

Credible and Sustainable Growth

InCred!
finance



Annual Report
2023-2024



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Disclaimer:

This document contains statements about expected future events and financials of InCred Financial Services Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that the assumptions, predictions, and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements.

Helping India Borrow With Confidence



Across India's vibrant landscape of 1.4 billion dreams, a new era is dawning. Opportunities shimmer on the horizon, promising a future rich with progress and prosperity. At InCred Finance, we are the spark that ignites these aspirations. We provide the fuel—responsible, innovative, and accessible credit—to propel individuals and businesses towards their goals. Together, let's turn the potential of a billion dreams into the reality of a thriving nation.

InCredible Achievements

INR 18,000 crore+*

Loans Disbursed (since inception)

3.9 lakh+

Customers

50+

Branches

AA-/Stable

CRISIL and ICRA

*Net of supply chain financing and personal loans partner-book repayments.

Sectors Served



Personal Loan



Student Loan



MSME Loan

Shaping The Financial Landscape Of Tomorrow



OUR VISION

To build a world-class financial services brand that is capable of fulfilling the present and future financial needs of every Indian family while also playing a meaningful role in shaping the country's financial ecosystem.



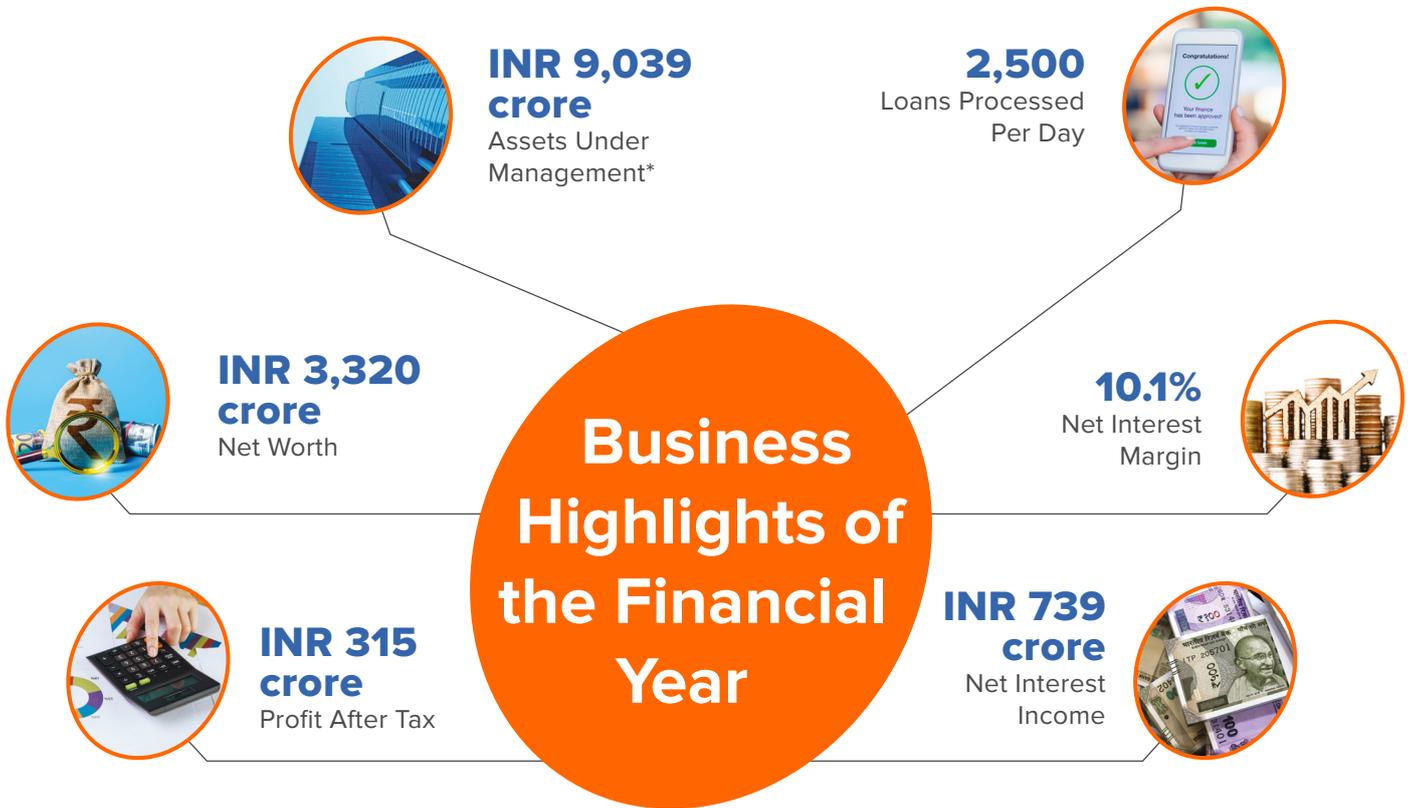
OUR MISSION

To be relentless in inculcating and nurturing a culture of continuous innovation and execution excellence by combining cutting-edge technology, data science and deep financial domain expertise and delivering the best-suited profitable product in the most dignified experience for every customer.



OUR VALUES

High performance	Ownership	Continuous Improvement	Integrity
Carry out one's duties with utmost hard work, dedication and passion.	Think like an "Owner". Own the outcome.	Constantly thinking about ways to bring about positive changes that will benefit our customers and provide the best customer experience.	Doing the right thing even when no one is watching.



*Assets under management (AUM) includes co-lending book across the annual report

The Year We Turned Unicorn



Entering The Unicorn Club

InCred Finance proudly entered the esteemed unicorn club in FY 2023-24, marking a significant milestone in our journey—a testament to our remarkable growth and vision. This achievement was made possible by a substantial infusion of INR 500 crore from our valued investors, whose unwavering trust in our mission underscores our dedication to expanding credit access for Indians. Their support is a firm attestation to our commitment to driving financial inclusion and innovation in the industry.



The Rating Upgrade

InCred Finance received a significant boost in March 2024, with CRISIL upgrading the firm’s long-term rating to “AA-/Stable” and ICRA assigning a long-term rating of “AA-/Stable”. The jump from “A+/Stable” signifies a strong financial profile and enhanced credibility for InCred. The upgrade is a testament to several key strengths. First, our Company boasts strong capitalisation, backed by a distinguished group of investors. Second, we have consistently demonstrated a steady improvement in earnings. Finally, this acknowledges the depth of experience within our leadership team and the diversification of our loan portfolio.

From The CEO's Desk

Embracing The Momentum: InCred Finance's Pursuit Of Excellence



“

Our relentless pursuit of a risk-first ethos at InCred Finance has propelled our phenomenal growth. Our firm belief that every Indian household deserves to have its financial aspirations fulfilled, in conjunction with our focus on keeping risk at the forefront of all credit decisioning, has helped us build a strong, diversified, and sustainable credit portfolio. As we move forward, we are committed to generating meaningful value for all stakeholders with a continued focus on innovation across all our products, processes, and services.

”

Bhupinder Singh

Dear Stakeholders,

It gives me great pleasure to present to you the Annual Report of InCred Financial Services (InCred Finance) for the financial year 2023-24. This year has been nothing short of extraordinary. We witnessed significant growth, fueled by a relentless commitment to empowering India's dreams.

Upholding the highest standards of compliance and risk management, we served as a vital source of credit for individuals and businesses. Guided by our mission to be a catalyst for national progress, we delivered exceptional value to all our stakeholders—shareholders, partners, investors, customers, and employees.

As a testament to our commitment and success last year, InCred Finance became a unicorn in 2023, with a landmark INR 500 crore fundraise. We couldn't have done any of this without the support and faith of our investors.

FY 2023-24 was a year of groundbreaking firsts. We earned the coveted unicorn tag and doubled our profits from last year, closing the year with a profit before tax exceeding INR 400 crore, compared to ~INR 200 crore last year. During the financial year, CRISIL upgraded our long-term rating to "AA-/Stable" and ICRA also assigned a long-term rating of "AA-/Stable" to InCred Finance, reaffirming our belief that we are on the right path. These milestones mark a pivotal chapter in InCred's journey.

Fortifying the balance sheet

Despite external challenges, InCred Finance's commitment to sustainable growth propelled the Company to new heights last year. Our assets under management (AUM) crossed INR 9,000 crore in FY24, even as we maintained our prudent risk appraisal processes. A steady focus on growing the top-line and bottom-line, supplemented by product diversification, paid off. Our AUM for FY 2023-24 grew 49% to INR 9,039 crore on a year-on-year basis. Profit before tax stood at INR 423 crore, a 104% growth YoY.

From a product perspective, a well-diversified portfolio across retail and commercial lines has helped the Company maintain its competitive edge in the country's lending landscape. Targeting the three growth engines of India, consumer loans, student loans, and MSME loans, we have created a sizeable book that is accessible, affordable, and scalable. At the end of FY 2023-24,

personal loans constitute 44% of our portfolio, student loans comprise 21%, and MSME loans contribute 35%. Of the three segments, student loans witnessed the fastest growth. A robust risk management strategy supported by AI/ML in retail credit has bolstered our endeavour to weather unpredictable circumstances.

InCred Finance struck a remarkable balance between responsible growth and creating a lasting social impact. Our student loans vertical has improved academic access for over 9,400 students, through funding support for infrastructure upgrades at the school level, and for higher education opportunities globally. We have also made a meaningful impact on small businesses, directly benefiting 26,000 MSMEs.

Displaying prudence and diligence

During FY 2023-24, InCred Finance exceeded all internal revenue and profitability targets without losing its razor-sharp focus on keeping bad loans under check. A strategic emphasis on low-risk, salaried, near-prime customers has aided the Company in building a profitable personal loans book with minimal concentration risks.

InCred Finance reported an improvement in asset quality as our net non-performing assets (NPA) fell marginally from 0.91% in FY23 to 0.85% in FY24, as a result of cautious monitoring. The Company's collection efficiency also improved due to strong data analytics and timely actions on early warning signs for preventing potential delinquencies.

Notwithstanding the rapid growth, we continue to be well-capitalised with a Debt-to-Equity Ratio of 1.5X and a Capital-to-Risk-Weighted Assets Ratio (CRAR) of 30.44%.

Energising our workforce

As InCred Finance continues to work towards its mission to deepen credit access and make it affordable, our 1,700+ employees, flag bearers of the Company's mission and vision, are at the forefront of our efforts. None of our achievements would have been possible without the efforts of the great team that we have brought together.

In recognition of the invaluable contribution of our workforce, we have implemented a series of initiatives to reward high performers. These include bonuses, rewards and recognition programmes, and employee stock options. At the same time, we ensure high levels of



morale and strong camaraderie with lots of opportunities for employees to bond outside of work through our annual sports championships and cultural engagements.

Our consistent focus on building a collaborative workplace that enables productivity and nurtures employee well-being directly translates into InCred Finance being a reliable partner for Indians seeking credit.

Our superlative performance throughout the year has gained recognition across forums, including *The Economic Times*, acknowledging us as one of the Best Brands of 2023. We received this award for the fourth consecutive year.

Moving forward

FY 2023-24 gave us many opportunities to take pride in the Company that we have built. Looking ahead, we believe our emphasis on risk identification and risk mitigation backed by data analysis will be the cornerstone of our future success. Despite temporary blips in the personal loan ecosystem in India, we continue to be

bullish about retail lending to individuals. InCred Finance aspires to be a lender of choice to increasingly affluent, salaried, middle-class customers, and high-potential small businesses. We will continue to over-index our technology stack as the core foundation to deepen and expand our footprint.

InCred Finance has established itself as a leader in judicious lending in a remarkably short time. But this success is just the beginning. As more and more Indians enter the fold of organised finance and seek reliable sources of credit, we will be present to meet their financing needs. Together, with the unwavering support of all our stakeholders, we will continue to break new ground and empower countless individuals to achieve their dreams. Looking forward to another year of phenomenal growth.

