611.77	1,023.44
Profit attributable to equity holders of the Company used in calculating diluted earnings per share	3,611.77	1,023.44

ii. Weighted average number of ordinary shares

Particulars	As at March 31, 2022	As at March 31, 2021
Weighted average number of equity shares used as the denominator in calculating basic earnings per share (A)	38,60,17,437	38,51,19,843
Adjustments for calculation of diluted earnings per share (B)	21,16,274	14,19,853
Weighted average number of equity shares and potential equity shares used as the denominator in calculating diluted earnings per share (A+B)	38,81,33,711	38,65,39,696
Basic earnings per share	**0.94**	**0.27**
Diluted earnings per share	**0.93**	**0.26**

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29. 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, 2022				As at March 31, 2021			
	FVTPL	FVOCI	Amortised Cost	Total	FVTPL	FVOCI	Amortised Cost	Total
Financial assets								
Cash and cash equivalents	-	-	5,203.13	5,203.13	-	-	1,323.38	1,323.38
Bank balance other than cash and cash equivalents	-	-	2,991.36	2,991.36	-	-	588.46	588.46
Derivative financial instruments	1,181.05	-	-	1,181.05	-	-	-	-
Loans	-	-	3,73,226.42	3,73,226.42	-	-	2,55,359.84	2,55,359.84
Investments								
-Debt securities	-	2,899.87	855.44	3,755.31	-	6,638.94	2,120.50	8,759.44
-Convertible Preference Shares	9.22	-	-	9.22	-	-	-	-
Other financial assets	-	-	2,736.69	2,736.69	-	-	1,821.28	1,821.28
Total financial assets	**1,190.27**	**2,899.87**	**3,85,013.04**	**3,89,103.18**	-	**6,638.94**	**2,61,213.46**	**2,67,852.40**
Financial liabilities								
Derivative financial instruments	186.87	-	-	186.87	-	-	-	-
Debt securities	-	-	1,06,523.77	1,06,523.77	-	-	73,827.02	73,827.02
Borrowings (other than debt securities)	-	-	1,75,065.49	1,75,065.49	-	-	93,422.08	93,422.08
Other financial liabilities	-	-	8,157.93	8,157.93	-	-	6,620.97	6,620.97
Total financial liabilities	**186.87**	-	**2,89,747.19**	**2,89,934.06**	-	-	**1,73,870.07**	**1,73,870.07**

Note: Investment in subsidiaries amounting to Rs. 4,915.00 lakhs (Previous year: Rs. 3,911.22 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, 2022				As at March 31, 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Convertible preference shares	-	9.22	-	9.22	-	-	-	-
Derivative Financial Instruments		-	1,181.05	1,181.05	-	-	-	-
Investment in debt securities	-	-	2,899.87	2,899.87	-	-	6,638.94	6,638.94
Total	-	**9.22**	**4,080.92**	**4,090.14**	-	-	**6,638.94**	**6,638.94**
Financial liabilities								
Derivative Financial Instruments	-	-	186.87	186.87	-	-	-	-
Total	-	-	**186.87**	**186.87**	-	-	-	-

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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, 2022				As at March 31, 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Cash and cash equivalents	5,203.13	-	-	5,203.13	1,323.38	-	-	1,323.38
Bank balance other than cash and cash equivalents	2,991.36	-	-	2,991.36	588.46	-	-	588.46
Investments	-	-	-	-	-	-	-	
- Debt securities	-	-	855.44	855.44	-	-	2,120.55	2,120.55
Loans	-	-	3,96,023.64	3,96,023.64	-	-	2,70,436.30	2,70,436.30
Other financial assets	2,736.69	-	-	2,736.69	1,821.28	-	-	1,821.28
Total	**10,931.18**	**-**	**3,96,879.08**	**4,07,810.26**	**3,733.12**	**-**	**2,72,556.85**	**2,76,289.97**
Financial Liabilities								
Debt securities	-	-	1,07,546.28	1,07,546.28	-	-	74,320.09	74,320.09
Borrowings (other than debt securities)	-	-	1,75,643.97	1,75,643.97	-	-	93,438.98	93,438.98
Other financial liabilities	8,157.93	-	-	8,157.93	6,620.97	-	-	6,620.97
Total	**8,157.93**	**-**	**2,83,190.25**	**2,91,348.18**	**6,620.97**	**-**	**1,67,759.07**	**1,74,380.04**

(Rs. in lakhs)

Particulars	As at March 31, 2022		As at March 31, 2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets				
Cash and cash equivalents	5,203.13	5,203.13	1,323.38	1,323.38
Bank balance other than cash and cash equivalents	2,991.36	2,991.36	588.46	588.46
Derivative Financial instruments	1,181.05	1,181.05	-	-
Loans	3,73,226.42	3,96,023.64	2,55,359.84	2,70,436.30
Investments				
-Debt securities at Other comprehensive income	2,899.87	2,899.87	2,120.50	2,120.50
-Debt securities at amortised cost	855.44	855.44	6,638.94	6,638.94
Other financial assets	2,736.69	2,736.69	1,821.28	1,821.28
Total	**3,89,093.96**	**4,11,891.18**	**2,67,852.40**	**2,82,928.86**
Financial liabilities				
Derivative Financial instruments	186.87	186.87	-	-
Debt securities	1,06,523.77	1,07,546.28	73,827.02	74,320.09
Borrowings (other than debt securities)	1,75,065.49	1,75,643.97	93,422.08	93,438.98
Other financial liabilities	8,157.93	8,157.93	6,620.97	6,620.97
Total	**2,89,934.06**	**2,91,535.05**	**1,73,870.07**	**1,74,380.04**

Except for those financial instruments for which the fair value amounts are mentioned in the above table (which is different than the carrying value), 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:
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, 2022 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:
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, 2022 and March 31, 2021.

D. Sensitivity analysis of financial instruments at Level 3

Particulars	Input name	Delta effect of	
		+ 1% change	- 1% change
Financial Assets:			
Loans	Discount rate	(2,035.95)	2,077.02
Investment in debt securities	Gsec rate	(9.46)	9.58
Investment in debt securities	FIMMDA rate	(9.46)	9.58
Derivative Financial Instruments	Volatility rate	25.11	(33.00)
Financial Liabilities:			
Debt securities	Discount rate	146.99	(149.14)
Borrowings (other than debt securities)	Discount rate	(663.65)	678.98
Derivative Financial Instruments	Volatility rate	29.55	(29.42)

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, 2022 and March 31, 2021

(Rs. in lakhs)

Particulars	Derivative	Debt Instruments
As at March 31, 2020	-	-
Net Acquisitions/(Disposal)	-	6,519.96
Gains recognised in other comprehensive income	-	132.10
As at March 31, 2021	-	6,652.06
Net Acquisitions/(Disposal)	-	(3,622.64)
Gains /(Loss) recognised in other comprehensive income	299.22	(120.30)
As at March 31, 2022	299.22	2,909.12

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Portfolio Segment	Lending verticals	PD			EAD	LGD
		Stage 1	Stage 2	Stage 3		
Unsecured	Personal Loan	An empirical PD is derived basis the historical portfolio default rates. Forward looking PD is estimated from a statistical model that takes the empirical PD and future the macro-economic forecast as inputs.		100%	Exposure at Default (EAD) is the amount which the borrower owes as at the reporting date (including overdue and undrawn amount)	RBI standard provision for NPAs in unsecured portfolios is assumed (65%)
	Unsecured Business Loan					
	Student Loans					
	Supply Chain Finance					
Secured	Escrow Backed Funding	An empirical PD is derived basis the historical portfolio default rates. Forward looking PD is estimated from a statistical model that takes the empirical PD and future the macro-economic forecast as inputs		100%	Exposure at Default (EAD) is the amount which the borrower owes as at the reporting date (including overdue and undrawn amount)	RBI standard provision for NPAs in secured portfolios is assumed (50%)
	Two Wheeler Finance					
	Secured School Finance	In absence of sufficient default data, a management judgement-based PD is used in line with industry benchmarks				
	Micro Finance					
	Loan Against Property					
	Home Loans					

As at March 31, 2022

(Rs. in lakhs)

Particulars	Asset group	Gross carrying amount	Expected credit losses	Net carrying amount
Stage 1	Term Loans	3,49,541.03	2,461.45	3,47,079.58
	Loan commitments	14,248.30	9.42	14,238.88
Stage 2	Term Loans	21,971.46	1,229.09	20,742.37
Stage 3*	Term Loans	10,811.36	5,406.89	5,404.47

** includes 8,513 loan accounts which are overdue for more than ninety days*

As at March 31, 2021

(Rs. in lakhs)

Particulars	Asset group	Gross carrying amount	Expected credit losses	Net carrying amount
Stage 1	Term Loans	2,29,929.27	1,865.67	2,28,063.60
	Loan commitments	8,975.03	11.00	8,964.03
Stage 2	Term Loans	24,329.43	2,009.41	22,320.02
Stage 3	Term Loans	10,206.03	5,229.81	4,976.22

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.

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.

(ii) Secured Loans

(Rs. in lakhs)

LTV Ratio	Principal outstanding as at March 31, 2022	As at March 31, 2022	Principal outstanding as at March 31, 2021	As at March 31, 2021
Less than 50%	48,024.41	30.40%	53,647.27	39.96%
51-70%	17,439.28	11.04%	18,554.37	13.82%
71-90%	20,912.59	13.24%	11,474.72	8.55%
91-100%	71,041.92	44.97%	46,912.45	34.94%
More than 100%	546.18	0.35%	3,663.67	2.73%
Total	**1,57,964.37**	**100.00%**	**1,34,252.48**	**100.00%**

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.

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Notes to the Standalone Financial Statements
(iii) Reconciliation of Loan exposure and Loan loss allowance

For Loan exposure
The below table signifies movement of gross carrying amount:

(Rs. in lakhs)

Reconciliation of Loan exposure	Stage 1	Stage 2	Stage 3
Loan exposure on March 31, 2020	**2,00,086.79**	**4,228.93**	**5,943.06**
Change in opening credit exposure	(1,11,619.89)	(7,901.73)	(5,362.11)
New credit exposures during the year, net of repayment*	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**
Change in opening credit exposure	(1,24,612.06)	(7,159.92)	(2,629.64)
New credit exposures during the year, net of repayment*	2,50,658.03	2,454.79	493.14
Transferred to 12-month ECL	2,000.14	(1,971.06)	(29.08)
Transferred to Lifetime ECL not credit impaired	(7,580.59)	7,921.29	(340.70)
Transferred to Lifetime ECL credit impaired	(3,923.49)	(3,340.27)	7,263.75
Write – offs	-	-	(2,998.64)
Loan exposure on March 31, 2022	**3,49,541.03**	**21,971.46**	**10,811.36**

**represents outstanding balance of loan exposures originated during the year as at reporting date.*

For Loan loss allowance:

(Rs. in lakhs)

Reconciliation of loss allowance	Stage 1	Stage 2	Stage 3
Loss allowance on March 31, 2020	**1,345.71**	**317.58**	**3,675.81**
Change in opening credit exposure	(629.26)	(576.12)	(698.54)
New credit exposures during the year, net of repayment*	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	**1,865.67**	**2,009.41**	**5,229.81**
Change in opening credit exposure	(1,342.22)	(640.79)	(54.68)
New credit exposures during the year, net of repayment*	1,973.46	178.72	249.06
Transferred to 12-month ECL	63.41	(265.29)	(15.65)
Transferred to Lifetime ECL not credit impaired	(49.40)	290.43	(171.57)
Transferred to Lifetime ECL credit impaired	(49.47)	(343.39)	3,168.56
Write – offs	-	-	(2,998.64)
Loss allowance on March 31, 2022	**2,461.45**	**1,229.09**	**5,406.89**

**represents outstanding balance of loss allowance on loan exposures originated during the year as at reporting date.*

For investments

(Rs. in lakhs)

Reconciliation of loss allowance	Stage 1
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**
Changes in loss allowances due to Assets used or released	(3.89)
Loss allowance on March 31, 2022	**9.28**

For loan commitments

(Rs. in lakhs)

Reconciliation of loss allowance	Stage 1
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**
Changes in loss allowances due to Assets used or released	(1.58)
Loss allowance on 31 March 2022	**9.42**

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.

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

(B) Pursuant to the RBI circular dated November 12, 2021 – "Prudential Norms on Income Recognition, Asset classification and Provisioning pertaining to Advances – Clarifications" and review of the Company's current policy for measuring expected credit losses as per Ind AS, the Company had aligned its definition of default (i.e. Stage III) with the aforesaid circular for asset classification and provisioning purpose as per Ind AS and the resultant impact had been effected in unaudited quarterly financial results for the period ended December 31, 2021. However, on February 15, 2022 RBI had issued further clarification on the said circular and has granted time till September 30, 2022 to NBFCs to implement the change in default definition. As a consequence, the Company has realigned the definition of change in default to earlier norms. The Company will take necessary steps to ensure compliance with the circular.

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Notes to the Standalone Financial Statements

30. Financial risk management

In the course of its business, the Company is exposed to certain financial risks namely credit risk, interest risk, market 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.

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

Further, the Company on the basis of its assessment of credit risk classifies loans under Stage 2 irrespective of its overdues status during the period, including loans under one-time resolution (OTR) framework prescribed by the Reserve Bank of India (RBI) for COVID-19 related stress. These accounts are upgraded to Stage 1 as and when they demonstrate satisfactory behaviour under the revised repayment schedule.

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30. 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, 2022	As at March 31, 2021
- Expiring within one year	17,010.00	10,090.93
- Expiring beyond one year	-	-
Total	17,010.00	10,090.93

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 the 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, 2022

(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							
Derivative financial instruments	4	186.87	(186.87)	-	(186.87)	-	-
Debt securities	12	1,06,523.77	(1,23,335.86)	(48,013.55)	(60,046.05)	(2,517.01)	(12,759.25)
Borrowings (other than debt securities)	13	1,75,065.49	(2,13,959.44)	(92,103.90)	(88,864.92)	(32,990.62)	-
Other financial liabilities	14	8,157.93	(8,157.93)	(8,157.93)	-	-	-
Loan commitments	35	14,248.30	(14,248.30)	(11,907.93)	(2,340.37)	-	-
Total		3,04,182.36	(3,59,888.40)	(1,60,183.31)	(1,51,438.21)	(35,507.63)	(12,759.25)

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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							
Derivative financial instruments	4	-	-	-	-	-	-
Debt securities	12	73,827.02	(82,460.46)	(54,998.53)	(27,461.93)	-	-
Borrowings (other than debt securities)	13	93,422.08	(1,06,739.63)	(54,488.09)	(41,538.58)	(10,712.96)	-
Other financial liabilities	14	6,620.97	(6,620.97)	(6,620.97)	-	-	-
Loan commitments	35	8,975.03	(8,975.05)	(4,076.74)	(4,898.31)	-	-
Total		**1,82,845.10**	**(2,04,796.11)**	**(1,20,184.33)**	**(73,898.82)**	**(10,712.96)**	**-**

The following table details the Company's expected maturity for its 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 is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis. Hence, maturities of the relevant assets have been considered below.

As at March 31, 2022

(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	5,203.13	5,203.13	5,203.13	-	-	-
Bank deposits	3	2,991.36	3,064.90	3,064.90	-	-	-
Derivative financial instruments	4	1,181.05	1,181.05	-	1,181.05	-	-
Loans	5	3,73,226.42	5,17,087.67	2,21,380.60	1,48,771.24	55,625.27	91,310.56
Investments (other than subsidiaries)	6	3,755.31	3,946.47	3,393.46	553.01		
Other financial assets	7	2,736.69	2,736.69	2,736.69	-	-	-
Total		**3,89,093.98**	**5,33,219.91**	**2,35,778.78**	**1,50,505.30**	**55,625.27**	**91,310.56**

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	588.46	588.46	-	-	-
Derivative financial instruments	4	-	-	-	-	-	-
Loans	5	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)	6	8,759.44	9,296.77	8,096.28	1,200.49	-	-
Other financial assets	7	1,821.28	1,821.28	1,821.28	-	-	-
Total		**2,67,852.40**	**3,68,653.93**	**1,63,444.78**	**99,022.60**	**39,082.15**	**67,104.40**

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Notes to the Standalone Financial Statements

30. Financial risk management (continued)

C. Market risk

Market risk or 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, 2022	As at March 31, 2021
Loans		
Fixed rate loans	2,22,062.75	1,30,872.89
Variable rate loans	1,58,346.89	1,32,493.60
Bank balance other than cash and cash equivalents	2,991.36	586.06
Fixed rate investments in debt securities at amortised cost	855.47	2,120.55
Fixed rate investments in debt securities at other comprehensive income	2,909.12	6,652.06
Total	**3,87,165.59**	**2,72,725.16**
Debt and Borrowings		
Fixed rate Debt and Borrowings	(1,56,641.86)	(94,622.40)
Variable rate Debt and Borrowings	(1,21,500.62)	(69,420.64)
Total	**(2,78,142.48)**	**(1,64,043.04)**

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, 2022 and March 31, 2021 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, 2022				
Variable-rate instruments	397.55	(397.55)	397.55	(397.55)
Cash flow sensitivity (net)	**397.55**	**(397.55)**	**397.55**	**(397.55)**
March 31, 2021				
Variable-rate instruments	697.25	(697.25)	697.25	(697.25)
Cash flow sensitivity (net)	**697.25**	**(697.25)**	**697.25**	**(697.25)**

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. Other Price risk

The Company is not exposed to any other price risk.

E. Foreign Currency Risk

The Company is exposed to foreign currency fluctuation risk for its external currency borrowing (ECB). The Company's borrowings in foreign currency are governed by RBI guidelines (RBI master direction RBI/FED/2018-19/67 dated 26 March 2019 and updated from time to time) which requires entities raising ECB for an average maturity of less than 5 years to hedge minimum 70% of the its ECB exposure (Principal and Coupon). The Company hedges its entire ECB exposure for the full tenure of the ECB as per Board approved policy. The Company for its ECB, evaluates the foreign currency exchange rates, tenure of ECB and its fully hedged costs. The Company manages its currency risks by entering into derivatives contracts as hedge positions and the same are being governed through the Board approved policy.

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Notes to the Standalone Financial Statements

31. Related party disclosures

Key managerial personnel ("KMP")

Name of the KMP	Designation
Mr. Bhupinder Singh	Whole-time director and Chief Executive Officer
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
Mr. Karnam Sekar	Independent Director (w.e.f December 17, 2021)
Dr. Parvinder Singh Pasricha	Independent Director (w.e.f March 3, 2020 upto September 3, 2020)
Mr. Antonius Theodorus Maria Bruijninckx	Nominee Director (upto December 15, 2021)
Mr. Girish Dinanath Nadkarni	Nominee Director (upto June 13, 2021)
Mr. Vivek Anand PS	Nominee Director

Enterprises where key management personnel exercises significant influence

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)
3. InCred Asset Management Private Limited (Formerly known as InCred Capital Investment Advisors and Managers Private Limited)
4. InCred Capital Wealth Portfolio Managers Private Limited (Formerly known as BSH Corporate Advisors and Consultants Private Limited)
5. InCred Research Services Private Limited (Formerly known as Earnest Innovation Partners 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, 2022	As at March 31, 2021
Bee Finance Limited (Mauritius), Holding Co.	Mauritius	59.38%	59.64%

Direct subsidiaries:

Name of subsidiaries	Country of Incorporation	Principal place of business	Proportion of ownership interest (% holding)	
			As at March 31, 2022	As at March 31, 2021
Incred Management and Technology Services Private Limited	India	Mumbai	100.00%	100.00%
Booth Fintech Private Limited	India	Mumbai	100.00%	100.00%
Incred.AI Limited	India	Mumbai	100.00%	NA

Associate of Booth Fintech Private Limited

Name of subsidiaries	Country of Incorporation	Principal place of business	Proportion of ownership interest	
			As at March 31, 2022	As at March 31, 2021
mValu Technology Services Private Limited	India	Mumbai	47.39%	40.96%

Transactions with key management personnel

I. Key management personnel compensation

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Employee benefit expenses	692.35	575.33
Directors' sitting fees	45.35	13.19

As the liabilities for gratuity 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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31. 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, 2022	For the year ended March 31, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021
Balance Sheet transactions										
Investment in equity shares	-	-	1,000.87	1,800.00	-	-	-	-	-	-
ICD taken	-	-	2,500.00	400.00	-	-	8,500.00	4,500.00	1,700.00	3,275.00
Repayment of ICD taken (including interest)	-	-	2,924.17	-	-	-	13,100.89	-	3,071.29	2,053.29
Refund of Security Deposit	-	-	-	75.63	-	-	-	-	-	-
Payment against expenses	-	-	-	24.99	-	-	-	-	-	-
Refund of amount given for expenses	-	-	-	1,110.60	-	-	-	-	-	-
Purchase of Loan Portfolio	-	-	-	-	-	-	-	12,738.68	-	-
Proceeds from sale of Fixed Assets	-	-	-	0.47	-	-	-	1.88	-	-
Issue of Market Linked Debentures ("MLD")	-	-	-	-	-	-	9,910.00	830.00	-	-
Proceeds from redemption of MLDs	-	-	-	-	-	-	-	295.27	-	-
Reimbursement of credit loss	-	-	61.70	-	-	-	-	-	1.85	57.31
Proceeds from sale of Debentures	-	-	-	-	-	-	-	6,505.59	-	-
Stock options exercised	-	-	-	-	3.85	-	-	-	-	-
Income transactions										
License fees	-	-	-	-	-	-	-	-	56.00	56.00
Service fee	-	-	17.86	-	-	-	977.89	404.03	300.60	0.15
Profit on sale of Debentures	-	-	-	-	-	-	-	20.70	-	-
Expense transactions										
License fees	-	-	5.45	5.45	-	-	-	-	-	-
Interest on ICD	-	-	24.17	0.22	-	-	100.89	1.76	71.29	84.99
Expenses on account of reimbursement	-	-	0.01	43.56	-	-	78.69	-	-	-
Fee and commission	-	-	-	-	-	-	569.56	187.63	-	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 33 for further details*).

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31. Related party disclosures (continued)

Summary of balance receivable from / payable to the above related parties 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, 2022	For the year ended March 31, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021
1	Advances/Receivables	-	-	17.00	-	-	-	489.06	31.74	15.17	15.47
2	Investments (at cost)	-	-	4,910.56	3,909.69	-	-	-	-	-	-
3	ICD Payable	-	-	-	400.20	-	-	-	4,501.63	-	1,300.33
4	Other Payables	-	-	-	-29.35	-	-	-	-	-	0.44
5	Security deposit payable	-	-	-	-	-	3.20	-	-	-	-
6	Number of options outstanding	-	241	32,000	24,000		-	-	-	-	-

Notes:
For terms and conditions of ICD payable to related parties, refer Note No 13
* Other than those mentioned, there are no debts due by directors or other officers of the company or any of them either severally or jointly with any other person or debts due by firms or private companies respectively in which any director is a partner or a director or a member.
No Loans or Advances in the nature of loans are granted to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013), either severally or jointly with any other person.

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32. 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, 2022	Year ended March 31, 2021
Provident fund	270.31	215.57

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, 2022	As at March 31, 2021
Change in benefit obligations		
Present value of benefit obligation at the beginning of the year	158.48	88.90
Interest cost	6.74	4.49
Current Service cost	53.78	38.82
Liability Transferred In/Acquisition		-
Actuarial Loss / (Gains) on Obligations - Due to Change in Demographic Assumptions	(0.02)	-
Actuarial Loss / (Gains) on Obligations - Due to Change in Financial Assumptions	(0.57)	4.98
Actuarial Losses on Obligations - Due to Experience	95.44	21.29
Liability at the end of the year	313.85	158.48

Amount recognized in the Balance Sheet

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Present value of benefit obligation at the end of the year	(313.85)	(158.48)
Fair value of plan assets at the end of the year		
Funded Status (Deficit)	(313.85)	(158.48)
Net (Liability)/Asset Recognized in the Balance Sheet	(313.85)	(158.48)

Expenses recognized in the Statement of Profit and Loss

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Current service cost	53.78	38.82
Interest cost	6.74	4.49
Expenses recognised	60.52	43.31

Expenses recognized in the Other comprehensive income (OCI)

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Actuarial Loss / (Gains) on obligation for the year	94.86	26.26
Net Loss / (Income) for the year recognized in OCI	94.86	26.26

The actuarial assumptions used to determine benefit obligations as at March 31, 2022 and March 31, 2021 are as follows:

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Discount Rate	5.15%	4.25%
Salary escalation rate	8.00%	5% for next 1 year and 7% thereafter
Expected Rate of return on Plan Assets	N.A	N.A
Rate of Employee Turnover	35%	35%
Weighted Average Duration of Projected Benefit Obligation	5 years	5 years
Mortality Rate during employment	Indian Assured Lives Mortality (2012-14)	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, 2022	As at March 31, 2021
Opening net liability	158.48	88.90
Expenses recognized in Statement of Profit and Loss	60.52	43.32
Expenses recognized in OCI	94.85	26.26
Net (Asset) Transfer In	-	-
Net liability recognized in the Balance Sheet	313.85	158.48

Cash Flow Projection

Maturity analysis of the benefit payments: from the employer

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Projected benefits payable in future years from the date of reporting		
1st following year	59.12	0.72
2nd following year	71.58	32.14
3rd following year	63.25	38.21
4th following year	48.49	33.63
5th following year	36.75	25.02
Sum of years 6 to 10	69.81	46.94
Sum of years 11 and above	12.11	7.76

Sensitivity analysis

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Projected benefit obligation on current assumptions	313.85	158.48
Delta effect of +1% change in rate of discounting	(7.61)	(5.18)
Delta effect of -1% change in rate of discounting	8.06	5.50
Delta effect of +1% change in rate of salary increase	6.57	4.94
Delta effect of -1% change in rate of salary increase	(6.38)	(4.81)
Delta effect of +1% change in rate of employee turnover	(3.86)	(4.12)
Delta effect of -1% change in rate of employee turnover	3.95	4.21

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.

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33. 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, 2022	For the year ended March 31, 2021
Fair value as on grant date (weighted average)	24.91 to 42.17	27.15 to 28.64
Share prices during the year , on grant dates	55.00 to 65.00	55.25
Exercise price	40.00	40.00*
Expected volatility (weighted average volatility)	40%	35% to 40%
Rate of Employee Turnover	35%	35%
Expected life (expected weighted average life)	8.5 years	8.5 years
Risk- free interest rate (based on government bonds)	4.89% to 6.85%	5.04% to 5.97%
Method used to determine expected volatility	The expected volatility is based on price volatility of listed companies in same industry.	

** The Nomination and Remuneration Committee during the year has approved modification of exercise price in respect of options granted in the year ended March 31, 2021 from Rs. 40.00 per share to Rs. 28.00 per share. Accordingly the incremental fair value of the option ranging from Rs. 5.37 to Rs. 7.40 per option has been included in the measurement of amount recognised for services received over the period from the modification date until the date when the modified equity instruments vest.*

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, 2022	As at March 31, 2021
Opening balance	34.35	1,80,44,938	1,25,05,584
Add: Options granted during the year	40.00	1,88,51,500	97,92,875
Less: Options exercised during the year	38.64	(17,38,050)	(91,209)
Less: Options lapsed during the year	36.30	(9,09,800)	(41,62,312)
Options outstanding as at the year end	**37.26**	**3,42,48,588**	**1,80,44,938**
Option exercisable of the above		1,20,39,181	33,85,721

Weighted average remaining contractual life of options outstanding at end of the year: 2.72 years

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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, 2022:
No fresh grants have been given during the year ended March 31, 2022 and year ended March 31, 2021

B. Reconciliation of outstanding share options

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

	As at March 31, 2022		As at March 31, 2021	
Particulars	**Average exercise price per option**	**Number of options**	**Average exercise price per option**	**Number of options**
Opening balance	**47,728.27**	**241.00**	**48,033.52**	**248.00**
Add: Options granted during the year	-	-	-	-
Less: Options lapsed during the year	(47,728.27)	(241.00)	55,650.73	(7.00)
Options outstanding as at the year end	**-**	**-**	**47,728.27**	**241.00**

C. Expenses arising from share-based payment transactions

Refer Note 25 on employee benefit expense, for share based payment expense charged to Statement of Profit and Loss.

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34. 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, 2022:

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Balance at the beginning of the year	**1,712.56**	**1,760.49**
Addition during the year	552.36	321.04
Disposals during the year	-	(131.39)
Depreciation for the year	(414.08)	(237.58)
Balance as at the end of the year	**1,850.84**	**1,712.56**

ii. The following is the movement in lease liabilities during the year ended March 31, 2022:

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Balance at the beginning of the year	**1,927.82**	**1,878.95**
Addition during the year	552.36	176.05
Finance cost accrued during the year	198.43	152.16
Payment of Lease liabilities made during the year	(537.04)	(279.34)
Balance as at the end of the year	**2,141.57**	**1,927.82**

iii. The table below provides details regarding the contractual maturities of lease liabilities as of March 31, 2022 on an undiscounted basis:

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Less than one year	369.50	231.60
Between one and five years	1,674.34	1,302.84
More than five years	97.72	221.24
Total	**2,141.56**	**1,755.68**

iv. Expenses recognised in the statement of Profit and Loss

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Depreciation expense on right-of-use assets (Refer Note 9A)	414.08	237.58
Interest expense on lease liabilities (Refer Note 23)	198.43	152.16
Expense relating to short-term leases (Refer Note 26)	10.51	275.89
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.

35. Contingent liabilities and commitments

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Commitments		
Undrawn committed credit lines	14,248.30	8,975.03
Obligation on investments in partly paid up preference shares	181.81	-
Total	**14,430.11**	**8,975.03**

There are no litigations and proceedings against the Company which requires any provision or disclosure as contingent liability.

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36. Current and Non-current maturity

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled:

(Rs. in lakhs)

Particulars	As at March 31, 2022			As at March 31, 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	5,203.13	-	5,203.13	1,323.38	-	1,323.38
Bank balance other than cash and cash equivalents	2,991.36	-	2,991.36	588.46	-	588.46
Derivative financial instruments	451.45	729.60	1,181.05			
Loans	1,74,340.33	1,98,886.09	3,73,226.42	1,23,300.54	1,32,059.30	2,55,359.84
Investments	3,198.35	5,481.18	8,679.53	7,664.75	5,005.91	12,670.66
Other financial assets	1,473.59	1,263.10	2,736.69	1,590.60	230.68	1,821.28
Sub total	**1,87,658.21**	**2,06,359.97**	**3,94,018.18**	**1,34,467.73**	**1,37,295.89**	**2,71,763.62**
Non-financial assets						
Current Tax assets (Net of provision for tax)	-	1,184.47	1,184.47	-	720.61	720.61
Deferred Tax assets (Net of deferred tax liabilities)	-	2,038.67	2,038.67	-	1,857.39	1,857.39
Property, plant and equipment	-	3,384.80	3,384.80	-	3,276.35	3,276.35
Capital Work-in-progress	-	293.95	293.95	-	14.49	14.49
Other intangible assets	-	188.63	188.63	-	222.49	222.49
Other non-financial assets	480.00	800.55	1,280.55	480.00	805.55	1,285.55
Sub total	**480.00**	**7,891.07**	**8,371.07**	**480.00**	**6,896.88**	**7,376.88**
Total assets	**1,88,138.21**	**2,14,251.04**	**4,02,389.25**	**1,34,947.73**	**1,44,192.77**	**2,79,140.50**
LIABILITIES						
Financial liabilities						
Debt securities	40,463.06	66,060.71	1,06,523.77	51,024.47	22,802.55	73,827.02
Borrowings (other than debt securities)	69,333.94	1,05,731.55	1,75,065.49	47,610.34	45,811.74	93,422.08
Other financial liabilities	3,094.13	5,063.80	8,157.93	2,640.96	3,980.01	6,620.97
Derivative financial instruments	186.87	-	186.87	-	-	-
Sub total	**1,13,078.00**	**1,76,856.06**	**2,89,934.06**	**1,01,275.77**	**72,594.30**	**1,73,870.07**
Non-Financial liabilities						
Provisions	59.12	264.15	323.27	-	169.48	169.48
Other non-financial liabilities	900.48	-	900.48	516.17	-	516.17
Sub total	**959.60**	**264.15**	**1,223.75**	**516.17**	**169.48**	**685.65**
Total liabilities	**1,14,037.60**	**1,77,120.21**	**2,91,157.81**	**1,01,791.94**	**72,763.78**	**1,74,555.72**

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37. Foreign currency transactions

(Rs. in lakhs)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Expenditure in foreign currency		
Directors' sitting fees	9.20	2.07
Legal, professional and consultancy charges	165.65	27.64
Information Technology expenses	14.27	-
Miscellaneous expenses	8.18	8.64
Interest on External Commercial Borrowings	215.69	-
Total	**412.99**	**38.35**

38. Corporate social responsibility

(Rs. in lakhs)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Amount required to be spent as per section 135 of the Companies Act, 2013:	16.12	19.99
Amount spent during the year		
(i) Construction/ acquisition of any asset	-	-
(ii) On purposes other than (i) above		
In cash	16.35	20.05
Yet to be paid in cash	-	-
Total	**16.35**	**20.05**
Details related to spent obligations:		
i) Contribution to Public Trust	-	-
ii) Contribution to Charitable Trust	11.68	20.05
iii) Covid vaccination other than employees and family members	4.67	-
iv) Unspent amount in relation to:		
- Ongoing project	-	-
- Other than ongoing project	-	-
Total	**16.35**	**20.05**

39. Micro, Small and Medium Enterprises Development

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Based on the information available with the management, as at 31 March 2022, no dues were outstanding to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006. Further, the Company has not received any claim for interest from any supplier under the said Act till 31 March 2022.

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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, 2022	As at March 31, 2021
Common Equity Tier1 (CET1) capital	1,08,442.86	1,02,012.53
Other Tier 2 capital	2,461.45	1,843.20
Total capital	**1,10,904.31**	**1,03,855.73**

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 47 (2) for further details.

41. 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. Further, the Company has received no-objection from RBI on December 08, 2021 and in-principle approval from BSE Limited on December 24, 2021. The Equity Shareholders, Preference Shareholders and secured creditors of the Company have also approved the Scheme at their respective meetings convened by the NCLT held on December 15, 2021.

42. Ratio Analysis and its elements

Ratio	As at March 31, 2022	As at March 31, 2021	% change
CRAR (%)	28.05%	37.20%	-24.60%
CRAR - Tier I Capital (%)	27.43%	36.54%	-24.94%
CRAR - Tier II Capital (%)	0.62%	0.66%	-5.71%
Liquidity Coverage Ratio*	Not Applicable	Not Applicable	Not Applicable

**Not Applicable as the Company is a Non-Deposit taking NBFC with an asset size of less than Rs. 5,000 Crore as stipulated in the Master Directions.*

CRAR : (Tier I Captital + Tier II Capital) / Total Risk Weighted Assets
CRAR - Tier I Capital : Tier I Capital / Total Risk Weighted Assets
CRAR - Tier II Capital : Tier II Capital / Total Risk Weighted Assets

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43 .Other Statutory Information

During the current year and previous year:

(i) The Company do not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

(ii) The Company do not have any transactions with companies struck off.

(iii) The Company do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

(iv) The Company has not traded or invested in Crypto currency or Virtual Currency.

(v) The quarterly statement of current assets submitted to banks / financial institutions which are provided as security against the borrowings are in agreement with the books of accounts.

(vi) Funding Transactions:

(vi) (a) On 20 September 2021, the Board of Directors had approved investment in equity for an aggregate amount of upto Rs. 999.87 lakhs in Booth Fintech Private Limited ("BFPL") (a wholly owned subsidiary of the Company). Subsequently, BFPL subscribed to 17,240 equity shares of mValu Technology Services Private Limited (an Associate Company of BFPL) on 20 September 2021 at a price of Rs. 5,797 (including premium of Rs. 5,787) per share aggregating to Rs. 999.40 lakhs. The transactions are in compliance with the relevant provisions of the Companies Act, 2013 and are not violative of the Prevention of Money-Laundering Act, 2002 (15 of 2003). Further the provisions of Foreign Exchange Management Act, 1999 (42 of 1999) are not applicable to the transactions.

(vi)(b) Except as disclosed above, the Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall :

(I) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

(II) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

(vii) The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(I) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(II) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

(viii) The Company have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

(ix) There are no scheme of arrangements which have been filed by the Company under the Act and which have been approved by the competent authority u/s 232 to 237 of the Act. For details of Scheme of arrangement filed by the Company with NCLT refer Note no 41.

(x) The Company, being a Non-Banking Financial Company ("NBFC") registered with the Reserve Bank of India as a systematically important NBFC, the provisions of sec 2(87) read with Companies (Restriction on number of Layers) Rules, 2017 are not applicable.

(xi) The Company has not been declared as wilful defaulter by any bank or financial institution or any other lender.

(xii) The Company has not revalued any property plant and equipment and intangible assets.

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44. Disclosure pursuant to RBI notification RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated 6 August 2020 and RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 dated 5 May 2021

(Rs. in lakhs)

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at September 30, 2021 (A)	Of (A), aggregate debt that slipped into NPA during the half-year ended March 31, 2022	Of (A) amount written off during the half-year ended March 31, 2022#	Of (A) amount paid by the borrowers during the half-year ended March 31, 2022	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at March 31, 2022
Personal Loans*	5,944.87	523.17	31.83	1,054.51	4,335.37
Corporate persons*	20.42	-	-	11.44	8.98
- of which, MSMEs	20.42	-	-	11.44	8.98
Others	-	-	-	-	-
Total	**5,965.29**	**523.17**	**31.83**	**1,065.95**	**4,344.35**

*includes resolution framework implemented pursuant to OTR 2.0 till 30 September 2021 for persoanl loans and small business loans

Accounts written off during the half year ended March 31, 2022 were classified as NPA prior to being written off

45. 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 extended further via RBI/2021-22/32 DOR.STR.REC.12/21.04.048/2021-22 dated May 5, 2021 - Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances

(Rs. in lakhs)

For the year ended March 31, 2022		For the year ended March 31, 2021	
No. of accounts restructured	Amount	No. of accounts restructured	Amount
13	1,222.00	124	9,370.49

46. 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 had 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 had provided for reversal of interest on interest amounting to Rs. 106.64 lakhs in the previous year.

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

1 Fraud reported during the year

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

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, 2022	As at March 31, 2021
i)	CRAR (%)	28.05%	37.20%
ii)	CRAR - Tier I Capital (%)	27.43%	36.54%
iii)	CRAR - Tier II Capital (%)	0.62%	0.66%
iv)	Amount of subordinated debt raised as Tier-II capital	-	-
v)	Amount raised by issue of Perpetual Debt Instruments	-	-
vi)	Risk weighted asset	3,95,365.69	2,79,168.54

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3 Investments

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
(1) Value of investments		
(i) Gross value of investments		
(a) In India	8,688.81	12,683.83
(b) Outside India	-	-
(ii) Provisions for depreciation		
(a) In India	9.28	13.17
(b) Outside India	-	-
(iii) Net value of investments		
(a) In India	8,679.53	12,670.66
(b) Outside India	-	-
(2) Movement of provisions held towards depreciation on investments		
(i) Opening balance	13.17	-
(ii) Add : Provisions made during the year	9.28	13.17
(iii) Less : Write-off/(write-back)of excess provisions during the year	(13.17)	-
(iv) Closing balance	9.28	13.17

4 Derivatives

(a) Forward rate agreement/interest rate swap

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
(i) The notional principal of swap agreements*	5,100.00	-
(ii) Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	299.22	-
(iii) Collateral required by the applicable NBFC upon entering into swaps	-	-
(iv) Concentration of credit risk arising from the swaps	-	-
(v) The fair value of the swap book	299.22	-

**The Company has hedged its foreign currency borrowings through CCIRS (cross currency interest rate swaps). For Accounting Policy & Risk Management Policy. (Refer note no. 1 and 30)*

(b) Exchange traded interest rate derivatives

The Company has not traded in exchange traded interest rate derivative during the current and previous year.

(c) Disclosures on risk exposure in derivatives

Qualitative disclosure

Details for qualitative disclosure are part of accounting policy as per financial statements. (Refer note no. 1 and 30)

Quantitative disclosure

Particulars	As at March 31, 2022	As at March 31, 2021
(i) Derivatives (notional principal amount) for hedging	5,100.00	-
(ii) Marked to market positions		
(a) Asset	299.22	-
(b) Liability	-	-
(iii) Credit exposure	299.22	-
(iv) Unhedged exposures	-	-

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5 Disclosures relating to securitisation

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

(b) Disclosures pursuant to RBI Notification - RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22 dated September 24, 2021

I) Details of transfer through co-lending in respect of loans not in default during the the year ended March 31, 2022

(Rs. in lakhs)

	Particulars	Year ended March 31, 2022	Year ended March 31, 2021
i)	Amount of Loan accounts assigned	2,085.00	-
ii)	Retention of Beneficial Economic Interest (in%)	68.01%	-
iii)	Weighted Average Maturity (in Years)	10.75	-
iv)	Weighted Average Holding Period (in Years)	NA	-
v)	Coverage of tangible security Coverage (in%)	NA	-

The above transaction is pursuant to Co-lending option II (Direct Assignment) pursuant to RBI notification RBI/2020-21/63/FIDD.CO.Plan.BC.No.8/04.09.01/2020-21

II) Details of overdue loans (NPA and SMA) transferred during the year ended March 31, 2022

The Company has sold its existing business of Direct Sourced Two-Wheeler Loans comprising of loan portfolio amounting to Rs. 2,085.87 lakhs for Rs. 1,040.00 lakhs effective October 01, 2021. The sale has resulted in a gross loss of Rs. 1,045.87 lakhs with a corresponding release of loan provision amounting to Rs. 481.67 lakhs, thus resulting in a net charge of Rs.564.20 lakhs for the quarter.

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

(Rs. in lakhs)

Particulars	To permitted transferees
No of Accounts	5,417.00
Aggregate principal outstanding of loans transferred	1,412.27
Weighted average residual tenor of the loans transferred	< 1 year
Net book value of loans transferred (at the time of transfer)	936.38
Aggregate consideration	485.72
Additional consideration realised in respect of accounts transferred in earlier years	-

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(Rs. in lakhs)

6 Asset liability management maturity pattern of certain items of assets and liabilities as at March 31, 2022

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	26,199.73	28,325.29	24,844.62	39,523.35	55,447.34	1,03,065.88	35,671.75	60,148.46	3,73,226.42
Investments	135.10	122.21	129.52	2,420.05	391.47	566.18	-	4,915.00	8,679.53
Borrowings	12,176.76	4,178.65	14,799.29	16,881.31	61,736.66	1,39,846.43	26,640.34	-	2,76,259.44
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	11.73	-	12.61	-	5,305.48	-	-	5,329.82

(Rs. in lakhs)

Asset liability management maturity pattern of certain items of assets and liabilities as at March 31, 2021

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	39,768.90	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	-	-	-	-	-	-	-	-	-

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7 Exposure to real estate sector

(Rs. in lakhs)

Particulars		As at March 31, 2022	As at March 31, 2021
	Direct Exposure		
a)(i)	**Residential Mortgages -** Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	405.25	3,179.03
a)(ii)	**Commercial Real Estate -** 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	55,098.11	57,821.14
a)(iii)	Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
	a. Residential	-	-
	b. Commercial Real Estate	-	-
	Indirect Exposure		
	Fund based and non based exposures on National housing Bank and Housing Finance Companies	-	-

8 Exposure to capital market

(Rs. in lakhs)

Particulars		As at March 31, 2022	As at March 31, 2021
(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;	4,924.22	3,911.22
(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	**4,924.22**	**3,911.22**

8 Details of financing of parent company products - Not Applicable (PY: Not Applicable)

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) in the current year and previous

10 Unsecured advances

The Company has not granted unsecured advances against collateral of intangible securities such as charge over the rights, licenses, authority. For details of unsecured advances, refer note 5

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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: NIL (PY:NIL)

(c) Related Party Transactions
Refer Note 31 to the Financial statements for the transaction with the related parties.

(d) Credit rating

Particulars	As at March 31, 2022	As at March 31, 2021
Long term bank facilities	CRISIL A / CARE A (Under Credit watch with Positive Implication)	CRISIL A (Stable) / CARE A (Negative)
Secured Non-Convertible Debenture	CRISIL A / CARE A (Under Credit watch with Positive Implication)	CRISIL A(Stable) / CARE A (Negative)
Secured Non-Convertible Debenture (Public Issue)	CRISIL A (Under Credit watch with Positive Implication)	NA
Secured Market Linked Debentures	CRISIL PP - MLD Ar CARE PP - MLD A (Under Credit watch with Positive Implication) CRISIL PP -MLD AA+r (CE)/ Stable	CRISIL PP-MLD Ar (Stable) / CARE PP-MLD A (Negative)
Short term bank facilities	NA	CRISIL A1 / ICRA A1
Commercial Paper	CRISIL A1 (Under Credit watch with Positive Implication)	CARE A1 / CRISIL A1

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, 2022	Year ended March 31, 2021
Provisions for depreciation on investment	(3.89)	13.17
Provision towards NPA/ Write off	3,786.02	6,028.74
Provision made towards income tax	1,205.43	217.62
Provision for Standard Assets	(186.14)	2,211.80

(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, 2022	As at March 31, 2021
Total advances to twenty largest borrowers	26,183.49	23,622.22
Percentage of advances to twenty largest borrowers to total advances of the NBFC	6.85%	8.97%

(c) (ii) Concentration of exposures

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Total exposure to twenty largest borrowers/customers	26,183.49	23,622.22
Percentage of exposures to twenty largest borrowers/customers to total exposure of the NBFC on borrowers/customers	6.60%	8.67%

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(c) (iii) Concentration of NPAs

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Total exposure to top four NPA accounts	2,040.67	1,514.17

(c) (iv) Sector-wise NPAs

Sr. No.	Sector	Percentage of NPAs to Total Advances in that sector	
		As at March 31, 2022	As at March 31, 2021
1	Agriculture & allied activities	-	-
2	MSME	5.45%	4.23%
3	Corporate borrowers	-	-
4	Services	0.02%	2.45%
5	Unsecured personal loans	1.84%	3.50%
6	Auto loans	0.01%	7.02%
7	Other personal loans	7.97%	20.47%

13 Movement of NPAs

(Rs. in lakhs)

	Particulars	Year ended March 31, 2022	Year ended March 31, 2021
(i)	**Net NPAs to net advances (%)**	1.43%	1.71%
(ii)	**Movement of NPAs (Gross)**		
	(a) Opening balance	9,036.67	5,943.06
	(b) Other adjustments	15.86	-
	(c) Additions during the year	7,756.89	10,792.43
	(d) Reductions during the year	5,998.06	7,698.82
	(e) Closing balance	**10,811.36**	**9,036.67**
(iii)	**Movement of Net NPAs**		
	(a) Opening balance	4,424.55	2,783.21
	(b) Other adjustments	(601.83)	-
	(b) Additions during the year	4,339.27	5,283.97
	(c) Reductions during the year	2,757.53	3,642.64
	(d) Closing balance	**5,404.46**	**4,424.54**
(iv)	**Movement of provisions for NPAs**		
	(a) Opening balance	4,612.12	3,159.85
	(b) Other adjustments	617.69	-
	(c) Provisions made during the year	3,417.62	5,508.45
	(d) Write-off of excess provisions	3,240.53	4,056.18
	(e) Closing balance	**5,406.90**	**4,612.12**

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14 Disclosure of Complaints

Customer Complaints

Sr. No	Particulars	Year ended March 31, 2022	Year ended March 31, 2021
(a)	No. of complaints pending at the beginning of the year	4	1
(b)	No. of complaints received during the year	2,710	858
(c)	No. of complaints redressed during the year	2,707	855
(d)	No. of complaints pending at the end of the year	7	4

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

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

16 In accordance with Master Direction Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, the Company has not lent against gold jewellery during the year ended 31 March 2022 (31 March 2021:NIL)

S.R. Batliboi & Associates LLP Chartered Accountants MUMBAI

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17. Schedule to the Balance Sheet as per Master Directions

a 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, 2022		As at March 31, 2021	
		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	95,683.00	-	73,827.02	-
	- Unsecured	-	-	-	-
	(b) Deferred Credits	-	-	-	-
	(c) Term Loans	1,62,291.78	-	78,803.02	-
	(d) Inter-corporate loans and borrowing	4,550.00	-	7,202.41	-
	(e) Commercial Paper	10,840.77	-	1,959.72	-
	(f) Public Deposits	-	-	-	-
	(g) Other Loans	8,223.71	-	5,456.93	-
	*other than falling within the meaning of public deposits				
(2)	Assets side :				
	Break-up of loans and advances including bills receivables:				
	(a) Secured	1,59,163.37	3,200.39	1,36,765.41	1,743.78
	(b) Unsecured	2,23,160.48	4,900.36	1,27,699.32	5,707.84

b 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, 2022	As at March 31, 2021
(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	-	-

c Break-up of Investments:

(Rs. in lakhs)

Sr. No.	Particulars	As at March 31, 2022	As at March 31, 2021
	Current Investments :		
1	Quoted:		
	(i) Shares : (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debenture and bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government securities	-	-
	(v) Others	-	-
2	Unquoted:		
	(i) Shares: (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and bonds	2,899.87	6,652.06
	(iii) Units of mutual funds	-	-
	(iv) Government securities	-	-
	(v) Others	855.44	2,120.50
	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	4,915.00	3,911.22
	(b) Preference	9.22	-
	(ii) Debentures and bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government securities	-	-
	(v) Others	-	-

S.R. BATLIBOI & ASSOCIATES LLP MUMBAI CHARTERED ACCOUNTANTS

InCred Financial Services Limited

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

(Rs. in lakhs)

Sr. No.	Category	As at March 31, 2022		
		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	1,55,424.71	2,17,801.71	3,73,226.42
	Total	1,55,424.71	2,17,801.71	3,73,226.42

(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	1,21,845.77	2,55,359.84
	Total	1,33,514.07	1,21,845.77	2,55,359.84

e 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, 2022		As at March 31, 2021	
		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	4,915.00	4,915.00	3,911.22	3,911.22
	(b) Companies in the same group	-	-	-	-
	(c) Other related parties	-	-	-	-
	2. Other than related parties	3,773.81	3,764.53	8,772.61	8,759.44
	Total	8,688.81	8,679.53	12,683.83	12,670.66

f Other Information

(Rs. in lakhs)

Sr. No.	Particulars	As at March 31, 2022	As at March 31, 2021
(i)	Gross non-performing assets		
	(a) Related parties	-	-
	(b) Other than related parties	10,811.36	9,036.67
(ii)	Net non-performing assets		
	(a) Related parties	-	-
	(b) Other than related parties	5,404.46	4,424.54
(iii)	Assets acquired in satisfaction of debt	-	-

S.R. BATLIBOI & ASSOCIATES LLP * MUMBAI * CHARTERED ACCOUNTANTS

InCred Financial Services Limited *

Notes to the Standalone Financial Statements

18. Disclosure as per 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

a Funding Concentration based on significant counterparty

(Rs. in lakhs)

Sr. No.	Number of Significant Counterparties	Amount	% of Total Deposits	% of Total liabilities
1	21	1,96,390.62	NA	67.45%

b Top 20 large deposits : NA

c Top 10 Borrowings

(Rs. in lakhs)

Amount	% of Total borrowings
1,42,267.32	50.53%

d Funding Concentration based on significant instrument/product

(Rs. in lakhs)

Sr. No.	Name of Instrument	Amount	% of Total liabilities
1	Term Loan	1,56,957.12	53.91%
2	Market Linked Debentures	56,498.20	19.40%
3	Non Convertible Debentures	39,184.80	13.46%
4	Commercial paper	10,840.77	3.72%
5	Cash Credit / WCDL	8,228.56	2.83%
6	External Commercial Borrowings	5,329.82	1.83%
7	Inter Corporate borrowings	4,550.00	1.56%

e Stock Ratios

Sr. No.	Name of Instrument	% of Total public funds	% of Total Liabilities	% of Total Assets
a	Commercial paper	1.89%	1.83%	1.32%
b	Non-convertible debentures (Original maturity of less than 1 year)	0.00%	0.00%	0.00%
c	Other short term liabilities	40.50%	39.17%	28.34%

S.R. BATLIBOI & ASSOCIATES LLP MUMBAI CHARTERED ACCOUNTANTS

InCred Financial Services Limited

InCred Financial Services Limited

Notes to the Standalone Financial Statements

(Rs. in lakhs)

19. Restructuring of Loans

Sr. No.	Type of Restructuring / Asset Classification / Details		Others: Standard	Sub-standard	Doubtful	Loss	Total
1	Restructured Accounts as on April 1, 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
2	Fresh Restructuring during the year	No. of borrowers	15	17	-	-	32
		Amount outstanding	1,998.03	17.00	-	-	2,015.03
		Provision thereon	3.08	10.20	-	-	13.28
3	Upgradations to restructured standard category during the FY*	No. of borrowers	24	1,119	-	-	1,143
		Amount outstanding	626.38	297.57	-	-	923.95
		Provision thereon	89.38	115.66	-	-	205.04
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	(34)	34	-	-	-
		Amount outstanding	(728.34)	765.32	-	-	36.98
		Provision thereon	(89.17)	492.21	-	-	403.04
6	Write-offs of restructured accounts during the FY	No. of borrowers	-	20	-	-	20
		Amount outstanding	-	(30.81)	-	-	(30.81)
		Provision thereon	-	20.02	-	-	20.02
7	Restructured Accounts as on March 31, 2022	No. of borrowers	95	2,728	-	-	2,823
		Amount outstanding	10,117.32	1,524.73	-	-	11,642.06
		Provision thereon	428.05	843.66	-	-	1,271.71

InCred Financial Services Limited

Notes to the Standalone Financial Statements

19. 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, 2020	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

**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 under 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 extended further via RBI/2021-22/32 DOR.STR.REC.12/21.04.048/2021-22 dated May 5, 2021 - Micro, Small and Medium Enterprises (MSME) sector - Restructuring of Advances during FY 2019-20 and FY 2020-21.

The above disclosure does not include assets where resolution plan is implemented under RBI circular RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 dated May 5, 2021 -Resolution Framework – 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses and 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.

S.R. BATLIBOI & ASSOCIATES LLP * MUMBAI * CHARTERED ACCOUNTANTS

InCred Financial Services Limited

20. 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 2022	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						
Standard	Stage 1	3,49,541.03	2,461.45	3,47,079.58	1,519.64	941.81
	Stage 2	21,971.46	1,229.09	20,742.37	982.06	247.03
Subtotal		3,71,512.49	3,690.54	3,67,821.95	2,501.70	1,188.84
Non-Performing Assets (NPA)						
Substandard	Stage 3	10,811.36	5,406.89	5,404.47	760.31	4,646.58
Doubtful - up to 1 year	Stage 3	-	-	-	790.24	(790.24)
1 to 3 years	Stage 3	-	-	-	222.51	(222.51)
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		-	-	-	1,012.75	(1,012.75)
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		10,811.36	5,406.89	5,404.47	1,773.06	3,633.83
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	14,248.30	9.42	14,238.88	-	9.42
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		14,248.30	9.42	14,238.88	-	9.42
Total	**Stage 1**	**3,63,789.33**	**2,470.87**	**3,61,318.46**	**1,519.64**	**951.23**
	Stage 2	**21,971.46**	**1,229.09**	**20,742.37**	**982.06**	**247.03**
	Stage 3	**10,811.36**	**5,406.89**	**5,404.47**	**1,773.06**	**3,633.83**
	Total	**3,96,572.15**	**9,106.85**	**3,87,465.30**	**4,274.76**	**4,832.09**

S.R. Batliboi & Associates LLP * Mumbai * Chartered Accountants

Incred Financial Services Limited *

InCred Financial Services Limited

Notes to the Standalone Financial Statements

20. 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 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						
Standard	Stage 1	2,29,929.27	1,865.67	2,28,063.60	922.15	943.52
	Stage 2	24,329.43	2,009.41	22,320.02	1,260.74	748.67
Subtotal		2,54,258.70	3,875.08	2,50,383.62	2,182.89	1,692.19
Non-Performing Assets (NPA)						
Substandard	Stage 3	10,206.03	5,229.81	4,976.22	829.56	4,400.25
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	5,229.81	4,976.22	1,157.61	4,072.20
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**	**1,876.67**	**2,37,027.63**	**922.15**	**954.52**
	Stage 2	**24,329.43**	**2,009.41**	**22,320.02**	**1,260.74**	**748.67**
	Stage 3	**10,206.03**	**5,229.81**	**4,976.22**	**1,157.61**	**4,072.20**
	Total	**2,73,439.76**	**9,115.89**	**2,64,323.87**	**3,340.50**	**5,775.39**

S.R. BATLIBOI & ASSOCIATES LLP * MUMBAI * CHARTERED ACCOUNTANTS

InCred Financial Services Limited

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

49. Previous year figures have been audited by another firm of chartered accountants.

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

Sarvesh Warty

per Sarvesh Warty
Partner
Membership No: 121411

Place: Mumbai
Date: April 29, 2022

S.R. BATLIBOI & ASSOCIATES LLP
MUMBAI
CHARTERED ACCOUNTANTS

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
Membership No: A19285

Place: Mumbai
Date: April 29, 2022

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

INDEPENDENT AUDITOR'S REPORT

To the Members of InCred Financial Services Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of InCred Financial Services Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associate comprising of the consolidated Balance sheet as at March 31 2022, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity 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 consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries and associate, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013, as amended ("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 consolidated state of affairs of the Group and its associate as at March 31, 2022, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs), as 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 and its associate 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 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 audit opinion on the consolidated financial statements.

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 for the financial year ended March 31, 2022. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of audit procedures performed by us, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matters reported in the standalone financial statements of the Holding Company:

Key audit matters	How our audit addressed the key audit matter
(a) Impairment of financial assets as at balance sheet date (expected credit losses) (as described in note 5 of the standalone financial statements)	

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<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>Ind AS 109 requires the Company to provide for impairment of its loan receivables (designated at amortised cost and fair value through other comprehensive income) using the expected credit loss (ECL) approach. ECL involves an estimation of probability-weighted loss on financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions which could impact the credit quality of the Company's loans and advances.

In the process, a significant degree of judgement has been applied by the management for:

• Staging of loans (i.e. classification in 'significant increase in credit risk' ("SICR") and 'default' categories);
• Grouping of borrowers based on homogeneity by using appropriate statistical techniques;
• Estimation of behavioral life;
• Determining macro-economic factors impacting credit quality of receivables;
• Estimation of losses for loan products with no/ minimal historical defaults.

In view of such high degree of management's judgement involved in estimation of ECL, it is a key audit matter.</td><td>• Read and assessed the Company's accounting policies for impairment of financial assets and their compliance with Ind AS 109 and the governance framework approved by the Board of Directors pursuant to Reserve Bank of India guidelines issued on March 13, 2020.

• Read and assessed the Company's policy with respect to one-time restructuring offered to customers pursuant to the "Resolution Framework for COVID-19-related Stress" issued by RBI on August 6, 2020 and tested the implementation of such policy on a sample basis.

• Evaluated the reasonableness of the management estimates by understanding the process of ECL estimation and related assumptions and tested the controls around data extraction and validation.

• Assessed the criteria for staging of loans based on their past-due status to check compliance with requirement of Ind AS 109. Tested a sample of performing (stage 1) loans to assess whether any SICR or loss indicators were present requiring them to be classified under higher stages.

• Assessed the additional considerations applied by the management for staging of loans as SICR or default categories in view of Company's policy on one-time restructuring.

• Tested the ECL model, including assumptions and underlying computation. Assessed the floor/ minimum rates of provisioning applied by the Company for loan products with inadequate historical defaults.

• Tested assumptions used by the management in determining the impact on account macro-economic factors on calculation of default rates (including COVID-19 pandemic).

• Assessed disclosures included in the standalone financial statements in respect of expected credit losses including the specific disclosures made with regards to the impact of COVID-19 on ECL estimation.</td></tr>
<tr><td colspan="2">(b) IT systems and controls</td></tr>
<tr><td>Financial accounting and reporting processes, especially in the financial services sector, are fundamentally reliant on IT systems and IT controls to process significant transaction volumes, hence we identified IT systems and controls over financial reporting as a key audit matter for the Company.</td><td>• Tested the design and operating effectiveness of the Company's IT access controls over the information systems that are important to financial reporting and various interfaces, configuration and other identified application controls.</td></tr>
</table>

Key audit matters	How our audit addressed the key audit matter
Automated accounting procedures and IT environment controls, which include IT governance, general IT controls over program development and changes, access to programs and data and IT operations, are required to be designed and to operate effectively to ensure reliable financial reporting.	• Tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing requests for access to systems were reviewed and authorized. • Tested the Company's periodic review of access rights. We also tested requests of changes to systems for approval and authorization. • In addition to the above, tested the design and operating effectiveness of certain automated controls that were considered as key internal controls over financial reporting. • Tested the design and operating effectiveness of compensating controls, where deficiencies were identified and, where necessary, extended the scope of our substantive audit procedures.

Other Information

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

Our opinion on the 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 financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether such other information is materially inconsistent with the 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.

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 terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity 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 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective 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 of the assets of the Group and of its associate 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 the 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 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 and of its associate are responsible for assessing the ability of the Group and of its associate to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group and of its associate are also responsible for overseeing the financial reporting process of the Group and of its associate.

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 whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures 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 and its associate 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 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 the entities or business activities within the Group and its associate of which we are the independent auditors, 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 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.

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 for the financial year ended March 31, 2022 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.

Other Matter

(a) We did not audit the financial statements and other financial information, in respect of one subsidiary, whose financial statements include total assets of Rs 20.00 lakhs as at March 31, 2022, and total revenues of Rs 19.04 lakhs and net cash inflows of Rs 10.33 lakhs for the year ended on that date. These financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the report of such other auditors.

(b) The consolidated financial statements of the Company for the year ended March 31, 2021, included in these consolidated financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on July 23, 2021.

Our opinion above 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 reports of the other auditors.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of the subsidiary company, incorporated in India, as noted in the 'Other Matter' paragraph we give in the "Annexure 1" a statement on the matters specified in paragraph 3(xxi) of the Order.

2. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of the subsidiary, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

(a) We/the other auditors whose report we have relied upon 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 consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated

Statement of Changes in Equity dealt with by this Report are in agreement with the 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 Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2022 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, associate companies, none of the directors of the Group's companies and its associate, incorporated in India, is disqualified as on March 31, 2022 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 consolidated financial statements of the Holding Company and its subsidiary companies and its associate, incorporated in India, and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiary, the managerial remuneration for the year ended March 31, 2022 has been paid / provided by the Holding Company. The provisions of section 197 read with Schedule V of the Act are not applicable to the its subsidiaries and associate incorporated in India for the year ended March 31, 2022.

(h) 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, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiary, as noted in the 'Other matter' paragraph:

i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group and its associate in its consolidated financial statements - Refer Note 38 to the consolidated financial statements;

ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 4 to the consolidated financial statements in respect of such items as it relates to the Group and its associate.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiaries and associate, incorporated in India during the year ended March 31, 2022.

iv. a) The respective managements of the Holding Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of its knowledge and belief, other than as disclosed in the note 47(vi)(a) to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiaries to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the respective Holding Company or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The respective managements of the Holding Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of its knowledge and belief, other than as disclosed in the note 47(vii)(a) to the consolidated financial statements, no funds (which are material either individually or in the aggregate) have been received by the respective Holding Company or any of such subsidiaries from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on the audit procedures that has been considered reasonable and appropriate in the circumstances performed by us and those performed by the auditors of the subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.

v) No dividend has been declared or paid during the year by the Holding company and subsidiary companies, incorporated in India.

For **S. R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

Sarvesh Warty

per Sarvesh Warty
Partner
Membership Number: 121411
UDIN: 22121411AIDAAH6914
Place of Signature: Mumbai
Date: April 29, 2022

Annexure 1 referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: InCred Financial Services Limited

In terms of the information and explanations sought by us and given by the Holding Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, and based on the consideration of reports of auditors in respect of subsidiaries, we state that qualifications or adverse remarks by the respective auditors in the Companies (Auditors Report) Order (CARO) reports of the companies included in the consolidated financial statements are:

S.No.	Name	CIN	Holding Company / Subsidiary/ Associate	Clause number of the CARO report which is qualified or is adverse
1.	Mvalu Technology Services Private Limited	U74999MH2018PTC313289	Associate	(vii)(a)
2.	Incred Management and Technology Services Private Limited	U72900MH2016PTC273211	Subsidiary	(vii)(a)
3.	Booth Fintech Private Limited	U67190MH2015PTC355907	Subsidiary	(vii)(a)

For **S. R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

Sarvesh Warty

per Sarvesh Warty
Partner
Membership Number: 121411
UDIN: 22121411AIDAAH6914
Place of Signature: Mumbai
Date: April 29, 2022

Annexure 2 referred to in paragraph 2 (f) under the heading "Report on other legal and regulatory requirements" of our report of even date

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 InCred Financial Services Limited (hereinafter referred to as the "Holding Company") as of and for the year ended March 31, 2022, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associate, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the companies included in the Group and its associate, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding 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). 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to consolidated financial statements 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") and the Standards on Auditing, specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both, issued by ICAI. 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 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 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 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 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.

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 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 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.

Opinion

In our opinion, the Group and its associate, which are companies incorporated in India, have, maintained in all material respects, adequate 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 31,2022, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements of the Holding Company, in so far as it relates to on subsidiary, which is a company incorporated in India, is based on the corresponding reports of the auditors of such subsidiary incorporated in India.