Warm regards,

Bhupinder Singh
Founder and CEO, InCred

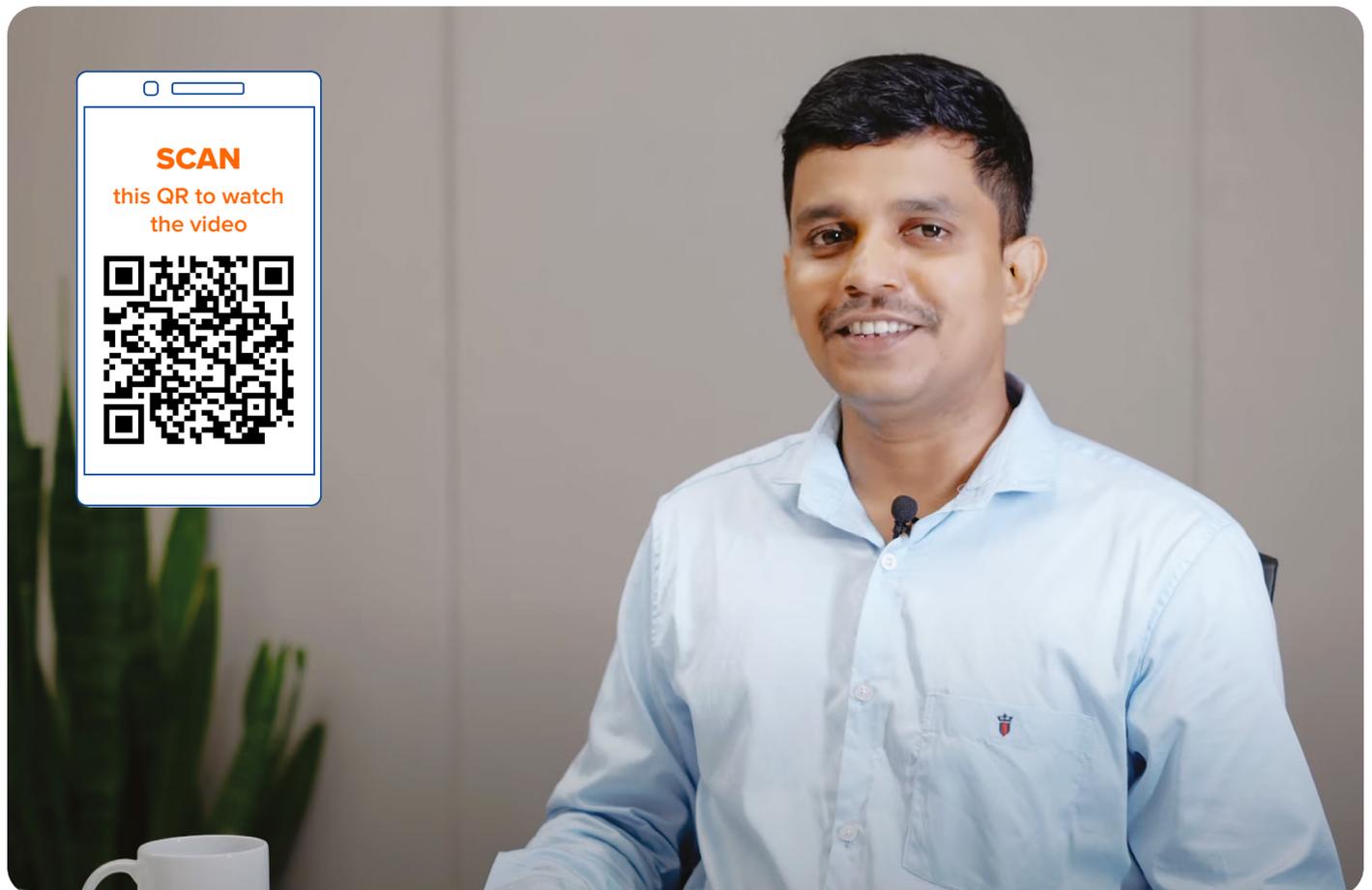
Fuelling India's Credit Aspirations

“I needed a personal loan to renovate my house and found out about InCred from my sister. The Company reached out to me to explain the application process. I was pleasantly surprised when the loan was approved in just a day. Thank you, InCred, for helping me when I was in need.”

Vishwas Shirke, Mumbai

Fueled by growing consumer aspirations and a shift towards more empowered spending habits, India's demand for credit is soaring. This trend is further accelerated by the seamless loan disbursement made possible by innovative technology. A report by the Reserve Bank of India (RBI) shows that India's retail lending market constitutes a 49% share of the overall lending market as of January 2024.

InCred Finance is at the forefront of offering credit to emerging India, a segment of customers who are creditworthy but underserved. We leverage technology and efficient due diligence to provide seamless access to credit for our low-risk customers. Our offerings include personal loans, student loans, and MSME loans.



Personal Loans

In the financial year 2023-24 (FY24), InCred Finance demonstrated its strength as a dependable credit partner for retail customers. The Company had an AUM of INR 4,000 crore in personal loans to individual customers, registering a 57% growth.

InCred Finance's target customer segment continues to be new-to-credit salaried individuals and self-employed non-professionals seeking finance for personal consumption. Our customers primarily take loans for home improvements, medical emergencies, and personal consumption.

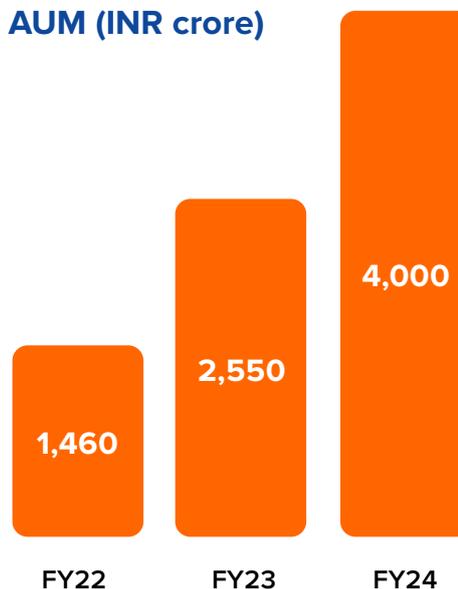
Behind the scenes

InCred Finance follows a four-pronged approach towards personal loans. This has helped the Company build a sustainable and scalable consumer lending business.

The approach involves:

- Data analytics embedded within AI/ML tools to ascertain customer eligibility and permissible loan limits
- Technology-backed analytics to perform background checks and analyse the financial behaviour of customers
- Multiple credit scoring parameters driven by target customer segment, risk reward ratio, repayment capacity, and overall financing structure to prepare a comprehensive risk scorecard of prospective customers
- Behavioural scorecard, robust early warning and preventive risk management framework to save potential defaults and drive strong collection efficiency

Personal Loans AUM (INR crore)



Personal Loan - Quick Facts



Loan Ticket Size
**INR 20,000 to
INR 20 lakh**



Tenure
**2 months to
60 months**



Personal Loans AUM
INR 4,000 crore



Customer Profile
**Creditworthy but
underserved**



“



InCred serves credit-worthy but underserved Indian households. This has been our vision since inception, and we've built a successful business by staying true to that vision. We have served over five million households, with multiple product formats, spread across every part of India. This success has been enabled by our investments in a best-in-class analytics and technology stack. Looking ahead, we will continue to invest in analytic and tech-led innovation, to help even more

credit-worthy but underserved households improve their quality of life. ”

Prithviraj Chandrasekhar,
Head, Consumer Finance

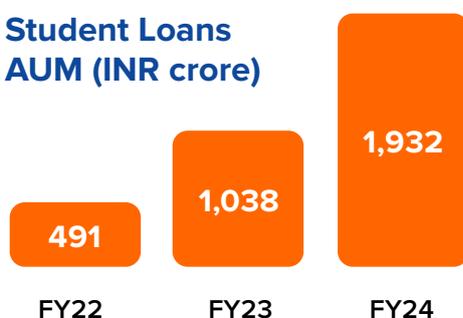
Student Loans

A growing number of bright Indian students are seeking out international universities to continue their education. A report¹ estimates that ~2 million Indian students will study overseas in 2025, up from ~1.09 million in 2019. A logical consequence of the rising interest in studying abroad is the increasing demand for student loans.

At InCred Finance, we offer student loans to students looking to pursue postgraduate courses abroad. In FY24, the Company had an AUM of INR 1,932 crore of student loans, registering 86% growth.



Student Loans AUM (INR crore)



Student Loans - Quick Facts



Loan Ticket Size
**INR 10 lakh to
INR 80 lakh**



Tenure
10 years



Student Loans AUM
INR 1,932 crore



Candidate Profile
**Academically bright
students pursuing
STEM courses abroad**

Behind the scenes

InCred Finance supports low-risk and highly employable students through:

- Loans for STEM/MBA courses that have impressive placement records
- Credit for PG courses in the US and Europe that allow students to pursue employment opportunities after graduation



“I have always been passionate about studying abroad. But since my income was a question of concern, I didn’t get the needed support from any financial institutions until I came across InCred’s Student loans. The assistance I got from InCred’s team made me feel valued. Here I am, excelling in my career in Computer Science at Rivier University in the USA.”

Subba Rao, Student Loan Customer

¹ Indian Student Mobility Report, 2023

<https://onestep.global/wp-content/uploads/2023/10/The-Beyond-Beds-and-Boundaries-Indian-Student-Mobility-Report.pdf>

MSME Loans

“We discovered InCred through social media and took an SME business loan for our growth. The loan disbursement process was smooth, seamless, and automated. I highly recommend the Company to all fellow entrepreneurs.”

Abhishek Baheti, Founder, WatchOut Wearables



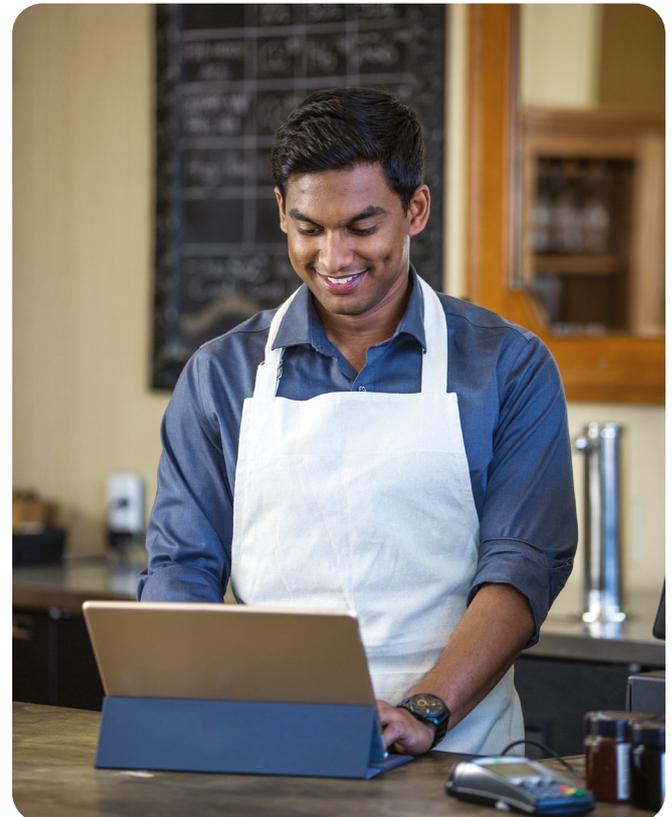
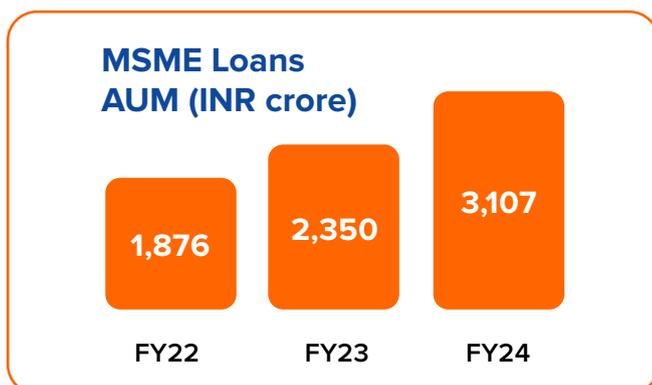
The ~63 million strong community of Micro, Small, and Medium Enterprises (MSMEs) of India are at a unique cusp of economic growth. MSMEs contribute² ~29% in gross value-added terms to the country's gross domestic product and have a ~46% share in India's total exports. To enable and sustain the rate of progress of MSMEs, these enterprises must have accessible and affordable sources of capital.

India's MSMEs are estimated³ to have a credit gap of ~INR 20 lakh crore to INR 25 lakh crore. At InCred Finance, we aim to offer affordable credit to this underserved segment and help India's MSMEs prosper. We primarily focus on small entrepreneurs and businesses, which could either be digitally enabled MSME segments, such as e-commerce, direct-to-consumer (D2C), and software-as-a-service (SaaS), or small businesses selling their products and services, education institutes, all of which we cater to through our network of branches.

The MSME loan offerings of InCred Finance include working capital loans of up to 12 months to manage cash flow, business loans such as collateral-free term loans of up to 36 months, and collateral-based loans of up to 15 years.