For **S. R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

Sarvesh Warty

per Sarvesh Warty
Partner
Membership Number: 121411
UDIN: 22121411AIDAAH6914
Place of Signature: Mumbai
Date: April 29, 2022

InCred Financial Services Limited

Consolidated Financial Statements
Consolidated Balance Sheet as at March 31, 2022

(Rs. in lakhs)

Particulars	Note No	As at March 31, 2022	As at March 31, 2021
ASSETS			
(1) Financial assets			
(a) Cash and cash equivalents	2	5,505.98	1,457.92
(b) Bank balance other than cash and cash equivalents	3	2,991.36	588.46
(c) Derivative financial instruments	4	1,181.05	-
(d) Receivables			
(I) Trade receivables	5	108.34	3.76
(II) Other receivables		-	-
(e) Loans	6	3,73,226.42	2,55,359.84
(f) Investments	7	8,119.65	12,457.43
(g) Other financial assets	8	2,754.80	1,852.48
		3,93,887.60	2,71,719.89
(2) Non-financial assets			
(a) Current tax assets (net)		1,209.98	737.72
(b) Deferred tax assets (net)	9	2,038.67	1,857.41
(c) Property, plant and equipment	10	3,479.68	3,440.94
(d) Capital work-in-progress	11	293.95	14.49
(e) Goodwill		652.65	652.65
(f) Other intangible assets	12	433.27	547.43
(g) Other non-financial assets	13	1,468.76	1,482.78
		9,576.96	8,733.42
Total assets		4,03,464.56	2,80,453.31
LIABILITIES AND EQUITY			
LIABILITIES			
(1) Financial liabilities			
(a) Derivative financial liabilities	4	186.87	-
(b) Debt securities	15	1,06,523.77	75,786.75
(c) Borrowings (other than debt securities)	16	1,75,065.49	91,062.13
(d) Other financial liabilities	17	8,198.31	6,684.48
		2,89,974.44	1,73,533.36
(2) Non-financial liabilities			
(a) Provisions	18	324.46	169.90
(b) Deferred tax liabilities (net)	9	728.89	832.27
(c) Other non-financial liabilities	19	918.06	516.58
		1,971.41	1,518.75
EQUITY			
(a) Equity share capital	19 (A)	35,450.27	30,772.79
(b) Preference share capital	19 (B)	3,347.96	7,851.63
(c) Other equity	21	72,720.48	66,776.78
		1,11,518.71	1,05,401.20
Total liabilities and equity		4,03,464.56	2,80,453.31
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 S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No.: 101049W/E300004

Sarvesh Warty.

per Sarvesh Warty
Partner
Membership No: 121411

Place: Mumbai
Date: April 29, 2022

S.R. BATLIBOI & ASSOCIATES LLP ★ MUMBAI ★ CHARTERED ACCOUNTANTS

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
Membership No: A19285

Place: Mumbai
Date: April 29, 2022

SR

InCred Financial Services Limited ★

InCred Financial Services Limited

Consolidated Financial Statements

Consolidated Statement of Profit and Loss for the year ended March 31, 2022

(Rs. in lakhs)

Particulars	Note No	Year ended March 31, 2022	Year ended March 31, 2021
Revenue From operations			
(i) Interest income	22	47,340.06	37,723.45
(ii) Net gain on derecognition of financial instruments under amortised cost category		336.68	-
(iii) Fees and commission income	23	1,022.24	557.16
(iv) Net (loss)/gain on fair value changes	24	104.17	268.91
(I) Total revenue from operations		48,803.15	38,549.52
(II) Other income	25	3,624.09	698.13
(III) Total income (I + II)		52,427.24	39,247.65
Expenses			
(i) Finance costs	26	21,946.81	15,275.74
(ii) Net loss on derecognition of financial instruments under amortised cost category		1,045.87	-
(iii) Impairment on financial instruments	27	4,352.02	8,868.63
(iv) Employee benefits expenses	28	13,921.43	9,448.81
(v) Depreciation and amortisation	10 & 11	1,227.80	1,015.98
(vi) Others expenses	29	5,326.87	3,936.45
(IV) Total expenses		47,820.80	38,545.61
(V) Profit before share of loss of Associates (III - IV)		4,606.44	702.04
(VI) Share of loss of associates		420.90	349.57
(VII) Profit before tax (V - VI)		4,185.54	352.47
Tax Expense:			
(1) Current Tax		1,358.99	1,231.51
(2) Tax pertaining to previous years		-	(96.38)
(3) Deferred Tax		(256.21)	(999.71)
(VIII) Total Tax Expense	30	1,102.78	135.42
(IX) Profit for the year (VII - VIII)		3,082.76	217.05
(X) Other comprehensive income			
(A) (i) Items that will not be reclassified to profit or loss			
(a) Remeasurement gain/(loss) of the defined benefit plans		(94.84)	(26.29)
(ii) Income tax relating to items that will not be reclassified to profit or loss		23.87	6.62
Subtotal (A)		(70.97)	(19.67)
(B) Items that will be reclassified to profit or loss			
(a) Debt instruments through other comprehensive income		(120.30)	118.97
(b) The effective portion of gains and loss on hedging instruments in a cash flow hedge		103.74	
(ii) Income tax relating to items that will not be reclassified to profit or loss		4.17	(29.95)
Subtotal (B)		(12.39)	89.02
Other comprehensive income (A + B)		(83.36)	69.35
(XI) Total comprehensive income for the year (IX + X)		2,999.40	286.40
Profit is attributable to:			
Owners of the Group		3,082.76	217.05
Non controlling interests		-	-
Other Comprehensive Income is attributable to:			
Owners of the Group		(83.36)	69.35
Non controlling interests		-	-
Total Comprehensive Income is attributable to:			
Owners of the Group		2,999.40	286.40
Non controlling interests		-	-
(XIV) Earnings per equity share (Face Value : Rs. 10 per share)	31		
Basic (Rs.)		0.80	0.06
Diluted (Rs.)		0.79	0.06

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

per Sarvesh Warty
Partner
Membership No: 121411

Place: Mumbai
Date: April 29, 2022

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
Membership No: A19285

Place: Mumbai
Date: April 29, 2022

InCred Financial Services Limited

Consolidated Financial Statements
Consolidated Cash Flow Statement for the year ended March 31, 2022

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Cash flow from operating activities		
Profit / (Loss) before tax	4,185.54	352.47
Adjustments to reconcile net profit to net cash generated from / (used in) operating activities		
Depreciation and amortisation	813.72	598.33
Loss on sale of property, plant and equipment	3.40	-
Net (gain) on fair value changes	(104.17)	(268.91)
Interest Income	(47,340.06)	(37,723.45)
Finance Cost	21,562.20	15,275.74
Impairment loss	4,350.54	8,868.63
Provision for employment benefits	60.92	(20.98)
Share based expense	2,446.59	1,027.90
Share in loss of associate	420.90	349.57
Operating cash flow before working capital changes	**(13,600.42)**	**(11,540.70)**
Working capital adjustments		
(Increase) / decrease in other trade receivables	(99.87)	137.25
Decrease in other receivables	-	4.75
(Increase) in Loans	(1,22,227.31)	(59,183.00)
(Increase) in other financial assets	(902.32)	(1,078.78)
(Increase) in other non financial assets	14.03	(304.47)
Increase in other financial liabilities	1,817.10	1,210.00
Increase in provisions	0.38	12.79
Increase in other non financial liabilities	401.47	804.56
Cash generated from operations	**(1,34,596.94)**	**(69,937.60)**
Interest received on loans	45,746.63	35,299.79
Interest paid on borrowings and debt	(21,562.20)	(17,585.83)
Income taxes paid	(1,831.74)	(567.01)
Net cash (used in) operating activities	**(1,12,244.25)**	**(52,790.65)**
Cash flow from investing activities		
Purchase of property, plant and equipment	(534.11)	(567.36)
Proceeds from sale of property, plant and equipment	37.77	-
Purchase of intangibles assets	(107.08)	(590.93)
Capital work in progress	(279.45)	110.57
Investment in associate	(999.40)	-
Purchase of investments	(61,273.28)	(1,53,919.53)
Proceeds from sale of investments	66,880.30	1,48,749.18
Investment in term deposits	(57,680.30)	1,05,146.56
Proceeds from maturity of term deposits	55,277.40	(1,05,002.11)
Net cash (used in) investing activities	**1,321.85**	**(6,073.62)**
Cash flow from financing activities		
Issue of equity shares (including securities premium)	671.64	36.48
Payment of lease liability	(441.55)	(292.95)
Proceeds from borrowings (other than debt securities)	1,55,520.00	72,265.00
Proceeds from issue of debt securities	93,524.29	62,173.39
Redemption of borrowings (other than debt securities)	(74,224.35)	(48,668.31)
Redemption of debt securities	(60,827.55)	(28,044.83)
Net cash generated from financing activities	**1,14,222.48**	**57,468.78**
Net increase / (decrease) in cash and cash equivalents	3,300.08	(1,395.49)
Cash and cash equivalents at the beginning of the year	(511.15)	884.34
Cash and cash equivalents at the end of the year	**2,788.93**	**(511.15)**

Notes:

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

(b) Cash and cash equivalents comprises of

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Cash on hand	-	2.84
Balances with banks		
- Current Accounts	5,255.98	1,455.08
Deposit with bank with maturity less than 3 months	250.00	-
Cash and cash equivalents (Refer note 2)	5,505.98	1,457.92
Less: Bank overdraft and cash credit (Refer note 16)	(2,717.05)	(1,969.07)
Cash and cash equivalents in cash flow statement	**2,788.93**	**(511.15)**

As per our report of even date
For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No.: 101049W/E300004

Sarvesh Warty.

per Sarvesh Warty
Partner
Membership No: 121411

Place: Mumbai
Date: April 29, 2022

S.R. BATLIBOI & ASSOCIATES LLP
MUMBAI
CHARTERED ACCOUNTANTS

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
Membership No: A19285

Place: Mumbai
Date: April 29, 2022

Incred Financial Services Limited

InCred Financial Services Limited

Consolidated Financial Statements
Consolidated Statement of Changes in Equity for the year ended March 31, 2022

A. Equity share capital

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Balance as at the beginning of the year	30,772.79	30,763.67
Changes in equity share capital during the year	4,677.48	9.12
Balance as at the end of the year	35,450.27	30,772.79

B. Preference share capital

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Balance as at the beginning of the year	7,851.63	7,851.63
Changes in preference share capital during the year	(4,503.67)	-
Balance as at the end of the year	3,347.96	7,851.63

B. Other equity

(Rs. in lakhs)

Particulars	Reserves and Surplus					Debt instruments through OCI	Cash flow hedge reserve	Equity instruments through OCI	Loss on change in proportion held by NCI	Total
	Special reserve	Securities premium	Capital contribution from parent	Share based payment reserve	Retained earnings					
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
Other comprehensive income for the year	-	-	-	-	(19.67)	89.03	-	-	-	69.36
Total comprehensive income for the year (net of tax)					197.36	89.03	-	-	-	286.39
Transfer / utilisations										
Additions during the year	-	27.36	-	-	-	-	-	-	-	27.36
Utilized during the year	-	-	-	-	-	-	-	-	-	-
Transferred to special reserve from retained earnings	204.69	-	-	-	(204.69)	-	-	-	-	-
Share based payment expense	-	-	11.38	1,016.55	-	-	-	-	-	1,027.93
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
Profit for the year	-	-	-	-	3,082.74	-	-	-	-	3,082.74
Other comprehensive income for the year	-	-	-	-	(70.97)	(90.02)	77.63	-	-	(83.36)
Total comprehensive income for the year (net of tax)	-	-	-	-	3,011.77	(90.02)	77.63	-	-	2,999.38
Transfer / utilisations										
Additions during the year (cash premium)	-	497.86	-	-	-	-	-	-	-	497.86
Additions during the year (non-cash premium)	-	270.48	-	-	(270.48)	-	-	-	-	-
Utilized during the year	-	-	-	-	-	-	-	-	-	-
Transferred to special reserve from retained earnings	722.35	-	-	-	(722.35)	-	-	-	-	-
Share based payment expense	-	-	3.82	2,442.64	-	-	-	-	-	2,446.46
Transferred from share based payment reserve	-	-	-	(23.07)	23.07	-	-	-	-	-
Balance at March 31, 2022	1,379.07	62,498.29	66.10	4,170.90	5,130.93	(0.99)	77.63	15.36	(616.81)	72,720.48

As per our report of even date
For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No.: 101049W/E300004

Sarvesh Warty.

per Sarvesh Warty
Partner
Membership No: 121411

Place: Mumbai
Date: April 29, 2022

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
Membership No: A19285

Place: Mumbai
Date: April 29, 2022

S.R. Batliboi & Associates LLP * Mumbai * Chartered Accountants

InCred Financial Services Limited

(1) Significant Accounting Policies and Other Explanatory Information

A. Corporate Information

InCred Financial Services Limited (the 'Parent') was incorporated in India on 8 January 1991, under the provisions of the Companies Act, 1956. The Parent together with its subsidiaries (hereinafter collectively referred to as the 'Group') has a diversified lending portfolio across retail, SME and commercial customers with a significant presence in urban and rural India.

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

The registered office of the Group 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).

The consolidated financial statements were authorized for issue by the Parent's Board of Directors on April 29, 2022.

B. Basis of preparation

The consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and notified under section 133 of the Companies Act, 2013 (the Act) along with other relevant provisions of the Act, the RBI Master Directions and notification for Implementation of Indian Accounting Standard vide circular RBI/2019-20/170 DOR(NBFC).CC.PD.No.109 /22.10.106/2019-20 dated 13 March 2020 ('RBI Notification for Implementation of Ind AS') issued by RBI. The Group uses accrual basis of accounting except in case of significant uncertainties (Refer Note D15).

i. Functional and presentation currency

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

ii. Basis of measurement

The consolidated financial statements 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 on initial recognition

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iii. **Use of estimates and judgements**

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

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

Significant accounting estimates and judgements:

a. Business model assessment
b. Fair value of financial instruments
c. Effective interest rate (EIR)
d. Impairment of financial assets
e. Provision for tax expenses
f. Residual value, useful life and indicators of impairment and recoverable value of property, plant and equipment

iv. **Basis of consolidation**

a. Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are consolidated from the date on which the control is transferred to the Group. They are deconsolidated from the date the control ceases.

The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between the Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed wherever necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

b. Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognized at cost.

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- **Equity method**

Under equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in profit and loss, and the Group's share of other comprehensive income of the investee and in other comprehensive income. Dividends received or receivable from associates are recognized as a reduction in the carrying amount of investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent the Group's interest in these entities. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

c. Change in ownership interests

The Group considers transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interest in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized within equity.

When the Group ceases to consolidate or equity account for an investment because of loss of control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognized in profit or loss. The fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in the other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

d. Business Combination

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises of the:

- Fair values of assets transferred
- Liabilities incurred to the former owners of the acquired business
- Equity interests issued by the Group and
- Fair value of any assets and liabilities resulting from a contingent consideration arrangement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at acquisition date. The Group recognizes any non-controlling interests in the acquired entity

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on acquisition-by-acquisition basis either at fair value or by non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

The excess of:

- Consideration transferred
- Any amount of non-controlling interest in the acquired entity and
- Acquisition date fair value of the previous entity interest in the acquired entity

Over the fair value of identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of identifiable assets , the difference is recognized in other comprehensive income and accumulated in equity as capital reserve provided there is clear evidence of the underlying reason for carrying the business combination as a bargain purchase. In other cases, bargain purchase gain are recognized directly in equity as capital reserve.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquire is remeasured to fair value at acquisition date. Any gains or losses arising from such remeasurement are recognized in profit or loss or other comprehensive income, as appropriate.

C. Presentation of financial statements

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

The Group presents its Balance Sheet in the order of its liquidity.

The Group generally reports financial assets and financial liabilities on a gross basis in the Balance Sheet. They are offset and reported net only when Ind AS specifically permits the same or it has an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event. Similarly, the Group offsets incomes and expenses and reports the same on a net basis when permitted by Ind AS.

D. Significant accounting policies and other explanatory information

1. Measurement of fair values

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

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

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

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

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

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

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

2. Financial instruments

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Trade receivables and payables, loan receivables, investments in securities and subsidiaries, debt securities and other borrowings, preferential and equity capital etc. are some examples of financial instruments.

All financial instruments are at amortised cost, unless otherwise specified.

All the financial instruments are recognised on the date when the Group becomes party to the contractual provisions of the financial instruments. For tradable securities, the Group recognises the financial instruments on settlement date.

i. Financial assets

Initial measurement

All financial assets are recognised initially at fair value including transaction costs that are attributable to the acquisition of financial assets except in the case of financial assets recorded at FVTPL where the transaction costs are charged to profit or loss. Generally, the transaction price is treated as fair value unless proved to the contrary.

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

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

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

Financial assets measured at amortised cost

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

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.

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:

i. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

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

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

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

Subsequent measurement

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 consolidated statement of profit and loss. Any gain or loss on derecognition is recognised in consolidated statement of profit and loss.

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Debt investments at FVOCI

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

Equity investments designated at FVOCI

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

Financial assets at FVTPL

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

ii. Financial liabilities

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

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

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

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

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

iii. **Derecognition**

Financial assets

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

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

On derecognition of a financial assets in its entirety, the difference between:

- the carrying amount (measured at the date of derecognition) and
- the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

Financial assets subsequently measured at amortised cost are generally held for collection of contractual cashflow. The group on looking at economic viability of certain portfolios measured at amortised cost may enter into immaterial and infrequent transaction for sale of loans which doesn't affect the business model of the Group.

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.

iv. **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.

v. **Derivatives recorded at fair value through profit and loss**

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract (i.e., the 'underlying').

- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts expected to have a similar response to changes in market factors.

- It is settled at a future date.

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The Group enters into derivative transactions with various counterparties to hedge its foreign currency risks, interest rate risks and equity price risks, respectively. These include cross-currency swaps, forward foreign exchange contracts, futures and options on equities.

Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of derivatives are included in net gain on fair value changes unless hedge accounting is applied.

vi. **Embedded derivatives**

An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract. A derivative that is attached to a financial instrument, but is contractually transferable independently of that instrument, or has a different counterparty from that instrument, is not an embedded derivative, but a separate financial instrument.

If the hybrid contract contains a host that is a financial asset / financial liability within the scope of Ind AS 109, the Group does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract.

Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

3. Share capital

Equity 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.

4. Investment in subsidiaries

Investment in subsidiaries is carried at cost less impairment if any in the consolidated financial statements.

5. 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.

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6. Impairment of financial assets

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

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

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

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

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

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

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

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

Credit-impaired financial assets:

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

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

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 Group on terms that the Group would not consider otherwise;
d) It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
e) The disappearance of an active market for a security because of financial difficulties.

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

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

Probability of Default - The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The concept of PD is further explained in Note 30.

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 30.

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 30.

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

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Write-offs

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

7. Hedge accounting

The Group makes use of derivative instruments to manage exposures to interest rate risk and foreign currency risk. In order to manage particular risks, the Group applies hedge accounting for transactions that meet specified criteria.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Group's risk management objective and strategy for undertaking hedge, the hedging/economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the Group would assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed on an on-going basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

During the year, hedges that meet the criteria for hedge accounting and qualify as cash flow hedges are accounted as follows:

Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability and could affect profit or loss. For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity (cash flow hedge reserve). The ineffective portion of the gain or loss on the hedging instrument is recognised immediately as finance cost in the Statement of Profit and Loss. When the hedged cash flow affects the Statement of Profit and Loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the Statement of Profit and Loss.

When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in OCI at that time remains in OCI and is recognised when the hedged forecast transaction is ultimately recognised in the statement of profit and loss.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred 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 Group'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 Group'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 Consolidated Consolidated 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 Group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. The Group uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

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

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

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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 Group:

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 Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

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

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

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

Deferred tax assets and liabilities are offset only if:

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

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 Consolidated Statement of Profit and Loss.

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

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 Group.

iii. Depreciation

Depreciation is provided on straight line basis as per the useful life given under Schedule II of the Companies Act, 2013, and is generally recognised in the Consolidated Statement of Profit and Loss.

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

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The useful life as per Schedule II are as follows:

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

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

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 Consolidated 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.

iv. Goodwill

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, an is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

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Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or Groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or Groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, which in our case are the operating segments.

14. Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

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

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

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

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

15. Revenue from operations

Recognition of interest and fee income or expense

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

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

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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:

The Group recognises revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial instruments' is applicable) based on a comprehensive assessment model as set out in Ind AS 115 'Revenue from contracts with customers'. The Group identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognises revenue only on satisfactory completion of performance obligations.

Loan related 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 Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii. Contribution to provident fund and ESIC

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

iii. Gratuity

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

18. Foreign currency

Transaction and balances

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

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

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

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

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.

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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 Group are segregated.

21. Segment Reporting

The Group operates in a single reportable segment i.e., financing, since the nature of the loans are exposed to similar risk and return profiles hence they are collectively operating under a single segment. The Group operates in a single geographical segment i.e. domestic.

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 Consolidated Statement of Profit and Loss.

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

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 Group 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.

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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 upto the date of issuance of the financial statements

Ministry of Corporate affairs have made changes on March 23, 2022, in the following Indian Accounting Standards (Ind AS) namely Ind AS 101, Ind AS 103, Ind AS 109, Ind AS 16, Ind AS 37 and Ind AS 41. The same are effective from April 01, 2022.

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Notes to the Consolidated Financial Statements

2. Cash and cash equivalents

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Cash on hand	-	2.84
Balances with banks	5,255.98	1,455.08
Fixed Deposit with banks with original maturity of less than 3 months	250.00	-
Total	5,505.98	1,457.92

3. Bank balance other than cash and cash equivalents

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Earmarked Fixed deposit with bank*	2,991.36	588.46
Total	2,991.36	588.46

** Earmarked for borrowings, bank guarantee.*

4. Derivative financial instruments at Fair Value

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
(A) Derivative financial assets		
(i) Cross Currency Interest Rate Swaps		
Cash flow hedge (Notional amount : 5,110.00 , PY : Nil)*	299.22	-
(ii) Equity Linked Derivatives		
Options and futures (Notional amount : 5,443.98 , PY : Nil) (Refer note 15)	881.83	-
Total	1,181.05	-
(B) Derivative financial liabilities		
Embedded Derivative on Market Linked Debentures (Notional amount : 4,620.00 , PY : Nil) (Refer Note 15)	186.87	-
Total	186.87	-

**Derivative transactions comprise of currency and interest rate swaps. The Company undertakes such transactions for hedging borrowings in foreign currency.*

5. Trade Receivables

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
	Amortised cost	Amortised cost
Unsecured, considered good	108.74	-
Unsecured, considered doubtful	-	8.87
Allowance for impairment loss	(0.40)	(5.11)
Total	108.34	3.76

Refer Note 50 for ageing of the outstanding balance

6. Loans

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
	Amortised cost	Amortised cost
(A) (i) Term loans	3,82,323.85	2,64,464.73
Total - Gross	**3,82,323.85**	**2,64,464.73**
Less: Impairment loss allowance	(9,097.43)	(9,104.89)
Total - Net of impairment loss allowance (A)	**3,73,226.42**	**2,55,359.84**
(B) (i) Secured by tangible assets	1,54,384.85	1,30,978.67
(ii) Covered by Bank and Government guarantees	4,778.52	5,786.74
(iii) Unsecured	2,23,160.48	1,27,699.32
Total - Gross	**3,82,323.85**	**2,64,464.73**
Less: Impairment loss allowance	(9,097.43)	(9,104.89)
Total - Net of impairment loss allowance (B)	**3,73,226.42**	**2,55,359.84**
(C) Loans in India		
(i) Public sectors	-	-
(ii) Others	3,82,323.85	2,64,464.73
Total - Gross	**3,82,323.85**	**2,64,464.73**
Less: Impairment loss allowance	(9,097.43)	(9,104.89)
Total - Net of impairment loss allowance (C)	**3,73,226.42**	**2,55,359.84**

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7. Investments

(Rs. in lakhs)

Particulars	As at March 31, 2022					As at March 31, 2021				
	Amortised cost*	At Fair Value Through profit or loss	At Fair Value Through other comprehensive income	Others**	Total	Amortised cost*	At Fair Value Through profit or loss	At Fair Value Through other comprehensive income	Others**	Total
Mutual funds	-	78.65		-	78.65	-	-	-	-	-
Debt securities	855.47	-	2,909.12	-	3,764.59	2,120.56	-	6,652.06	-	8,772.62
Equity instruments										
- Associates (Refer Note 34 and note 49)	-	-	-	4,276.47	4,276.47	-	-	-	3,697.97	3,697.97
- Convertible preference shares	-	9.22	-	-	9.22	-	-	-	-	-
Total - Gross (A)	**855.47**	**87.87**	**2,909.12**	**4,276.47**	**8,128.93**	**2,120.56**	-	**6,652.06**	**3,697.97**	**12,470.60**
Investments in India	855.47	87.87	2,909.12	4,276.47		2,120.56	-	6,652.06	3,697.97	12,470.60
Total - Gross (B)	**855.47**	**87.87**	**2,909.12**	**4,276.47**	**8,128.93**	**2,120.56**	-	**6,652.06**	**3,697.97**	**12,470.60**
Less: Allowance for impairment loss **(C)**	(0.03)	-	(9.25)	-	(9.28)	(0.05)	-	(13.12)	-	(13.17)
Less: Write off of investment **(D)**	-	-	-	-	-	-	-	-	-	-
Total - Net (A + C + D)	**855.44**	**87.87**	**2,899.87**	**4,276.47**	**8,119.65**	**2,120.51**	-	**6,638.94**	**3,697.97**	**12,457.43**

** Investments at amortised cost are all classified as Stage I under credit risk*

*** Others are measured as per Equity method*

8. Other financial assets

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
	Amortised cost	Amortised cost
Security Deposits (Unsecured, considered good)	340.08	261.42
Retained interest on Loans derecognised	336.68	-
Receivables from related parties (Refer Note 34)	504.35	15.45
Balances with Partners/Anchors	746.31	959.05
Margin money deposit	150.00	-
Others	677.52	621.89
Less: Allowance for impairment loss	(0.14)	(5.33)
Total	**2,754.80**	**1,852.48**

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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, 2022:

(Rs. in lakhs)

Particulars	As at April 1, 2021	Recognised in profit and loss	Recognised in OCI	As at March 31, 2022
Deferred tax assets				
Provision for impairment loss on financial instruments	2,107.36	175.45	-	2,282.81
Provision for retirement benefit plans	39.89	15.23	23.87	78.99
Disallowance of merger expenses	119.56	29.13	-	148.69
Lease liability	54.18	13.09	-	67.27
Fair value change on financial instruments	-	53.75	4.17	57.92
Difference between written down value of property plant and equipment and Intangible assets as per the books of accounts and income tax	71.45	27.06	-	98.51
Total (A)	**2,392.44**	**313.71**	**28.04**	**2,734.19**
Deferred tax liabilities				
Revaluation of investment valued at Fair value through OCI	(29.96)	26.99	-	(2.97)
EIR impact on financial instruments	(504.81)	(187.74)	-	(692.55)
Fair valuation of investments in associate	(832.26)	103.37	-	(728.89)
Others	(0.28)	0.28	-	-
Total (B)	**(1,367.31)**	**(57.10)**	**-**	**(1,424.41)**
Deferred tax assets (net) (A+B) *	**1,025.13**	**256.61**	**28.04**	**1,309.78**

** Movement in deferred tax has been disclosed on a net basis (DTA - DTL) i.e. (Rs 2,038.67 lakhs - Rs.728.89 lakhs)*

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 instruments	1,219.08	888.28	-	2,107.36
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 written down value of property plant and equipment and Intangible 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)*

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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, 2021								
At carrying cost at the beginning of the year	22.71	89.99	721.55	121.41	608.33	331.67	2,128.88	4,024.54
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)	(176.53)
Gross carrying value as March 31, 2021	**22.71**	**161.16**	**1,081.18**	**193.89**	**760.09**	**351.20**	**2,390.04**	**4,960.27**
Accumulated depreciation as at the beginning of the year	0.78	9.00	73.51	25.36	312.60	89.41	368.39	879.05
Depreciation for the year	0.38	13.62	91.71	37.78	193.13	45.99	417.54	800.15
Disposals	-	(7.88)	-	(15.99)	(0.37)	-	(135.63)	(159.87)
Accumulated depreciation as at March 31, 2021	**1.16**	**14.74**	**165.22**	**47.15**	**505.36**	**135.40**	**650.30**	**1,519.33**
Net carrying value as at March 31, 2021	**21.55**	**146.42**	**915.96**	**146.74**	**254.73**	**215.80**	**1,739.74**	**3,440.94**
Year ended March 31, 2022								
At carrying cost at the beginning of the year	22.71	161.16	1,081.18	193.89	760.09	351.20	2,390.04	4,960.27
Additions during the year	-	13.25	35.37	10.44	389.64	85.42	552.36	1,086.48
Disposals	-	(13.68)	(141.57)	(1.74)	(36.02)	(52.84)	-	(245.85)
Gross carrying value as March 31, 2022	**22.71**	**160.73**	**974.98**	**202.59**	**1,113.71**	**383.78**	**2,942.40**	**5,800.90**
Accumulated depreciation as at the beginning of the year	1.16	14.74	165.22	47.15	505.36	135.40	650.30	1,519.33
Depreciation for the year	0.38	33.97	212.33	47.19	212.04	59.42	441.27	1,006.60
Disposals	-	(13.68)	(135.81)	(0.65)	(35.53)	(19.04)	-	(204.71)
Accumulated depreciation as at March 31, 2022	**1.54**	**35.03**	**241.74**	**93.69**	**681.87**	**175.78**	**1,091.57**	**2,321.22**
Net carrying value as at March 31, 2022	**21.17**	**125.70**	**733.24**	**108.90**	**431.84**	**208.00**	**1,850.83**	**3,479.68**

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

*** Refer Note 37 for recognition of right-of-use assets*

11. Capital Work in progress

(Rs. in lakhs)

Capital work in progress (CWIP)	As at March 31, 2022				As at March 31, 2021			
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Less than 1 year	1-2 years	2-3 years	More than 3 years
Projects in progress	293.95	-	-	-	14.49	-	-	-
Projects temporarily suspended	-	-	-	-	-	-	-	-
	293.95	-	-	-	14.49	-	-	-

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12. Other intangible assets

(Rs. in lakhs)

Particulars	Computer software
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**
Year ended March 31, 2022	
At cost at the beginning of the year	1,279.03
Additions during the year	107.08
Gross carrying value as March 31, 2022 (A)	**1,386.11**
Accumulated amortisation:	
Accumulated amortisation at the beginning of the year	731.60
Amortisation for the year	221.24
Accumulated amortisation as at March 31, 2022 (B)	**952.84**
Net carrying value as at March 31, 2022 (A-B)	**433.27**

13. Other non-financial assets

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Prepaid expenses	298.63	366.01
Advances recoverable in kind (Unsecured, considerd good)	94.73	201.49
Advance to employee	-	0.10
Goods and Service Tax ('GST') receivable	1,075.40	915.18
Total	1,468.76	1,482.78

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15. Debt Securities

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
	Amortised cost	Amortised cost
Debentures	95,683.00	73,827.02
Commercial Paper	10,840.77	1,959.73
Total	1,06,523.77	75,786.75
Debts securities in India	1,06,523.77	75,786.75
Debt securities outside India	-	-
Total	1,06,523.77	75,786.75

Terms and conditions

(Rs. in lakhs)

Sr No	Particulars	Nature of security	Terms of repayment	Maturity date	As at March 31, 2022	As at March 31, 2021
1	750, 10.25% Secured Rated Listed Redeemable Non-Convertible Debentures of Rs. 10,00,000 each	1. Non- Convertible Debentures issued by the company are secured by way of a first pari- passu charge over the receivables of the Company to the extent they meet the stipulated security cover ("Hypothecated Receivables") created pursuant to the deed of hypothecation executed by the Company in favour of the Debenture Trustee. 2. Additionally secured by way of a	Redeemable at par at the end of 1096 days from the date of allotment. Coupon to be paid annually.	20-Sep-19	-	8,213.51
2	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.	26-Apr-21	-	10,687.30
3	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-20	5,313.88	5,265.56
4	1,000, 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	10,689.83	10,649.39
5	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.	20-Dec-21	-	5,050.83
6	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.	26-Jun-23	-	5,277.22
7	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.	28-Jan-22	-	7,491.67
8	250, 9.10% Secured Rated Listed Redeemable Non Convertible Debentures of INR 10,00,000 each		Redeemable at par at the end of 547 days from the date of allotment. Coupon to be paid quarterly.	10-Feb-22	628.49	2,502.24
9	1150, 10.95% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 10,00,000 each		Redeemable with agreed coupon at the end of 2191 days from the date of allotment, subject to a Put Option or Call Option at the end of 1096 days.	27-Jul-24	12,128.60	-
10	5,21,273, 0% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 1,000 each	Non- Convertible Debentures issued by the company are secured by way of a first ranking exclusive and continuing charge created over identified book debts/loan receivables (the "Hypothecated Assets") pursuant to the deed of hypothecation executed by the Company in favour of the Debenture Trustee.	Redeemable with agreed coupon at the end of 366 days from the date of allotment.	17-Feb-23	5,203.54	-
11	4,15,484, 9.25% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 1,000 each		Redeemable with agreed coupon at the end of 730 days from the date of allotment.	17-Feb-24	4,146.15	-
12	53,836, 9.13% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 1,000 each		50% will be redeemed on the date at the end of 365 days and remaining 50% at the end of 730 days from the date of allotment.	17-Feb-24	1,074.31	-
13	158, 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 730 days from the date of allotment.	14-Mar-22	-	1,849.04
14	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.	18-Jan-21	-	3,977.66
15	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.	03-Feb-21	-	5,630.14
16	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.	14-Dec-21	6,406.88	5,744.54
17	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.	18-Feb-22	1,657.03	1,487.92
18	372, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 545 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	03-Mar-23	4,056.95	-
19	154, 0% 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 if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	20-Oct-22	1,658.75	-
20	139, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 1221 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	04-Jan-23	1,400.88	-
21	150, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 1011 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	04-Oct-24	1,527.53	-
22	200, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 518 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	03-Apr-23	2,132.32	-
23	200, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 761 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	26-Apr-24	2,139.44	-
24	320, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 942 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	29-Dec-22	3,309.36	-
25	750, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 912 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	29-Aug-23	7,707.02	-
26	400, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 547 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	22-Apr-24	4,062.03	-

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27	173, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 1205 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	29-Mar-24	1,705.86	-
28	1,000, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000	1. First ranking and exclusive charge over the Identified Receivables together with all right, title and interest in relation thereto including the rights in relation to the security interests created in	Redeemable with agreed coupon at the end of 609 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	28-Jul-23	10,780.60	-
29	7,500, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 640 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	26-May-23	7,953.55	-
28	Commercial Paper	Unsecured	Issued at a discount and redeemable at par. The tenure is 32 days to 364 days with an average discount rate of 8.13% p.a. to 9% p.a.	NA	10,840.77	1,959.73
	Total				1,06,523.77	75,786.75

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16. Borrowings (other than debt securities)

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
	Amortised cost	Amortised cost
(a) Term loans		
(i) from banks	1,42,452.01	62,464.65
(ii) from other parties	19,839.77	16,338.37
(b) Inter corporate borrowings from related parties	-	5,801.94
(c) Inter corporate borrowings from other parties	4,550.00	1,000.25
(d) Loans repayable on demand	-	-
(i) from banks	8,223.71	5,456.92
(ii) from other parties	-	-
Total	1,75,065.49	91,062.13
Borrowings in India	1,69,735.67	91,062.13
Borrowings outside India	5,329.82	-
Total	1,75,065.49	91,062.13

Terms and conditions

(Rs. in lakhs)

Particulars	Nature of security	Terms of repayment	As at March 31, 2022	As at March 31, 2021
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 11 to 60 months at an average rate of interest ("ROI") of 9.00% p.a.	1,42,452.01	62,464.65
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 24 to 39 months at an average ROI of 10.94% p.a.	14,509.95	16,338.37
c) Others- External commercial borrowings	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.	Loan is repayable on maturity at the end of 60 months. Interest linked to LIBOR and payable half yearly.	5,329.82	-
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	CC / WCDL facilities are repayable on demand with renewal at the end of 1 year. Interest is payable on a monthly basis at an average ROI of 8.44% p.a.	8,223.71	5,456.92
Inter corporate borrowings from related parties (Refer Note 34)	Unsecured	The tenure is 6 months. Interest is payable on a monthly basis at an average ROI of 9.90% p.a.	-	5,801.94
Inter corporate borrowings from other parties	Unsecured	The tenure is 1 month to 3 months. Interest is payable on a monthly basis at an average ROI of 9.14% p.a.	4,550.00	1,000.25
Total			1,75,065.49	91,062.13

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17. Other financial liabilities

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Lease liability (Refer Note 37)	2,141.57	1,957.64
Collaterals from customers	3,098.48	2,273.22
Payable on servicing portfolio	106.13	-
Provision for expenses	2,769.74	2,412.51
Security deposits	55.35	10.57
Employee expenses payable	5.36	5.74
Others	21.68	24.80
Total	**8,198.31**	**6,684.48**

18. Provisions

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for employee benefits (Refer Note 35)	315.04	158.90
Expected credit loss provision on undrawn commitments	9.42	11.00
Total	**324.46**	**169.90**

19. Other non-financial liabilities

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Statutory dues payable	918.06	516.58
Total	**918.06**	**516.58**

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19 (A). Equity share capital

(Rs. in lakhs)

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number	Amount	Number	Amount
Authorised Capital				
Equity shares of Rs. 10/- each	2,01,10,00,000	2,01,100.00	2,00,00,00,000	2,00,000.00
Total	2,01,10,00,000	2,01,100.00	2,00,00,00,000	2,00,000.00
Issued, subscribed and paid up capital				
Equity Shares of Rs. 10/- each fully paid up	35,45,02,651	35,450.27	30,77,27,936	30,772.79
Total	35,45,02,651	35,450.27	30,77,27,936	30,772.79

Increase in authorised capital is on account of merger of InCred Housing Finance Private Limited with the Company

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.

Equity shares held by holding company

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

(Rs. in lakhs)

Name of shareholder	As at March 31, 2022		As at March 31, 2021	
	No. of shares held	Amount	No. of shares held	Amount
Bee Finance Limited (Mauritius)	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

Equity shares held by promoters of the group

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

(Rs. in lakhs)

Name of shareholder	As at March 31, 2022		As at March 31, 2021	
	No. of shares held	% of shares held	No. of shares held	% of shares held
Bee Finance Limited (Mauritius)	23,03,73,125	59.38%	23,03,73,125	59.64%
Bhupinder Singh	25,19,554	0.65%	25,19,554	0.65%
Total	23,28,92,679	60.03%	23,28,92,679	60.29%

Details of shareholder(s) holding more than 5% of the total equity shares in the Group :

Name of shareholder	As at March 31, 2022		As at March 31, 2021	
	No. of shares held	% Holding	No. of shares held	% Holding
Bee finance Limited (Mauritius)	23,03,73,125	64.98%	23,03,73,125	74.86%
Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.	-	0.00%	100	0.00%
Oaks Asset Management Private Limited (formerly known as "Alpha Capital Advisors Private Limited A/C PMS")	1,86,43,793	5.26%	1,88,93,793	6.14%
Total	24,90,16,918	70.24%	24,92,67,018	81.00%

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

(Rs. in lakhs)

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number	Amount	Number	Amount
At the beginning of the year	30,77,27,936	30,772.79	30,76,36,727	30,763.67
Add: Issued during the year				
Shares issued during the year	-		-	-
Stock options exercised during the year	17,38,050	173.81	91,209	9.12
Preference shares converted into equity shares	4,50,36,665	4,503.67	-	-
At the end of the year	35,45,02,651	35,450.27	30,77,27,936	30,772.79

For shares reserved for issue under Employee Stock option plan - Refer Note No 33

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19 (B). Preference share capital

(Rs. in lakhs)

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number	Amount	Number	Amount
Authorised Capital				
Preference Shares of Rs. 10/- each	9,50,00,000	9,500.00	8,00,00,000	8,000.00
Total	9,50,00,000	9,500.00	8,00,00,000	8,000.00
Issued, subscribed and paid up capital				
Preference Shares of Rs. 10/- each fully paid	3,34,79,624	3,347.96	7,85,16,289	7,851.63
Total	3,34,79,624	3,347.96	7,85,16,289	7,851.63

Increase in authorised capital is on account of merger of InCred Housing Finance Private Limited with the Company

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.

Preference shares held by holding company: Nil (PY : Nil)

Preference shares held by promoters of the Group: Nil (PY : Nil)

Details of shareholder(s) holding more than 5% of the total preference shares in the Group :

Name of shareholder	As at March 31, 2022		As at March 31, 2021	
	No. of shares held	% Holding	No. of shares held	% Holding
Bee finance Limited (Mauritius)	-	0.00%	-	0.00%
Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.	-	0.00%	4,50,36,665	57.36%
Oaks Asset Management Private Limited (formerly known as "Alpha Capital Advisors Private Limited A/C PMS")	72,37,813	21.62%	72,37,813	9.22%
Total	72,37,813	21.62%	5,22,74,478	66.58%

Preference shares reconciliation

(Rs. in lakhs)

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number	Amount	Number	Amount
At the beginning of the year	7,85,16,289	7,851.63	7,85,16,289	7,851.63
Add: Issued during the year				
Shares issued during the period	-	-	-	-
Preference shares converted into equity shares	(4,50,36,665)	(4,503.67)	-	-
At the end of the year	3,34,79,624	3,347.96	7,85,16,289	7,851.63

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

Name of shareholder	As at March 31, 2022		As at March 31, 2021	
	No. of shares held	% Holding	No. of shares held	% Holding
Bee finance Limited (Mauritius)	23,03,73,125	59.38%	23,03,73,125	59.64%
Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.	-	0.00%	4,50,36,765	11.66%
Oaks Asset Management Private Limited (formerly known as "Alpha Capital Advisors Private Limited A/C PMS")	2,58,81,606	6.67%	2,61,31,606	6.77%
Total	25,62,54,731	66.05%	30,15,41,496	78.07%

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21. Other equity

(Rs. in lakhs)

Particulars	Reserves and Surplus					Debt instruments through OCI	Cash flow hedge reserve	Equity instruments through OCI	Loss on change in proportion held by NCI	Total
	Special reserve	Securities premium	Capital contribution from parent	Share based payment reserve	Retained earnings					
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
Other comprehensive income for the year	-	-	-	-	(19.67)	89.03	-	-	-	69.36
Total comprehensive income for the year (net of tax)	-	-	-	-	197.36	89.03	-	-	-	286.39
Transfer / utilisations										
Additions during the year	-	27.36	-	-	-	-	-	-	-	27.36
Utilized during the year	-	-	-	-	-	-	-	-	-	-
Transferred to special reserve from retained earnings	204.69	-	-	-	(204.69)	-	-	-	-	-
Share based payment expense	-	-	11.38	1,016.55	-	-	-	-	-	1,027.93
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
Profit for the year	-	-	-	-	3,082.74	-	-	-	-	3,082.74
Other comprehensive income for the year	-	-	-	-	(70.97)	(90.02)	77.63	-	-	(83.36)
Total comprehensive income for the year (net of tax)	-	-	-	-	3,011.77	(90.02)	77.63	-	-	2,999.38
Transfer / utilisations										
Additions during the year (cash premium)	-	497.86	-	-	-	-	-	-	-	497.86
Additions during the year (non-cash premium)	-	270.48	-	-	(270.48)	-	-	-	-	-
Utilized during the year	-	-	-	-	-	-	-	-	-	-
Transferred to special reserve from retained earnings	722.35	-	-	-	(722.35)	-	-	-	-	-
Share based payment expense	-	-	3.82	2,442.64	-	-	-	-	-	2,446.46
Transferred from share based payment reserve	-	-	-	(23.07)	23.07	-	-	-	-	-
Balance at March 31, 2022	1,379.07	62,498.29	66.10	4,170.90	5,130.93	(0.99)	77.63	15.36	(616.81)	72,720.48

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.

Cash Flow hedge reserve- This represents the cumulative gains / (losses) arising on the revaluation of derivative instruments designated at cash flow hedges through other comprehensive income.

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22. Interest income

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
On financial assets measured at amortised cost:		
-Interest on loans	45,746.63	35,496.09
-Interest income from investments	862.39	523.59
-Interest on deposits with banks	122.17	166.27
On Financial Assets measured at fair value through Other Comprehensive Income:		
-Interest income from investments	608.87	1,537.50
Total	**47,340.06**	**37,723.45**

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 2022 and 31 March 2021.

23. Fees and commission income

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Other fees and charges	966.24	501.16
Service fees (Refer Note 34)	56.00	56.00
Total	**1,022.24**	**557.16**
Geographical Markets		
Within India	1,022.24	557.16
Outside India	-	-
Total	**1,022.24**	**557.16**
Timing of revenue recognition		
Services transferred at a point in time	1,022.24	557.16
Services transferred over time	-	-
Total	**1,022.24**	**557.16**

Note: For receivable balances against the income, refere note no 8

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

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Net (loss)/ gain on financial instruments at fair value through profit or loss		
- Investments	138.81	
- Derivatives	(34.64)	268.91
Total	**104.17**	**268.91**
Fair value changes:		
- Realised	138.81	268.91
- Unrealised	(34.64)	-

25. Other income

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Business Support Charges (Refer Note 34)	1,331.47	401.46
Marketing fees	2,055.20	195.00
Other income	237.42	101.67
Total	**3,624.09**	**698.13**

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26. Finance costs

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
On financial liabilities measured at amortised cost:		
(i) Interest on borrowings	10,593.94	8,258.40
(ii) Discount on Commercial Paper	487.26	124.74
(iii) Interest on Debentures	10,206.40	6,499.73
(iv) Interest on Inter Corporate Debts ("ICD")	274.60	195.52
(v) Interest on lease liability (Refer Note 37)	199.18	156.73
(vi) Other finance cost	185.43	40.62
Total	**21,946.81**	**15,275.74**

27. Impairment on financial instruments

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
On Financial instruments measured at amortised cost		
- Loans (including amount written off, net of recovery)	4,360.72	8,872.69
- Investments	(3.90)	0.05
- Others	(4.80)	(4.11)
Total	**4,352.02**	**8,868.63**

28. Employee benefits expenses

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Salaries and wages	10,897.47	8,072.43
Contribution to provident and other funds	280.21	227.81
Share based payment to employees (Refer Note 36)	2,446.48	1,027.90
Staff welfare expenses	234.13	141.65
Retirement Benefit expenses (Refer Note 35)	60.92	(20.98)
Others	2.22	-
Total	**13,921.43**	**9,448.81**

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29. Other expenses

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Information Technology expenses	1,360.83	672.66
Cost of collection	1,150.94	851.93
Legal, professional and consultancy charges	1,144.55	434.57
Office Expense	469.16	416.78
Travelling and conveyance	260.73	129.70
Advertisement, publicity and sales promotion expenses	226.59	389.18
Rating fees	189.75	104.25
Payment to auditors	122.83	94.93
Directors' sitting fees	45.35	13.19
Stamp Duty & Filing fees	30.81	10.64
Repairs and maintenance	28.06	20.62
Rent (Refer Note 37)	27.31	275.89
Bank charges	26.68	32.23
Corporate Social responsibility (Refer Note 41)	16.35	20.05
Foreign exchange (gain)/loss	1.03	-
Miscellaneous expenses	225.90	469.83
Total	**5,326.87**	**3,936.45**

Payment to the auditors:

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Auditor's remuneration		
- Audit fees	79.33	72.89
- Limited review	18.97	11.23
In other capacity		
- Certification services	24.53	10.81
- Taxation	-	-
Total	**122.83**	**94.93**

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30. Tax expense

(a) Amounts recognised in profit and loss

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Current tax expense		
Current year	1,358.99	1,231.51
Tax pertaining to previous years	-	(96.38)
Current tax expense	1,358.99	1,135.13
Deferred tax expense		
Origination and reversal of temporary differences	(256.21)	(999.71)
Current tax expense	(256.21)	(999.71)
Tax expense for the year	1,102.78	135.42

(b) Amounts recognised in other comprehensive income

(Rs. in lakhs)

Particulars	Year ended March 31, 2022			Year ended March 31, 2021		
	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)	(94.84)	23.87	(70.97)	(26.29)	6.62	(19.67)
(b) Equity instruments through other comprehensive income	-	-	-	-	-	-
Items that will be reclassified to profit or loss						
(a) Debt instruments through other comprehensive income	(16.56)	4.17	(12.39)	118.97	(29.95)	89.03
Total	(111.40)	28.04	(83.36)	92.68	(23.33)	69.35

(d) Reconciliation of effective tax rate

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Profit before tax as per Statement of profit and loss	4,185.54	352.47
Statutory tax rate	25.17%	25.17%
Tax using the Company's domestic tax rate	1,053.50	88.72
Tax effect of:		
Tax effect of amounts which are not deductible in calculating taxable income	60.49	198.43
Effect of income exempt from income tax	(25.17)	(42.11)
Tax pertaining to prior year	-	(96.38)
Other adjustments	13.96	(13.23)
Total income tax expense	1,102.78	135.43
Effective tax rate	26.35%	38.42%

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31. 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, 2022	Year ended March 31, 2021
Profit attributable to equity holders of the Company used in calculating basic earnings per share	3,082.76	217.05
Profit attributable to equity holders of the Company used in calculating diluted earnings per share	3,082.76	217.05

ii. Weighted average number of ordinary shares

Particulars	As at March 31, 2022	As at March 31, 2021
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	38,60,17,437	38,51,19,843
Add: Adjustments for calculation of diluted earnings per share	21,16,274	14,19,853
Weighted average number of equity shares and potential equity shares used as the denominator in calculating diluted earnings per share	38,81,33,711	38,65,39,696
Basic earnings per share	**0.80**	**0.06**
Diluted earnings per share	**0.79**	**0.06**

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32. 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, 2022			As at March 31, 2021		
	FVTPL	FVOCI	Amortised Cost	FVTPL	FVOCI	Amortised Cost
Financial assets						
Cash and cash equivalents	-	-	5,505.98		-	1,457.92
Bank balance other than cash and cash equivalents	-	-	2,991.36	-	-	588.46
Derivative finncial instruments	1,181.05	-	-	-	-	-
Receivables						
(i) Trade receivables	-	-	108.34	-	-	3.76
(ii) Other receivables	-	-	-	-	-	-
Loans	-	-	3,73,226.42	-	-	2,55,359.84
Investments						
- Mutual funds	78.65	-	-	-	-	-
- Debt securities	-	2,899.87	855.44	-	6,638.94	2,120.51
- Convertible preference shares	9.22	-	-	-	-	
Other financial assets	-	-	2,754.80	-	-	1,852.48
Total financial assets	1,268.92	2,899.87	3,85,442.34	-	6,638.94	2,61,382.97
Financial liabilities						
Derivative finncial instruments	186.87	-	-	-	-	-
Debt securities	-	-	1,06,523.77	-	-	75,786.75
Borrowings (other than debt securities)	-	-	1,75,065.49	-	-	91,062.13
Other financial liabilities	-	-	8,198.31	-	-	6,684.48
Total financial liabilities	186.87	-	2,89,787.57	-	-	1,73,533.36

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, 2022				As at March 31, 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Convertible preference shares	-	9.22	-	9.22	-	-	-	-
Investment in mutual funds	78.65	-	-	78.65	-	-	-	-
Derivative financial instruments			1,181.05	1,181.05	-	-	-	-
Investment in debt securities	-	-	2,899.87	2,899.87	-	-	6,638.94	6,638.94
Total	78.65	9.22	4,080.92	4,168.79	-	-	6,638.94	6,638.94
Financial liabilities								
Derivative financial instruments	-	-	186.87	186.87	-	-	-	-
Total	-	-	186.87	186.87	-	-	-	-

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, 2022				As at March 31, 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Cash and cash equivalents	5,505.98	-	-	5,505.98	1,457.92	-	-	1,457.92
Bank balance other than cash and cash equivalents	2,991.36	-	-	2,991.36	588.46	-	-	588.46
Receivables								
(i) Trade receivables	108.34	-	-	108.34	3.76	-	-	3.76
(ii) Other receivables	-	-	-	-	-	-	-	-
Investments								
-Debt securities	-	-	855.44	855.44	-	-	2,120.51	2,120.51
Loans	-	-	3,96,023.64	3,96,023.64	-	-	2,70,436.30	2,70,436.30
Other financial assets	2,754.80	-	-	2,754.80	1,852.48	-	-	1,852.48
Total	11,360.48	-	3,96,879.08	4,08,239.56	3,902.62	-	2,72,556.81	2,76,459.43
Financial Liabilities								
Debt securities	-	-	1,07,546.28	1,07,546.28	-	-	74,320.09	74,320.09
Borrowings (other than debt securities)	-	-	1,75,643.97	1,75,643.97	-	-	93,038.76	93,038.76
Other financial liabilities	8,198.31	-	-	8,198.31	6,684.48	-	-	6,684.48
Total	8,198.31	-	2,83,190.25	2,91,388.56	6,684.48	-	1,67,358.85	1,74,043.33

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(Rs. in lakhs)

Particulars	As at March 31, 2022		As at March 31, 2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets				
Cash and cash equivalents	5,505.98	5,505.98	1,457.92	1,457.92
Bank balance other than cash and cash equivalents	2,991.36	2,991.36	588.46	588.46
Derivative financial instruments	1,181.05	1,181.05		
Receivables				
(I) Trade receivables	108.34	108.34	3.76	3.76
(II) Other receivables	-	-	-	-
Loans	3,73,226.42	3,96,023.64	2,55,359.84	2,70,436.30
Investments				
- Mutual funds	78.65	78.65	-	-
- Debt securities at Other comprehensive income	2,899.87	2,899.87	2,120.51	2,120.51
- Debt securities at amortised cost	855.44	855.44	6,638.94	6,638.94
Convertible preference shares	9.22	9.22	-	-
Other financial assets	2,754.80	2,754.80	1,852.48	1,852.48
Total	**3,89,611.13**	**4,12,408.35**	**2,68,021.91**	**2,83,098.37**
Financial liabilities				
Derivative financial instruments	186.87	186.87	-	-
Debt securities	1,06,523.77	1,07,546.28	75,786.75	74,320.09
Borrowings (other than debt securities)	1,75,065.49	1,75,643.97	91,062.13	93,038.76
Other financial liabilities	8,198.31	8,198.31	6,684.48	6,684.48
Total	**2,89,974.44**	**2,91,575.43**	**1,73,533.36**	**1,74,043.33**

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

C. Measurement of fair values

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

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Financial instruments held at amortised cost

i. Cash and bank balance:

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

ii. Loans and advances to customers:

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

iii. Other financial assets:

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, 2022 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:

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, 2022 and March 31, 2021.

D. Sensitivity analysis of financial instruments at Level 3

		Delta effect of	
Particulars	**Input name**	**+ 1% change**	**- 1% change**
Financial Assets:			
Loans	Discount rate	(2,035.95)	2,077.02
Investment in debt securities	Gsec rate	(9.46)	9.58
Investment in debt securities	FIMMDA rate	(9.46)	9.58
Derivative Financial Instruments	Volatility rate	25.11	(33.00)
Financial Liabilities:			
Debt securities	Discount rate	146.99	(149.14)
Borrowings (other than debt securities)	Discount rate	(663.65)	678.98
Derivative Financial Instruments	Volatility rate	29.55	(29.42)

E. 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, 2022 and March 31, 2021

(Rs. in lakhs)

Particulars	Derivative	Debt
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
Acquisitions/(Disposal)	-	(3,622.64)
Gains recognised in other comprehensive income	299.22	(120.30)
As at March 31, 2022	299.22	2,909.12

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33. Financial risk management

In the course of its business, the Group is exposed to certain financial risks namely credit risk, interest risk, market 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.

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

Further, the Group on the basis of its assessment of credit risk classifies loans under Stage 2 irrespective of its overdues status during the period, including loans under one-time resolution (OTR) framework prescribed by the Reserve Bank of India (RBI) for COVID-19 related stress. These accounts are upgraded to Stage 1 as and when they demonstrate satisfactory behaviour under the revised repayment schedule.

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Portfolio Segment	Lending verticals	PD			EAD	LGD
		Stage 1	Stage 2	Stage 3		
Unsecured	Personal Loan Unsecured Business Loan Student Loans Supply Chain Finance	An empirical PD is derived basis the historical portfolio default rates. Forward looking PD is estimated from a statistical model that takes the empirical PD and future the macro-economic forecast as inputs.		100%	Exposure at Default (EAD) is the amount which the borrower owes as at the reporting date (including overdue and undrawn amount)	RBI standard provision for NPAs in unsecured portfolios is assumed (65%)
Secured	Escrow Backed Funding Two Wheeler Finance	An empirical PD is derived basis the historical portfolio default rates. Forward looking PD is estimated from a statistical model that takes the empirical PD and future the macro-economic forecast as inputs		100%	Exposure at Default (EAD) is the amount which the borrower owes as at the reporting date (including overdue and undrawn amount)	RBI standard provision for NPAs in secured portfolios is assumed (50%)
	Secured School Finance Micro Finance Loan Against Property Home Loans	In absence of sufficient default data, a management judgement-based PD is used in line with industry benchmarks				

As at March 31, 2022

(Rs. in lakhs)

Particulars	Asset group	Gross carrying amount	Expected credit losses	Net carrying amount
Stage 1	Term Loans	3,49,541.03	2,461.45	3,47,079.58
	Loan commitments	14,248.30	9.42	14,238.88
Stage 2	Term Loans	21,971.46	1,229.09	20,742.37
Stage 3*	Term Loans	10,811.36	5,406.89	5,404.47

** includes 8,513 loan accounts which are overdue for more than ninety days*

As at March 31, 2021

(Rs. in lakhs)

Particulars	Asset group	Gross carrying amount	Expected credit losses	Net carrying amount
Stage 1	Term Loans	2,29,929.27	1,865.67	2,28,063.60
	Loan commitments	8,975.03	11.00	8,964.03
Stage 2	Term Loans	24,329.43	2,009.41	22,320.02
Stage 3	Term Loans	10,206.03	5,229.81	4,976.22

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.

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.

(ii) Secured Loans

(Rs. in lakhs)

LTV Ratio	Principal outstanding as at March 31, 2022	As at March 31, 2022	Principal outstanding as at March 31, 2021	As at March 31, 2021
Less than 50%	48,024.41	30.40%	53,647.27	39.96%
51-70%	17,439.28	11.04%	18,554.37	13.82%
71-90%	20,912.59	13.24%	11,474.72	8.55%
91-100%	71,041.92	44.97%	46,912.45	34.94%
More than 100%	546.18	0.35%	3,663.67	2.73%
Total	1,57,964.38	100.00%	1,34,252.48	100.00%

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.

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(iii) Reconciliation of Loan exposure and Loan loss allowance

For Loan exposure
The below table signifies movement of gross carrying amount:

(Rs. in lakhs)

Reconciliation of Loan exposure	Stage 1	Stage 2	Stage 3
Loan exposure on March 31, 2020	2,00,086.79	4,228.93	5,943.06
Change in opening credit exposure	(1,11,619.89)	(7,901.73)	(5,362.11)
New credit exposures during the year, net of repayment*	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
Change in opening credit exposure	(1,24,612.06)	(7,159.92)	(2,629.64)
New credit exposures during the year, net of repayment*	2,50,658.03	2,454.79	493.14
Transferred to 12-month ECL	2,000.14	(1,971.06)	(29.08)
Transferred to Lifetime ECL not credit impaired	(7,580.59)	7,921.29	(340.70)
Transferred to Lifetime ECL credit impaired	(3,923.49)	(3,340.27)	7,263.75
Write – offs	-	-	(2,998.64)
Loan exposure on March 31, 2022	3,49,541.03	21,971.46	10,811.36

**represents outstanding balance of loan exposures originated during the year as at reporting date.*

For Loan loss allowance:

(Rs. in lakhs)

Reconciliation of loss allowance	Stage 1	Stage 2	Stage 3
Loss allowance on March 31, 2020	1,345.71	317.58	3,675.81
Change in opening credit exposure	(629.25)	(576.12)	(698.54)
New credit exposures during the year, net of repayment*	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
Change in opening credit exposure	(1,342.22)	(640.79)	(54.68)
New credit exposures during the year, net of repayment*	1,973.46	178.72	249.06
Transferred to 12-month ECL	63.41	(265.29)	(15.65)
Transferred to Lifetime ECL not credit impaired	(49.40)	290.43	(171.57)
Transferred to Lifetime ECL credit impaired	(49.47)	(343.39)	3,168.56
Write – offs	-	-	(2,998.64)
Loss allowance on March 31, 2022	2,461.46	1,229.09	5,406.89

**represents outstanding balance of loss allowance on loan exposures originated during the year as at reporting date.*

For Investments

(Rs. in lakhs)

Reconciliation of loss allowance	Stage 1
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
Changes in loss allowances due to Assets used or released	(3.89)
Loss allowance on March 31, 2022	9.28

For loan commitments

(Rs. in lakhs)

Reconciliation of loss allowance	Stage 1
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
Changes in loss allowances due to Assets used or released	(1.58)
Loss allowance on 31 March 2022	9.42

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.

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

(B) Pursuant to the RBI circular dated November 12, 2021 – "Prudential Norms on Income Recognition, Asset classification and Provisioning pertaining to Advances – Clarifications" and review of the Company's current policy for measuring expected credit losses as per Ind AS, the Company had aligned its definition of default (i.e. Stage III) with the aforesaid circular for asset classification and provisioning purpose as per Ind AS and the resultant impact had been effected in unaudited quarterly financial results for the period ended December 31, 2021. However, on February 15, 2022 RBI had issued further clarification on the said circular and has granted time till September 30, 2022 to NBFCs to implement the change in default definition. As a consequence, the Company has realigned the definition of change in default to earlier norms. The Company will take necessary steps to ensure compliance with the circular.

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33. 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, 2022	As at March 31, 2021
Expiring within one year	17,010.00	10,090.93
Expiring beyond one year	-	-
Total	17,010.00	10,090.93

The following tables detail the Group'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 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, 2022

(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							
Derivative financial instruments	14	186.87	(186.87)	-	(186.87)	-	-
Debt securities	15	1,06,523.77	(1,23,335.86)	(48,013.55)	(60,046.05)	(2,517.01)	(12,759.25)
Borrowings	16	1,75,065.49	(2,13,959.44)	(92,103.90)	(88,864.92)	(32,990.62)	-
Other financial liabilities	17	8,198.31	(8,198.31)	(8,198.31)	-	-	-
Loan commitments	38	14,248.30	(14,248.30)	(11,907.93)	(2,340.37)	-	-
Total		3,04,222.74	(3,59,928.78)	(1,60,223.69)	(1,51,438.21)	(35,507.63)	(12,759.25)

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							
Derivative financial instruments	14	-	-	-	-	-	-
Debt securities	15	75,786.75	(82,460.46)	(54,998.53)	(27,461.93)	-	-
Borrowings	16	91,062.13	(1,06,339.41)	(54,087.87)	(41,538.58)	(10,712.96)	-
Other financial liabilities	17	6,684.48	(6,684.48)	(6,684.48)	-	-	-
Loan commitments	38	8,975.03	(8,975.05)	(4,076.74)	(4,898.31)	-	-
Total		1,82,508.39	(2,04,459.40)	(1,19,847.62)	(73,898.82)	(10,712.96)	-

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33. Financial risk management (continued)

The following table details the Group's expected maturity for its 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, 2022

(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	5,505.98	5,505.98	5,505.98	-	-	-
Bank deposits	3	2,991.36	2,991.36	2,991.36	-	-	-
Derivative financial instruments	4	1,181.05	1,181.05	-	1,181.05	-	-
Trade receivables	5	108.34	108.34	108.34	-	-	-
Loans	6	3,73,226.42	5,17,087.67	2,21,380.60	1,48,771.24	55,625.27	91,310.56
Investments (other than subsidiaries)	7	3,833.96	4,025.12	3,472.11	553.01	-	-
Other financial assets	8	2,754.80	-	-	-	-	-
Total		**3,89,601.91**	**5,30,899.52**	**2,33,458.39**	**1,50,505.30**	**55,625.27**	**91,310.56**

As at March 31, 2021

(Rs. in lakhs)

Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
Maturities of financial assets							
Cash and cash equivalents	2	1,457.92	1,457.92	1,457.92	-	-	-
Bank deposits	3	588.46	588.46	588.46	-	-	-
Derivative financial instruments	4	-	-	-	-	-	-
Trade receivables	5	3.76	3.76	3.76	-	-	-
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	1,852.48	1,852.48	-	-	-
Total		**2,68,021.91**	**3,68,823.42**	**1,63,614.28**	**99,022.60**	**39,082.15**	**67,104.40**

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33. Financial risk management (continued)

C. Market risk

Market risk or 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, 2022	As at March 31, 2021
Loans		
Fixed rate loans	2,22,062.75	1,30,872.89
Variable rate loans	1,58,346.89	1,32,493.60
Bank balance other than cash and cash equivalents	2,991.36	586.06
Fixed rate investments in debt securities at	855.47	2,120.55
Fixed rate investments in debt securities at other comprehensive income	2,909.12	6,652.06
Total	**3,87,165.59**	**2,72,725.16**
Debt and Borrowings		
Fixed rate Debt and Borrowings	(1,56,641.86)	(94,222.18)
Variable rate Debt and Borrowings	(1,21,500.62)	(69,420.64)
Total	**(2,78,142.48)**	**(1,63,642.82)**

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, 2022 and March 31, 2021 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, 2022				
Variable-rate instruments	397.55	(397.55)	397.55	(397.55)
Cash flow sensitivity (net)	**397.55**	**(397.55)**	**397.55**	**(397.55)**
March 31, 2021				
Variable-rate instruments	697.25	(697.25)	697.25	(697.25)
Cash flow sensitivity (net)	**697.25**	**(697.25)**	**697.25**	**(697.25)**

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, 2022, profit or loss(pre-tax) for the year ended March 31, 2022 would increase/decrease by 0.74 (Previous Year: Rs. Nil) with a corresponding increase/decrease in the Total Equity of the Company as at March 31, 2022.

E. Foreign Currency Risk

The Group is exposed to foreign currency fluctuation risk for its external currency borrowing (ECB). The Group's borrowings in foreign currency are governed by RBI guidelines (RBI master direction RBI/FED/2018-19/67 dated 26 March 2019 and updated from time to time) which requires entities raising ECB for an average maturity of less than 5 years to hedge minimum 70% of the its ECB exposure (Principal and Coupon). The Group hedges its entire ECB exposure for the full tenure of the ECB as per Board approved policy. The Group for its ECB, evaluates the foreign currency exchange rates, tenure of ECB and its fully hedged costs. The Group manages its currency risks by entering into derivatives contracts as hedge positions and the same are being governed through the Board approved policy.

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34. Related party disclosures

A. Names of related parties and nature of relationship:

Key Managerial Personnel (KMP)

Name of the KMP	Designation
Mr. Bhupinder Singh	Whole-time director and Chief Executive Officer
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
Mr. Karnam Sekar	Independent Director (w.e.f December 17, 2021)
Dr. Parvinder Singh Pasricha	Independent Director (w.e.f March 3, 2020 upto September 3, 2020)
Mr. Antonius Theodorus Maria Bruijninckx	Nominee Director (upto December 15, 2021)
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)
3. InCred Asset Management Private Limited (Formerly known as InCred Capital Investment Advisors and Managers Private Limited)
4. InCred Capital Wealth Portfolio Managers Private Limited (Formerly known as BSH Corporate Advisors and Consultants Private Limited)
5. InCred Research Services Private Limited (Formerly known as Earnest Innovation Partners 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, 2022	As at March 31, 2021
Bee Finance Limited (Mauritius), Holding Co.	Mauritius	59.38%	59.64%

Associate of Booth Fintech Private Limited

Name of subsidiaries	Country of Incorporation	Principal place of business	Proportion of ownership interest	
			As at March 31, 2022	As at March 31, 2021
mValu Technology Services Private Limited	India	Mumbai	47.39%	40.96%

Transactions with key management personnel

i. Key management personnel compensation

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Employee benefit expenses	692.35	575.33
Directors' sitting fees	45.35	13.19

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

34. 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, 2022	For the year ended March 31, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021
Balance Sheet transactions								
Investment in equity shares	-	-	-	-	-	-	-	-
ICD taken	-	-	-	-	11,000.00	4,500.00	1,700.00	3,275.00
Repayment of ICD taken (including interest)	-	-	-	-	15,619.20	-	3,071.29	2,053.29
Refund of Security Deposit	-	-	-	-	-	-	-	-
Payment against expenses	-	-	-	-	-	-	-	-
Refund of amount given for expenses	-	-	-	-	-	-	-	-
Purchase of Loan Portfolio	-	-	-	-	-	12,738.68	-	-
Proceeds from sale of Fixed Assets	-	-	-	-	-	1.88	-	-
Issue of Market Linked Debentures ("MLD")	-	-	-	-	9,910.00	830.00	-	-
Proceeds from redemption of MLDs	-	-	-	-	-	295.27	-	-
Reimbursement of credit loss	-	-	-	-	-	-	1.85	57.31
Proceeds from sale of Debentures	-	-	-	-	-	6,505.59	-	-
Stock options exercised	-	-	3.85	-	-	-	-	-
Income transactions								
License fees	-	-			-	-	56.00	56.00
Service fee	-	-	-	-	977.89	404.03	300.60	0.15
Profit on sale of Debentures	-	-	-	-	-	20.70	-	-
Expense transactions								
License fees	-	-			-	-	-	-
Interest on ICD	-	-			119.20	1.76	71.29	84.99
Expenses on account of reimbursement	-	-	-	-	78.69	-	-	-
Fee and commission	-	-	-	-	569.56	187.63	-	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 36 for further details*).

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Notes to the Consolidated Financial Statements
34. 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, 2022	For the year ended March 31, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021
1	Advances/Receivables	-	-	-	-	489.18	31.74	15.17	15.47
2	ICD Payable	-	-	-	-	-	4,501.63	-	1,300.33
3	Other Payables	-	-	-	-	-	-	-	0.44
4	Security deposit payable	-	-	-	3.20	-	-	-	-
5	Number of options outstanding	-	241	-	-	-	-	-	-

Notes:

There are no debts due by directors or other officers of the group or any of them either severally or jointly with any other person or debts due by firms or private companies respectively in which any director is a partner or a director or a member.

No Loans or Advances in the nature of loans are granted to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013), either severally or jointly with any other person.

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35. 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, 2022	Year ended March 31, 2021
Provident fund	280.21	227.38

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, 2022	As at March 31, 2021
Change in benefit obligations		
Present value of benefit obligation at the beginning of the year	158.90	88.90
Interest cost	6.75	4.49
Current Service cost	54.15	39.21
Liability Transferred In/Acquisition	-	-
Actuarial (Gains) / Loss on Obligations - Due to Change in Demographic Assumptions	(0.02)	-
Actuarial (Gains) / Loss on Obligations - Due to Change in Financial Assumptions	(0.56)	4.98
Actuarial (Gains) / Loss on Obligations - Due to Experience	95.82	21.32
Liability at the end of the year	**315.04**	**158.90**

Amount recognized in the Balance Sheet

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Present value of benefit obligation at the end of the year	(315.04)	(158.90)
Fair value of plan assets at the end of the year		
Funded Status (Deficit)	(315.04)	(158.90)
Net (Liability) Recognized in the Balance Sheet	**(315.04)**	**(158.90)**

Expenses recognized in the Statement of Profit and Loss

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Current service cost	54.15	39.21
Interest cost	6.75	4.49
Expenses recognised	**60.90**	**43.70**

Expenses recognized in the Other comprehensive income (OCI)

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Actuarial (Gains) on obligation for the year	95.24	26.30
Net (Income) for the year recognized in OCI	**95.24**	**26.30**

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The actuarial assumptions used to determine benefit obligations as at March 31, 2022 and March 31, 2021 are as follows:

Particulars	As at March 31, 2022	As at March 31, 2021
Discount Rate	5.15%	4.25%
Salary escalation rate	8.00%	5% for next 1 year and 7% thereafter
Expected Rate of return on Plan Assets	N.A	N.A.
Rate of Employee Turnover	35%	35.00%
Weighted Average Duration of Projected Benefit Obligation	5 years	5 years
Mortality Rate during employment	Indian Assured Lives Mortality (2012-14)	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, 2022	As at March 31, 2021
Opening net liability	158.90	88.90
Expenses recognized in Statement of Profit and Loss	60.90	43.70
Expenses recognized in OCI	95.24	26.30
Net (Asset) Transfer In	-	-
Net liability recognized in the Balance Sheet	**315.04**	**158.90**

Maturity analysis of the benefit payments: from the employer

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Projected benefits payable in future years from the date of reporting		
1st following year	59.12	0.73
2nd following year	71.59	32.15
3rd following year	63.45	38.22
4th following year	48.84	33.79
5th following year	37.04	25.33
Sum of years 6 To 10	70.38	47.54
Sum of years 11 and above	12.23	7.87

Sensitivity analysis

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Projected benefit obligation on current assumptions	315.04	158.90
Delta effect of +1% change in rate of discounting	(7.66)	(5.20)
Delta effect of -1% change in rate of discounting	8.11	5.52
Delta effect of +1% change in rate of salary increase	6.62	4.96
Delta effect of -1% change in rate of salary increase	(6.43)	(4.83)
Delta effect of +1% change in rate of employee turnover	(3.91)	(4.15)
Delta effect of -1% change in rate of employee turnover	4.01	4.24

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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.