MSMEs also include social impact enterprises such as schools and educational institutions. School financing is a growing and significant part of our business, wherein InCred Finance offers secured financing to underserved schools in semi-urban and rural areas. In addition, we also support small service providers, traders, and salaried customers through an affordable loan against property products.

In the financial year 2023-24 (FY24), InCred Finance continued to be a trusted lending partner to MSMEs. The Company had an AUM of INR 3,107 crore under MSME business loans, registering a 32% growth.



“



There is a huge addressable gap in the MSME credit segment, especially at the micro and small businesses that are set up as proprietorships or partnerships. At InCred Finance, we have built a profitable MSME business by focusing on both branch-led affordable secured loans and digital loans leveraging our technology and data science. Strict adherence to regulatory guidelines, innovating products, serving the underserved market, and responsible

collection strategies have helped InCred set up a high quality MSME business with low delinquencies.”

Saurabh Jhalaria,

Head of SME and Education Lending

Behind the scenes

InCred Finance follows a three-pronged approach funding low-risk, high-potential MSMEs to build a profitable book.

This includes:

- Data analytics and data science to ascertain loan eligibility of the prospective MSMEs
- Reliance on alternate data points compared to traditional credit scores to offer better credit support
- Leveraging technology for building strong risk defenses and enabling wide array of financial products

MSME Loans - Quick Facts



Loan Ticket Size
**INR 50,000 to
INR 10 crore**



Tenure
**60 days to
180 months**



MSME Loan AUM
INR 3,107 crore



Customer Profile
**SMEs across
industries**

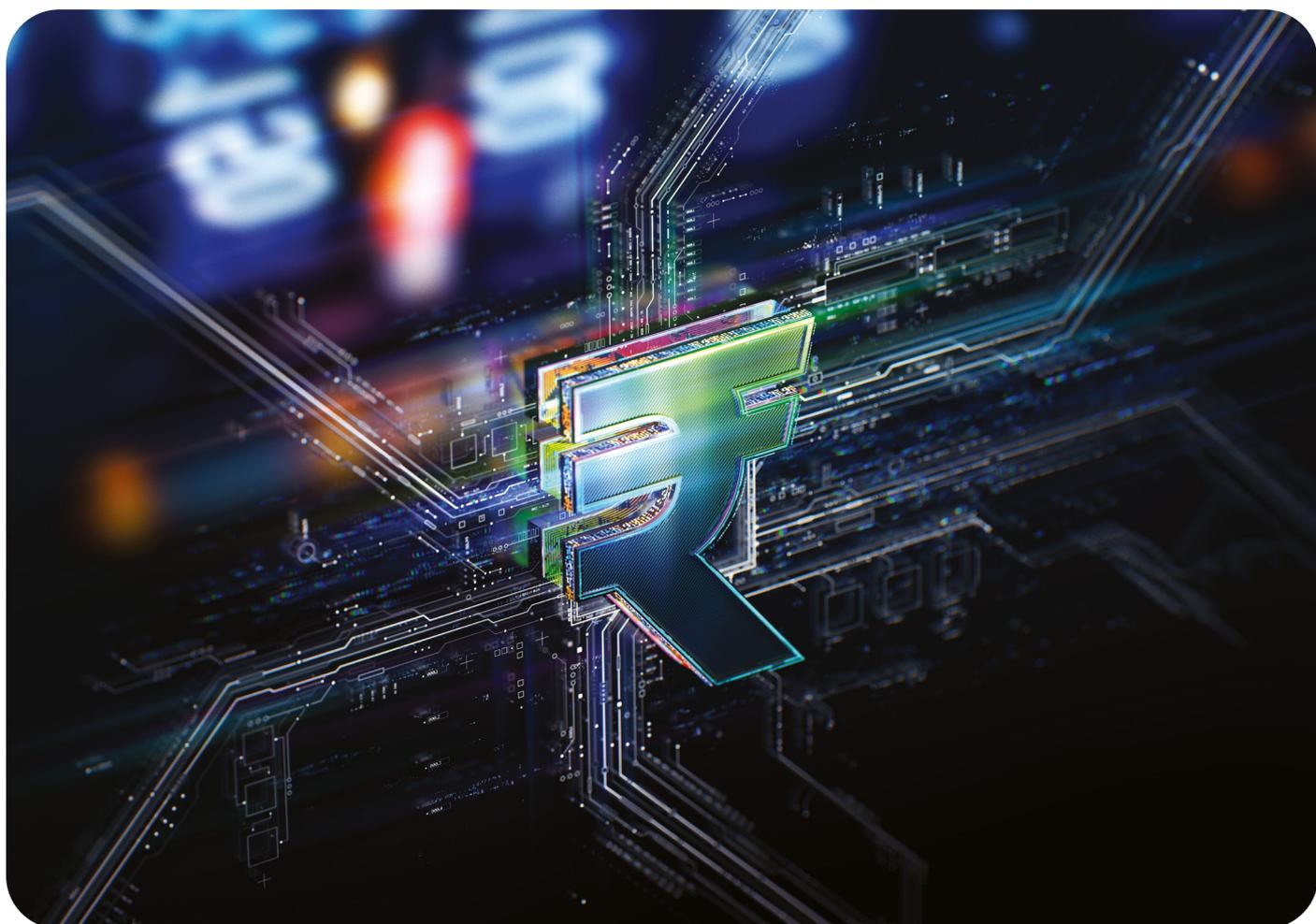
² Ministry of Micro, Small, and Medium Enterprises, December 11, 2023

<https://pib.gov.in/PressReleaseFramePage.aspx?PRID=1985020>

³ The Economic Times, August 6, 2023

<https://economictimes.indiatimes.com/industry/banking/finance/banking/bank-credit-growth-to-msmes-decelerates-in-q1-rbi-data/articleshow/102471492.cms?from=mdr>

Building Robust Liability Support



Rating agencies have acknowledged the endeavours of InCred Finance through positive credit actions. In FY 2023-24, CRISIL Ratings upgraded its rating on the long-term bank loan facilities and debt instruments of InCred Finance to 'CRISIL AA-'. The agency reported that the rating upgrade reflects the strong capitalisation of the Company, steady improvement in the earnings profile and scale-up of the loan portfolio over the last few years. At the same time, ICRA rated our non-convertible debentures as "AA-/Stable" and our commercial papers as "A1+", reflecting our healthy capital profile.

A well-diversified and low-risk product portfolio spread across personal, education, and MSME loans has helped the Company maintain a healthy book and avoid unforeseen segmental stressors.

Robust co-lending facilities

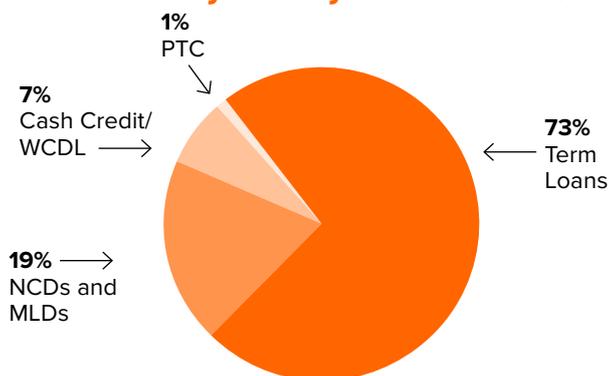
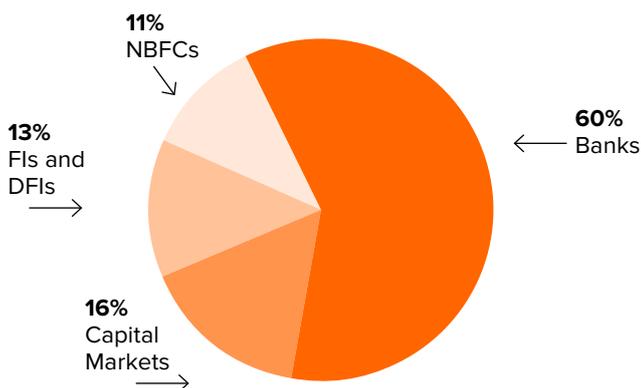
InCred Finance has been one of the few NBFCs that has forged reliable partnerships with public sector banks for co-lending facilities. In FY 2023-24, we have raised long-term borrowing of INR 4,309 crore from various banks and financial institutions. Out of this INR 1,576 crore was raised from co-lending facilities.

The InCred Advantage

- Digital-enabled credit processing
- Low focus on small-ticket personal loans

Borrowings

InCred Finance continues to have a sustained focus on improving its liability performance. Using a well established borrowing strategy, the Company continues to weather uncertain situations in the market.

Breakdown By Facility (based on outstanding amount)**Breakdown By Source** (based on outstanding amount)**Quick Facts**

Net Worth
INR 3,320 crore



Assets Under Management
INR 9,039 crore



Co-Lending Book
INR 1,590 crore



Capital-To-Risk-Asset Ratio
30.44%



Net Interest Margin
10.1%



Debt To Equity
1.5x

“

At InCred Finance, consistent performance and conscientious decision-making have helped us stay ahead of the curve, becoming the cornerstones of our success. We have built a resilient business by prioritising a data-driven and rule-based credit appraisal process. This approach empowers us to thrive in dynamic markets and cultivate a low-risk portfolio, ensuring responsible growth for both InCred and our customers.

”

Vivek Bansal,

Whole-Time Director and Chief Financial Officer



Adopting A Risk-First Approach

A strong emphasis on comprehensive risk assessment and diversified borrowings has been our growth enabler. Further, the technology-led loan origination process helps us identify ideal customer profiles and cautiously avoid potential delinquencies.

How AI/ML helps in risk optimisation

1. Robust KYC Mechanisms
2. System embedded data led credit decisioning rules
3. Analytical tools for Fraud defences / Data / Document verification

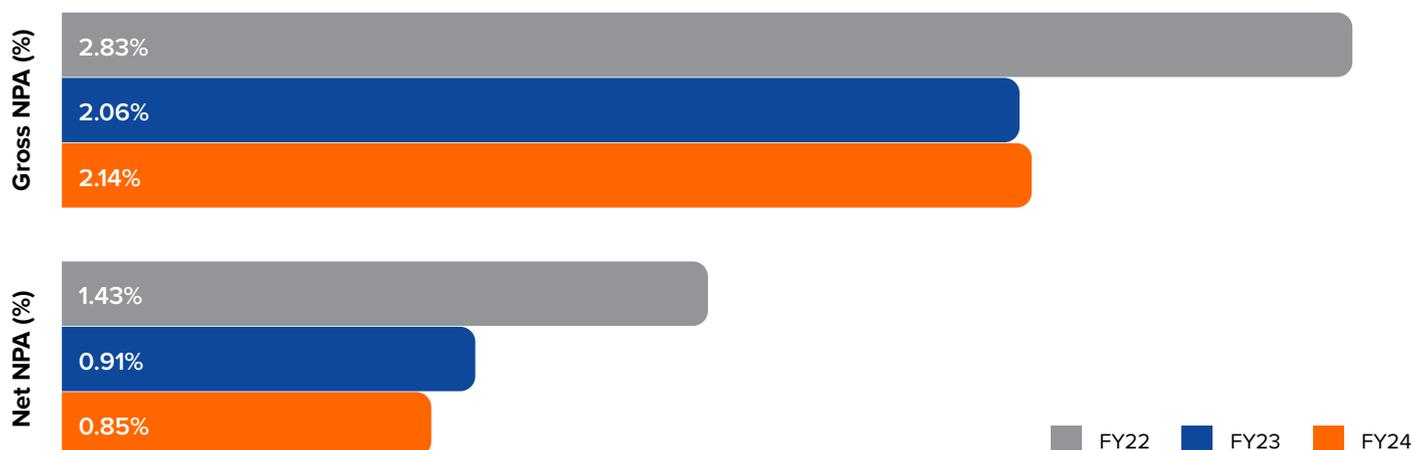


There is an inbuilt risk mitigation mechanism embedded into each product category. Here is a glimpse into the processes deployed in each segment:

Category	Requirement	InCred Offering	Customer	Risk Appraisal/ Mitigation
Retail Consumer	Short-Term Funding	Personal Loan	Salaried customer, near-prime	Data analytics led underwriting framework and fraud defences
Student Loans	Higher Education Funds	Student Loan	STEM students	Student-centric 360-degree risk scorecard
Micro, Small, and Medium Enterprises	Working Capital	Embedded Finance	E-commerce, food delivery, and small businesses	Platform-linked verified borrower history and cash flow visibility
		Anchor Backed Lending	Suppliers and distributors of identified anchors	Continuous risk management through end-use monitoring
	Purchase Financing	Lease Rental Discounting	Asset rental companies	Exposure backed by steady cash flows and credit underwriting of the lessee
	On-Lending	Financial Institution Lending	High-quality NBFCs	Growth capital to emerging entities with strong management and business model
	School Financing	Secured School Financing	Schools in semi-rural urban areas with academic facilities up to the 10th grade	Comprehensive risk assessment encompassing quantitative and qualitative factors
	Terms Loans for Business	Small Ticket Business Loans	Micro, and small enterprises	Income assessment through multiple data points

The emphasis on extensive verifications and eligibility checks at the entry stage helps select good risks and prevent bad loans.