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36. 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, 2022	For the year ended March 31, 2021
Fair value as on grant date (weighted average)	24.91 to 42.17	27.15 to 28.64
Share prices during the year , on grant dates	55.00 to 65.00	55.25
Exercise price	40.00	40.00*
Expected volatility (weighted average volatility)	40%	35% to 40%
Rate of Employee Turnover	35%	35%
Expected life (expected weighted average life)	8.5 years	8.5 years
Risk- free interest rate (based on government bonds)	4.89% to 6.85%	5.04% to 5.97%
Method used to determine expected volatility	The expected volatility is based on price volatility of listed companies in same industry.	

** The Nomination and Remuneration Committee during the year has approved modification of exercise price in respect of options granted in the year ended March 31, 2021 from Rs. 40.00 per share to Rs. 28.00 per share. Accordingly the incremental fair value of the option ranging from Rs. 5.37 to Rs. 7.40 per option has been included in the measurement of amount recognised for services received over the period from the modification date until the date when the modified equity instruments vest.*

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, 2022	As at March 31, 2021
Opening balance	34.35	1,80,44,938	1,25,05,584
Add: Options granted during the year	40.00	1,88,51,500	97,92,875
Less: Options exercised during the year	38.64	(17,38,050)	(91,209)
Less: Options lapsed during the year	36.30	(9,09,800)	(41,62,312)
Options outstanding as at the year end	**37.26**	**3,42,48,588**	**1,80,44,938**
Option exercisable of the above		1,20,39,181	33,85,721

Weighted average remaining contractual life of options outstanding at end of the year: 2.72 years

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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, 2022:
No fresh grants have been given during the year ended March 31, 2022 and year ended March 31, 2021

B. Reconciliation of outstanding share options

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

Particulars	As at March 31, 2022		As at March 31, 2021	
	Average exercise price per option	Number of options	Average exercise price per option	Number of options
Opening balance	**47,728.27**	**241.00**	**48,033.52**	**248.00**
Add: Options granted during the year	-	-	-	-
Less: Options lapsed during the year	(47,728.27)	(241.00)	55,650.73	(7.00)
Options outstanding as at the year end	-	-	**47,728.27**	**241.00**

C. Expenses arising from share-based payment transactions

Refer Note 28 on employee benefit expense, for share based payment expense charged to Statement of Profit and Loss.

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Notes to the Consolidated Financial Statements

37. 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, 2022:

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Balance at the beginning of the year	**1,739.74**	**1,760.49**
Addition during the year	552.34	392.55
Disposals during the year	-	(131.39)
Depreciation for the year	(441.25)	(281.91)
Balance as at the end of the year	**1,850.83**	**1,739.74**

ii. The following is the movement in lease liabilities during the year ended March 31, 2022:

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Balance at the beginning of the year	**1,957.65**	**1,878.95**
Addition during the year	552.36	247.56
Finance cost accrued during the year	199.16	156.73
Payment of Lease liabilities made during the year	(567.60)	(325.59)
Balance as at the end of the year	**2,141.57**	**1,957.65**

iii. The table below provides details regarding the contractual maturities of lease liabilities as of March 31, 2022 on an undiscounted basis:

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Less than one year	369.50	261.42
Between one and five years	1,674.34	1,302.84
More than five years	97.73	221.24
Total	**2,141.57**	**1,785.50**

iv. Expenses recognised in the statement of Profit and Loss

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Depreciation expense on right-of-use assets (Refer Note 10)	441.25	281.91
Interest expense on lease liabilities (Refer Note 26)	198.43	156.73
Expense relating to short-term leases (Refer Note 29)	10.51	275.89
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.

38. Contingent liabilities and commitments

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Commitments		
Undrawn committed credit lines	14,248.30	8,975.03
Obligation on investments in partly paid up preference shares	181.81	-
Total	**14,430.11**	**8,975.03**

There are no litigations and proceedings against the Company which requires any provision or disclosure as contingent liability.

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39. Current and Non-Current Maturity

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled:

(Rs. in lakhs)

Particulars	As at March 31, 2022			As at March 31, 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	5,505.98	-	5,505.98	1,457.92	-	1,457.92
Bank Balance other than cash and cash equivalents	2,991.36	-	2,991.36	588.46	-	588.46
Derivatives financial instruments	451.45	729.60	1,181.05	-	-	-
Receivables						
(I) Trade receivables	108.34	-	108.34	3.76	-	3.76
(II) Other receivables	-	-	-	-	-	-
Loans	1,74,340.33	1,98,886.09	3,73,226.42	1,23,300.54	1,32,059.30	2,55,359.84
Investments	3,277.00	4,842.65	8,119.65	7,664.75	4,792.68	12,457.43
Other Financial assets	1,456.58	1,298.22	2,754.80	1,590.59	261.89	1,852.48
Sub total	**1,88,131.04**	**2,05,756.56**	**3,93,887.60**	**1,34,606.02**	**1,37,113.87**	**2,71,719.89**
Non-financial assets						
Current Tax assets (Net)	-	1,209.98	1,209.98	17.11	720.61	737.72
Deferred Tax assets (Net)	-	2,038.67	2,038.67	-	1,857.41	1,857.41
Property, plant and equipment	-	3,479.68	3,479.68	-	3,440.94	3,440.94
Capital work-in-progress	-	293.95	293.95	-	14.49	14.49
Goodwill	-	652.65	652.65	-	652.65	652.65
Other intangible assets	-	433.27	433.27	-	547.43	547.43
Other non-financial assets	480.00	988.76	1,468.76	677.23	805.55	1,482.78
Sub total	**480.00**	**9,096.96**	**9,576.96**	**694.34**	**8,039.08**	**8,733.42**
Total assets	**1,88,611.04**	**2,14,853.52**	**4,03,464.56**	**1,35,300.36**	**1,45,152.95**	**2,80,453.31**
LIABILITIES						
Financial liabilities						
Derivatives financial instruments	186.87	-	186.87	-	-	-
Debt securities	40,463.06	66,060.71	1,06,523.77	52,984.19	22,802.56	75,786.75
Borrowings (Other than Debt Securities)	69,333.95	1,05,731.54	1,75,065.49	45,250.40	45,811.73	91,062.13
Other Financial liabilities	3,134.51	5,063.80	8,198.31	2,704.50	3,979.98	6,684.48
Sub total	**1,13,118.39**	**1,76,856.05**	**2,89,974.44**	**1,00,939.09**	**72,594.27**	**1,73,533.36**
Non-Financial liabilities						
Provisions	59.12	265.34	324.46	-	169.90	169.90
Deferred tax liabilities (Net)	-	728.89	728.89	-	832.27	832.27
Other non-financial liabilities	918.06	-	918.06	516.58	-	516.58
Sub total	**977.18**	**994.23**	**1,971.41**	**516.58**	**1,002.17**	**1,518.75**
Total liabilities	**1,14,095.57**	**1,77,850.28**	**2,91,945.85**	**1,01,455.67**	**73,596.44**	**1,75,052.11**

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Notes to the Consolidated Financial Statements

40. Foreign Currency Transactions

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Expenditure in foreign currency		
Directors' sitting fees	9.20	2.07
Legal, professional and consultancy charges	165.65	27.64
Information Technology expenses	14.27	6.63
Miscellaneous expenses	8.18	2.01
Interest on External Commercial Borrowings	215.69	-
Total	**412.99**	**38.35**

41. Corporate social responsibility

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Amount required to be spent as per section 135 of the Companies Act, 2013	16.12	19.99
Amount spent during the year		
(i) Construction/ acquisition of any asset	-	
(ii) On purposes other than (i) above		
In cash	16.35	20.05
Yet to be paid in cash		-
Total	**16.35**	**20.05**
Details related to spent obligations:		
i) Contribution to Public Trust	-	-
ii) Contribution to Charitable Trust	11.68	20.05
iii) Covid vaccination other than employees and family members	4.67	
iii) Unspent amount in relation to:		
- Ongoing project	-	-
- Other than ongoing project	-	-
Total	**16.35**	**20.05**

42. Micro, Small and Medium Enterprises Development

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Based on the information available with the management, as at 31 March 2022, no dues were outstanding to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006. Further, the Company has not received any claim for interest from any supplier under the said Act till 31 March 2022.

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43. Capital Management

The Parent 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 Parent's capital management policy are to ensure that the Parent 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, 2022	As at March 31, 2021
Common Equity Tier 1 (CET1) capital	1,08,442.86	1,01,900.06
Other Tier 2 capital	2,461.45	1,261.64
Total capital	**1,10,904.31**	**1,03,161.70**

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)

45. 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. Further, the Company has received no-objection from RBI on December 08, 2021 and in-principle approval from BSE Limited on December 24, 2021. The Equity Shareholders, Preference Shareholders and secured creditors of the Company have also approved the Scheme at their respective meetings convened by the NCLT held on December 15, 2021.

46. Ratio Analysis and its elements

Below ratios are based on the financial statements of the Parent Company

Ratio	As at March 31, 2022	As at March 31, 2021	% change
CRAR (%)	28.05%	37.20%	-24.60%
CRAR - Tier I Capital (%)	27.43%	36.54%	-24.94%
CRAR - Tier II Capital (%)	0.62%	0.66%	-5.71%
Liquidity Coverage Ratio*	Not Applicable	Not Applicable	Not Applicable

**Not Applicable as the Company is a Non-Deposit taking NBFC with an asset size of less than Rs. 5,000 Crore as stipulated in the Master Directions.*

CRAR : (Tier I Captital + Tier II Capital) / Total Risk Weighted Assets
CRAR - Tier I Capital : Tier I Capital / Total Risk Weighted Assets
CRAR - Tier II Capital : Tier II Capital / Total Risk Weighted Assets

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Notes to the Consolidated Financial Statements

47 .Other Statutory Information

During the current year and previous year:

(i) The Group do not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.

(ii) The Group do not have any transactions with companies struck off.

(iii) The Group do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

(iv) The Group has not traded or invested in Crypto currency or Virtual Currency.

(v) The quarterly statement of current assets submitted to banks / financial institutions which are provided as security against the borrowings are in agreement with the books of accounts.

Funding Transactions:

(vi) (a) On 20 September 2021, the Board of Directors had approved investment in equity for an aggregate amount of upto Rs. 999.87 lakhs in Booth Fintech Private Limited ("BFPL") (a wholly owned subsidiary of the Group). Subsequently, BFPL subscribed to 17,240 equity shares of mValu Technology Services Private Limited (an Associate Group of BFPL) on 20 September 2021 at a price of Rs. 5,797 (including premium of Rs. 5,787) per share aggregating to Rs. 999.40 lakhs. The transactions are in compliance with the relevant provisions of the Companies Act, 2013 and are not violative of the Prevention of Money-Laundering Act, 2002 (15 of 2003). Further the provisions of Foreign Exchange Management Act, 1999 (42 of 1999) are not applicable to the transactions.

(vi)(b) Except as disclosed above, the Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall :

(I) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or

(II) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

(vii) (a) On 28 April 2021, the InCred Management and Technology Services Private Limited ("IMTSPL") and Booth Fintech Private Limited ("BFPL") (wholly owned subsidiaries of the Group) had borrowed Inter Corporate Deposit from InCred Capital Financial Services Pvt Ltd ("ICFSPL"), of Rs. 2000 lakhs. The amount was used to further invest as Inter Corporate Deposit to InCred Financial Services Limited ("IFSL"), the Parent. The transactions are in compliance with the relevant provisions of the Companies Act, 2013 and are not violative of the Prevention of Money-Laundering Act, 2002 (15 of 2003). Further the provisions of Foreign Exchange Management Act, 1999 (42 of 1999) are not applicable to the transactions.

(vii)(b) Except as disclosed above, the Group have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:

(I) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(II) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

(viii) The Group have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

(ix) There are no scheme of arrangements which have been filed by the Group under the Act and which have been approved by the competent authority u/s 232 to 237 of the Act. For details of Scheme of arrangement filed by the Group with NCLT refer Note no 45.

(x) The Group, being a Non-Banking Financial Group ("NBFC") registered with the Reserve Bank of India as a systematically important NBFC, the provisions of sec 2(87) read with Companies (Restriction on number of Layers) Rules, 2017 are not applicable.

(xi) The Group has not been declared as wilful defaulter by any bank or financial institution or any other lender.

(xii) The Group has not revalued any property plant and equipment and intangible assets.

S.R. Batliboi & Associates LLP MUMBAI Chartered Accountants

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InCred Financial Services Limited

48. 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, 2022:

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	1,11,720.24	100.18%	3,640.96	118.11%	(83.36)	100.00%	3,557.60	118.61%
Subsidiaries								
Incred Management and Technology Services Private Limited	(1,316.80)	-1.18%	(232.47)	-7.54%	-	0.00%	(232.47)	-7.75%
Booth Fintech Private Limited	1,114.40	1.00%	(326.60)	-10.60%	-	0.00%	(326.60)	-10.89%
InCred.AI Limited	0.87	0.00%	0.87	0.03%	-	0.00%	0.87	0.03%
Total	1,11,518.71	100.00%	3,082.76	100.00%	-83.36	100.00%	2,999.40	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, 2021:

(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	1,06,692.64	101.23%	1,026.40	472.93%	69.35	100.00%	1,095.76	382.62%
Subsidiaries								
Incred Management and Technology Services Private Limited	(1,461.98)	-1.39%	(536.54)	-247.22%	-	0.00%	(536.54)	-187.35%
Booth Fintech Private Limited	170.51	0.16%	(272.83)	-125.71%	-	0.00%	(272.83)	-95.27%
Total	1,05,401.17	100.00%	217.03	100.00%	69.35	100.00%	286.39	100.00%

S.R. BATLIBOI & ASSOCIATES LLP * MUMBAI * CHARTERED ACCOUNTANTS

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InCred Financial Services Limited *

InCred Financial Services Limited

Notes to the Consolidated Financial Statements

49. 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	47.39%

Summarised financial information in respect of Group's associates is set out below:

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
A) Summarised Statement of net assets		
Financial assets	1,801.63	2,136.84
Non-Financial assets	299.03	332.31
Total assets (I)	**2,100.66**	**2,469.15**
Financial liabilities	47.78	105.32
Non-Financial liabilities	8.82	36.57
Total liabilities (II)	**56.60**	**141.89**
Net assets (I - II)	**2,044.06**	**2,327.26**
Group's share %	47.39%	40.96%
Group's share in amount	968.68	953.24
Carrying amount of Investment	4,276.47	3,697.97

(Rs. in lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
B) Summarised Statement of Profit and Loss		
Revenue from operation	3.79	6.85
Other income	123.91	215.88
Total income (I)	**127.70**	**222.73**
Finance costs	3.78	65.69
Employee benefits expenses	(58.06)	757.26
Depreciation, amortization and impairment	32.90	49.16
Others expenses	1,037.25	204.07
Total expenses (II)	**1,015.87**	**1,076.18**
Loss before tax (III = I-II)	(888.17)	(853.45)
Tax expense	-	-
Loss after tax (V = III-IV)	(888.17)	(853.45)
Other Comprehensive income	-	-
Total Comprehensive income	(888.17)	(853.45)
Group's share %	47.39%	40.96%
Group share in Amount in Profit and loss (A)	(420.90)	(349.57)
Group share in Amount in Other Comprehensive Income (B)	-	-
Total Group share in Amount (A+B)	(420.90)	(349.57)

S.R. Batliboi & Associates LLP, Chartered Accountants, Mumbai

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InCred Financial Services Limited

50. Ageing Schedule

(Rs. in lakhs)

Particulars	Curent but not due	Outstanding for following periods from due date of payment					Total
		Less than 6 Months	6 months – 1 year	1 - 2 years	2 - 3 years	More than 3 years	
As at March 31, 2022							
(A) Trade receivables							
Unsecured, considered good	-	108.74	-	-	-	-	108.74
Unsecured, considered doubtful	-	-	-	-	-	-	-
(B) Other receivables							
Unsecured, considered good	-	-	-	-	-	-	-
Unsecured, considered doubtful	-	-	-	-	-	-	-
As at March 31, 2021							
(A) Trade receivables							
Unsecured, considered good	-	8.87	-	-	-	-	8.87
Unsecured, considered doubtful	-	-	-	-	-	-	-
(B) Trade receivables							
Unsecured, considered good	-	-	-	-	-	-	-
Unsecured, considered doubtful	-	-	-	-	-	-	-

Goodwill impairment

For impairment testing, goodwill acquired through business combinations with indefinite lives has been allocated to the against investments in subsidiary companies , i.e., InCred Management and Technology Services Private Limited and Booth Fintech Private Limited.

The Group has performed its annual impairment test for years ended 31 March 2022 and 31 March 2021. It is concluded that the fair value less costs of disposal exceeds the value in use. As a result of this analysis, management has not recognised any impairment charge against the goodwill.

52. 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 had 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 had provided for reversal of interest on interest amounting to Rs. 106.64 lakhs in the previous year.

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

54. Previous year figures have been audited by another firm of chartered accountants.

S.R. BATLIBOI & ASSOCIATES LLP * MUMBAI * CHARTERED ACCOUNTANTS

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Incred Financial Services Limited *

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

As per our report of even date

As per our report of even date
For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No.: 101049W/E300004

Sarvesh Warty.

per Sarvesh Warty
Partner
Membership No: 121411

Place: Mumbai
Date: April 29, 2022

CHARTERED ACCOUNTANTS * S.R. BATLIBOI & ASSOCIATES LLP * MUMBAI

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
Membership No: A19285

Place: Mumbai
Date: April 29, 2022

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Incred Financial Services Limited *

205-206, Regent Chambers, 2nd Floor, Jamnalal Bajaj Road, 208, Nariman Point, Mumbai 400 021. Tel.: 022 - 43440123 email- vcshahco@vcshah.com

AUDITOR'S REPORT UNDER "NON-BANKING FINANCIAL COMPANIES AUDITOR'S REPORT (RESERVE BANK) DIRECTIONS, 2016"

To,
The Board of Directors of
KKR INDIA FINANCIAL SERVICES LIMITED

1. We have audited the financial statements of **KKR INDIA FINANCIAL SERVICES LIMITED**, which comprise the Balance Sheet as at 31st March, 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity, for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information, and issued our audit opinion vide our Independent Auditors' Report dated May 4, 2022 thereon. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion of these financial statements based on our audit. Our audit was conducted in the manner specified in paragraph– 'Auditor's Responsibilities for the Audit of the Financial Statements' of the said report.

2. As required by the Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016 ('the Directions') issued by Reserve Bank of India ('RBI'), based on our audit referred to in paragraph 1 above and information and explanations given to us, which to the best of our knowledge and belief were necessary for this purpose, we furnish hereunder our report on the matters specified in paragraphs 3 and 4 of the said Directions, to the extent applicable to the company:

A. Item 3(A) of the Directions:

i. The Company is engaged in the business of a non-banking financial institution ('NBFI'), as defined in section 45-I (a) of the Reserve Bank of India Act, 1934 ('the Act') requiring it to obtain a Certificate of Registration ('CoR') under section 45-IA of the Act. The Company was registered with the RBI as an NBFI without accepting public deposits vide CoR No. B-07.00498 dated November 14, 2019 and vide fresh CoR No.B-13.02417 dated August 2, 2021, consequent upon change of its registered office.

ii. The Company has been engaged in the business of providing structured and wholesale finance to Indian corporates. The Principal Business Criteria (Financial asset / income pattern) has been determined by the Management in accordance with the audited financial statements as on 31st March, 2022, computed in the manner laid down in RBI circular No. DNBS (PD) CC NO 81/03.05.002 / 2006- 07 dated 19th October, 2006 and Para 85 of Master Direction- Non- Banking Financial Company –Systemically Important Non- Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016. The Company has continued to be engaged in the aforesaid business during the FY 2021-22 and accordingly the income from financial assets is more than 50 percent of the gross income, however, the financial assets as on 31st March, 2022 are not more than 50 percent of its total assets as given below:

Sr. No.	Particulars	Details
1.	Asset- Income pattern: (a) % of Financial Assets to Total Assets (b) % of Financial Income to Gross Income	 Financial Assets to Total Assets - 39% Financial Income to Gross Income - 88%

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iii. As determined in accordance with the audited financial statements for the year ended 31st March, 2022, the non-banking financial company has the required net owned fund as laid down in Master Direction- Non- Banking Financial Company –Systemically Important Non- Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

B. Item 3(C) of the Directions:

i. The Board of Directors has passed a resolution dated April 11, 2021, for the non-acceptance of public deposits.

ii. The Company has not accepted any public deposits during the year under report.

iii. The financial statements have been prepared by Management in accordance with the Indian Accounting Standards specified under section 133 of the Companies Act, 2013, read with Companies (Indian Accounting Standards) Rules, 2015, as amended. Accordingly, the Company has complied with the Ind-AS vis-à-vis the prudential norms relating to income recognition, assets classification and provisioning for bad and doubtful debts, as applicable to it during the financial year ended March 31, 2022, in terms of Non-Banking Financial Company-Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

iv. The annual statement of capital funds, risk assets / exposures and risk asset ratio (NBS – 7) has been furnished to the RBI within the stipulated period as specified by RBI, 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.

v. The Non-Banking Financial Company is not a NBFC-Micro Finance Institutions (MFI) during the financial year ended March 31, 2022, as defined in the Non-Banking Financial Company-Systemically Important Non- Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

3. Other Matters:

The concentration of credit / investment for applicable NBFC, as specified in paragraph 23 of the RBI/DNBR/2016-17/45 Master Direction DNBR.PD.008/03.10.119/2016-17 September 01, 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) is as stated below:
No applicable NBFC shall,
(i) lend to
(a) any single borrower exceeding fifteen per cent of its owned fund; and
(b) any single group of borrowers exceeding twenty-five per cent of its owned fund;
(ii) invest in
(a) the shares of another company exceeding fifteen per cent of its owned fund; and
(b) the shares of a single group of companies exceeding twenty-five per cent of its owned fund;
(iii) lend and invest (loans/ investments taken together) exceeding
(a) twenty-five per cent of its owned fund to a single party; and
(b) forty per cent of its owned fund to a single group of parties.

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However, as on March 31, 2022, and during the financial year 2021-22, the Company has exceeded the lending limit of single borrower of 15% of its owned fund as prescribed in the Master Direction. Refer Note No.44.9(D) to the audited financial statements of the Company for the year ended March 31, 2022.

4. Restriction on use:

This report is issued solely for reporting on the matters specified in paragraphs 3 and 4 of the Directions, and is not intended to be used or distributed for any other purpose.

For V. C. Shah & Co.
Chartered Accountants
Firm Registration No.109818W

Viral J. Shah
Partner
Membership No.: 110120
Mumbai, May 5, 2022
UDIN: 22110120AIMTCL7758

V. C. SHAH & CO.
CHARTERED ACCOUNTANTS

205-206, Regent Chambers, 2nd Floor, Jamnalal Bajaj Road, 208, Nariman Point, Mumbai 400 021. Tel.: 022 - 43440123 email- vcshahco@vcshah.com

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 accompanying financial statements of **KKR INDIA FINANCIAL SERVICES LIMITED** (the "Company"), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date and 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 the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022 and its loss, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements 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 made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Emphasis of matter

We draw attention to Note No.62 to the financial statements, regarding the proposed demerger of InCred Financial Services Limited (demerged undertaking) into the Company by way of composite scheme of amalgamation and arrangement.

The above matter does not have any impact on the current financial statements and accordingly 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 information included in the Director's Report but does not include the financial statements and our auditor's report thereon.

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VCS & Co.
CHARTERED ACCOUNTANTS

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our 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 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, including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 statements 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 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 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.

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

V.C. SHAH & CO. CHARTERED ACCOUNTANTS VCS &Co.

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 system 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 the 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.

Other Matter

The financial statements of the Company for the year ended March 31, 2021, were audited by another firm of Chartered Accountants under the Companies Act, 2013, who, vide their report dated June 28, 2021, expressed an unmodified opinion on those financial statements.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of section 143(11) 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. (A) As required by Section 143(3) of the Act, based on our audit 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.

V.C. SHAH & CO. VCS&co. CHARTERED ACCOUNTANTS

c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

e) On the basis of the written representations received from the directors as on March 31, 2022, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022, 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

(B) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197 (16) of the Act, as amended:
In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

(C) 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, as amended, 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 financial statements – Refer Note No.41 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 No.46 to the financial statements.

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

iv. (a) The Management has represented that, to the best of its knowledge and belief, as disclosed in the Note No.6 to the financial statements, during the year, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The Management has represented, that, to the best of its knowledge and belief, as disclosed in the Note No.16 to the financial statements, during the year, no funds (which are material either individually or in the aggregate) have been received by the

V. C. SHAH & CO. CHARTERED ACCOUNTANTS VCS&Co.

Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v. The Company has the not declared or paid dividend during the year. Accordingly, reporting under Rule 11(f) of the Companies (Audit and Auditors) Rules 2014, is not applicable to the Company during the year under report.

For V. C. Shah & Co.
Chartered Accountants
ICAI Firm Registration No.109818W

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

Viral J. Shah
Partner
Membership No.: 110120
Place: Mumbai
Date: May 5, 2022
UDIN: 22110120AIMTCL7758

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the Members of KKR INDIA FINANCIAL SERVICES LIMITED on the Ind AS financial statements for the year ended March 31, 2022)

Based on the audit procedures performed for the purpose of reporting a true and fair view on the Ind AS financial statements of the Company and to the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we report that:

i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment. The Company has also maintained proper records showing full particulars of intangible assets.

(b) The Property, Plant and Equipment at the year end have been physically verified by the management. An assessment of the Property, Plant and Equipment was conducted during the year and discrepancies observed 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 of reporting under paragraph 3(i)(c) of the Order are not applicable to the Company.

(d) According to the information and explanations given to us, the company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year. Accordingly, the requirements of reporting under paragraph 3(i)(d) of the Order are not applicable to the Company.

(e) According to the information and explanations given to us and as represented by the management of the Company, no proceedings have been initiated during the year or are pending against the Company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

ii. (a) The Company is in the business of rendering financial services and consequently, does not hold any inventory. Accordingly, reporting under paragraph 3(ii)(a) of the Order is not applicable to the Company.

(b) The Company has been sanctioned/renewed working capital limits in excess of ₹ 5 crores in aggregate during the year, from banks, on the basis of security of loans and advances / receivables of the Company. The quarterly returns or statements filed by the company with such banks are in agreement with the books of account of the Company.

iii. According to the information and explanations given to us and on the basis of the records of the Company examined by us, the Company has not provided any guarantees or securities. The Company has made investments in companies and granted secured and unsecured loans to other parties, in respect of which:

(a) The Company is a financial services company whose principal business is to give loans. Accordingly, reporting under paragraph 3(iii)(a) and 3(iii)(e) of the Order are not applicable to the Company.

(b) There are no fresh investments made or loans and advances granted by the Company during the year. Accordingly, reporting under paragraph 3(iii)(b) of the Order is not applicable to the Company for the year under report.

(c) In respect of loans and advances granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated and the repayments of principal

V.C. SHAH & CO. VCS&Co CHARTERED ACCOUNTANTS amounts and receipts of interest are regular except in case of the following loans:

Name of the Entity	Amount Rs.	Due date	Date of receipt of overdue, if any	Remarks, if any
RA Associates	Interest overdue as on 30.04.2021 INR 11,603,394	30.04.2021	<u>Receipt dates</u> INR 6,755,555 - 05.05.2021 INR 2,464,000 - 12.05.2021 INR 2,383,838 - 15.05.2021	
RA Associates	Interest overdue as on 31.05.2021 INR 16,981,418	31.05.2021	<u>Receipt dates</u> INR 7,692,829 - 02.06.2021 INR 9,288,589 - 03.06.2021	
Walchandnagar Industries Limited	Principal and interest overdue as on 31.03.2021 INR 180,930,992 & INR 10,526,339 respectively	31.03.2021	Receipt towards Principal from July-Mar-22 is INR 417,741,202	Written off on 31.03.2022 Principal - INR 972,867,209 Interest - INR 437,008,899
Walchandnagar Industries Limited	Interest overdue as on 30.06.2021 INR 30,159,081	30.06.2021		
Walchandnagar Industries Limited	Principal and interest overdue as on 02.07.2021 INR 1,286,781,198 & INR 413,194,640 respectively	02.07.2021		
Apollo International Limited	Principapl overdue & Interest overdue as on 30.06.2021 is INR 730,000,000 & INR 234,968,464 respectively	30.06.2021	The account was classified as NPA & written off on 30.09.2021 with INR 659,999,000 towards principal and INR 234,764,200 towards interest . Post write off, there is recovery of full principal and interest to the extent of INR 75,839,559 during Oct 21 - Jan 22	
Amanta Healthcare Limited 1	Principal and interest overdue as on 30.09.2021 INR 27,000,000 & INR 4,438,134 respectively	30.09.2021	<u>Receipt dates</u> INR 27,000,000 - 22.12.2021 INR 4,438,134 - 22.12.2021	
Amanta Healthcare Limited 2	Principal and interest overdue as on 30.09.2021 INR 123,678,476 & INR 33,354,767 respectively	30.09.2021	<u>Receipt dates</u> INR 123,678,476 - 22.12.2021 INR 33,354,767 - 22.12.2021	
Amanta Healthcare Limited 1	Interest overdue as on 31.12.2021 INR 1,831,808	31.12.2021	Received on 25.02.2022	
Amanta Healthcare Limited 2	Interest overdue as on 31.12.2021 INR 7,649,358	31.12.2021	Received on 25.02.2022	
Amanta Healthcare Limited 1	On 30.03.2022 both loans were restructured hence classified as NPA. Entire amount of Principal towards loan 1 and 2, amounting to INR 750,900,000 and Int 11,686,408 received in cash and INR 50,000,000 in form of RPS. Under terms of OTS balance amount of Interest of INR 370,581,098 and RPS of 50,000,000 are written off.			
Amanta Healthcare Limited 2				

V. C. SHAH & CO. CHARTERED ACCOUNTANTS VCS&Co.

(d) According to the information and explanations given to us and on the basis of the records of the Company examined by us, in respect of loans and advances given, there is no amount of principal or interest that is overdue for more than ninety days as at the balance sheet date. Accordingly, reporting under paragraph 3(iii)(d) of the Order is not applicable to the Company.

(e) The Company has not granted any loans or advances in the nature of loans during the year, that are either repayable on demand or without specifying any terms or period of repayment. Accordingly, reporting under paragraph 3(iii)(f) of the Order is not applicable for the year under report.

iv. In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees and securities granted in respect of which provisions of section 185 and 186 of the Companies Act, 2013, are applicable. Accordingly, reporting under paragraph 3(iv) of the Order is 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 or amounts which are deemed to be deposits. Accordingly, reporting under paragraph 3(v) of the Order is not applicable to the Company.

vi. The maintenance of cost records has not been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 for the business activities carried out by the Company. Hence, reporting under paragraph 3(vi) of the Order is not applicable to the Company.

vii. In respect of statutory dues:

(a) According to the information and explanations given to us and on the basis of the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues, including goods and services tax, provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues applicable to it with the appropriate authorities.

According to the information and explanations given to us, there were no undisputed amounts payable in respect of goods and services tax, provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues in arrears as at March 31, 2022, outstanding for a period of more than six months from the date they became payable.

(b) Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on March 31, 2022 on account of disputes are given below:

Name of the statute	Nature of the dues	Amount Rs.	Period to which the Amount Relates	Forum where Dispute is Pending	Remarks
Income Tax Act, 1961	Income Tax	1,95,230	AY 2013-14	Commissioner of Income Tax	Disputed Tax

viii. According to the information and explanations given to us and on the basis of our audit procedures, there were no transactions relating to previously unrecorded income that have

V.C. SHAH & CO. VCS&Co. CHARTERED ACCOUNTANTS

been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

ix. (a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or other borrowings or in payment of any interest thereon to any lender. Accordingly, reporting under paragraph 3(ix)(a) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) In our opinion and according to the information and explanations given to us, the Company has utilized the money obtained by way of term loans for the purposes for which they were obtained.

(d) According to the information and explanations given to us, and the audit procedures performed by us, and on an overall examination of the financial statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) On an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.

(f) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.

x. (a) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year under report. Accordingly, the provisions stated in paragraph 3(x)(a) of the Order is not applicable to the Company.

(b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally). Accordingly, reporting under paragraph 3(x)(b) of the Order is not applicable to the Company.

xi. (a) During the course of our audit, examination of the books of account and records of the Company, carried out in accordance with generally accepted auditing practices in India and according to the information and explanations given to us, no instance of material fraud by the Company or on the Company has been noticed or reported during the year, nor have we been informed of any such case by the management of the company.

(b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT- 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.

(c) As represented by the management, there were no whistle blower complaints received by the Company during the year.

xii. The Company is not a Nidhi Company, hence, reporting under paragraph 3(xii) of the Order is not applicable to the Company.

xiii. According to the information and explanations provided to us and based on our examination of the records of the Company, in our opinion, the Company is in compliance with Section 177 and

V. C. SHAH & CO. VCS&Co. CHARTERED ACCOUNTANTS

188 of the Companies Act, 2013 with respect to applicable transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

xiv. (a) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.

(b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.

xv. According to the information and explanations given to us, in our opinion, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors. Hence, the provisions of section 192 of the Companies Act, 2013, are not applicable to the Company.

xvi. (a) The Company is required to and has been registered under Section 45-IA of the Reserve Bank of India Act, 1934. It has obtained the certificate of registration vide CoR No.B-07.00498 dated November 14, 2019 and vide fresh CoR No.B-13.02417 dated August 2, 2021, consequent upon change of its registered office.

(b) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, reporting under paragraph 3(xvi)(c) of the Order is not applicable to the Company.

(c) According to the information and explanations provided to us, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under paragraph 3(xvi)(d) of the Order is not applicable.

xvii. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year. Hence, reporting under paragraph 3(xvii) of the Order is not applicable to the Company.

xviii. During the year, there has been resignation of the previous Statutory Auditors, MSKA & Associates, on account of the applicability of the guidelines issued for Appointment of Central Statutory Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs) UCBs and NBFCs (including HFCs) dated 27th April, 2021 issued by Reserve Bank of India, whereby the previous auditors were not eligible to carry out the audit. We have received the No objection certificate from the previous auditors and there was no concern raised by the previous auditors.

xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date,

VCS&Co. CHARTERED ACCOUNTANTS

will get discharged by the Company as and when they fall due.

xx. According to the information and explanations provided to us and in our opinion, there are no amounts required to be spent by the Company on CSR activities. Accordingly, reporting under paragraphs 3(xx)(a) and 3(xx)(b) of the Order is not applicable to the Company for the year under report.