Movement of NPAs



Technology As A Changemaker



India's digital revolution has fueled a surge in credit accessibility, especially within the financial services sector. New technologies, many of which are enabled by India's digital public infrastructure, have streamlined credit origination and disbursement processes. In addition, these technologies also create a digital data exhaust that leads to a virtuous cycle of ever more cost-effective yet sophisticated methods of evaluating credit risk. This digital edge has led to a rapid expansion in credit disbursement, with an EY report⁴ estimating that digital lending will surpass INR 47.4 lakh crore by 2026.

InCred Finance has consistently invested in technology as a key differentiator. As a full-stack consumer, education, and MSME lending platform, we work backwards from the customer and business needs and leverage technology to solve these use cases. We also enable fast, intuitive, and reliable customer experiences. We build our products to be "omnichannel" so that we can source customers from both physical and digital origination sources.

Our technology-first approach is applicable throughout the loan life cycle, including sourcing, risk appraisal, loan disbursement, collections, and handling customer service

requests. We have multiple machine learning models that help us optimise for conversion, risk, pricing, and approved loan amounts, allowing us to deliver best-in-class risk-adjusted returns. We are constantly testing new features and tweaking our policies via feedback loops based on real-world performance. Our technology framework allows for A/B testing throughout the customer journey, enabling us to find empirically the best strategy and customer journey for any customer segment.

There are other examples where we have innovated to help improve the customer experience while improving conversion rates. These include app and web-based co-browsing to allow a relationship manager to provide an assisted onboarding experience to customers when needed, even while maintaining personal information confidentiality. Our loan disbursements to customer bank accounts, and automated e-NACH sweeps on due dates allow us to operate at scale with few errors while providing a reliable and consistent customer experience.

⁴ EY

https://assets.ey.com/content/dam/ey-sites/ey-com/en_in/topics/digital/2023/09/ey-the-next-phase-of-digital-lending-in-india.pdf?ref=blog.quickwork.co

To continually accelerate innovation, we have worked hard to democratise data access. We have built a world-class data pipeline using AWS primitives and DataBricks to stream production data to our delta lake. This enables every employee to access and analyse high-quality data in near real-time (sub-two-hour lag).

Finally, for data and information security, we are continually investing to make foundational improvements to safeguard both our customers' private and confidential data, as well as our proprietary data assets. The Company continues to make significant investments in technology to further augment our efforts in this space.

Behind the scenes

InCred Finance follows a multi-pronged approach towards data security and privacy. We push all event logs generated from laptops and servers to an SIEM solution to identify, monitor, and detect any security threats or anomalies. In addition, we also use globally recognised solutions such as CrowdStrike EDR to recognise, prevent, and appropriately respond to cyber threats.

“



At InCred Finance, we have effectively leveraged technology to build a fine balance between risk and conversion to deliver superior risk-adjusted returns for the business. We use sophisticated machine learning models to evaluate prospective customers. We will stay true to our principles of working backwards from the needs of our customers and the business to invent ever more seamless and frictionless ways to extend credit while never compromising on

risk. Our customer and business needs, an attentive ear to emerging trends and the common vocabulary of our values will inform and guide our investments to drive continuous improvement across our tech stack. ”

Ashwin Sekar,
Chief Technology Officer

From a data privacy perspective, all personally identifiable information data is masked and encrypted and only available to those with the appropriate security roles assigned. From a governance and control perspective, we track six golden signals every month at InCred Finance with oversight of the Risk management Committee on a periodic basis. Here is a quick glimpse:

- Security Incidents: To track the number of security incidents and evaluate the outcomes.
- Security Compliance Status: To assess compliance with regulatory requirements.
- Tech Risk Management: To capture all information security risks and evaluate inherent and residual risks.
- Security Control Status: To perform a status check on information security and data security controls.
- Employee Security Awareness: To perform regular checks of employee awareness about security risks.
- Incident Response: To keep a track record of the incident response times, if any.

The InCredibles-Our People



At InCred Finance, our employees are our biggest strength. To our 1,700+ “InCredibles” is owed the credit for our transformative journey over the past eight years. The Company has made a conscious effort to build a high-performing, energetic workplace that keeps our employees engaged, motivated, and raring to go.

We have built an agile and efficient work environment that enables our talent to achieve their optimum performance, with a well-defined culture being a critical part of our HR endeavours. But for us, culture and change begin at the very top. InCred Finance’s HR culture centers around five pillars.

1. Performance Orientation
2. Client Centricity
3. Continuous Improvement
4. Ownership of the Outcome
5. Innovate, Create, and Unwind

These pillars act as the foundational structures for our people-first human resource culture, where open communication and honest feedback act as levers. The people-centric policies have helped build a vibrant employee brand. A direct consequence of these efforts is the steady increase in our employee numbers. In FY 2023-24, InCred Finance hired 987 people, taking the total number of employees to over 1,700 as of March 2024.

Nurturing, engaging, and rewarding

Our achievement of unicorn status in 2023 would not have been possible without the constructive feedback our employees offer. At InCred Finance, we never say never and we never say no. We don’t bow to challenges. We don’t close our ears to feedback. Constructive feedback and suggestions for change, along with fun and banter, are a part of our work culture. Employee suggestions are considered and implemented. Here, employees are not cogs in the machine, but valued partners in our success story.

To keep our employees nurtured and motivated, we have instituted a culture of recognition, furthered through our InCred Premier League (IPL) programme. This innovative rewards and recognition programme has empowered every employee to appreciate the efforts of another colleague, enabling stronger collaboration and productivity. IPL has forged a sense of camaraderie and bonding among our employees, with over 80% of our employees getting recognition.

Quick Facts*



Number of Employees
1,700+



Gender Mix
0.22 : 1
(Female / Male)



Tech vs Non-Tech Ratio
0.07 : 1



ESOP Holders
9.45%



FY24 New Hires
987

*As of March 31, 2024

During the previous financial year, there were 17,943 recognitions given to 1,472 unique employees through the rewards and recognition program (InCred Premier League) to appreciate and recognise coworkers’ positive contributions to the organisation.

Monetary rewards are an important tool in our HR plan of action. To enable wealth creation and instil a sense of ownership, InCred has a dynamic employee stock ownership plan. As of FY 2023-24, 9.45% of employees hold 71.01% of the total ESOPS granted. This is in addition to performance bonuses in line with the individual’s track record during the financial year.

Beyond working hours

Henry Ford once famously said, “Coming together is a beginning; keeping together is progress; working together is success.” Our teams work together in the office, but that spirit even shines outside their natural habitat.

As a young fintech player in an ultra-competitive business environment, we make efforts to keep employees motivated beyond working hours. What sets us apart is the emphasis on building camaraderie among employees through informal activities.

One such initiative is the Incred Corporate Cricket League, where cricketing enthusiasts from across teams participated. InCred Finance has successfully hosted five seasons of the event so far. The Company also organised a table tennis championship in which 68 employees participated. We were especially thrilled to see our passionate employees dedicating extra time to practise for intra-company sports events.



It is not just sports. Our team also showcased their musical prowess through the “InCred’s Got Talent” event, which received an astounding response.

Unwinding is not just restricted to office parties, internal talent hunts, festival celebrations, and sporting events. At the Company offsite in Sri Lanka, our employees took time off to relax, rejuvenate, and ideate on exciting opportunities for the future.

Measuring our success

Keeping employees motivated, engaged, and feeling appreciated is an indispensable function of our human resource team. Building a 360-degree feedback loop, we undertake surveys at regular intervals to gauge employees’ views on our practices, culture, and internal policies.

Our employees have appreciated our efforts, as seen in the upward trends in our engagement scores.



The market has also taken notice of InCred Finance’s employee-focused mindset, something that is reflected in the numerous awards that the Company received in FY24.

The comprehensive set of rewards, recognition, and engagement programmes has helped InCred Finance build a spirited team that is nimble, innovative, and ready to take on new challenges. We are what we are because of these InCredibles.

“



At InCred Finance, we believe in fostering a culture of ownership and shared success. That is why we have implemented a robust rewards and recognition system. Our programmes are designed to empower employees to think strategically and take pride in their outcomes. A key part of this system is the innovative InCred Premier League. Through this programme, colleagues can recognise and celebrate each other’s contributions, earning points

redeemable for exciting rewards. It is a fun and engaging way to acknowledge outstanding work and reinforce a collaborative spirit. Ultimately, our goal is to create a nurturing and holistic work environment where employees feel valued, motivated, and empowered to reach their full potential.

Kamlesh Dangi,
Group Head-Human Resources

”

Going Beyond Business Touching Lives, Spreading Smiles



A sustainable, equitable future demands businesses to be more than engines of profit. At InCred Group, we are not just chasing the bottom line, we are chasing positive impact. We are transforming into a force for good.

The true success of an organisation hinges on its connection to society and the community it serves. The strength of InCred Group's community is a key driver of its success. That is a commitment the Company takes seriously. It is not only a statutory requirement but also a necessity to contribute to the holistic development of India.

InCred Group directs its CSR efforts towards education. We believe that education is a cornerstone of nation-building. With a steadfast commitment to ensuring that every child is in school and learning, our Company focuses on enhancing the quality of education.

In FY 2023-24, the Group supported over 1,028 girls by enabling their journey through primary and secondary education.

We have divided our CSR efforts around education in three themes:

1. Education
2. Awareness creation
3. Empowerment

We firmly believe in empowering young minds with financial literacy. Through dedicated events, our financial experts guide young girls or Nanhi Kalis, ensuring a bright financial future for each one.

Education

We celebrate the spirit of every Nanhi Kali, reaffirming our dedication to their dreams. Ensuring that young minds receive the support they rightfully deserve, we actively engage in facilitating higher-grade (Grade 10) completions and providing essential school kits. This is done in collaboration with Nanhi Kali, a non-governmental organisation that supports education for underprivileged girls.

In FY 2023-24, we distributed academic kits to more than 1,000 girls.

Awareness Creation

Harnessing the power of the community is equally critical

to further our cause. As part of our CSR strategy, our employees actively participated in the TATA Marathon 2024 to champion the cause of empowering young girls and fostering a brighter future for all.

Empowerment

InCred Group's CSR mission is not just to educate underprivileged girls, but also to motivate them to pursue their dreams. One such initiative is Nanhi Kali's Toofan Games, a sports-for-life curriculum that aims to empower girls through sports. Toofan Games is organised at several schools across the country and InCred Finance is a partner to Nanhi Kali in this endeavour.

The InCred Touch

- Impactful projects
- Community building
- Financial literacy development

CSR Partner Speak

"I would like to express my heartfelt gratitude to InCred Finance, a beacon of hope for 1,028 girls in Palghar and Navi Mumbai. With their unwavering support, these girls now hold the keys to a future brimming with possibilities. Their impact resonates far beyond numbers, igniting hope and opportunity where it's needed most."