For V. C. Shah & Co.
Chartered Accountants
ICAI Firm Registration No.109818W

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

Viral J. Shah
Partner
Membership No.: 110120
Place: Mumbai
Date: May 5, 2022
UDIN: 22110120AIMTCL7758

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the Members of KKR INDIA FINANCIAL SERVICES LIMITED on the Ind AS financial statements for the year ended March 31, 2022)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of sub- section 3 of Section 143 of the Companies Act, 2013 (the "Act")

We have audited the internal financial controls over financial reporting of **KKR INDIA FINANCIAL SERVICES LIMITED** (the "Company") as of March 31, 2022 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Management of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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 "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 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 over financial reporting of the Company 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 Companies Act, 2013, 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 adequate internal financial controls over financial reporting 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 adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial

V.C. SHAH & CO. VCS&Co CHARTERED ACCOUNTANTS statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting 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 over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting 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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the criteria for internal financial control over financial reporting 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 ICAI.

For V. C. Shah & Co.
Chartered Accountants
ICAI Firm Registration No.109818W

V. C. SHAH & CO. * CHARTERED ACCOUNTANTS *

Viral J. Shah
Partner
Membership No.: 110120
Place: Mumbai
Date: May 5, 2022
UDIN: 22110120AIMTCL7758

KKR INDIA FINANCIAL SERVICES LIMITED
BALANCE SHEET AS AT MARCH 31, 2022

(Rs. In Million)

	Particulars	Note No.	As at March 31, 2022	As at March 31, 2021
	ASSETS			
(1)	**Financial assets**			
(a)	Cash and cash equivalents	4	3,680.21	7,092.72
(b)	Receivables	5		
	Trade Receivables		-	-
(c)	Loans	6	5,928.38	13,826.60
(d)	Investments	7	-	59.62
(e)	Other financial assets	8	10.59	39.83
	Total Financial Assets		**9,619.18**	**21,018.77**
(2)	**Non-Financial assets**			
(a)	Current Tax Assets (Net)	9	362.28	1,017.85
(b)	Deferred tax assets (Net)	10	5,204.68	3,003.35
(c)	Property, plant and equipment	11	-	73.04
(d)	Other Intangible asset	12	-	1.70
(e)	Other non-financial assets	13	65.09	40.55
	Total Non-Financial Assets		**5,632.05**	**4,136.49**
	Total Assets		**15,251.23**	**25,155.26**
	LIABILITIES AND EQUITY			
	LIABILITIES			
(1)	**Financial Liabilities**			
(a)	Payables			
	Trade Payables	14		
	(i) total outstanding dues of micro enterprises and small enterprises		0.12	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		167.48	59.93
(b)	Debt Securities	15	-	2,594.03
(c)	Borrowings (Other than Debt Securities)	16	4,337.95	9,963.10
(d)	Other financial liabilities	17	76.07	1,738.73
	Total Financial Liabilities		**4,581.62**	**14,355.79**
(2)	**Non-Financial Liabilities**			
(a)	Current tax liabilities (Net)	18	0.65	5.13
(b)	Provisions	19	6.81	22.69
(c)	Other non-financial liabilities	20	24.20	68.24
	Total Non-Financial Liabilities		**31.66**	**96.06**
	Total liabilities		**4,613.28**	**14,451.85**
(3)	**EQUITY**			
(a)	Equity Share Capital	21	4,602.27	4,602.27
(b)	Other equity	22	6,035.68	6,101.14
	Total equity		**10,637.95**	**10,703.41**
	Total equity and liabilities		**15,251.23**	**25,155.26**

The accompanying notes are an integral part of the financial statements.

In terms of our report attached
For V.C.Shah & Co.
Chartered Accountants
ICAI Firm Registration No. 109818W

V.C. SHAH & CO. CHARTERED ACCOUNTANTS

Viral J. Shah
Partner

Membership No: 110120

Place: Mumbai
Date: 5th May 2022.

For KKR India Financial Services Limited

Jigar Shah
Whole time Director

DIN: 08496153

Anil Nagu
Executive Director and Chief Financial Officer
DIN: 00110529

Binoy Parikh
Company Secretary

Place: Mumbai
Date: 5th May, 2022

KKR INDIA FINANCIAL SERVICES LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2022

(Rs. In Million)

	Particulars	Note No.	Year ended March 31, 2022	Year ended March 31, 2021
	Revenue from Operations			
(i)	Interest Income	23	1,584.65	3,896.53
(ii)	Fees and commission Income	24	-	7.79
(I)	**Total Revenue from Operations**		**1,584.65**	**3,904.32**
(II)	**Other Income**	25	95.59	47.47
(III)	**Total Income (I+II)**		**1,680.24**	**3,951.79**
	Expenses			
(i)	Finance cost	26	917.49	2,287.50
(ii)	Net loss on fair value changes	27	1,176.54	2,257.30
(iii)	Impairment on financial instruments	28	1,078.59	(2,016.19)
(iv)	Employee benefits expenses	29	232.40	320.44
(v)	Depreciation and amortisation expense	11	25.32	28.46
(vi)	Other expenses	30	506.22	733.96
(IV)	**Total expenses**		**3,936.56**	**3,611.47**
(V)	**Profit / (Loss) before Tax (III-IV)**		**(2,256.32)**	**340.32**
	Tax expense			
	- Current tax	33	-	-
	- for earlier year		19.15	(0.61)
	- Deferred tax	10	(2,203.51)	1,734.94
(VI)	**Total tax expense**		(2,184.36)	1,734.33
(VII)	**Net Profit/ (Loss) After Tax**		**(71.96)**	**(1,394.01)**
(VIII)	**Other comprehensive income**			
	(i) Items that will not be reclassified to profit or loss	31	8.68	2.70
	(ii) Income tax relating to items that will not be reclassified to profit or loss	31	(2.18)	(0.68)
	Other Comprehensive Income		**6.50**	**2.02**
(IX)	**Total comprehensive income (VII+VIII)**		**(65.46)**	**(1,391.99)**
(X)	**Earnings per equity share (Refer note 40)**			
	Basic (₹)	40	**(0.16)**	**(3.03)**
	Diluted (₹)	40	**(0.16)**	**(3.03)**

The accompanying notes are an integral part of the financial statements.

In terms of our report attached
For V.C.Shah & Co.
Chartered Accountants
ICAI Firm Registration No. 109818W

V.C. SHAH & CO. CHARTERED ACCOUNTANTS

Viral J. Shah
Partner

Membership No: 110120

For KKR India Financial Services Limited

Jigar Shah
Whole time Director
DIN: 08496153

Anil Nagu
Executive Director and Chief Financial Officer
DIN: 00110529

Binoy Parikh
Company Secretary

Place: Mumbai
Date: 5th May, 2022

Place: Mumbai
Date: 5th May, 2022

KKR INDIA FINANCIAL SERVICES LIMITED
Cash Flow statement for the year ended March 31, 2022

(Rs. In Million)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
(A) Cash Flow from Operating Activities		
Profit/(Loss) before Tax	(2,256.32)	340.32
Adjustments for:		
Depreciation and amortisation	25.32	28.46
Impairment on financial instruments (Expected Credit Loss)	1,078.59	(1,866.19)
Net loss on fair value changes	1,176.54	2,291.35
Interest expense	926.91	2,249.95
Interest income	11.06	71.04
Leasehold asset written off	6.49	-
Software expenses written off	1.70	-
Provision for Employee benefits	9.33	15.41
Operating Cash Flow before Working Capital Changes	**979.62**	**3,130.34**
Adjustments for Working Capital Changes		
Loans to Corporate and others	5,631.85	12,263.91
Investments	59.79	6,902.86
Trade receivables	-	0.58
Other financial assets	29.24	19.64
Leased Asset	-	(3.70)
Other non-financial assets	(24.54)	(17.19)
Trade and other payables	107.67	(6.33)
Provision for Employee benefits	(16.53)	(7.49)
Other non-financial liability	(44.04)	-
Other Financial Liabilities	(53.73)	(32.01)
Cash flows used in operating activities	**6,669.33**	**22,250.61**
Income tax paid	631.95	21.53
Net Cash generated from/(used in) Operating Activities (A)	**7,301.28**	**22,272.14**
(B) Cash Flow from Investing Activities		
Purchase of property plant and equipment	(0.15)	(1.12)
Sale of Fixed asset	41.39	0.11
Net Cash generated from/(used in) Investing Activities (B)	**41.24**	**(1.01)**
(C) Cash Flow from Financing Activities		
Debt securities repaid	(2,600.00)	(7,800.00)
Borrowings (other than debt securities) taken / (repaid) (net)	(5,628.61)	(8,571.17)
Interest paid	(2,526.42)	(4,892.76)
Net Cash generated from/(used in) Financing Activities (C)	**(10,755.03)**	**(21,263.93)**
Net Increase/(Decrease) in Cash & Cash Equivalents (A + B + C)	(3,412.51)	1,007.20
Add: Cash and cash equivalents at the beginning of the year	7,092.72	6,085.52
Cash and cash equivalents at the end of the year *	**3,680.21**	**7,092.72**
***Components of Cash and Cash Equivalents**		
Balances with Banks :		
- In Current Accounts	857.70	25.12
- In Deposit accounts with original maturity of 3 months or less	2,822.51	7,067.60
	-	-
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 V.C.Shah & Co.
Chartered Accountants
ICAI Firm Registration No. 109818W

V.C. SHAH & CO. * CHARTERED ACCOUNTANTS *

Viral J. Shah
Partner

Membership No: 110120

For KKR India Financial Services Limited

Jigar Shah
Whole time Director
DIN: 08496153

Anil Nagu
Executive Director and Chief Financial Officer
DIN: 00110529

Binoy Parikh
Company Secretary

Place: Mumbai
Date: 5th May, 2022

Place: Mumbai
Date: 5th May, 2022

KKR INDIA FINANCIAL SERVICES LIMITED

STATEMENT OF CHANGES IN EQUITY

A. EQUITY SHARE CAPITAL

Current reporting period (FY 21-22)

(Rs. In Million)

Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance at the end of the current reporting period
4,602.27	-	4,602.27	-	4,602.27

Previous reporting period (FY 20-21)

(Rs. In Million)

Balance at the beginning of the previous reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the previous reporting period	Changes in equity share capital during the previous year	Balance at the end of the previous reporting period
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 pursuant to Section 45-IC of the RBI Act, 1934	
Balance as at April 1, 2021	**12,436.76**	**(7,947.86)**	**1,612.24**	**6,101.14**
Changes in accounting policy or prior period errors	-	-	-	-
Restated balance at the beginning of the current reporting period	-	-	-	-
Total Comprehensive Income for the current year	-	(65.46)	-	(65.46)
Dividends	-	-	-	-
Transfer to retained earnings	-	-	-	-
Any other change (to be specified)	-	-	-	-
Balance as at March 31, 2022	**12,436.76**	**(8,013.32)**	**1,612.24**	**6,035.68**

(Rs. In Million)

Particulars	Reserves and Surplus			Total
	Securities Premium	Retained Earnings	Statutory Reserve 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**
Changes in accounting policy or prior period errors	-	-	-	-
Restated balance at the beginning of the previous reporting period	-	-	-	-
Total Comprehensive Income for the previous year	-	(1,391.99)	-	(1,391.99)
Dividends	-	-	-	
Transfer to retained earnings	-	-	-	
Any other change (to be specified)	-		-	
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 V.C.Shah & Co.
Chartered Accountants
ICAI Firm Registration No. 109818W

V.C. SHAH & CO. CHARTERED ACCOUNTANTS

Viral J. Shah
Partner

Membership No: 110120

For KKR India Financial Services Limited

Jigar Shah
Whole time Director

DIN: 08496153

Anil Nagu
Executive Director and Chief Financial Officer
DIN: 00110529

Binoy Parikh
Company Secretary

Place: Mumbai
Date: 5th May, 2022

Place: Mumbai
Date: 5th May, 2022

KKR INDIA FINANCIAL SERVICES LIMITED
Notes forming part of the financial statements

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, 2022 were authorised for issue in accordance with a resolution of the board of directors on 5th May 2022. 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 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.

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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.

V.C. SHAH & CO. CHARTERED ACCOUNTANTS
VCS & Co.

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.

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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
• The rights to receive cash flows from the asset have expired 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.

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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 profit or loss for the year attributable to equity shareholders for the year 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.

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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 34.

(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 34 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.

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Note 4. Cash and cash equivalents

(Rs. In Million)

Particulars	As at March 31, 2022	As at March 31, 2021
(i) Cash on hand	-	-
(ii) Balances with banks:		
- In Current Accounts	857.70	25.12
- In Deposit accounts with original maturity of 3 months or less	2,822.51	7,067.60
(iii) Cheques on hand	-	-
Total	**3,680.21**	**7,092.72**

Note 5. Receivables

(Rs. In Million)

Particulars	As at March 31, 2022	As at March 31, 2021
Amortised Cost		
Trade receivables	-	-
Receivables considered good - Secured	-	-
Receivables considered good - Unsecured	-	-
Receivables which have significant increase in Credit Risk	35.00	35.00
Receivables - Credit impaired	-	-
Total		
Impairment allowance	(35.00)	(35.00)
Total	-	-

Trade receivables as of 31st March, 2022

(Rs. In Million)

Particulars	Unbilled receivables	Outstanding for following periods from due date of payment					
		Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	-	-	-	-	-	-	-
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	35.00	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables–considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-						-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Total	**35.00**	-	-	-	-	-	-

Trade receivables as of 31st March, 2021

(Rs. In Million)

Particulars	Unbilled receivables	Outstanding for following periods from due date of payment					
		Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	-	-	-	-	-	-	-
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	35.00	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables–considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit	-						-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Total	**35.00**	-	-	-	-	-	-

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.

(iv) Impairment allowance represents allowance for unbilled revenue which in the opinion of the management is doubtful of recovery.

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Note 6. Loans

(Rs. In Million)

Particulars	As at March 31, 2022			As at March 31, 2021		
	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	6,301.57	932.46	7,234.03	11,572.03	3,177.78	14,749.81
Total – Gross (A)	**6,301.57**	**932.46**	**7,234.03**	**11,572.03**	**3,177.78**	**14,749.81**
Less: Impairment loss allowance	(1,305.65)	-	(1,305.65)	(923.21)	-	(923.21)
Total – Net (A)	**4,995.92**	**932.46**	**5,928.38**	**10,648.82**	**3,177.78**	**13,826.60**
B						
(a) Secured by tangible assets (Refer Note (i) below)	6,153.37	908.56	7,061.93	10,520.64	3,114.23	13,634.87
(b) Secured by intangible assets	-		-	-		-
(c) Unsecured	148.20	23.90	172.10	1,051.39	63.55	1,114.94
Total – Gross (B)	**6,301.57**	**932.46**	**7,234.03**	**11,572.03**	**3,177.78**	**14,749.81**
Less: Impairment loss allowance	(1,305.65)	-	(1,305.65)	(923.21)	-	(923.21)
Total – Net (B)	**4,995.92**	**932.46**	**5,928.38**	**10,648.82**	**3,177.78**	**13,826.60**
C						
Loans in India						
(i) Public Sector	-	-	-	-	-	-
(ii) Others	6,301.57	932.46	7,234.03	11,572.03	3,177.78	14,749.81
Total (C) Gross	**6,301.57**	**932.46**	**7,234.03**	**11,572.03**	**3,177.78**	**14,749.81**
Less: Impairment loss allowance	(1,305.65)	-	(1,305.65)	(923.21)	-	(923.21)
Total (C) Net	**4,995.92**	**932.46**	**5,928.38**	**10,648.82**	**3,177.78**	**13,826.60**

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 unlisted companies.

(ii) The Company does not have any loans outside India.

iii) During the year, the company has not advanced or loaned or invested funds to any other person(s) or entity(ies) with the understanding that the Intermediary shall-

(a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

Further, in relation to amount of funds advanced or loaned or invested in the Intermediary funded in the earlier years and remaining outstanding as on April 1, 2021, there were no unutilised amounts remaining as on 01.04.2021 which are now utilized in the current year.

(iv) The Company has not advanced any loans or advances in the nature of loans to specified persons viz. promoters, directors, KMPs, related parties; which are repayable on demand or where the agreement does not specify any terms or period of repayment.

Note 7. Investments

(Rs. In Million)

Particulars	As at March 31, 2022			As at March 31, 2021		
	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
Total	-	-	-	-	**59.62**	**59.62**

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, 2022	As at March 31, 2021
Contractually recoverable expenses	0.07	30.07
Security deposits	10.46	8.20
Advance to Vendors	0.06	1.56
Total	**10.59**	**39.83**

Notes:

1. 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, 2022	As at March 31, 2021
Advance tax and tax deducted at source (Net of provision for tax INR 4136.42 Million) (Previous Year: INR 4090.70 Million)	362.28	1,017.85
Total	**362.28**	**1,017.85**

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, 2022	As at March 31, 2021
Assets:		
Provisions for employee benefit	18.40	23.31
Carried forward Business Loss	4,448.75	4,091.82
Depreciation	0.17	6.84
Expected Credit Loss on Loans / Investments / Receivables at amortised cost	346.64	241.17
Loss on Loans / Investments at FVTPL	335.51	254.76
Amortised Fees Income	11.54	14.32
Disallowance under section 40(a) of Income-tax Act, 1961	7.64	1.42
Others	24.89	-
Carried forward Short Term Capital Loss	14.17	
	5,207.71	**4633.64**
Liabilities:		
Amortised Finance Cost	3.03	5.40
Others	-	(0.02)
Deffered tax asset reserve*	-	1,624.91
	3.03	**1,630.29**
Net Deferred Tax Asset / (Liability)	**5,204.68**	**3,003.35**

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, 2021	Recognised in profit or loss (Expense) /Income	Recognised in other equity	Balance as at March 31 2022
Provisions for employee benefit	23.31	(2.73)	(2.18)	18.40
Carried forward Business Loss	4,091.82	356.93	-	4,448.75
Depreciation	6.84	(6.67)	-	0.17
Expected Credit Loss on Loans / Investments at amortised cost	241.17	105.47	-	346.64
Amortised fee income	14.32	(2.78)	-	11.54
Disallowance under section 40(a) of Income-tax Act, 1961	1.42	6.22	-	7.64
Others	0.02	24.87	-	24.89
Deffered tax asset reserve*	(1,624.91)	1,624.91	-	-
Amortised finance cost	(5.40)	2.37	-	(3.03)
Carried forward Short Term Capital Loss	-	14.17		14.17
(Gain)/Loss on Loans / Investments at FVTPL	254.76	80.75	-	335.51
	3,003.35	**2,203.51**	**(2.18)**	**5,204.68**

Note:

*The Company has recognised deferred tax assets on carried forward tax losses with respect Financial Year (FY) 2019-20, FY 2020-21 and tax losses incurred in FY 2021-22 . A composite scheme of arrangement has been filed between KKR Capital Markets India Private Limited (KCM) , KKR India Financial Services Limited (KIFSL), Incred Financial Services Limited (IFSL or Incred), Bee Finance Limited(BFL), and their respective shareholders with NCLT Mumbai on September 27, 2021. The resultant entity (post the reorganization subject to necessary approvals) is expected to use the brand name 'InCred Financial Services Ltd' (Incred) and will be spearheaded by the current leadership team of Incred. A consortium led by KKR and comprising existing investors in KIFS will retain a significant minority stake. Based on representation by Incred, the Company believes the said deferred tax assets shall be recoverable based on the estimated future taxable income of the new demerged Company .The losses are allowed to be carried forward to the years in which based on the representation by Incred ,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, 2021	Additions	Disposals	As at March 31, 2022	As at April 01, 2021	For the Year	Disposals	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
Furniture and Fixtures	1.86	-	1.86	-	1.49	0.20	1.69	-	-	0.37
Office Equipment	6.76	0.15	6.91	-	5.09	1.02	6.11	-	-	1.67
Computers	11.76	-	8.63	3.13	8.07	2.84	7.78	3.13	-	3.69
Leasehold Improvements	25.88	-	25.88	-	16.40	3.00	19.40	-	-	9.48
Sub total (A)	**46.26**	**0.15**	**43.28**	**3.13**	**31.05**	**7.06**	**34.98**	**3.13**	**-**	**15.21**
Right-of-use Asset	91.20	-	91.20	-	33.37	18.26	51.63	-	-	57.83
Sub total (B)	**91.20**	**-**	**91.20**	**-**	**33.37**	**18.26**	**51.63**	**-**	**-**	**57.83**
Total	**137.46**	**0.15**	**134.48**	**3.13**	**64.42**	**25.32**	**86.61**	**3.13**	**-**	**73.04**

Note: The company has not revalued its Property, Plant and Equipment (including Right of Use assets) during the year

Note 12. Intangible Asset (The Intangible assets are other than internally generated)

(Rs. In Million)

Particulars	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
	As at April 01, 2021	Additions	Disposals	As at March 31, 2022	As at April 01, 2021	For the Year	Disposals	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
Software	5.10	-	5.10	-	3.40	-	3.40	-	-	1.70
Total	**5.10**	**-**	**5.10**	**-**	**3.40**	**-**	**3.40**	**-**	**-**	**1.70**

Note: The company has not revalued its Intangible Asset during the year

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Note 13. Other non-financial assets

(Rs. In Million)

Particulars	As at March 31, 2022	As at March 31, 2021
Prepaid Expenses	0.53	0.99
GST input receivable	64.56	39.56
Total	**65.09**	**40.55**

Note 14. Trade Payables

(Rs. In Million)

Particulars	As at March 31, 2022	As at March 31, 2021
Total outstanding dues of micro enterprises and small enterprises	0.12	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	167.48	59.93
Total	**167.60**	**59.93**

(Rs. In Million)

Particulars	Unbilled payables	Not due	Outstanding for following periods from due date of payments				
			Less than 1 year	1-2 years	2-3 years	More than 3 Years	Total
(i) MSME	0.12	-	-	-	-	-	-
(ii) Others	44.20	82.66	40.62	-	-	-	40.62
(iii) Disputed Dues - MSME	-	-	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-	-	-
Total	**44.32**	**82.66**	**40.62**	-	-	-	**40.62**

(Rs. In Million)

Particulars	Unbilled payables	Not due	Outstanding for following periods from due date of payments				
			Less than 1 year	1-2 years	2-3 years	More than 3 Years	Total
(i) MSME	1.18	-	-	-	-	-	-
(ii) Others	21.44	-	37.31	-	-	-	37.31
(iii) Disputed Dues - MSME	-	-	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-	-	-
Total	**22.62**	-	**37.31**	-	-	-	**37.31**

Note:
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.

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Note 15. Debt Securities- At Amortised Cost

(Rs. In Million)

Particulars	As at March 31, 2022	As at March 31, 2021
Non Convertible Debentures	-	2,594.03
Total	**-**	**2,594.03**

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 16. Borrowings (Other Than Debt Securities) - At Amortised Cost

(Rs. In Million)

Particulars	As at March 31, 2022	As at March 31, 2021
Secured		
Term Loans from Banks	2,087.95	6,484.50
Loan Repayable on Demand		
From Banks (Working Capital Demand Loan)	2,250.00	2,250.00
From Banks (Cash Credit)	-	1,228.60
Total	**4,337.95**	**9,963.10**

Notes:
(i) The Company does not have any Borrowings outside India.

(ii)The company has not received funds from person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall-
(a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

iii) The Company has utilised funds raised from issue of securities or borrowings from banks and financial institutions for the specific purposes for which they were issued/taken.

(iv) The Company has not been declared as a wilful defaulter by any lender who has powers to declare a company as a wilful defaulter at any time during the financial year or after the end of reporting period but before the date when financial statements are approved.

(v) Terms of Term loans :
Terms of repayment schedule of borrowings other than debt securities -

(Rs. In Million)

Instrument with repayment terms	Maturity Date	As at 31st March, 2022			As at 31st March, 2021		
		Interest Rate Range (%)	Carrying amount	Face Value	Interest Rate Range (%)	Carrying amount	Face Value
Term loan from banks							
State bank of India	25-03-24	9.95%	1,104.74	1,100.00	9.40% to 9.95%	2,111.22	2,100.00
Ratnakar Bank Limited	31-03-23	8.05% to 8.70%	983.21	1,000.00	8.45% to 9.35%	1,577.88	1,600.00
Bank of Baroda	31-03-22	-	-	-	9.40% to 10.40%	2,795.39	2,800.00
Cash credit from banks	03-02-23	-	-	-	9.40% to 9.95%	1,228.60	1,228.60
Working Capital Demand Loan	03-02-23	9.95%	2,250.00	2,250.00	8.50% to 9.35%	2,250.00	2,250.00
			4,337.95	**4,350.00**		**9,963.09**	**9,978.60**

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Note 16. Borrowings (Other Than Debt Securities) - At Amortised Cost (Cont...)

Disclosure in respect of Borrowings obtained on the basis of security of current assets

(Rs. In Million)

Quarter	Name of Lender	Particulars of Securities Provided	Amount as per books of account	Amount as reported in the quarterly return / statement	Amount of difference	Reason for material discrepancies
Jun-21	State Bank of India	Loans and advances / Receivables	10,826.22	10,826.22	-	Not applicable
Jun-21	Ratnakar Bank Limited	Loans and advances / Receivables	10,826.22	10,826.22	-	
Jun-21	Bank of Baroda	Loans and advances / Receivables	10,826.22	10,826.22	-	
Sep-21	State Bank of India	Loans and advances / Receivables	10,620.71	10,620.71	-	
Sep-21	Ratnakar Bank Limited	Loans and advances / Receivables	10,620.71	10,620.71	-	
Sep-21	Bank of Baroda	Loans and advances / Receivables	10,620.71	10,620.71	-	
Dec-21	State Bank of India	Loans and advances / Receivables	9,298.58	9,298.58	-	
Dec-21	Ratnakar Bank Limited	Loans and advances / Receivables	9,298.58	9,298.58	-	
Mar-22	State Bank of India	Loans and advances / Receivables	8,464.78	8,464.78	-	
Mar-22	Ratnakar Bank Limited	Loans and advances / Receivables	8,464.78	8,464.78	-	
Jun-21	NCD Holders	Loans and advances	1,639.75	1,639.75	-	
Sep-21	NCD Holders	Loans and advances	909.75	909.75	-	
Dec-21	NCD Holders	Loans and advances	786.07	786.07	-	

Notes:
a) 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.
(b) The company has borrowings from banks/financial institutions on the basis of security of current assets. The quaterly returns and/or statements of current assets filed with lending banks/financial institution are in agreement with the books of accounts.

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Note 17. Other financial liabilities

(Rs. In Million)

Particulars	As at March 31, 2022	As at March 31, 2021
Interest Accrued but not due on Debt Securities at amortised cost	-	1,608.94
Obligations under finance lease	-	61.77
Employee benefits payable	76.07	68.02
Total	**76.07**	**1,738.73**

Note 18. Current tax liabilities (Net)

(Rs. In Million)

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for Tax (Net of Advance tax and tax deducted at source INR 11.18 Million) (Previous Year: INR 169.86 Million)	0.65	5.13
Total	**0.65**	**5.13**

Note 19. Provisions

(Rs. In Million)

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for Employee Benefits		
- Gratuity	1.12	7.03
- Compensated Absences	5.69	15.66
Total	**6.81**	**22.69**

Note 20. Other non-financial liabilities

(Rs. In Million)

Particulars	As at March 31, 2022	As at March 31, 2021
Statutory liabilities	23.61	57.05
Revenue received in advance	0.59	11.19
Total	**24.20**	**68.24**

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Note 21. Equity Share Capital

(Rs. In Million)

Particulars	As at March 31, 2022	As at March 31, 2021
AUTHORISED		
500,000,000 (Equity Shares of Rs. 10/- each)	5,000.00	5,000.00
	5,000.00	**5,000.00**
ISSUED, SUBSCRIBED AND FULLY PAID UP		
460,226,538 (Equity Shares of Rs. 10/- each fully paid-up)	4,602.27	4,602.27
	4,602.27	**4,602.27**

(a) Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at March 31, 2022		As at March 31, 2021	
	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**

(b) Rights, preferences and restrictions attached to equity shares

The Equity shares of INR 10 each, fully paid up have equal voting rights. Right to receive dividend as may be approved by the Board / Annual General Meeting. The equity shares are not repayable except in the case of a buy back, reduction of capital or winding up in terms of the provisions of the Companies Act, 2013. Every member of the Company holding equity shares has a right to attend the General Meeting of the Company and has a right to speak and on a show of hands, has one vote if he is present in person and on a poll shall have the right to vote in proportion to his share of the paid-up capital of the Company. In the event of liquidation of the Company, the holders of 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.

(c) Shares held by its holding company or its ultimate holding company including shares held by subsidiaries or associates of the holding company or the ultimate holding company in aggregate:

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number	%	Number	%
KKR Capital Markets India Private Limited (including 400 Equity Shares held by a nominee)	460,226,538	100.00%	460,226,538	100.00%

(d) Details of shareholders holding more than 5 percent shares in the Company are given below:

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number	%	Number	%
KKR Capital Markets India Private Limited (including 400 Equity Shares held by a nominee)	460,226,538	100.00%	460,226,538	100.00%

(e) Shares reserved for issue under options and contracts/commitments for the sale of shares or disinvestment, including the terms and amounts : NIL

(f) Aggregate number and class of shares allotted as fully paid up pursuant to contract without payment being received in cash, Aggregate number and class of shares allotted as fully paid up by way of bonus shares, and aggregate number and class of shares bought back during the period of five years immediately preceding the date as at which the Balance Sheet is prepared: NIL

(g) Refer note 34(A) for Company's objectives, policies and processes for managing capital

(h) Details of shares held by the Promoters

As at 31 March 2022

Sr. No.	Promoter* name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of total shares	% Change during the year
1	KKR Capital Markets India Private Limited	460,226,538	-	460,226,538	100.00%	0.00%

As at 31 March 2021

Sr. No.	Promoter* name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of total shares	% Change during the year
1	KKR Capital Markets India Private Limited	460,226,538	-	460,226,538	100.00%	0.00%

*Promoter here means promoter as defined in the Companies Act, 2013

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Note 22. Other equity

(Rs. In Million)

Particulars	As at March 31, 2022	As at March 31, 2021
(a) Statutory Reserve pursuant to Section 45-IC of the RBI Act, 1934		
Opening balance	1,612.24	1,612.24
Add: Transfer from retained earnings	-	-
Closing balance	**1,612.24**	**1,612.24**
(b) Securities premium account		
Opening balance	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)		
Opening balance	(7,947.86)	(6,555.87)
Profit/ (Loss) for the year	(71.96)	(1,394.01)
Remeasurment gain/(loss) on defined benefit plans	6.50	2.02
Less: Transfer to Reserve Fund under Section 45 I C of Reserve Bank of India Act,	-	-
Closing balance	**(8,013.32)**	**(7,947.86)**
TOTAL	**6,035.68**	**6,101.14**

Note 20.1 Nature and purpose of reserve

(a) Statutory Reserve pursuant to Section 45-IC of the RBI Act, 1934

This is a Statutory reserve created in accordance with section 45 IC(1) of the RBI Act, 1934 which requires the Company to transfer a specified sum (not less than 20% of its profit after tax) to Reserve Fund based on its net profit as per the profit and loss account. As per Section 45 IC(2) of the RBI Act, 1934, no appropriation of any sum from this reserve fund shall be made by the NBFC except for the purpose as may be specified by RBI

(b) Securities premium

Securities premium is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes in accordance with the provisions of section 52 of Companies Act, 2013.

(c) Retained earnings

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

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Note 23. Interest Income

(Rs. In Million)

Particulars	Year ended March 31, 2022			Year ended March 31, 2021		
	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	1,153.72	318.64	1,472.36	2,312.27	559.72	2,871.99
Interest income from investments	-	0.20	0.20	223.17	630.58	853.75
Interest on fixed deposits with banks	111.35	-	111.35	170.11	-	170.11
Other Interest Income	0.74	-	0.74	0.68	-	0.68
Total	**1,265.81**	**318.84**	**1,584.65**	**2,706.23**	**1,190.30**	**3,896.53**

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Note 24. Fees and Commission Income

(Rs. In Million)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Finance arrangement fees	-	7.75
Advisory fees	-	0.04
Total	**-**	**7.79**

Note 25. Other Income

(Rs. In Million)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Reversal of provision on fee of previous year	-	3.43
Interest on Income Tax refund	79.18	44.04
Gain on termination of lease	8.45	-
Miscellaneous Income	5.85	-
Provision for Compensated absences no longer required written back	2.11	-
Total	**95.59**	**47.47**

Note 26. Finance cost

(Rs. In Million)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
	On Financial liabilities measured at Amortised Cost	
Interest on debt securities	183.36	972.59
Interest on borrowings (other than debt securities)	728.93	1,308.30
Interest expense on lease liability	5.20	6.61
Total	**917.49**	**2,287.50**

Note 27. Net loss on fair value changes

(Rs. In Million)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
(A) Net gain on financial instruments at fair value through profit or loss	-	-
On trading portfolio		
- Investments	-	-
- Derivatives	-	-
- Others	1,176.54	2,257.30
(B) Others	-	-
Total Net gain/ (loss) on fair value changes(C)	**1,176.54**	**2,257.30**
Fair Value changes:		
-Realised	855.71	4,963.76
-Unrealised	320.83	(2,706.46)
Total Net gain/ (loss) on fair value changes (D)	**1,176.54**	**2,257.30**

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Notes forming part of the financial statements

Note 28. Impairment on financial instruments

The table below shows the ECL changes 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, 2022	Year ended March 31, 2021
	Total	Total
Loans/ Investment at amortised cost*	1175.87	(2,072.29)
Loan commitments	(97.28)	56.10
Total impairment loss	**1,078.59**	**(2,016.19)**

* Includes writte offs INR 674.18 Million (Previous year written off net of recovery INR 3136.52 Million)

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Note 29. Employee benefit expense

(Rs. In Million)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Salaries and wages (including reimbursements) (Refer Note 37)	210.11	283.23
Contribution to Provident Fund	3.98	4.11
Gratuity (Refer Note 36)	2.76	3.37
Compensated absences	-	9.35
Staff Welfare Expenses	15.55	20.38
Total	**232.40**	**320.44**

Note 30. Other expenses

(Rs. In Million)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Rent	2.93	0.59
Rates and taxes	7.51	0.50
Electricity and water charges	1.12	0.65
Travelling and conveyance	2.21	0.71
Legal and professional expenses	461.66	381.36
Office Expenses	0.00	0.37
Membership and subscription Expenses	3.65	7.55
Auditors' Remuneration (Refer Note (i) below)	2.54	2.31
Donation	-	0.09
Corporate Social Responsibility Expenses (Refer Note (ii) below)	-	-
Insurance	0.64	0.38
Loss on disposal of non-current loan/Investment	-	325.02
Foreign exchange loss (net)	0.51	1.12
Net loss on derecognition of property, plant and equipment	6.49	-
Net loss on derecognition of intangible asset	1.70	-
Miscellaneous expenses	15.26	13.31
Total	**506.22**	**733.96**

Notes:

(i) Auditors' Remuneration

(Rs. In Million)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
a) For Statutory Audit	2.26	2.05
b) For Tax Audit	0.15	0.15
c) For taxation related service	-	-
d) For other services (Certification Fees)	0.13	0.11
e) For reimbursement of expenses	-	-
Total	**2.54**	**2.31**

(ii) Corporate Social Responsibility Expenses

(Rs. In Million)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
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.	-	-
Shortfall	-	-
Total of previous year shortfall	-	-
Reason for shortfall	-	-
Nature of CSR activities	Not applicable	Not applicable

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Note 31. Other comprehensive income

(Rs. In Million)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurement gain on defined benefit plan	(8.68)	(2.70)
Income tax relating to these items	2.18	0.68
Total other comprehensive income for the year, net of tax	**(6.50)**	**(2.02)**

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Note 32 - 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, 2022				As at March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade*								
Performing grade	4,750.83	-	-	**4,750.83**	8,946.10	-	-	**8,946.10**
Under Performing grade	-	1,550.74	-	**1,550.74**	-	2,625.93	-	**2,625.93**
Non-performing grade	-	-	-	-	-	-	-	-
Total	**4,750.83**	**1,550.74**	**-**	**6,301.57**	**8,946.10**	**2,625.93**	**-**	**11,572.03**

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, 2022				As at March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**8,946.10**	**2,625.93**	**-**	**11,572.03**	**17,870.89**	**8,122.05**	**2,648.35**	**28,641.29**
New assets originated (net)	3.80	141.01	-	**144.81**	(46.68)	(178.44)	-	**(225.12)**
Assets derecognised or repaid (excluding write offs) (net)	(2,116.09)	(1,139.80)	(1,723.67)	**(4,979.56)**	(7,262.20)	(5,835.66)	(848.30)	**(13,946.16)**
Transfers to Stage 1	-	-	-	-	-	-	-	-
Transfers to / from Stage 2	76.40	(76.40)	-	-	(1,615.91)	1,615.91	-	-
Transfers to Stage 3	(2,159.38)	-	2,159.38	-	-	(1,097.93)	1,097.93	-
Amounts written off	-	-	(435.71)	**(435.71)**	-	-	(2,897.98)	**(2,897.98)**
Gross carrying amount closing balance	**4,750.83**	**1,550.74**	**-**	**6,301.57**	**8,946.10**	**2,625.93**	**-**	**11,572.03**

Reconciliation of ECL balance is given below:

(Rs. In Million)

Particulars	As at March 31, 2022				As at March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	**357.15**	**566.06**	**-**	**923.21**	**424.01**	**3,601.70**	**2,050.21**	**6,075.92**
Assets originated/derecognised/repaid (excluding write-off)	(215.70)	(91.90)	(228.04)	**(535.64)**	(29.25)	(1,975.32)	(508.98)	**(2,513.54)**
Transfers to Stage 1				-				-
Transfers to Stage 2	296.05	(296.05)		-	(37.61)	37.61		-
Transfers to Stage 3	(270.77)		270.77	-		(1,097.93)	1,097.93	-
Amounts written off		-	(42.73)	**(42.73)**		-	(2,639.17)	**(2,639.17)**
Net remeasurement of loss allowance	204.43	756.38		960.81				
ECL allowance - closing balance	**371.16**	**934.49**	**-**	**1,305.65**	**357.15**	**566.06**	**-**	**923.21**

***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 33. Income Taxes

1. Income Tax recognised in Total Comprehensive Income

(Rs. In Million)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Current Tax	-	-
Current tax pertaining to prior periods	19.15	(0.61)
Deferred Tax charge / (credit)	(2,203.51)	1,734.94
Total Income tax expense recognised in the Statement of Profit and Loss	**(2,184.36)**	**1,734.33**
Tax on Other Comprehensive Income	2.18	0.68
Total Income tax expense recognised in Total Comprehensive Income	**(2,182.18)**	**1,735.01**

2. Reconciliation of effective tax rate

(Rs. In Million)

Particulars	For the year ended 31st March, 2022		For the year ended 31st March, 2021	
	Amount	%age	Amount	%age
Profit/(Loss) before tax	(2,256.32)		340.32	
Statutory tax rate	25.168%	25.168%	25.168%	25.168%
Tax using the Company's statutory tax rate	(567.87)		85.65	
Tax effect of				
DTA reserve reversed in CY	(1,624.91)	72.02%	1,624.91	477.47%
Effects of different tax rate	(3.78)	0.17%	-	0.00%
Tax effects of amounts which are disallowed for taxable income	3.41	-0.15%	18.71	5.50%
Tax adjustment for earlier years	8.78	-0.39%	5.06	1.49%
Total Tax expense	**(2,184.36)**	**96.81%**	**1,734.33**	**509.62%**

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Note 34. 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. 44(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, 2022		As at March 31, 2021	
	FVTPL	Amortised cost	FVTPL	Amortised cost
Financial assets				
Investments	-	-	59.62	-
Trade receivables	-	-	-	-
Loans	932.46	4,995.92	3,177.78	10,648.82
Cash and cash equivalents	-	3,680.21	-	7,092.72
Security deposits	-	10.46	-	8.20
Other Financial Assets	-	0.13	-	31.63
Total financial assets	**932.46**	**8,686.72**	**3,237.40**	**17,781.37**
Financial liabilities				
Debt Securities	-	-	-	2,594.03
Borrowings (Other than Debt Securities)	-	4,337.95	-	9,963.10
Finance lease obligation	-	-	-	61.77
Trade and other payables	-	167.60	-	59.93
Other financial liabilities	-	76.07	-	1,676.96
Total financial liabilities	-	**4,581.62**	-	**14,355.79**

(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, 2022						
Financial assets						
Loans to Corporates and Others at FVTPL	6	932.46	-	-	932.46	932.46
Investments at FVTPL	7	-	-	-	-	-
Total financial assets		**932.46**	-	-	**932.46**	**932.46**

(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, 2022			
Financial assets			
Cash and cash equivalents	4	3,680.21	3,680.21
Trade Receivable	5	-	-
Loans - To Corporates and Others	6	4,995.92	5,832.00
Investments	7	-	-
Security deposits	8	10.46	10.46
Other financial assets	8	0.13	0.13
Total financial assets		**8,686.72**	**9,522.80**
Financial Liabilities			
Trade and other payables	14	167.60	167.60
Debt Securities	15	-	-
Borrowings other than Debt Securities	16	4,337.95	4,359.17
Finance lease obligation	17	-	-
Other Financial Liabilities	17	76.07	76.07
Total financial liabilities		**4,581.62**	**4,602.84**

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(Rs in Million)

Financial assets and liabilities measured at fair value - recurring fair value measurements	Notes	Carrying Amount	Fair Value			
			Level 1	Level 2	Level 3	Total
As at March 31, 2021						
Financial assets						
Loans to Corporates and Others at FVTPL	6	3,177.78	-	-	3,177.78	3,177.78
Investments at FVTPL	7	59.62	-	-	59.62	59.62
Total financial assets		3,237.40	-	-	3,237.40	3,237.40

(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	4	7,092.72	7,092.72
Trade Receivable	5	-	-
Loans - To Corporates and Others	6	10,648.82	10,142.35
Investments	7	-	-
Security deposits	8	8.20	8.20
Other financial assets	8	31.63	31.63
Total financial assets		17,781.37	17,274.90
Financial Liabilities			
Trade and other payables	14	59.93	59.93
Debt Securities	15	2,594.03	2,526.71
Borrowings other than Debt Securities	16	9,963.10	10,009.90
Finance lease obligation	17	61.77	61.77
Other Financial Liabilities	17	1,676.96	1,676.96
Total financial liabilities		14,355.79	14,335.27

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

Transfers between Level 1 and Level 2

There were no significant changes in the classification and no significant movements between the fair value hierarchy classifications of assets and liabilities during FY 2021-22.

(iv). Level 3 fair values measurement

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.

Particulars	As at April 1, 2021	Total gains/ (losses) recorded in profit or loss	Purchases	Sales/ Settlements	Transfers in/(out)	As at March 31, 2022
Loans	1,012.11	320.77	-	0.24		1,333.11
Investments	0.17	-	-	(0.17)		0.00

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Particulars	As at April 1, 2020	Total gains/ (losses) recorded in profit or loss	Purchases	Sales/ Settlements	Transfers in/(out)	As at March 31, 2021
Loans	2,443.07	(1,430.96)	-	-	-	1,012.11
Investments	1,275.68	(974.56)	-	(300.94)	-	0.17

(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	
2021-22					
Loans/Investments at FVTPL	75 Basis point Up	Impact on Profit before Tax	(45.03)	Impact on equity	(33.70)
	75 Basis point down		47.29		35.39
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

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.

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(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.

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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.

(Rs. In Million)

Sr. No.	Particulars	Carrying amount	Total	1 Day to 30/31 Days (One Month)	Over one Month to 2 Months	Over 2 Months upto 3 Months	Over 3 Months upto 6 Months	Over 6 Months upto 1 Year	Over 1 Year upto 3 Years	Over 3 Years upto 5 Years	Over 5 Years
	As at March 31, 2022										
	Non-derivative financial liabilities										
1	Borrowings (Other than Debt Securities)	4,337.95	4,337.95	-	-	250.00	250.00	3,250.00	587.95	-	-
2	Trade and other Payables	167.60	167.60	59.22	0.80	-		107.58	-	-	-
3	Other Financial Liabilities	76.07	76.07	3.00	-	-	-	73.07	-	-	-
	Derivative financial liabilities	**4,581.62**	**4,581.62**	**62.22**	**0.80**	**250.00**	**250.00**	**3,430.65**	**587.95**	**-**	**-**

(Rs. In Million)

Sr. No.	Particulars	Carrying amount	Total	1 Day to 30/31 Days (One Month)	Over one Month to 2 Months	Over 2 Months upto 3 Months	Over 3 Months upto 6 Months	Over 6 Months upto 1 Year	Over 1 Year upto 3 Years	Over 3 Years upto 5 Years	Over 5 Years
	As at March 31, 2021										
	Non-derivative financial liabilities										
1	Debt Securities	2,594.03	2,594.03	700	-	-	-	1,250	644.03		
2	Borrowings (Other than Debt Securities)	9,963.10	9,963.10	-	-	-	-	7,528.60	2,434.50		
3	Trade and other Payables	59.93	59.94	22.83	9.57	14.73	7.77	3.29	1.75		
4	Other Financial Liabilities	1,738.73	1,738.72	559.55	1.25	1.26	3.85	853.06	315.81	3.94	
	Derivative financial liabilities	**14,355.79**	**14,355.79**	**1,282.38**	**10.82**	**15.99**	**11.62**	**9,634.95**	**3,396.09**	**3.94**	**-**

Note: In computing the above information, the management has made certain estimates, assumptions and adjustments which are also used for regulatory submission.

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6. 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 (Rs in Million)

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
Variable-rate instruments		
Variable Rate Loans	2,808.55	5,259.00
Variable Rate Borrowings	4,337.95	12,557.14
Total	**7,146.50**	**17,816.14**

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.

(Rs in Million)

Currency	Increase / (decrease) in basis points	Sensitivity of profit or loss		Sensitivity of equity	
2021-22					
Borrowings	50 Basis point Up	Impact on Profit before Tax	(23.29)	Impact on equity	(17.43)
	50 Basis point Down		23.75		17.77
Variable rate Loans	75 Basis point Up	Impact on Profit before Tax	(6.38)	Impact on equity	(4.78)
	75 Basis point Down		6.51		4.87
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

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5 - Maturity Analysis Of Assets & Laibilities

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, 2022			As at March 31, 2021		
ASSETS	**Within 12 months**	**After 12 months**	**Total**	**Within 12 months**	**After 12 months**	**Total**
Financial Assets						
Cash and cash equivalents	3,680.21	-	3,680.21	7,092.72	-	7,092.72
Trade Receivables	-	-	-	-	-	-
Loans	686.82	5,241.56	5,928.38	1,526.17	12,300.43	13,826.60
Investments	-	-	-	59.62	-	59.62
Other financial Assets	10.59	-	10.59	31.62	8.21	39.83
Non-Financial assets						
Current Tax Assets (Net)	-	362.28	362.28	-	1,017.85	1,017.85
Deferred tax assets (Net)	-	5,204.68	5,204.68	-	3,003.35	3,003.35
Property, plant and equipment	-	-	-	-	73.04	73.04
Other Intangible asset	-	-	-	-	1.70	1.70
Other non-financial assets	0.41	64.68	65.09	0.80	39.75	40.55
Total Assets	**4,378.03**	**10,873.20**	**15,251.23**	**8,710.93**	**16,444.33**	**25,155.26**
LIABILITIES						
Financial Liabilities						
Trade and other Payables	167.60	-	167.60	59.93	-	59.93
Debt Securities	-	-	-	1,950.00	644.03	2,594.03
Borrowings (Other than debt securities)	3,750.00	587.95	4,337.95	7,528.60	2,434.50	9,963.10
Finance lease obligation	-	-	-	15.60	46.17	61.77
Other financial liabilities	76.07	-	76.07	1,403.37	273.58	1,676.95
			-			
Non-Financial Liabilities			-			
Current tax liabilities (Net)	0.65	-	0.65	5.13	-	5.13
Provisions	3.59	3.22	6.81	3.06	19.63	22.69
Other non-financial liabilities	24.20		24.20	68.24	-	68.24
Total liabilities	**4,022.11**	**591.17**	**4,613.28**	**11,033.93**	**3,417.91**	**14,451.84**
Net	**355.92**	**10,282.03**	**10,637.95**	**(2,323.00)**	**13,026.42**	**10,703.42**

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Note 35. Change in liabilities arising from financing activities

(Rs. In Million)

Particulars	As at April 1, 2021	Cash flows	Other	As at March 31, 2022
Debt securities	2,594.04	(2,600.00)	5.96	-
Borrowings other than debt securities	9,963.09	(5,628.60)	3.46	4,337.95
Total liabilities from financing activities	**12,557.13**	**(8,228.60)**	**9.42**	**4,337.95**

Note 36

(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 3.98 million(Previous year INR 4.11 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, 2022:

(Rs. In Million)

Particulars	As at April 1, 2021	Included in profit or loss		Benefits paid	Included in OCI		As at March 31, 2022
		Service cost	Net interest expense		Actuarial changes arising from changes in financial assumptions	Experience adjustments	
Defined benefit obligation	7.03	2.37	0.39	-	(0.00)	(8.67)	1.12
Benefit liability	**7.03**	**2.37**	**0.39**	**-**	**(0.00)**	**(8.67)**	**1.12**

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	Included in profit or loss		Benefits paid	Included in OCI		As at March 31, 2021
		Service cost	Net interest expense		Actuarial changes arising from changes in financial assumptions	Experience adjustments	
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**

Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages)

Particulars	As at March 31, 2022	As at March 31, 2021
Discount rate	5.66%	5.58%
Salary escalation rate	10.00%	10.00%

Sensitivity analysis (Rs. In Million)

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Sensitivity Level	1% increase	1% increase	1% decrease	1% decrease
Impact on defined benefit obligation				
1) Discount Rate	(0.06)	(0.32)	0.06	0.34
2) Future Salary Increases	0.05	0.23	(0.05)	(0.24)
3) Employee Turnover	(0.03)	(0.16)	0.03	0.17

Maturity Analysis of benefit payments (Rs. In Million)

Particulars	As at March 31, 2022	As at March 31, 2021
Within the next 12 months	0.00	0.20
Between 2 and 5 years	0.60	4.42
Between 6 and 10 years	0.57	3.24
Beyond 10 years	0.41	1.53
Total expected payments	**1.58**	**9.39**

Accumulated Compensated Absences

The Company provides for accumulated compensated absences as at the balance sheet date on the basis of an actuarial valuation. The Company recognized Rs.-2.11 Million (Previous year Rs.9.35 Million) for Compensated Absences in the Statement of Profit and Loss.

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Note 37. 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	Company having significant influence over the Company
KKR Asia Limited	Fellow subsidiary
KKR India Advisors Private Limited	Fellow subsidiary
Mr. Karthik Krishna	Key Managerial Personnel
Ms. Aparna Ravi	Key Managerial Personnel
Mr. Jigar Shah	Key Managerial Personnel
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)

(a) Key management personnel compensation* (Rs. In Million)

Sr. No.	Particulars	For the year ended March 31, 2022	For the Year ended March 31, 2021
i.	Short-term employee benefits	68.31	68.23
ii.	Post-employment benefits	-	-
iii.	Other Long Term Benefits	-	-
iv.	Share Based Payment	42.99	10.55
v.	Sitting fees	3.78	1.00
	Total	**115.08**	**79.78**

* The above figures do not include provisions for leave encashment and gratuity, as actuarial valuation are determined on overall basis.

(Rs. In Million)

B. Related party transactions	Ultimate Holding Company	Holding Company	Fellow subsidiaries	Company having significant influence over the Company
Description of transaction:				
Reimbursement of expenses: Kohlberg Kravis Roberts & Co. L.P.	3.30 (12.68)	- (-)	- (-)	- (-)
KKR Asia Limited	- (-)	- (-)	12.89 (18.09)	- (-)
KKR India Finance Holding LLC	- (-)	- (-)	- (-)	15.79 (15.55)
KKR India Advisors Private Limited	- (-)	- (-)	0.42 (1.55)	- (-)
KKR Capital Markets India Private Limited	- (-)	33.05 (49.63)	- (-)	- (-)
Recovery of expenses: KKR Capital Markets India Private Limited	- (-)	27.65 (42.03)	- (-)	- (-)
KKR India Advisors Private Limited	- (-)	- (-)	21.12 (21.23)	- (-)
Sale of assets: KKR India Advisors Private Limited	- (-)	- (-)	1.82 (-)	- (-)

(Rs. In Million)

C. Related party balances as at March 31, 2022	Ultimate Holding Company	Holding Company	Fellow subsidiaries	Company having significant influence over the Company
Equity Share Capital: KKR Capital Markets India Private Limited	- (-)	4,602.27 (4,602.27)	- (-)	- (-)
Payables: KKR India Finance Holding LLC	- (-)	- (-)	- (-)	0 (3.89)
Kohlberg Kravis Roberts & Co. L.P.	0.00 (9.13)	- (-)	- (-)	- (-)
KKR India Advisors Private Limited	- (-)	- (-)	0.00 (0.58)	- (-)
KKR Capital Markets India Private Limited	- (-)	0.00 (13.63)	- (-)	- (-)
Receivables: KKR Capital Markets India Private Limited	- (-)	0.00 (2.03)	- (-)	- (-)
KKR India Advisors Private Limited	- (-)	- (-)	0.07 (13.29)	- (-)

Notes :
1. Related parties have been identified by the management.
2. Figures in brackets pertain to those of the previous year.

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Note 38. 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 39. 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%.

Changes in the carrying value of Right-of-use Assets (Rs. In Million)

Particulars	As at March 31, 2022	As at March 31, 2021
Opening balance	55.41	72.91
Additions	-	-
Deletion	37.91	
Depreciation	17.50	17.50
Closing balance	-	55.41

Changes in the Lease liabilities (Rs. In Million)

Particulars	As at March 31, 2022	As at March 31, 2021
Opening balance	61.77	75.96
Addition	-	-
Add: Lease interest	5.20	6.61
Less: Lease payments	20.80	20.80
Less:Deletion	46.17	-
Closing balance	-	61.77

Maturity analysis of lease liabilities (Rs. In Million)

Particulars	As at March 31, 2022	As at March 31, 2021
a) Payable not later than one year	-	15.60
b) Payable later than one year and not later than five years	-	46.17
c) Payable later than five years	-	-

Amounts recognised in statement of Profit and Loss account (Rs. In Million)

Particulars	As at March 31, 2022	As at March 31, 2021
Interest on Lease liability	5.20	6.61
Depreciation on Leased asset	17.50	17.50
Expense relating to short-term leases	0.43	-

Amounts recognised in statement of Cash Flows (Rs. In Million)

Particulars	As at March 31, 2022	As at March 31, 2021
Total Cash outflow for lease asset	20.80	20.80

Note 40. Earnings Per Share

The computation of earnings per share is set out below:

(Rs. In Million)

Particulars			As at March 31, 2022	As at March 31, 2021
Net Profit / (Loss) attributable to equity holders of the Company	(A)	(Rs. In Million)	(71.96)	(1,394.01)
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.	(0.16)	(3.03)
Diluted earnings per equity share (in Rupees) (Face value of Rs. 10/- per share)	(A)/(C)	Rs.	(0.16)	(3.03)

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Note 41. Contingent liabilities

(Rs. In Million)

Particulars	As at March 31, 2022	As at March 31, 2021
(a) Income tax demand disputed in appeal	0.20	0.20

(b) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

Note 42. 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, 513,372 RSUs have been granted on October 1, 2019 and 758,384 RSUs have been granted on May 31, 2021. 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	38,599	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	Vested	1.5 years from the Date of Vesting	10
April 1, 2021	38,600	Vested	2 years from the Date of Vesting	10
April 1, 2021	42,493	Vested	2.75 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	Vested	3 years from the Date of Vesting	10
January 1, 2022	15,439	Vested	2.75 years from the Date of Vesting	10
January 1, 2022	16,032	Vested	2.5 years from the Date of Vesting	10

The current status of the RSUs granted to the employees is as under: (Rs. In Million)

Particulars	Number of outstanding RSUs	
	Current year	Previous year
Outstanding at the beginning of the year	321,665	1,810,972
Granted during the year	758,384	-
Transfer in/ (out) during the year	-	-
Lapsed/ forfeited during the year	837,821	567,630
Exercised during the year	242,228	921,677
Outstanding at the end of the year	-	321,665
Exercisable at the end of the year	-	129,520

The charge on account of the above plan is included in employee benefits expense aggregating Rs.(8.68) Million (Previous year reversal Rs.(6.61) Million). Since the RSUs are granted by the Holding Company, basic and diluted earnings per share of the Company would remain unchanged.

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Note 43.
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, 2022	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	0.00 (4,202.97)	- (-)
Unsecured	- (-)	- (-)
(other than falling within the meaning of public deposits)		
(b) Deferred Credits	- (-)	- (-)
(c) Term Loans	2,087.95 (6,484.50)	- (-)
(d) Inter-corporate loans and borrowings	- (-)	- (-)
(e) Commercial Paper	- (-)	- (-)
(f) Public Deposits	- (-)	- (-)
(g) Other Loans (Working Capital demand loan, CC facility)	2,250.00 (3,478.60)	- (-)
(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, 2022
(3) Break-up of Loans and Advances including bills receivables [other than those included in (4) below] (principal amounts):	
(a) Secured	8,330.43 (14,630.43)
(b) Unsecured	236.72 (1,131.50)
(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	- (-)

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	(Rs. In Million) Amount Outstanding As on March 31, 2022
(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	- -
(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	0.00 (59.79)
(iii) Units of mutual funds	- (-)
(iv) Government Securities	- (-)
(v) Others (Please specify)	- (-)

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(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	8,330.43 (14,630.43)	236.72 (1,131.50)	8,567.15 (15,761.93)
Total	**8,330.43** **(14,630.43)**	**236.72** **(1,131.50)**	**8,567.15** **(15,761.93)**

(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	0.00 (59.79)	0.00 (59.79)
Total	**0.00** **(59.79)**	**0.00** **(59.79)**

(Rs. In Million)

(8) Other information	Amount Rupees
Particulars	
(i) Gross Non-Performing Assets	
(a) Related parties	- (-)
(b) Other than related parties	- (-)
(ii) Net Non-Performing Assets	
(a) Related parties	- (-)
(b) Other than related parties	- (-)
(iii) Assets acquired in satisfaction of debt	- (-)

Note: Figures in brackets pertain to those of the previous year

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Note 44. Disclosures as required in terms of the RBI Directions.

44.1. Capital

(Rs. In Million)

Particulars	As at March 31, 2022	As at March 31, 2021
CRAR (%)	83.01	53.42
CRAR - Tier I Capital (%)	81.76	51.05
CRAR - Tier II Capital (%)	1.25	2.37
Liquidity Covergae ratio (%)	Not applicable	Not applicable
Amount of subordinated debt raised as Tier-II capital	-	-
Amount raised by issue of Perpetual Debt Instruments	-	-

44.2. Investments

(Rs. In Million)

Particulars	As at March 31, 2022	As at March 31, 2021
(1) Value of Investments		
(i) Gross Value of Investments		
(a) In India	-	59.79
(b) Outside India		
(ii) Provisions for Depreciation		
(a) In India	-	0.17
(b) Outside India	-	-
(iii) Net Value of Investments		
(a) In India	-	59.62
(b) Outside India	-	-
(2) Movement of provisions held towards depreciation on investments		
(i) Opening balance	0.17	4,438.90
(ii) Add: Provisions made during the year	-	233.33
(iii) Less: Write-off/write-back of excess provisions during the year	(0.17)	(4,672.06)
(iv) Closing balance	0.00	0.17

44.3. 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.

44.4. Securitisation

The Company has not entered into any Securitisation transactions during the current and previous year.

44.5. Assignment

Details of assignment transactions undertaken by the Company (Rs. In Million)

Particulars	As at March 31, 2022	As at March 31, 2021
(i) Number of accounts	-	3
(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 years	-	-
(v) Aggregate (gain) / loss over net book value	-	(360.68)

Details of non-performing financial assets purchased / sold

Details of Non-performing assets purchased (Rs. In Million)

Particulars	As at March 31, 2022	As at March 31, 2021
1 (a) No. of accounts purchased during the year	-	-
(b) Aggregate outstanding	-	-
2 (a) Of these, number of accounts restructured during the year	-	-
(b) Aggregate outstanding	-	-

Details of Non-performing assets sold (Rs. In Million)

Particulars	As at March 31, 2022	As at March 31, 2021
(i) Number of accounts sold	1	3
(ii) Aggregate outstanding	-	848.30
(iii) Aggregate consideration received	426.20	700.00

Details of financial asset sold to Securitisation / Reconstruction company for Asset reconstruction (Rs. In Million)

Particulars	As at March 31, 2022	As at March 31, 2021
(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	-	-

44.6. Fraud

The Company has reported frauds (on Company) aggregating Rs 9,315.37 million (FY 2020-21: Rs 9,315.37 million) to the regulators through prescribed returns.

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Note 44.7 Disclosure on restructuring pursuant to Reserve Bank of India notification DNBS.CO. PD. No. 367/03.10.01/2013-14 dated 23rd January 2014

(Rs. In Million)

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, 2021**	No.of borrowers	-									
	Amount Outstanding	-									
	Provision there on	-									
Fresh restructuring during the year	No.of borrowers	-	1	-	-	1	-	1	-	-	1
	Amount Outstanding	-	1,183.17	-	-	1,183.17	-	1,183.17	-	-	1,183.17
	Provision there on	-	431.24	-	-	431.24	-	431.24	-	-	431.24
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 advances at the beginning of the next financial year	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	-	1	-	-	1	-	1	-	-	1
	Amount Outstanding	-	-	-	-	-	-	-	-	-	-
	Provision there on	-	-	-	-	-	-	-	-	-	-
Restructured accounts as at March 31, 2022 **	No.of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding	-	-	-	-	-	-	-	-	-	-
	Provision there on	-	-	-	-	-	-	-	-	-	-

* Includes reduction in existing restructured account in form of cash repayments of INR 762.59 million and issuance of RPS of INR 50 million during the year. It also includes write off amounting to INR 420.58 million (including RPS) .
** Excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight

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44.8. 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	-	-	-	47.88	16.60	199.69	422.65	7,417.32	508.84	-	8,612.98
	-	-	(333.27)	-	(41.13)	(435.12)	(1,037.65)	(9,904.07)	(3,157.74)	(909.84)	(15,818.82)
Investments	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	(59.79)	-	-	-	(59.79)
Debt securities and Borrowings (other than debt securities)	-	-	-	-	250.00	250.00	3,250.00	600.00	-	-	4,350.00
	-	(700.00)	-	-	-	-	(8,778.60)	(3,100.00)	-	-	(12,578.60)
Foreign currency assets										-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Foreign currency liabilities	-	-	-	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)

Note:
1) Figures in brackets pertain to those of the previous year.
2) Impairment loss allowance of INR 2638.76 million and adjustments related to effective interest rate, INR 45.83 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.
3) In computing the above information certain estimates, assumptions and adjustments have been made by the Management for its regulatory submission which have been relied upon by the Auditors.

44.9. Exposures

A) Exposure to real estate Sector

(Rs. In Million)

Category	As at March 31, 2022	As at March 31, 2021
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;	8,325.28	9,688.27
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
a) Residential,	-	-
b) Commercial Real Estate.	-	-
Total Exposure to Real Estate Sector	**8,325.28**	**9,688.27**

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B) Exposure to Capital Market

(Rs. In Million)

Particulars	As at March 31, 2022	As at March 31, 2021
(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
(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 of INR 2638.76 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

(Rs. In Million)

Name of the Company	As at March 31, 2022	As at March 31, 2021
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	1,278.34
RA Associates	1,202.43	1,475.68
Bharat Gears	-	1,096.75
Total	**2,480.77**	**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

(Rs. In Million)

Name of the Group Company	As at March 31, 2022	As at March 31, 2021
Bhartiya Group	-	2,078.97
Lodha Group	-	2,311.03
Total	**-**	**4,390.00**

44.10 Unsecured Advances: The amount of advances for which intangible securities such as charge over the rights, licenses, authority, etc. has been taken as also the estimated value of such intangible collateral – Rs. NIL.

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Note 44.11. Miscellaneous details

Particulars	As at March 31, 2022	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/Watch Negative & 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 August 20, 2021

44.12 Disclosures of Penalties imposed by RBI and other regulators: NIL

44.13 Related party Transactions:

a. Details of all material transactions with the related parties: Refer Note No. 37 forming part of the Notes to the Financial Statements.

b. Disclosure of Policy on dealing with Related Party transactions:
The Company has made a list of related parties after considering the requirements and based on the annual declaration received from individuals like directors. The directors are also required to inform the Company of any changes to such declaration during the year.

All related party transactions are reported and referred for approval to the Audit Committee as per section 177 of the Companies Act, 2013. The Audit committee may grant general approval for repetitive related party transactions. Such general approval will be valid for a period of one year and a fresh approval shall be taken for every financial year.

As per section 188 of the Act, the consent of the Board/Shareholders' approval is required, by a special resolution in a general meeting, for entering into the specified transactions with a related party, if they are not in ordinary course of business of the Company or at arm's length and exceeds the threshold limits as specified in the Act.

44.14 Remuneration of Directors and Transactions with non executive directors: : Refer Note No. 37 forming part of the Notes to the Financial Statements.

44.15 Impact of prior period items on current year's profit and loss: Nil

44.16 Circumstances in which Revenue Recognition has been postponed: Nil

44.17 Ind AS 110 - Consolidated Financial Statements (CFS)- Not Applicable

Note 44.18.1 Additional Disclosures
A) Provisions and Contingencies

(Rs. In Million)

Break up of 'Provisions and Contingencies' expenditure for the year	As at March 31, 2022	As at March 31, 2021
Provisions for depreciation on Investment	-	-
Provision towards NPA#	(270.77)	(3,345.73)
Provision for contingencies	-	-
Provision made towards Income-tax	19.15	(0.61)
Other provision and Contingencies:		
Provision towards impairment of financial instruments other than provision for stage 3 assets	653.21	(2,241.20)
# Provision for Stage 3 assets		
B) Draw down from reserves		
44.18.2 Concentration of Deposits, Advances, Exposures and NPAs		
A) Concentration of advances		
Total advances to twenty largest borrowers	8,612.98	15,878.61
Percentage of advances to twenty largest borrowers to total advances of the NBFC	100%	100%
B) Concentration of Exposures		
Total advances to twenty largest borrowers / customers	9,153.53	17,264.32
Percentage of exposures to twenty largest borrowers/ customers to total exposures of the NBFC on borrower/ customers	100%	100%
C) Concentration of NPAs		
Total exposure to top four NPA accounts	-	-
D) Sector-wise NPAs		
Sector		
1) Agriculture and allied activities	-	-
2) MSME	-	-
3) Corporate borrowers	-	-
4) Services	-	-
5) Unsecured personal loans	-	-
6) Auto loans	-	-
7) Other personal loans	-	-

Note:
Impairment loss allowance of INR 2,638.77 million and adjustments related to effective interest rate, INR 45.83 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.

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Note 44.19. Movement of NPAs

(Rs. In Million)

Particulars	As at March 31, 2022	As at March 31, 2021
(i) Net NPAs to Net Advances (%)	0.00%	0.00%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	-	3,808.17
(b) Additions during the year	3,964.08	11,311.82
(c) Reductions during the year	3,964.08	15,119.99
(d) Closing balance	-	-
(iii) Movement of Net NPAs		
(a) Opening balance	-	1,372.52
(b) Additions during the year	2,081.37	4,707.37
(c) Reductions during the year	2,081.37	6,079.89
(d) Closing balance	-	-
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	-	2,435.65
(b) Provisions made during the year	1,882.71	6,604.45
(c) Write-off / write-back of excess provisions	1,882.71	9,040.10
(d) Closing balance	-	-

44.20.Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)

Name of the Joint Venture / Subsidiary	Other Partner in the JV	Country	Total Assets
N.A.	N.A.	N.A.	N.A.

44.21. Off- balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

Name of the SPV sponsored	
Domestic	Overseas
N.A.	N.A.

44.22. Disclosure of Complaints

Particulars	As at March 31, 2022	As at March 31, 2021
(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 45: Capital commitment/ Other commitments

(Rs. In Million)

Particulars	As at March 31, 2022	As at March 31, 2021
Other commitments (loans committed to be disbursed to borrowers)	540.56	1,385.70

Note 46. 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 47. Foreign currency exposure not hedged by derivative instruments

(Rs. In Million)

Particulars	As at March 31, 2022		As at March 31, 2021	
	USD in Million	Rs in Million	USD in Million	Rs in Million
Trade payable	-	-	0.18	12.89

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Note 48

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	4,750.83	344.92	4,405.91	19.00	325.92
	Stage 2	1,550.74	934.48	616.26	6.20	928.28
Subtotal		6,301.57	1,279.40	5,022.17	25.20	1,254.20
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, 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	210.00	26.25	183.75	-	26.25
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal						
Total	Stage 1	4,960.83	371.17	4,589.66	19.00	352.17
	Stage 2	1,550.74	934.48	616.26	6.20	928.28
	Stage 3	-	-	-	-	-
	Total	6,511.57	1,305.65	5,205.92	25.20	1,280.45

Note: For the purpose of above disclosure company has not considered loans measured at fair value through profit and loss account

Note 49

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	-
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 50

Disclosure as per the format prescribed as per the notification no. RBI/2020-21/16 DOR.NO.BP.BC/3/21.04.048/2020-21 dated August 6, 2020 and RBI/2021-22/31/DOR.STR.REC.11 /21.04.048/2021-22 dated May 05, 2021 - on Resolution Framework -Resolution of Covid-19 related stress - Not applicable since no resolution plan implemented under this framework

Note 51

Disclosure pertaining to RBI Master Direction - RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22 Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021 dated September 24, 2021

(a) The Company has not transferred through assignment in respect of loans not in default during financial year ended March 31, 2022

(b) The Company has not acquired any loans (not in default) through assignment during the financial year ended March 31, 2022

(c) The Company has neither acquired nor transferred any stressed loans during the year ended March 31, 2022.