**Sheetal Mehta, Trustee and Executive Director,
K C Mahindra Education Trust**



Result-Oriented Leadership

BOARD OF DIRECTORS



Bhupinder Singh
Whole-Time Director &
CEO

Previously Co-Head of Investment Banking & Securities for Asia Pacific Region at Deutsche Bank



Vivek Bansal
Whole-Time Director &
CFO

Previously Dy. CFO & Group Head for Finance at Yes Bank, Director- Finance for Fidelity, London



Ambika Bisla
Independent Director

Previously served as technical advisor to the Ministry of Finance, Department of Financial Services, among others



Karnam Sekar
Independent Director

Former DMD-SBI, and MD-Dena Bank and IOB



Rupa Vora
Independent Director

Former Group Director and CFO of IDFC Alternatives Limited



Sankaran Nair Rajagopal
Independent Director

Previously Regional Director at RBI, Nominee Director on the Board of Bank of Maharashtra



Sunita Gupta
Independent Director

Former Executive Director and CFO at PNB Gilts Limited and senior finance positions at Punjab National Bank



Anil Nagu
Non-Executive Director

CFO of KKR India Previously worked with Omni United in Singapore and has over 20 years work experience at Citibank

MANAGEMENT TEAM



Rohan Suri

Non-Executive Director

Managing Director, Private Equity, KKR India
Serves on the boards of Shriram General Insurance Company Limited, Re Sustainability Limited, Vini Cosmetics Private Limited



Ashwin Sekar

Chief Technology & Product Officer

Previously worked with GAIN Credit and Global Analytics at senior technology positions



Kamlesh Dangi

Group Head-Human Resources

Previously Group President at UTI AMC, Group Chief People Officer at Religare Enterprises, Joint GM-ICICI



Vivek Anand P S

Non-Executive Director

Founder and MD, OAKS Asset Management
Over 20 years of experience in banking and finance



Prithviraj Chandrasekhar

Head-Consumer Finance

Previously in leadership roles at Capital One and Experian, and management consulting at Accenture and McKinsey



Saurabh Jhalaria

Head-Education & SME Business

Previously responsible for Corporate & SME credit risk management for India & SEA at Deutsche Bank

Directors' Report

Dear Members,

The Board of Directors of InCred Financial Services Limited (erstwhile known as KKR India Financial Services Limited) ("the Company") are pleased to present the Twenty Ninth Annual Report for the Financial Year ended March 31, 2024.

COMPOSITE SCHEME OF ARRANGEMENT

The Company has undergone a Composite Scheme of Amalgamation and Arrangement amongst InCred Holdings Limited (erstwhile known as 'KKR Capital Markets India Limited') ("IHL"), Bee Finance Limited, InCred Financial Services Limited (erstwhile known as 'KKR India Financial Services Limited') ("the Company/IFSL"), InCred Prime Finance Limited (erstwhile known as 'InCred Financial Services Limited') ("IPFL/erstwhile IFSL") and their respective shareholders, hereinafter referred to as Scheme. The Composite Scheme was approved by the National Company Law Tribunal vide its order dated May 06, 2022, certified true copy of which was received by the Company on June 06, 2022.

Accordingly, the Board of Directors at its meeting held on July 26, 2022, have made the Scheme effective. Upon the Scheme becoming effective, the identified business, branches, assets specific & general liabilities, debts, accumulated tax loss and unabsorbed tax depreciation, obligations, permits, contracts, employees, agreements, policies, arrangements, approvals, sanctions and proceedings etc. of the InCred Demerged Undertaking as defined in the Scheme carried on by erstwhile IFSL have vested in IFSL. Further as per the Scheme, the remaining NBFC business (i.e after excluding the InCred Demerged Undertaking) shall continue to be carried out by IPFL

FINANCIAL RESULTS

A summary of the Consolidated and Standalone financial performance of the Company, for the Financial Year ended March 31, 2024, as compared to previous financial year ended March 31, 2023, has been summarised below:

(INR in lakh)

Particulars	Consolidated		Standalone	
	FY 2023-24	FY 2022-23	FY 2023-24	FY 2022-23
Total Revenue from Operations	1,26,996.63	86,457.87	1,26,918.59	86,375.37
Other Income	2,313.50	1,287.52	2,313.37	1,278.10
Total Income	1,29,310.13	87,745.39	1,29,231.96	87,653.47
Total Expenses	87,135.47	63,352.76	86,929.91	62,572.03
Profit / (Loss) before tax and exceptional items	42,174.66	24,382.49	42,302.05	25,081.44
Exceptional Items	210.53	4,065.48	-	4,379.81
Profit / (Loss) before Tax	41,964.13	20,317.01	42,302.05	20,701.63
Total Tax Expense	10,328.61	8,224.93	10,812.50	8,621.52
Profit / (Loss) after Tax	31,635.52	12,092.08	31,489.55	12,080.11
Other Comprehensive Income	(249.19)	(3.89)	(249.44)	(6.09)
Total comprehensive income	31,386.33	12,088.19	31,240.11	12,074.02
Earnings per equity share (EPS)				
Basic (INR)	6.76	2.63	6.73	2.62
Diluted (INR)	6.76	2.63	6.73	2.62
Appropriations:				
Transfer to Special Reserve under section 45-IC of the Reserve Bank of India Act, 1934	6,297.91	2,416.02	6,297.91	2,416.02

Directors' Report (Contd.)

REVIEW OF FINANCIAL PERFORMANCE AND OPERATIONS OF THE COMPANY

The Company's performance during the year ended March 31, 2024 in comparison with the year ended March 31, 2023, is summarised as follows:

- The Company has earned revenue from operations of INR 1,26,918.59 lakh
- Profit After Tax stood at INR 31,489.55 lakh as against INR 12,080.11 lakh in the previous year.
- The Asset Under Management (AUM) grew to INR 7,44,924.17 lakh as against INR 5,55,231.55 lakh in previous year.

The Gross Non-Performing Assets ("GNPAs") and Net Non-Performing Assets ("NNPAs") as recognised stood at 2.14% and 0.85% of loans respectively.

Business and Operations:

- Consumer Loan
- Student Loan
- MSME Loan

TRANSFER TO RESERVES

During the year, the Company has transferred INR 6,297.91 lakh, representing 20% of the profits made in the year to a Special Reserve created pursuant to Section 45-IC of the Reserve Bank of India Act, 1934 and as amended from time to time.

DIVIDEND

For the year ended on March 31, 2024, the Company has not proposed any dividend.

REGISTERED OFFICE OF THE COMPANY

The Company continues to have its registered office at 'Unit No, 1203, 12th Floor, B wing, The Capital, Plot No. C-70, G Block, Bandra Kurla Complex, Mumbai – 400051'.

During the year, the Company has changed the place of keeping and maintaining books of accounts of the Company from Unit No, 1203, 12th Floor, B wing, The Capital, Plot No. C-70, G Block, Bandra Kurla Complex, Mumbai – 400051 to Unit No. 203, 2nd Floor, B wing, Kaledonia Building, Sahar Road, Andheri (East), Mumbai – 400069 w.e.f October 27, 2023.

REGISTRAR AND SHARE TRANSFER AGENT (RTA)

'Link Intime India Private Limited' continues to be the Registrar and Share Transfer Agent of the Company.

INFORMATION ON THE STATE OF AFFAIRS OF THE COMPANY/MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management's Discussion and Analysis Report, for the year under review is presented as **Annexure A** which forms part of this report.

RBI COMPLIANCE

The Company continues to comply with the RBI regulations as applicable to it. The Company being a Non-Deposit taking systemically important Non-Banking Financial Company has not accepted any deposits from the public during the year under review and shall not accept any deposits from the public without obtaining prior approval of the RBI. Further, the Company being an NBFC, disclosure requirements under Chapter V of the Act read with Rule 8(5)(v) and 8(5)(vi) of the Companies (Accounts) Rules, 2014 are not applicable to the Company.

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.

Directors' Report (Contd.)

CAPITAL ADEQUACY RATIO (CRAR)

The Company maintains a healthy CRAR of 30.44% which is much higher than the prescribed minimum CRAR of 15% as per prudential norms.

Following are the details of Tier I & II Capital of the Company as on March 31, 2024:

CRAR- Tier I Capital	:	29.83%
CRAR- Tier II Capital	:	0.61%

SHARE CAPITAL

Authorised Share Capital:

As on March 31, 2024, the Authorised Share Capital of the Company stood at INR 5,00,00,00,000 comprising 50,00,00,000 Equity Shares of INR 10/- each.

Issued, Subscribed and Paid-up Share Capital:

As on March 31, 2024, the issued, subscribed and paid-up share capital of the Company stood at INR 488,31,01,140 comprising 48,83,10,114 fully paid-up equity shares of face value of INR 10/- each. M/s. InCred Holdings Limited (erstwhile known as KKR Capital Markets India Limited), the holding Company and its nominees hold the equity share capital of the Company. All shares are held in dematerialized form.

FUND RAISING

During the year under review, the Company has issued and allotted 2,80,83,576 Equity Shares of face value of INR 10/- each at a premium of INR 168.04/- per share aggregating up to INR 500,00,00,000/- on rights basis resulting in increase in the issued, subscribed and paid-up share capital to INR 488,31,01,140/- divided into 48,83,10,114 Equity Shares of INR 10/- each.

Further, the Company has raised funds through term loans, working capital and PTCs of INR 2,353.14 crore from Banks and Financial Institutions. The Company also raised INR 304.46 crore by issuance of Non-Convertible Debentures (including INR 264.46 crore by public issuance of NCDs). Further, borrowings by way of Commercial Papers, Market Linked Debentures, and Inter Corporate Deposits (ICDs) amounted to INR 766 crore.

In addition to the above, the Company has also raised funds of INR 1,576.73 crore by way of co-lending & direct assignment of student loans, loan against property, supply chain finance and personal loans; leading to aggregate fresh borrowings of INR 5,000.70 crore in the FY 2023-24.

DEBENTURE TRUSTEE

The details of Debenture Trustees are as under:

Name of Debenture Trustee: Catalyst Trusteeship Limited

Address: 901, 9th floor, Tower B, Peninsula Business Park Tower, Senapati Bapat Marg, Lower Parel (W), Mumbai, Maharashtra 400013

Tel. Nos: 022-49220505

Email addresses: dt@ctltrustee.com

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

Directors' Report (Contd.)

CREDIT RATING

During the period under review, CRISIL Ratings Limited, ICRA Limited and CARE Ratings Limited had given the ratings as follows:

Rating Agency	Facilities	As of March 31, 2024
CRISIL Ratings Limited	Long-Term Bank Loan Facilities	CRISIL AA-/Stable
	Non-convertible Debentures	CRISIL AA-/Stable
	Principal Protected Market Linked Debenture	CRISIL PPMLD AA-/ Stable
	Commercial Paper	CRISIL A1+
	Pass-Through Certificate	CRISIL AA (SO)
ICRA Limited	Non-convertible Debentures	ICRA AA- /Stable
	Commercial Paper	ICRA A1+
CARE Ratings Limited	Long-Term Bank Facilities	CARE A+/Stable
	Principal Protected Market Linked Debenture	CARE PP- MLD A+/Stable
	Commercial Paper	CARE A1+

CHANGES IN THE NATURE OF BUSINESS

The Company continues to carry on its business as Non-Deposit taking systemically important Non-Banking Financial Company within the framework given by RBI for NBFCs.

Further, during the year, the Company has obtained Corporate Agent (Composite) registration certificate dated January 31, 2024 from Insurance Regulatory and Development Authority of India (IRDAI) for carrying out distribution business related to Insurance activities and similarly for carrying out business related to Factoring, certificate of registration dated March 13, 2024 was received from Reserve Bank of India (RBI).

DISCLOSURE RELATING TO HOLDING, SUBSIDIARY, JOINT VENTURE AND ASSOCIATE COMPANIES

The Company has two subsidiaries viz. InCred Management & Technology Services Private Limited ("IMTS") and InCred.Ai Limited ("IAIL") as on March 31, 2024.

During the year, Booth Fintech Private Limited ("BFPL") and mValu Technology Services Private Limited ("mValu") ceased to be subsidiary and step down subsidiary of the Company respectively, pursuant to the sale of stake by the Company held in Booth Fintech Private Limited to InCred Capital Financial Services Private Limited w.e.f. July 11, 2023.

PERFORMANCE AND FINANCIAL POSITION OF EACH SUBSIDIARY/ASSOCIATE AND JOINT VENTURE COMPANIES

The statement containing salient features of the financial statement of Subsidiaries/Associate Companies/Joint Ventures pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014, in Form AOC 1, is provided as **Annexure B**.

Pursuant to Section 129(3) of the Companies Act, 2013 ("the Act"), the Company has prepared Consolidated financial statements comprising the balance sheet, profit & loss accounts and the cash flow statements of the Company which shall be placed before the ensuing Annual General Meeting of the Company. The audited Consolidated financial statements together with Auditors' Report form part of the Annual Report.

Directors' Report (Contd.)

DIRECTORS

The Board comprises of the following Directors as on March 31, 2024:

Sr. No.	Name of Director	DIN	Designation
1.	Mr. Bhupinder Singh	07342318	Whole-Time Director and CEO
2.	Mr. Vivek Bansal	07835456	Whole-Time Director and CFO
3.	Mr. Anil Nagu	00110529	Non-Executive Director
4.	Mr. Rohan Suri	07074450	Non-Executive Director
5.	Mr. Vivek Anand PS	02363239	Non-Executive Director
6.	Ms. Rupa Vora	01831916	Independent Director
7.	Mr. Karnam Sekar	07400094	Independent Director
8.	Ms. Sunita Gupta	06902258	Independent Director
9.	Ms. Ambika Bisla	09789579	Independent Director
10.	Dr. Sankaran Nair Rajagopal	10087762	Independent Director

The composition of the Board is in accordance with the provisions of Section 149 of the Act and Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), with an appropriate combination of Executive Directors, Non-Executive Directors and Independent Directors.

As on the date of this report, the Board of Directors of the Company comprises 10 directors comprising 5 Independent Directors, 3 Non-executive Non-Independent Directors and 2 Executive Directors.

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

Appointment/Cessation of Directors:

During the year under review, the shareholders at its 28th Annual General Meeting held on June 27, 2023, approved the appointment of Mr. Rohan Suri (DIN: 07074450), Dr. Sankaran Nair Rajagopal (DIN: 10087762), Ms Sunita Gupta (DIN: 06902258) and Ms Ambika Bisla (DIN: 09789579) as Directors of the Company who were appointed as the Additional Directors with effect from March 30, 2023.

Mr. Gaurav Trehan, Director of the Company resigned with effect from September 13, 2023, due to his pre-occupation with other commitments.

Further to fill the casual vacancy caused due to the resignation of Mr. Gaurav Trehan, Mr. Anil Nagu (00110529) was appointed as an Additional (Non-Executive) Director of the Company with effect from September 14, 2023, and thereafter, the shareholders at their Extra-Ordinary General Meeting held on December 1, 2023, approved his appointment as Director liable to retire by rotation.

The Board places on record its sincere appreciation for the valuable contribution and guidance provided by Mr. Trehan during his association with the Company.

Further the terms and conditions of appointment of Independent Directors are available on the website of the Company viz. www.incred.com. The Board is of the opinion that the Independent Directors of the Company possess requisite qualifications, experience and expertise and hold highest standards of integrity.

Directors' Report (Contd.)

Based on the declarations and confirmations received in terms of the provisions of the Act, the Listing Regulations and the RBI Directions, none of the Directors on the Board of the Company are disqualified from being appointed or to continue as Directors.

There were no pecuniary relationship or transactions with the non-executive directors, vis- à-vis the Company during the financial year 2023-2024 therefore there are no disclosures to be provided herein.

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. Bhupinder Singh (DIN: 07342318), Whole-Time Director and CEO and Mr. Rohan Suri (DIN: 07074450), Non-Executive Director will retire by rotation at the ensuing Annual General Meeting and being eligible, have offered themselves for reappointment.

Necessary details for re-appointment as required under the Act are given in the notice of ensuing Annual General Meeting.

FIT AND PROPER CRITERIA & CODE OF CONDUCT

Each of the Directors of the Company have confirmed that they satisfy the "fit and proper" criteria as prescribed under Chapter XXIII of RBI Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 (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. Further, all the Directors and Senior Management of the Company have affirmed compliance with the Code of Conduct of the Company.

DECLARATION FROM INDEPENDENT DIRECTORS

All Independent Directors have submitted the declaration of independence, pursuant to the provisions of Section 149(7) of the Act and Regulation 25(8) of the Listing Regulations, stating that they meet the criteria of independence as provided in Section 149(6) of the Act and Regulations 16(1)(b) of the SEBI Listing Regulations and they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact his/her ability to discharge his/ her duties with an objective independent judgment and without any external influence.

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, 2024, as well as on date of this report:

Name	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 & Chief Compliance Officer

Further, Mr. Gajendra Thakur was designated as the Chief Compliance Officer of the Company w.e.f. August 02, 2023, pursuant to RBI's Notifications on Scale Based Regulation (SBR) dated October 22, 2021.

BOARD DIVERSITY

The Company recognises and embraces the importance of a diverse Board. The Company believes that a truly diverse Board will leverage differences 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.

Directors' Report (Contd.)

The policy regarding diversity of the Board forms part of Policy on appointment of Directors and Key Managerial Personnel, Remuneration of Directors, Key Managerial Personnel and Employees, approved by the Nomination and Remuneration Committee and Board of Directors is displayed on the website of the Company at <https://www.incred.com/>.

MEETINGS OF THE BOARD

The details of the Board Meetings held during FY 2023-24 have been disclosed in the Corporate Governance Report appended to this Report.

COMMITTEES OF THE BOARD

The Board has constituted the following committees to support the Directors in discharging their responsibilities and ensure expedient resolution of diverse matters in accordance with the applicable provisions of the Act and RBI regulations:

1. Audit Committee
2. Nomination and Remuneration Committee
3. Corporate Social Responsibility Committee
4. Stakeholder Relationship Committee
5. Risk Management Committee
6. IT Strategy Committee
7. Asset Liability Management Committee
8. Finance Committee
9. Credit Risk Committee
10. Customer Grievance Committee

The Company Secretary acts 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. The Board notes the minutes of meetings of all Committees at regular intervals.

The details of formation, constitution, terms of reference, meetings held, and attendance of the Members are disclosed in the Corporate Governance Report appended to this report.

COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION FOR DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

Section 178 of the Act and Regulation 19 read with Part D of Schedule II of the Listing Regulations, requires the Nomination and Remuneration Committee ("NRC") to formulate a policy relating to the remuneration of the Directors, Senior Management/ KMPs and other employees of the Company and recommend the same for approval of the Board.

Further, Section 134 of the Act stipulates that the Board's Report is required to include a statement on Company's Policy on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of director and remuneration for KMPs and other employees.

The Board of Directors have, based on the recommendation of the NRC, approved the policy on Directors' appointment and remuneration for Directors, KMP and other employees, which is available on the website of the Company at <https://www.incred.com/>

Directors' Report (Contd.)

PERFORMANCE EVALUATION

The Board acknowledges its intention to establish and follow “best practices” in Board governance to fulfil its fiduciary obligation to the Company. The Board is committed to assessing its own performance as a Board to identify its strengths and areas in which it may improve its functioning.

The Company has laid down an Evaluation Policy for Board Evaluation setting the criteria based on which the Board has carried out an annual performance evaluation of its own performance, the individual directors as well as the evaluation of its various Committees. The evaluation was conducted based on a structured questionnaire which comprises performance criteria such as performance of duties and obligations, independence of judgement, level of engagement and participation, their contribution in enhancing the Board's overall effectiveness, etc. The Board has expressed their satisfaction with the evaluation process.

REPORT ON CORPORATE GOVERNANCE

The Company recognises its role as a corporate citizen and endeavors to adopt practices and standards of corporate governance through transparency in business ethics, accountability to its customers, government and various stakeholders for building the strong foundation the Company.

Thus, in accordance with terms of the Companies Act, 2013, Listing Regulations (to the extent applicable), Report on Corporate Governance of the Company forms an integral part of this report and annexed as **Annexure C**.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors, based on the representations received from the operational management, confirm in pursuance to provisions of Section 134(5) of the Act, that:

1. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
2. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2024 and of the profit of the Company for that period;
3. the Directors have taken proper and sufficient care for the 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 fraud and other irregularities;
4. the Directors have prepared the annual accounts on a going concern basis;
5. the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively; and
6. the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws including Secretarial Standards and that such systems were adequate and operating effectively.

AUDITORS AND THEIR AUDIT REPORT

Statutory Auditors:

M/s. S.R. Batliboi & Associates LLP (Firm Registration No. 101049W/E300004), Chartered Accountants, were appointed as Statutory Auditors of the Company till the conclusion of the 29th (Twenty Ninth) Annual General Meeting as per the provisions of Section 139 of the Companies Act, 2013. Accordingly, their tenure as Statutory Auditor of the Company shall end upon conclusion of the ensuing 29th (Twenty Ninth) Annual General Meeting.

Directors' Report (Contd.)

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 Financial Companies (NBFCs) ("RBI 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 the Board of Directors at its meeting held on May 7, 2024 has appointed M/s. Deloitte Haskins & Sells, Chartered Accountants (Firm Registration No. 117365W) as the Statutory Auditors of the Company for a period of three years till the conclusion of 32nd AGM, subject to approval of Members in the ensuing AGM.

The Company has received a letter from M/s. Deloitte Haskins & Sells (Firm Registration No. 117365W), Chartered Accountants that they are not disqualified from appointing as the Statutory Auditors of the Company.

AUDITORS' REPORT

The Auditors' Report to the Members during the year under review is unmodified/clean. The Notes to the accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further clarifications under Section 134(3)(f) of the Act.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Ashish Karodia & Co. to undertake the secretarial audit of the Company for the financial year 2023-24.

Further, in terms of the provisions of the Circular No. CIR/CFD/CMD1/27/2019 dated February 8, 2019, issued by SEBI, M/s. Ashish Karodia & Co. has issued the Annual Secretarial Compliance Report, confirming compliance by the Company of the applicable Listing Regulations and circulars / guidelines issued thereunder.

The Secretarial Audit Report is appended as **Annexure D** to this Report. There is no adverse remark, qualification, reservation or disclaimer in the Secretarial Audit Report.

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.

MAINTENANCE OF COST RECORDS

The Company is in the financial services industry. In view of the nature of activities which are being carried on by the Company, the maintenance of cost records as specified by the Central Government under sub-section (1) of section 148 of the Act is not applicable on the Company and hence such accounts and records are not maintained.

INTERNAL AUDIT AND ITS ADEQUACY

The Company has in place a well-defined and robust internal audit plan, as approved by the Audit Committee. It is aligned in a way that it provides an independent view to the Board of Directors, the Audit Committee and the Senior Management on the quality and efficacy of the internal controls, governance systems and processes in place. As per the agreed scope of audit, the appointed Internal Auditor Mr. Bhushan Patkar periodically carries out audits on a test basis and reports his observations and recommendations to the Audit Committee for corrective and preventive actions.

Directors' Report (Contd.)

INTERNAL FINANCIAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has an internal control system, commensurate with the size, scale and complexity of its operations. The Internal Financial Controls with reference to financial statements as designed and implemented by the Company are adequate. During the year under review, no material or serious observation has been received from the Statutory Auditors of the Company for inefficiency or inadequacy of such controls. M/s. S. R. Batliboi & Associates LLP, Chartered Accountants, have issued an unqualified report on Internal Financial Controls.

To the best of our knowledge and belief, and according to the information and explanations obtained by us and based on the report(s) of Statutory Auditors of the Company for the financial year under review, the Directors are of the view that the internal financial controls with reference to the financial statements of the Company were adequate and operating efficiently.

PARTICULARS OF EMPLOYEES

The information required pursuant to the provisions of Section 197 of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, has been appended as **Annexure E** to this report.

In terms of second proviso to Section 136 of the Act, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars as required pursuant to Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The said Annexure is available for inspection by the Members.

The Board of Directors affirms that the remuneration paid to the employees of the Company is as per the Policy on Directors' appointment and remuneration for Directors, KMPs and other employees and is in accordance with the requirements of the Act and Listing Regulations and none of the employees listed in the said Annexure are related to any Directors of the Company.

PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

The Company has in place a policy for prevention, prohibition and redressal of sexual harassment at workplace.

Further, the Company has constituted Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed thereunder that looks into the complaints of aggrieved women employees, if any, and is instrumental in:

- promoting gender equality and justice and the universally recognized human right to work with dignity
- prevention of sexual harassment of women at the workplace.

During the year under review, the Company had received 1 (One) complaint the same has been disposed-off during the financial year.

VIGIL MECHANISM

Pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013, the Company has established a vigil mechanism for directors, employees, and other external stakeholders to report genuine concerns. The vigil mechanism forms a part of the Whistleblower Policy, which has been approved by the Board of Directors and is displayed on the website of the Company at <https://www.incred.com/>.

Directors' Report (Contd.)

The Vigil Mechanism Framework empowers all levels of employees including top management to raise voice against actual/suspected violations. The framework ensures protection to the whistleblower to avoid any sort of unfair or prejudicial employment practices. The Chairperson of the Audit Committee has direct access to all complaints raised through the framework. At the Audit Committee, a brief update is presented to the Members for their review. The Committee takes necessary actions to maintain confidentiality within the organisation on matters brought to its attention.

The mechanism framed by the Company is in compliance with the requirements of the Act and Listing Regulations.

During FY 2023-24, no case was reported under this mechanism.

The whistleblower policy and vigil mechanism has been hosted on the Company's website at the web link: <https://www.incred.com/>

CORPORATE SOCIAL RESPONSIBILITY

In accordance with the requirements of the provisions of Section 135 of the Act, the Company has constituted a Corporate Social Responsibility ("CSR") Committee. The composition and terms of reference of the CSR Committee is provided in the Corporate Governance Report.

In terms of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility) Rules, 2014 as amended ("CSR Rules"), the Company was not required to make CSR expenditure for the financial year 2023-24.