Note 52

Pursuant to RBI Circular on Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to advances - Clarification dated November 12, 2021, the Company has taken necessary steps in accordance with the provision of the aforesaid circular. Further, on February 15, 2022, RBI has allowed a deferment of Para 10 of the aforesaid circular till September 30, 2022, pertaining to upgrade of non-performing account.

C. SHAH & CO. VCS&Co. CHARTERED ACCOUNTANTS

Note 53

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	2	4,350.00	Not Applicable	94.29%

(ii) Top 20 large deposits: Not Applicable
(iii) Top 10 borrowings

Sr No.	Amount	% of Total Borrowings
1	3,350.00	77.01%
2	1,000.00	22.99%
	4,350.00	**100.00%**

(iv) Funding Concentration based on significant instrument/product

Sr No	Number of Significant Counterparties	Amount	% of Total Liabilities
1	Non-Convertible Debentures	-	0.00%
2	Term Loans	2,100.00	45.52%
3	Working Capital Loans	2,250.00	48.77%

(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	92.30%
5	Other Short-Term Liabilities to Total Liabilities	87.19%
6	Other Short-Term Liabilities to Total Assets	26.37%

(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 54. 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).

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Note 55. 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 56. Managerial Remuneration

During the year, Company has paid the managerial remuneration to the directors which exceeds the limit prescribed under section 197 and rules thereunder read with Schedule V of the Act. The said managerial remuneration has been paid in accordance with the requisite approvals mandated under the provisions of section 197 read with Schedule V to the Act.

Note 57. 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 58. Standards issued but not yet effective

Recent pronouncements Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1st, 2022, as below:

Ind AS 103 – Reference to Conceptual Framework The amendments specifiy that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 16 – Proceeds before intended use The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract The amendments specify that that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 109 – Annual Improvements to Ind AS (2021) The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 106 – Annual Improvements to Ind AS (2021) The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Company does not expect the amendment to have any significant impact in its financial statements.

Note 59.Relationship and Transactions with struck off companies

The Company does not have any transactions with struck-off companies.

Note 60.Undisclosed income

The Company does not have any transaction which is not recorded in the books of accounts but has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

Note 61.Registration of charges or satisfaction with Registrar of companies

The Company does not have any charges or satisfaction which is yet to be registered with the Registrar of Companies (ROC) beyond the statutory period.

V. C. SHAH & CO. CHARTERED ACCOUNTANTS
VCS&Co.

KKR INDIA FINANCIAL SERVICES LIMITED
Notes forming part of the financial statements

Note 62. Scheme(s) of Arrangements

A composite scheme of arrangement has been filed between KKR Capital Markets India Private Limited (KCM) , KKR India Financial Services Limited (KIFSL), Incred Financial Services Limited (IFSL or Incred), Bee Finance Limited(BFL), and their respective shareholders with NCLT Mumbai on September 27, 2021. Further, a joint application has been made by Incred and KIFSL to RBI for prior approval of change in control and no objection on the NCLT application. RBI has given its No Objection Certificate for the proposed transaction on December 8, 2021. The Company has received an NCLT order dated November 10, 2021 pursuant to which a meeting of the Equity shareholders, Preference shareholders and secured creditors was called. As on date, the merger scheme is approved by all lenders, majority investors, RBI and SEBI; only NCLT approval is pending.

The resultant entity (post the reorganization subject to necessary approvals) is expected to use the brand name 'InCred Financial Services Ltd' (Incred) and will be spearheaded by the current leadership team of Incred. InCred's retail non-banking finance business and KIFS will be combined and will be led by InCred CEO Mr. Bhupinder Singh. A consortium consisting of Mr. Singh, as well as existing InCred investors, will own a majority stake in InCred Finance. A consortium led by KKR and comprising existing investors in KIFS will retain a significant minority stake. KKR will be the single largest investor in InCred Finance at the time of the transaction's close and will remain a long-term strategic partner to the business. The transaction is not a monetization event for investors of InCred, KIFS or KKR. InCred Finance will be a strategic investment for KKR and will not be a portfolio company in any KKR fund. It will operate independently of KKR.

Note 63. Disclosure w.r.t Crypto currency or virtual currency

The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

Note 64. 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 64

In terms of our report attached
For V.C.Shah & Co.
Chartered Accountants
ICAI Firm Registration No. 109818W

For KKR India Financial Services Limited

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

Viral J. Shah
Partner
Membership No.: 110120

Jigar Shah
Whole time Director
DIN: 08496153

Anil Nagu
Executive Director and Chief Financial Officer
DIN: 00110529

Binoy Parikh
Company Secretary

Place: Mumbai
Date: 5th May 2022

Place: Mumbai
Date: 5th May, 2022

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, 2022. 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, 2022, as compared to previous FY ended March31, 2021 are summarized in the table below:

(Rupees in million)

Particulars	**FY 2021-22**	**FY 2020-21**
Revenue from Operations	1,584.65	3,904.32
Other Income	95.59	47.47
Total Income	**1,680.24**	**3,951.79**
Profit before depreciation & Amortization and taxes	**(2,231.00)**	**368.78**
Depreciation and Amortization Expenses	**25.32**	**28.46**
Profit/ (loss) before Tax	**(2,256.32)**	**340.32**
Provision for Taxation (net)	(2,184.36)	1,734.33
Net Loss after Tax	(71.96)	(1,394.01)
Other Comprehensive Income	6.05	2.02
Total comprehensive income	**(65.46)**	**(1,391.99)**
Add: Balance brought forward	**(7,947.86)**	**(6,555.87)**
Amount available for appropriations	**(8,013.32)**	**(7,947.86)**
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	**(8,013.32)**	**(7,947.86)**

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 2021-22 has been INR 1,584.65 million, as against INR 3,904.32 million in the previous FY. During the FY end, the Company has reported loss after tax amounting to INR 71.96 million as against the loss after tax of INR 1,394.01 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 2021-22. 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 5,928.38 million at March 31, 2022 as against INR 13,886.22 million during the year ended March 31, 2021. The details of the same are reported in the Audited Financial Statements.

The Company has Nil Non-Performing Assets as on March 31, 2022.

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, 2022 is INR 4,337.95 million as against INR 12,557.14 million as on March 31, 2021. The debt equity ratio of the Company as on March 31, 2022 is 0.41 times as against 1.17 times as on March 31, 2021. 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 March 9, 2022 and March 9, 2023, the Company has prepaid the NCDs having face value of INR 650 million in June 2021 and face value of INR 650 million in December 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 1,078.59 million during the year as against INR (2,016.19) million during the previous year.

CAPITAL ADEQUACY

The Company is well capitalized and has a capital adequacy ratio of 83.01% as at March 31, 2022, compared to 53.42% in the previous FY ended March 30, 2021 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, 2022 (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.'

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 setout in **'Annexure A'**.

ANNUAL RETURN

The Annual Return in Form MGT-7 for the FY ended March 31, 2022, is hosted on the Company's websiteat 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 2022-22, the rating agencies CRISIL Limited (CRISIL) have reaffirmed / issued the followingratings 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/Watch Negative	February 2022
Non-Convertible Debentures	INR 3,100 crore	CRISIL AA/ Watch Negative	February 2022
Commercial Paper	INR 500 crore	CRISIL A1+ (Reaffirmed)	February 2022

DIVIDEND

The Board of Directors has not recommended any dividend on the Equity Shares of the Company for theFY ended March 31, 2022.

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, 2022, the Authorized Share Capital ("ASC") of the Company stood at INR 5,000,000,000comprising of 500,000,000 Equity Shares of INR 10/- each.

Issued, Subscribed and Paid-up Share Capital:

As on March 31, 2022, 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, 2022:

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

Ms. Aparna Ravi's appointment as an Independent Director was regularized/approved by the Shareholders of the Company at the 26th Annual General Meeting held on September 30, 2021 for a period of five years with effect from February 24, 2021.

a) 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. Brian Dillard 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.

b) Declaration by Directors

Each of the Director 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.

c) 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 2021-22, 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.

d) 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, 2022 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 and Compliance Officer

e) 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 2021-22, the Board met six times on June 28, 2021, August 13, 2021, September 9, 2021, September 29, 2021, December 15, 2021 and March 23, 2022. The necessary quorum was present for all the Meetingsand 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, 2021
1.	Mr. Anil Nagu	Executive Director and Chief Financial Officer	5 of 6	Yes
2.	Mr. Jigar Shah	Whole-Time Director	6 of 6	Yes
3.	Mr. Brian Wesley Dillard	Non-Executive Director	6 of 6	Yes

4.	Mr. Karthik Krishna	Independent Director	6 of 6	Yes
5.	Ms. Aparna Ravi	Independent Director	6 of 6	Yes

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 and Remuneration Committee
5. Investment and Credit Committee
6. Internal Complaints Committee
7. IT Strategy Committee
8. Information Technology Steering Committee
9. 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; and
- Committee evaluation

Basis the filled in structured questionnaire/assessment template received from each of the Directors and in accordance with the provision of Section 149(8) of the Act, Schedule IV which defines Code of Conduct for Independent Director, a separate meeting of the Independent Directors was held on March 16, 2022 to inter-alia evaluate:

- Performance of Non-Independent Directors and the Board as a whole; and
- 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 feedback of the Independent Directors on the annual review of performance of the Board as a whole, Committees of the Board and Individual Directors was taken into consideration by the Nomination and Remuneration Committee at their meeting held on March 16, 2022 and Board of Directors at their meeting held on March 23, 2022.

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:

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 had 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 terms of the aforesaid Guidelines and pursuant to the provision of Section 139, 142, and other applicable provisions of the Act read with Companies (Audit and Auditors) Rules, 2014 and on the recommendation of the Audit Committee and Board of Directors, the Shareholders of the Company at their meeting held on September 30, 2021 had appointed M/s V.C. Shah & Co., Chartered Accountants (ICAI Firm Registration No. 109818W), as the Statutory Auditors of the Company:

- to fill the casual vacancy caused by the resignation of M/s MSKA & Associates, Chartered Accountants, (ICAI Firm Registration Number: 105047W); and
- to hold office for a period of three years, from the conclusion of this 26th Annual General Meeting till the conclusion of 29th Annual General Meeting of the Company to be held in the year 2024 i.e for the Financial Year 2021-22 up to the Financial Year 2023-24.

Pursuant to Section 139 (1) and 141 of the Act and in compliance with RBI Guidelines, the Company had 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.

The Statutory Auditors' in their Audit Report issued under the Non-Banking Financial Companies Auditors' Report (Reserve Bank) Directions, 2016 (as amended from time to time) to the Members, has made following observations with respect to the financial position of the Company as on March 31, 2022. The Management response against the said observations is mentioned below for the reference of the shareholders of the Company:-

Sr. No.	Observations	Management Response
1	The Company has been engaged in the business of providing structured and wholesale finance to Indian corporates. The Principal Business Criteria (Financial asset / income pattern) has been determined by the Management in accordance with the audited financial statements as on 31st March, 2022, computed in the manner laid down in RBI circular No. DNBS (PD) CC NO 81/03.05.002 / 2006- 07 dated 19th October, 2006 and Para 85 of Master Direction- Non- Banking Financial Company –Systemically Important Non- Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016. The Company has continued to be engaged in the aforesaid business during the FY 2021-22 and accordingly the income from financial assets is more than 50 percent of the gross income, however, the financial assets as on 31st March, 2022 are not more than 50 percent of its total assets	The Company has not disbursed any new loans during FY 21-22 and has focused on collecting from the existing assets. On account of the impending merger with InCred, no new disbursements were undertaken. The Company has collected principal amounts of INR 6594.64 mm during the financial year which includes prepayments, foreclosures, scheduled repayments and bad debt recoveries. Consequently, Loans and Advances reduced from INR 13,826.60 mm as of 31 March 2021 to INR 5,928.38 mm as 31 March 2022, a reduction of 57% year on year. Notably, collections of INR 2,400 mm in the second half of March 2022 resulted in the financial asset ratio to the overall balance sheet going below the required 50% limit (that is, Loans

		and Advances as a ratio of Total Assets). This will be addressed once the merger with InCred is consummated shortly and the cash balance will be redeployed towards financial asset creation which remains the principal business of the Company.
2	The concentration of credit / investment for applicable NBFC, as specified in paragraph 23 of the RBI/DNBR/2016-17/45 Master Direction DNBR.PD.008/03.10.119/2016-17 September 01, 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) is as stated below: No applicable NBFC shall, (i) lend to (a) any single borrower exceeding fifteen per cent of its owned fund; and (b) any single group of borrowers exceeding twenty-five per cent of its owned fund; (ii) invest in (a) the shares of another company exceeding fifteen per cent of its owned fund; and (b) the shares of a single group of companies exceeding twenty-five per cent of its owned fund; (iii) lend and invest (loans/ investments taken together) exceeding (a) twenty-five per cent of its owned fund to a single party; and (b) forty per cent of its owned fund to a single group of parties. However, as on March 31, 2022, and during the financial year 2021-22, the Company has exceeded the lending limit of single borrower of 15% of its owned fund as prescribed in the Master Direction.	Due to significant credit losses / provisions during the year ended 31 March 2020, the net worth of the Company reduced thereby lowering the SBL and GBL as compared to the position when the loans were disbursed. Although no new facilities have been disbursed to new borrowers since December 2019, 12 borrowers exceeded SBL and 5 exceeded GBL as of 31 March 2021. Due to concerted recovery action by Management, the concentration position has significantly improved during FY 21-22 with only 2 borrowers exceeding the SBL and none exceeding GBL as of 31 March 2022. This will be addressed once the merger with InCred is consummated shortly.

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 forthe FY 2021-22.

The Secretarial Audit Report for the FY ended March 31, 2022 is appended to this Report as "**Annexure C**". The observations made by the Secretarial Auditors, in their Audit Report for the FY 2021-22 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 2021-22.

The Internal Audit Report for the FY ended March 31, 2022 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 THEIRADEQUACY

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, 2022.

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

As on the date of this report, 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, except to the observations made by the Statutory Auditors as mentioned in the section "Auditors and their Report".

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:

A composite scheme of arrangement has been filed between KKR Capital Markets India Private Limited (KCM), KKR India Financial Services Limited (KIFSL), Incred Financial Services Limited (IFSL or Incred), Bee Finance Limited (BFL), and their respective shareholders with NCLT Mumbai on September 27, 2021. Further, a joint application has been made by Incred and KIFSL to RBI for prior approval of change in control and no objection on the NCLT application. RBI has given its No Objection Certificate for the proposed transaction on December 8, 2021. The Company has received an NCLT order dated November 10, 2021 pursuant to which a meeting of the Equity shareholders was called. As on date, the merger scheme is approved by all lenders, majority investors, RBI and SEBI and only NCLT approval is pending.

The resultant entity (post the reorganization subject to necessary approvals) is expected to use the brand name 'InCred Financial Services Ltd' (Incred) and will be spearheaded by the current leadership team of Incred. InCred's retail non-banking finance business and KIFS will be combined and will be led by InCred

CEO Mr. Bhupinder Singh. A consortium consisting of Mr. Singh, as well as existing InCred investors, will own a majority stake in InCred . A consortium led by KKR and comprising existing investors in KIFS will retain a significant minority stake. KKR will be the single largest investor in InCred at the time of the transaction's close and will remain a long-term strategic partner to the business. The transaction is not a monetization event for investors of InCred or KIFS. InCred will be a strategic investment for KKR and will not be a portfolio company in any KKR fund. It will operate independently of KKR.

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, 2022, 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, 2022, 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 tothe 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 asfollows:

(Rupees in million)

Particulars	2021-22	2020-21
Foreign exchange earning	--	-
Foreign exchange expenditure	45.52	59.08

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 Board of Directors in their Meeting held on March 23, 2022 noted that the Internal Complaints Committee of the Company as formed pursuant to POSH Act is now not applicable to the Company since the number of employees in the Company is less than 10 and approved dissolution of the Internal Complaints Committee with immediate effect.

The following is a summary of Sexual Harassment complaint(s) received and disposed off during the Year

2021-22, 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 2021-22, 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:

- **Sintex BAPL:**
  The Company had extended credit to Sintex BAPL in the form of Non-Convertible Debentures and a loan. Sintex BAPL had defaulted on its credit exposure which was designated as a fraud account and has been written off completely in the books of the Company. The total amounts written off by the Company amounted to [INR 117.7 Crores] for NCDs and [INR 275.5 Crores] for the loan asset. On 16 December 2021, the Company received a binding offer from Mahatva Plastic Products and Building Materials Private Limited, a 100% owned subsidiary of Welspun Corporation Limited (Welspun) and on [31 March 2022], the Company has sold all NCDs of Sintex BAPL to Welspun at the total consideration of [INR 42.6 Crores]. As a result, we have been able to write back [INR 42.6 Crores] which represents 36% of the total amounts written off by the Company. Welspun has reported the NCD transaction to the interim resolution professional (IRP) of Sintex BAPL as well as to the Stock Exchanges on 01 April 2022. Notably, Welspun has also acquired the debt of the other members of the KKR Consortium, namely KIDOF II (managed by KKR Capital Markets Limited), DSP Investment Advisors, BOI AXA Trustee Services, Edelweiss ARC and Azim Premji Trust.

The Company continues to hold the loan asset for which it has also entered into an agreement to sell to Welspun no later than 28 March 2023, regardless of the progress and outcome of the Corporate Insolvency Resolution Process (CIRP) of Sintex BAPL under the Insolvency and Bankruptcy Code (IBC). The contracted date for sale and purchase would accelerate if the NIEF proceeds are remitted into India prior to 28 March 2023. Apart from Sintex BAPL being in IBC, there are a number of other litigations going on which the Company is a party to and will be tracking closely despite de-risking itself through the sale and purchase agreement for the Sintex BAPL loan.

- **Kwality Limited:**
  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 continued to work as Liquidator for Kwality Limited. The Liquidator ran the process for sale of Company as a going concern and received a successful bid from Sarda Mines Private Limited (Buyer). The bid amount was deposited with the Liquidator in full by the Buyer and the proceeds from liquidation have been distributed to the secured lenders as per the arrangement. The Buyer paid the liquidation amount with some delays and had requested NCLT for waiving the interest for the period in delay, also one of the lenders holding exclusive charge over vehicles has challenged the distribution of proceeds with respect to the valuation of the vehicles charged and thus Liquidator has held back small amount on account of these 2 matters which are still to be decided by the NCLT Court.

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

ANIL NAGU Digitally signed by ANIL NAGU

Jigar Shah	**Anil Nagu**
Whole Time Director	**Executive Director and Chief Financial Officer**
(DIN: 08496153)	(DIN: 00110529)

Place: Mumbai
Date: May 5, 2022

KKR INDIA FINANCIAL SERVICES LIMITED

Annexure A- Management Discussion and AnalysisFor

the Year ended March 31, 2022

Industry Developments and Outlook

Economy & Ukraine – Russia war in the background of the Pandemic

The Indian economy, as seen in quarterly estimates of the gross domestic product (GDP), has been staging a sustained recovery since the second half of 2020-21. Although the second wave of the pandemic in April-June 2021 was more severe from a health perspective, the economic impact was muted compared to the national lockdown of the previous year

The progress in India's vaccination drive was not just a health response, but also a buffer against economic disruptions caused by various waves of the pandemic

However, the services sector which accounts for more than half of the Indian economy is yet to fully recover. The stop-start nature of repeated pandemic waves makes it difficult for this sectors to gather momentum

The agricultural sector, which was the least impacted by pandemic-related disruptions, is estimated to grow at 3.9 per cent in the current financial year on top of 3.6 per cent and 4.3 per cent, respectively, over the past two years.This sector now accounts for 18.8 per cent of the gross value added (GVA)

In contrast to the steady performance of the primary sector, the industrial sector went through a big swing by first contracting by 7 per cent in 2020-21 and then expanding by 11.8 per cent in this financial year

Investment to GDP ratio has jumped around 29.6 per cent in the current year, registering the highest growth in seven years, driven by the government's policy push on speeding up a virtuous cycle of growth through capital expenditure and infrastructure spending

RBI's latest Industrial Outlook Survey results indicate rising optimism of investors and expansion in production in the upcoming quarters.

In the backdrop of these green offshoots on the economic performance and the outlook of the Indian economy , on 24 February 2022, Russia began a military invasion of Ukraine in a major escalation of the Russo-Ukrainian conflict that has been simmering since 2014. Russia's economy is only the world's 11th largest with a GDP of about $1.5 trillion but its vast oil and gas resources and its status as a leading producer and exporter of metals and other commodities makes it an important player in world trade. As Western sanctions on Russia tightened in response to its invasion of Ukraine, it disrupted the country's oil sales. Crude prices surged to over $139 a barrel in March 2022, the highest levels since 2008, aggravating global inflation already running hot after the pandemic-induced disruptions to the global supply chain

Russia's invasion of Ukraine has drawn a harsh response from the US, the UK, the European Union, Canada, Japan, Australia and some other countries. Severe sanctions have been imposed by the western powers on Russian companies, banks, oil and gas sector etc., that have drastically altered the rules of the game for the global economy. While the war and its backlash inflict havoc on Russia, the repercussions are also being felt around the world

The Russia-Ukraine war and the consequent supply chain disruptions have only aggravated this concern in India. Sanctions on Russia, one of the world's largest wheat and sunflower oil producers, have led to a spike in wheat and edible oil prices in India as well

In a move to curb the rising inflation the Reserve Bank of India (RBI) governor announced key policy rates hike. The RBI based on the assessment of the macroeconomic situation and the outlook, increased the policy repo rate by 40 basis points to 4.40 per cent, with immediate effect

There are many signals which indicate that this may be the start of an interest rate hike cycle.

As per the global indicators, the retail inflation in the US has risen to 40-year higher to 8.5% in March. Also, the Fed has indicated a hike of 50 basis points (100 basis points = 1%) in its upcoming policy announcement. Similarly, the retail inflation in India, measured by the Consumer Price Index (CPI), for March 2022 has risen to 6.95%

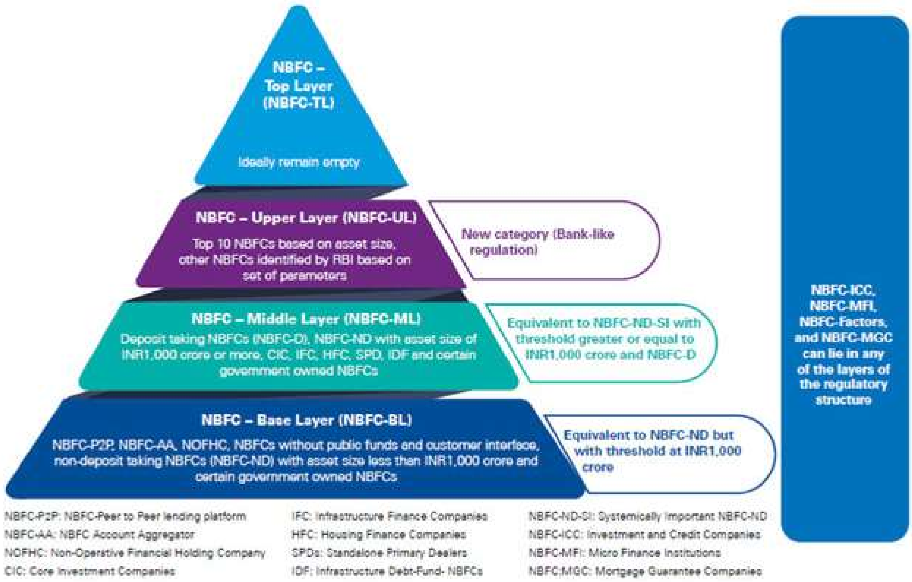
The business model of the NBFC sector was severely tested in FY2021. This was the fourth large external stress that the sector has faced in the last few years, namely, (i) demonetisation, (ii) GST implementation, (iii) failure of a large NBFC, and (iv) the pandemic.

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 focused NBFCs and will be key to watch.

Regulatory Developments for the NBFC sector

Non-Banking Finance Companies (NBFCs) have played a significant complementary role in financial intermediation, along with banks in India. With a view to align the regulatory framework of NBFCs with their changing risk profiles, recently the Reserve Bank of India (RBI) has prescribed a revised 'scale-based' regulatory framework for the NBFC sector. The regulatory framework bifurcates all the NBFCs into four layers based on their size, activity, and perceived riskiness. The revised regulatory framework is applicable with effect from 1 October 2022. Over the years, the NBFC sector has shown tremendous growth. However, stress has been observed in the NBFC sector which has generated vulnerabilities by giving rise to systematic risk through the NBFC sectors interlinkages within the financial system. The scale-based regulatory approach renders the regulation and supervision of the NBFCs to be a function of the size, activity and perceived riskiness. Thereby a higher degree of regulation would be applicable for NBFCs that have greater size and complexity and pose a higher risk for the financial system, and a lower risk for the financial system, allowing them flexibility. The RBI has introduced a scale-based four-layered structure regulatory framework–viz. Base Layer (NBFC-BL), Middle Layer (NBFC-ML), Upper Layer (NBFC-UL) and Top Layer. The classification of layers is made commensurate to the regulatory intervention required- i.e. the base layer having the least regulatory intervention and the intervention increasing as the one moves up the pyramid.



The scale based regulatory framework envisages a progressive increase in the intensity of regulations. Therefore, regulatory revisions applicable to the lower layer NBFCs will automatically apply to NBFCs residing in higher layers, unless stated otherwise.

Recently, the Securities and Exchange Board of India (SEBI) has issued a slew of amendments to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR). The amendments introduced key revisions to the related party framework prescribed under the LODR which, inter alia, includes revised definition of related party and Related Party Transactions (RPTs), revision of materiality threshold for identification of material RPTs and revised norms related to approval of RPTs by shareholders and audit committee.

Company's Business

The Company continues to focus on collecting from the existing wholesale portfolio 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 on diversification composite scheme of arrangement has been filed between KKR Capital Markets India Private Limited (KCM) , KKR India Financial Services Limited (KIFSL), Incred Financial Services Limited (IFSL or Incred), Bee Finance Limited(BFL), and their respective shareholders with NCLT Mumbai on September 27, 2021. Further, a joint application has been made by Incred and KIFSL to RBI for prior approval of change in control and no objection on the NCLT application. RBI has given its No Objection Certificate for the proposed transaction on December 8, 2021. The Company has received an NCLT order dated November 10, 2021 pursuant to which a meeting of the Equity shareholders, Preference shareholders and secured creditors was called. As on date, the merger scheme is approved by all lenders, majority investors, RBI and SEBI; only NCLT approval is pending.

The resultant entity (post the reorganization subject to necessary approvals) is expected to use the brand name 'InCred Financial Services Ltd' (Incred) and will be spearheaded by the current leadership team of Incred. InCred's retail non-banking finance business and KIFS will be combined and will be led by InCred CEO Mr. Bhupinder Singh. A consortium consisting of Mr. Singh, as well as existing InCred investors, will own a majority stake in InCred Finance. A consortium led by KKR and comprising existing investors in KIFS will retain a significant minority stake. KKR will be the single largest investor in InCred Finance at the time of the transaction's close and will remain a long-term strategic partner to the business. The transaction is not a monetization event for investors of InCred, KIFS or KKR. InCred Finance will be a strategic investment for KKR and will not be a portfolio company in any KKR fund. It will operate independently of KKR

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.

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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. 5,928.38 mm as on March 31, 2022, as compared to Rs 13,886.22 mm as on March 31, 2021 – a decrease of Rs. 7,957.84 mm.

During 2021-22, the Company reported a loss after tax of Rs. 71.96 mm on a total income of Rs. 1,680.24 mm, as compared to loss after tax of Rs. 1,394.01 mm on a total income of Rs. 3,951.79 mm, during 2020-21.

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, 2022 was Rs. 4,337.95 mm (of which, a debt amount of 3,750 mm is payable within one year), as against Rs. 12,557.14 mm during the previous year. The Debt/Equity ratio as on March 31, 2022 was 0.41 times as against 1.17 times as on March 31, 2021. 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 260 NCDs aggregating to Rs. 2,600 mm. This was on account of repayment of 70 NCDs of Rs. 700 mm in relation to series 4 - April 2015 issuance in April 2021, prepayment of 65 NCDs of Rs 650 mm in relation to series 2 - Dec 2016 issuance in Jun 2021, prepayment of 65 NCDs of Rs 650 mm in relation to series 3 - Dec 2016 issuance in Dec 2021 and repayment of 60 NCDs of Rs 600 mm in relation to series 6 - Jan 2015 issuance in Jan 2022. The NCDs outstanding as on March 31, 2022 is Rs. NIL, as compared to Rs. 2,600 mm as on March 31, 2021. The NCDs are rated CRISIL AA/Watch Negative 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, 2022.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 claimsof the NCD holders as and when they become due.

The Company's capital adequacy ratio is 83.01% as on March 31, 2022 which is above the minimum requirement of 15% mandated under the RBI directions. The net worth of the Company as on March 31, 2022 is Rs. 10,637.95 mm, as compared to Rs. 10,703.41 mm as on March 31, 2021.

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 comprehensively covers 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 auditrecommendations.

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, 2022. 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 tomeet 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, 2022, the Company had 6 employees, as compared to 14 as on March 31, 2021.

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 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:

The Composition of the Audit Committee is as follows as on March 31, 2022:

Name	Category
Mr. Anil Nagu	Chairman, 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 21-22, the Members of the Audit Committee met 4 (four) time June 28, 2021, September 22, 2021, December 15, 2021 and March 23, 2022

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	4	3
Mr. Karthik Krishna	4	4
Ms. Aparna Ravi	4	4

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, 2022:

Name	Category
Mr. Jigar Shah	Chairman, Whole-Time Director and Key Managerial Personnel
Mr. Brian Dillard	Member, Non- Executive Director,
Mr. Anil Nagu	Member, Executive Director, Chief Financial Officer 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 21-22, the Members of the RMC met 4 (Four) times June 18, 2021; September 17, 2021, December 8, 2021 and March 16, 2022.

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. Brian Dillard	4	4
Mr. Anil Nagu	4	4
Mr. Jigar Shah	4	3

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, 2022:

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:

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 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:

The Composition of the Nomination and Remuneration Committee is as follows as on March 31, 2022:

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:

During the Financial Year 21-22, the Members of the Committee met 2 (two) time August 13, 2021, and March 16, 2022

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. Brian Dillard	2	2
Mr. Karthik Krishna	2	2
Ms. Aparna Ravi	2	2

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, 2022:

Name	**Category**
Ms. Ashima Suri[1]	Member
Mr. Brian Dillard	Member, Non- Executive Director,
Mr. Anil Nagu	Chairman, Executive Director, Chief Financial Officer and Key Managerial Personnel
Mr. Jigar Shah	Member, Whole-Time Director and Key Managerial Personnel

Note:

1. Ms. Ashima Suri has ceased to be the Member of the Committee effective from close of business hours of March 31, 2022.

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 21-22, the Members of the ALMC met 4 (Four) times June 18, 2021; September 13, 2021;

November 29, 2021 and March 02, 2022.

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. Brian Dillard	4	4
Mr. Anil Nagu	4	4
Mr. Jigar Shah	4	4

6. 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 23, 2022:

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.

The Board of Directors in their Meeting held on March 23, 2022 noted that the Internal Complaints Committee of the Company as formed pursuant to POSH Act is now not applicable to the Company since the number of employees in the Company is less than 10 and approved dissolution of the Internal Complaints Committee with immediate effect.

7. 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, 2022:

Name	Category
Mr. Karthik Krishna	Chairman, Independent Director
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:

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 21-22, the Members of the IT Committee met 3 (thrice) times on May 31, 2021, June 23, 2021 and November 30, 2021.

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	3	3
Mr. Jigar Shah	3	3
Mr. Sid Ballurkar	3	3
Mr. Kenny Chan	3	3
Mr. Anil Nagu	3	3

8. 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, 2022:

Name	Category
Mr. Anil Nagu	Member, Executive Director, Chief Financial Officer and Key Managerial Personnel
Mr. Sid Ballurkar	Member
Mr. Kenny Chan	Member

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 21-22, the Members of the Steering Committee met 4 (four) times on May 27, 2021 September 9, 2021, November 30, 2021 and February 7, 2022

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	4	4
Mr. Sid Ballurkar	4	4
Mr. Kenny Chan	4	4

9. 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, 2022:

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

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.

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022

[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, 2022**, 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

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, 2022, 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

a) As on March 31, 2022 and during financial year 2021-22 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 and b) The Company has been engaged in the business of providing structured and wholesale finance to Indian corporates. The Principal Business Criteria (Financial asset / income pattern) has been determined by the Management in accordance with the audited financial statements as on 31st March, 2022, computed in the manner laid down in RBI circular No. DNBS (PD) CC NO 81/03.05.002 / 2006- 07 dated 19th October, 2006 and Para 85 of Master Direction- Non- Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016. The Company has continued to be engaged in the aforesaid business during the FY 2021-22 and accordingly the income from financial assets is more than 50 percent of the gross income, however, the financial assets as on 31st March, 2022 are not more than 50 percent of its total assets as given below:

Sr. No.	Particulars	Details
1.	Asset- Income pattern: (a) % of Financial Assets to Total Assets (b) % of Financial Income to Gross Income	 Financial Assets to Total Assets - 39% Financial Income to Gross Income - 88%

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 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.

NILESH SHAH & ASSOCIATES MUMBAI C. P. No. 20438 COMPANY SECRETARY

NILESH SHAH & ASSOCIATES

Company Secretaries

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 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 the following 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. viz.:

(a) The Company has entered into 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 under Sections 230 to 232 read with Sections 66 and 234 of the Companies Act, 2013. Final hearing by the Hon'ble National Company Law Tribunal is awaited.

NILESH SHAH & ASSOCIATES MUMBAI C. P. No. 20438 COMPANY SECRETARY

Date:- May 05, 2022

Signature:-

Place:- Mumbai

Name:- Rakesh Achhpal (Partner)
For:- Nilesh Shah & Associates
ACS: 54525
C.P.: 20438

Peer Review No: 698/2020

UDIN: A054525D000276956

Note: This Report has to be read with "Annexure - A".

211-(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

1011, C Wing, Shivam Centrium, Next to D'Mart, Sahar Road, Andheri (East), Mumbai - 400069.
Tel.: 9820180091 Email: nilesh@ngshah.com; ngshah.cs@gmail.com

'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) Wherever 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, 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.

NILESH SHAH & ASSOCIATES MUMBAI C. P. No. 20438 COMPANY SECRETARY

Date:- May 05, 2022

Place:- Mumbai

Signature:- Achhpal

Name:- Rakesh Achhpal (Partner)

For:- Nilesh Shah & Associates

ACS: 54525 C.P.: 20438

Peer Review No: 698/2020

UDIN: A054525D000276956