The Annual Report on CSR activities is annexed herewith as "**Annexure F**".

ANNUAL RETURN AS PRESCRIBED UNDER THE ACT AND RULES MADE THEREUNDER

The Annual Return in Form MGT-7 as required under Section 92(3) of the Act shall be hosted on the website of the Company viz <https://www.incred.com/>.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of loans given, investments made, guarantees given and securities provided, if any, are covered under the provisions of Section 186 of the Act and are given in the Notes to the Financial Statements as applicable.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The Board of Directors has approved the policy on transactions with related parties ("RPT Policy"), pursuant to the recommendation of the Audit Committee. In line with the requirements of the Act, RBI Regulations and the Listing Regulations, the Company has formulated the RPT Policy which is also available on the website of the Company at <https://www.incred.com/>. The Policy on Related party Transactions intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and the related parties.

Key features of the RPT Policy are as under:

- All transactions with related parties ("RPTs") are referred to the Audit Committee of the Company for approval, irrespective of its materiality and any subsequent material modification to any existing RPTs. The Audit Committee also approves any subsequent modification in the RPTs. The process of approval of RPTs by the Audit Committee, Board and Shareholders is as under:

a) Audit Committee:

All RPTs and subsequent material modification, irrespective of whether they are in the ordinary course of business or at an arm's length basis, will require prior approval of the Audit Committee.

Directors' Report (Contd.)

RPTs to which the subsidiary of the Company is a party but the Company is not a party, would require prior approval of Audit Committee of the Company:

- If the value of such a transaction, whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual consolidated turnover, as per the last audited financial statements of the listed entity.
- If the value of such a transaction, whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary.

b) Board:

Generally, all RPTs would be in the ordinary course of business and at arm's length price.

RPTs which are not at arm's length and which are not in the ordinary course of business and/or which require shareholders' approval would be approved by the Board.

c) Shareholders:

All material RPTs and subsequent material modification would require approval of the shareholders, based on recommendation of the Board, through ordinary resolution passed at the general meeting.

Where any contract or arrangement is entered into by a director or any other employee without obtaining the consent of the Board or approval by an ordinary resolution in the general meeting, it is required to be ratified by the Board or the shareholders at a meeting, as the case may be, within three months from the date on which such contract or arrangement was entered into.

All RPTs that were entered into during FY 2023-24 were on an arm's length basis and were in the ordinary course of business and disclosed in the Financial Statements. The Company has entered into transactions with its subsidiaries in the normal course of business and on an arm's length basis. The particulars of such contracts or arrangements with related parties referred to Section 188(1), as prescribed in Form AOC – 2 under Rule 8(2) of the Companies (Accounts) Rules, 2014, are specified in the **Annexure G** annexed to this Report. The Directors draw attention to notes to the Financial Statements which sets out related party disclosures.

The details required as per Regulation 53 (1)(f) of the Listing Regulations for the financial year 2023-24 is specified in **Annexure I** of this Report.

MATERIAL CHANGES AND COMMITMENTS IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

There are no material changes or commitments which affect the financial position of the Company which have occurred between end of the financial year to which the financial statements relate, and the date of this Report.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS, COURTS AND TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

There are no significant and material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

A. PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & EXCHANGE EARNINGS & OUTGO

Considering that the Company is a Non-Banking Financial Company, the particulars regarding conservation of energy and technology absorption as required to be disclosed pursuant to Section 134(3) (m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 not relevant to its activities.

B. FOREIGN EXCHANGE EARNING & OUTGO

During the year under consideration, the Foreign Exchange Earnings and Expenditures were as follows:

(INR in million)

Particulars	FY 2024	FY 2023
Foreign exchange earning	NIL	NIL
Foreign exchange expenditure	160.17	154.89

The Company has INR 160.17 million (INR 1,601.7 lakh) in foreign exchange but not earned any Foreign Exchange during the year of review.

RISK MANAGEMENT FRAMEWORK

The Company has constituted a Risk Management Committee (“RMC”) in terms of the requirements of Regulation 21 of the Listing Regulations and RBI. The details of the same are disclosed in the Corporate Governance Report.

The Company has a risk management framework and Board members are informed about risk assessment and minimisation procedures and periodical review to ensure management controls risk by means of a properly designed framework.

The Company has in place a Risk Management Policy covering identification, assessment, measurement, mitigation and monitoring of all the key risks faced by the Company. This policy has been approved by the Board and is subjected to its review at an annual frequency at the minimum. The RMC assists the Board in providing oversight on the implementation of risk management framework laid down in the policy.

The Company, as it advances towards its business objectives and goals, is often subjected to various risks. Credit risk, market risk, liquidity risk and operational risk are some of the risks that the Company is exposed to and details of the same are provided in the Management Discussion and Analysis Report as appended to the Directors' Report.

THE DETAILS OF APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 (31 OF 2016) DURING THE YEAR ALONGWITH THEIR STATUS AS AT THE END OF THE FINANCIAL YEAR:

The Company has not filed any application, nor any proceeding is pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016), during the year.

THE DETAILS OF DIFFERENCE BETWEEN AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASONS THEREOF:

During the year under review, there was no instance of one-time settlement with any banks or financial institutions.

Directors' Report (Contd.)

COMPLIANCE WITH SECRETARIAL STANDARDS

In terms of provisions of Section 118 of the Act, the Company is in compliance with Secretarial Standards on meetings of the Board of Directors and Secretarial Standards on General Meeting issued by the Institute of Company Secretaries of India.

ACKNOWLEDGEMENT

The Directors express their sincere gratitude to RBI, Securities and Exchange Board of India, National Stock Exchange of India Limited, BSE Limited, Ministry of Finance, Ministry of Corporate Affairs, National Company Law Tribunal, Insurance Regulatory and Development Authority, Registrar of Companies, other government and regulatory authorities, lenders, financial institutions, and the Company's bankers for the ongoing support extended by them. The Directors also place on record their sincere appreciation for the continued support extended by the Company's stakeholders and trust reposed by them in the Company. The Directors sincerely appreciate the commitment displayed by the employees of the Company and its subsidiaries across all levels, for exhibiting outstanding performance during the year.

For **InCred Financial Services Limited**

(erstwhile known as KKR India Financial Services Limited)

Bhupinder Singh

Whole-Time Director and CEO

DIN: 07342318

Vivek Bansal

Whole-Time Director and CFO

DIN: 07835456

Place: Mumbai

Date: May 7, 2024

Annexure A

Management Discussion And Analysis Report

InCred Financial Services Limited ('InCred' or 'Company') is a systemically important non-deposit taking Non-Banking Financial Company ('NBFC') registered with the Reserve Bank of India ('RBI').

InCred is engaged in the business of lending. It has a diversified lending portfolio across retail and MSME customers with a presence in all major cities of India. It offers a variety of financial services products to its customers, including loans to individuals and small businesses.

MACROECONOMIC OVERVIEW:

FY24 was a challenging year for the international economy. The conflict between Russia and Ukraine continued for the second consecutive year. In the second half of the year, violence in Israel and Gaza added to socio-political instability. Although the runaway inflation of the post-pandemic era began to stabilise, it continued to be at elevated levels, with prices of many products showing no sign of returning to pre-2020 levels – a change that some economists speculate may be permanent. The US Fed rate⁵, at 5.25%-5.50% since July 2023, is the highest it has been in two decades. Global supply chains disrupted by the pandemic have not yet recovered completely.

Despite the global turmoil, the Indian economy continued to show resilience and strength. Carrying forward its momentum from FY23, India was one of the fastest-growing large economies of FY24 and is a key driver of growth globally. India's GDP growth⁶ for the financial year is expected to be above 7.5%; and going forward, around 7% GDP growth is estimated for FY25. In a recent interview⁷, World Economic Forum President Borge Brende, noting the country's optimism and potential, said that he expects India's economy to hit the USD 10 trillion mark in the coming years, and is slated to become the world's third-largest economy "very soon".

This reflects not only the resilience of the Indian economy to geopolitical turbulence, but also the country's commitment to growth through structural reforms and favourable economic initiatives, to which its large working-age population is an added benefit. India's stability at a time of global uncertainty boosted its efforts to build local manufacturing capabilities, making it an attractive destination for international firms: CNBC reported⁸ that Apple doubled its production in India in the last fiscal year to reach USD 14 billion, a trend being increasingly witnessed amongst other global companies as well.

The early months of calendar year 2024 have shown signs of India's growth potential and augur well for FY25. The headline CPI inflation⁹ fell from 5.1% in February 2024 to 4.9% in March, while the unemployment rate¹⁰ in the same period fell from 8% to 7.6%, with both the urban and rural economies contributing to the improvement. GST collections¹¹ for March stood at INR 1.78 lakh crore, an 11.5% Y-o-Y growth that was driven largely by growth of over 17% in domestic GST collections. All in all a strong year for the Indian economy and the baseline seems to be in place for a strong FY25 to follow.

INDUSTRY OVERVIEW:

The Financial Services industry is the backbone of the Indian economy. It consists primarily of commercial banks, insurance companies, NBFCs, cooperatives, pension funds, mutual funds and other smaller financial institutions. As of March 31, 2024, India had over 9,300 registered¹² NBFCs.

The pivotal role NBFCs have played in financial intermediation and promoting inclusive growth cannot be overstated. Large

⁵ <https://www.cnbc.com/2024/05/01/fed-rate-decision-may-2024-.html#:~:text=In%20a%20widely%20expected%20move,in%20more%20than%20two%20decades>

⁶ <https://www.livemint.com/economy/india-f24-gdp-growth-likely-hit-8-to-grow-7-in-fy25-cea-nageswaran-11715162575530.html>

⁷ <https://www.indiatoday.in/business/story/india-today-conclave-2024-wef-president-borge-brende-bullish-on-indias-10-trillion-economy-goal-2515666-2024-03-16>

⁸ <https://www.cnbc.com/2024/04/10/apple-made-14-billion-worth-of-iphones-in-india-in-shift-from-china.html>

⁹ <https://www.cmie.com/kommon/bin/sr.php?kall=warticle&dt=20240402174223&msec=013>

¹⁰ <https://www.cmie.com/kommon/bin/sr.php?kall=warticle&dt=20240412180224&msec=656>

¹¹ <https://pib.gov.in/PressReleasePage.aspx?PRID=2016802>

¹² https://m.rbi.org.in/Scripts/BS_NBFCList.aspx

Management Discussion And Analysis Report (Contd.)

swathes of Indian consumers have limited access to the formal banking system. NBFCs play a pivotal role in providing them access to credit and financial services.

The last ten years have seen disruptive events like demonetisation, the COVID-19 pandemic, and the failures of a few large NBFCs. The industry has weathered these storms, emerging stronger each time. In particular, NBFCs that are well-managed, with a strong focus on risk management and sustainable growth, have separated themselves from their peers to emerge as sector leaders.

RBI guidelines have also evolved in keeping with the growth of the industry. Without losing sight of the importance of due diligence and caution, the regulatory environment has promoted innovation and financial inclusion. With an estimated 160 million¹³ middle and high-income households to be added by 2030, Indian demographics will drive demand for accessible credit, augmenting growth across the lending landscape. The regulator is taking steps to keep the long-term goal in mind and will help drive the overall agenda of wider credit availability in a secure manner.

With all these factors, coupled with their strong linkages to the banking industry, capital markets and other traditional financial sector entities, NBFCs will play a pivotal role in bringing financial services to the underserved Indian market.

THE COMPANY:

InCred took advantage of India's growth story, and adding the Company's unique capabilities with the country's potential, had a phenomenal FY24, with strong performance on multiple fronts. The Company saw excellent delivery on risk metrics, steady loan growth, healthy capitalisation through equity raise and recognition of our people-first approach through high engagement numbers. We also worked towards expanding our physical presence and now have 53 offices around the country, up from 37 at the end of FY23. Some of our key focus areas for the year included:

- **Risk Management:** Risk management is embedded in InCred's DNA. We have always been a risk-first organisation, giving precedence to risk considerations in our business decisions. We continued to invest in creating a robust risk management framework in FY24, ensuring that our portfolio maintains its quality and strength. Our GNPA and NNPA numbers, at 2.14% and 0.85% respectively for the financial year, are an outcome of strong risk management protocols, controlled delinquencies and superlative risk performance, backed by robust collection efficiency.
- **Diversified Portfolio Strategy:** We launched InCred with the intention of building a diversified AUM. This gives us the flexibility to avoid excessive dependence on segments which might be facing cyclical challenges and helps us achieve secular growth. The long-term benefits are large enough to reward the extra effort it has taken to build it. Not only do we maintain product diversification, but we also focus on diversification across geographies and client segments. This allows us to contain risks within acceptable limits. As of March'24, Personal Loans contributed 44%, Student Loans 21%, and MSME Loans 35% of the Assets Under Management ('AUM'). The MSME segment further consists of multiple differentiated franchises including Supply Chain Financing, Lending to Financial Institutions, Small Ticket Business Loans and Secured School Financing.
- **Focus on Operating Leverage:** Our prudent cost control measures provide a healthy balance between growth and frugality, giving us significant savings and capital preservation in the last financial year. The cost-to-income ratio reduced substantially from 52% in FY23 to 44% in FY24, showcasing efficiencies of scale.
- **Strong Liability Franchise:** InCred has maintained consistency in raising long-term borrowings with a judicious and diversified mix both in terms of products and lenders. Co-lending continues to be a focus source of raising liabilities. As of FY24 end, we had borrowing lines from ~40 banks and financial institutions. We have also strengthened our retail presence with another highly successful retail bond issuance amounting to over INR 260 crore in FY24, taking the total tally to 3 retail bond issuances sequentially in the last 3 years. On the asset liability management ('ALM') front, our asset book has a healthy mix of short-term and medium-term assets which liquidate on an ongoing basis, leading to cumulative positive gaps across all tenors in structural liquidity buckets.

¹³ <https://www.livemint.com/economy/huge-growth-likely-in-middle-class-by-2030-sitharaman-tells-industry-11671184010696.html>

Management Discussion And Analysis Report (Contd.)

- **People First:** To support strong growth in all our businesses, we hired aggressively in FY24, ending the year with over 1700 employees. This is a strong growth of 35% net hires from last year and reflects InCred's ambitions as we scale across all our products. The Company's focus on hiring and talent retention across the organisation, and its attention to employee engagement initiatives, enabled it to maintain the balance between work demands and creating an engaging workplace for employees. Consistent and timely feedback and guidance from supervisors, regular communication with senior management, and continued emphasis on building skills through training and development are some of the key strategic priorities in shaping the culture of the organisation.
- **Tech Focus:** As a digitally driven Company, technology continues to be a key pillar of our growth. During FY24, the Company maintained its efforts to leverage its capabilities to optimise productivity and improve customer experience. Robust performance at a significant scale, security against known (and unknown) vulnerabilities and compliance across regulatory requirements remain themes that we focus on at InCred.

FINANCIAL UPDATE AND KEY ACHIEVEMENTS:

InCred's focus on key growth areas, without compromising on risk management, led to strong performance in FY24, with AUM growing by 49% and PAT increasing by an extraordinary 161% over FY23. InCred is well capitalised with a capital-to-risk weighted asset ratio ('CRAR') of 30.44% as of March 31, 2024.

Performance highlights of the Company (Standalone):

INR crore	FY23	FY24	% increase
Gross Loans and Advances	5,552	7,449	34%
AUM (including Co-Lending)	6,062	9,039	49%
Net Interest Income	467	739	58%
Profit Before Tax	207	423	104%
Profit After Tax	121	315	161%

The Company's commitment to excellence was recognised in FY24 with the achievement of two major milestones:

- **Long-Term Rating Upgraded to AA-:** In the last financial year, CRISIL upgraded InCred's rating to AA- (Stable). The upgrade was driven by strong capitalisation supported by the high quality of the investor base, steady improvement in the earnings profile, scale-up in a diversified retail AUM, and a highly experienced management team. With this upgrade, InCred is now rated AA- by both CRISIL and ICRA and stands at par with some of the best mid-tier NBFCs in the country.
- **'Unicorn' Status Post INR 500 crore Equity Round:** InCred secured INR 500 crore Series D funding from a wide range of reputed investors to enter the coveted Unicorn club. The fact that InCred was one of only two unicorns in the calendar year 2023 is a thumping endorsement of the quality of the business franchise.

BUSINESS UPDATE:

InCred draws its main customer base from lower-middle-class and middle-class Indian households, who require access to credit to meet their personal finance needs. It serves them through personal loans and student loans. It also offers secured and unsecured business loans to small businesses, secured loans to K-12 Indian schools for their expansion plans, supply chain financing, lending to profitable microfinance companies and escrow-backed lending through its MSME vertical. Our guiding principle is that the Company will operate in areas where we have a 'right to play' because of our deep domain expertise. This means we are able to comprehensively understand and underwrite the risks in any segment, which has been vital to our success.

Personal Loans:

- We continued to grow cautiously and have been outperforming our benchmarks across risk, origination and operational efficiencies
- Growth in this business was fueled by a growing customer franchise, backed by superior risk management, investment

Management Discussion And Analysis Report (Contd.)

in advanced analytics and customer-centric processing capabilities. Best-in-class tech capabilities played a pivotal role in this segment. Superior digital customer experience and quicker TAT differentiated InCred from its peers in the segment

- Our AUM stood at INR 4,000 crore as of FY24

Student Loans:

- In this niche lending space, our focus was on providing loans for students pursuing higher education outside India, primarily in North America
- Our experienced team has created a strong and recognisable brand for InCred in this space. We pride ourselves on being one of the largest non-bank players in this space. Our extensive knowledge of the education sector, particularly its finer nuances like accreditations, fee structures, entrance scores, evaluation systems, and university/college/course rankings, give us the ability to predict the potential employability and future income of any student that we fund
- AUM stood at INR 1,932 crore as of March 31, 2024 vs INR 1,038 crore a year ago
- Student Loans closed FY24 with a remarkable gross disbursement number of INR 902 crore
- The portfolio quality remains consistently high with near 100% efficiency across all buckets

MSME Loans:

Supply Chain Financing:

- From digitally enabled escrow-backed working capital loans to line of credit facilities for distributors and suppliers of large anchors, InCred provides a host of solutions to the significantly underpenetrated MSMEs
- Our focus remained on customers and partnerships engaged in IT distribution, consumer business, D2C companies, e-commerce platforms, restaurants, and food delivery platforms. Our revenue-based financing channel is an increasingly important area of focus and continues to scale up sharply, providing strong support to India's startup space
- We continue to witness strong demand in this segment given the positive feedback from our anchors on InCred's product and our continued tech and operational excellence
- Risks are contained owing to the proactive monitoring of our portfolio, regular evaluation of cash flows of borrowers, FLDG/recourse from Anchors and coverage under government guarantee schemes
- AUM increased from INR 1,255 crore to INR 1,622 crore i.e. growth of 29%

Lending to Financial Institutions:

- We continue to focus on high-quality companies with robust ALM practices, high-quality management and superior lending track record
- Our AUM grew by 34% to INR 816 crore from INR 608 crore

Small Ticket Business Loans:

- We continue our foray into the affordable loan against property segment for MSME borrowers with self-occupied residential and commercial properties, through a branch-led distribution and underwriting model
- While this segment is currently small from an overall AUM perspective with INR 381 crore as of March'24, it remains a key focus area. We plan to grow our book through organic and inorganic means. During the year, we purchased a portfolio of INR 143 crore by way of direct assignment.

Secured School Financing:

- School financing is another important business vertical for InCred because of its specific expertise and is lending to K-12 schools in India
- After disruptions due to the COVID-19 pandemic, the sector has demonstrated strong signs of recovery with strong collections efficiency
- During the year, we had a calibrated approach; our major focus was on collections with controlled disbursements
- The school loans AUM stood at INR 287 crore as of March'24

OPPORTUNITIES AND THREATS:

As an Indian NBFC, InCred is operating in a dynamic and evolving landscape, offering financial services and credit to diverse segments of a vibrant and fast-growing economy. In our journey, we have witnessed significant growth and played a vital role in bridging the gaps left by traditional banking institutions.

Under-penetration of traditional banking institutions in the retail and MSME sectors is a major opportunity. With over 600 million smartphone users and growing, a steady increase in the number of students pursuing education abroad, and a booming MSME space, the lending economy is poised to fill in the gaps in underserved consumer segments. InCred's rapid adoption of technology, supported by the expanding reach of its brick-and-mortar branches, has proved to be key differentiator. Avenues such as co-lending have provided further opportunities to enhance the Company's liability profile.

As excited as we are about the untapped potential we see in the Indian market, we are very aware of the risks of an economic slowdown. India has, so far, weathered the storms that have affected the global economy, and we believe it will continue to do so. However, we are heedful of the possibility of black swan events that might lead to an unforeseen economic slowdown. We are also cognisant of the fact that other NBFCs might see the same opportunities we do, leading to a more competitive market.

RISKS & CONCERNS:

FY24 has shown that geopolitical upheavals and volatility in the operating environment have the potential to impact global businesses on a hitherto unimagined scale. In view of that, we are adopting a more proactive risk management and mitigation framework. The framework is based on risk assessment, requiring proper analysis and understanding of the underlying risks before undertaking any transactions. Where necessary, we take corrective actions or implement revised processes and systems. This mechanism is supported by regular review, control, self-assessment, and monitoring of key risk indicators.

The key risks applicable across lending organisations and our mitigants for the same are:

- *Liquidity Risk* is either the inability of the Company to meet its financial obligations, including debt servicing, or its inability to raise funds from external sources at an optimal price.
The Company has set up an Asset Liability Management Committee ('ALCO'), consisting of executive directors and senior officials. The committee regularly meets and reviews the policies, systems, controls, positions of the financing business, and oversees the implementation and ensures adherence to the risk tolerance/limits and liquidity buffer
- *Credit Risk* is the risk of default or non-repayment of a loan by a borrower.
InCred has a stringent Credit Appraisal System, robust collection infrastructure, and the monitoring processes for identification, assessment and mitigation of Credit Risk
- *Regulatory Risk* is the risk of a change in laws and regulations materially affecting the business.
The Company adheres to all the periodic guidelines issued by the RBI and other regulators. It also adheres strictly to Capital Adequacy, Fair Practice Codes, RBI Reporting, Asset Classification and Provisioning Norms, etc. to ensure zero tolerance on the non-compliance aspect
- *Operational risk* is the risk of loss resulting from inadequate or failed processes, people and systems; or from external events, including possible losses resulting from regulatory non-compliance, failure in fiduciary and legal risk, but excludes strategic and reputational risk. Legal risk includes but is not limited to exposure to fines and penalties.
The Company is in the process of developing an Operational Risk Management ('ORM') framework that encompasses the process of identification, assessment and/or measurement, monitoring and control/mitigation of operational risk. It is planned and built based on the overall Company strategy for risk management and shall cover all important business and support functions
- *IT risk*: The Company has a robust Information Technology governance framework for supporting information systems and IT infrastructure and ensuring operational resilience of the entire IT environment. We have also adopted a comprehensive Information Security governance framework to protect and minimise the risk of cyber threats. The key focus areas

Management Discussion And Analysis Report (Contd.)

of IT Risk Governance primarily include strategic alignment, risk management, resource management, performance management and business continuity/disaster recovery management. We have put in processes, systems and tools for ensuring vigilant monitoring, audit logging, IT outsourcing controls, data security and suspicious activity monitoring. The management periodically reviews various technology risks such as protecting sensitive customer data, identifying data leakage, business continuity, access control, cyber security, regulatory compliances and preventive risk management to combat potential breaches through periodic reviews

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company's internal control framework is designed to ensure operational efficiency in a secure environment, accuracy in financial reporting and compliance with laws and regulations. The function is governed by the Internal Audit 'IA' Policy and Charter approved by the Audit Committee. The IA policy and charter have the following aspects covered:

- Internal Audit structure and reporting lines (Internal Audit Head reports functionally to the Audit Committee)
- Responsibilities of IA include preparing and executing a risk-based IA plan in discussion with the Audit Committee and Executive Management
- Risk-based IA plan is prepared on an annual basis and the same is discussed and approved by the Audit Committee
- The internal audit function avoids conflict of interest and does not execute any operational duties

IA function has the expertise and capability necessary to deliver on the IA plan. Internal Audit findings and reports are discussed with process owners and the agreed action plan is tracked for implementation. Significant observations and action plan status are updated to the Audit Committee.

Basis above, the Company has a robust internal control system in place which is commensurate with its size, nature and operations.

THE WAY AHEAD:

In light of the economic and geopolitical turmoil that the world is grappling with, and with all eyes on the world's greatest exercise in democracy taking place in India and subsequently in the US, we believe FY25 will be an eventful year in a challenging environment. However, in our view, India will continue to be the bright spot in the global economy and will provide ample opportunities for profitable growth across segments.

With a buoyant middle class driving demand for credit, a push for enhanced financial inclusion and a low credit-to-GDP ratio, we believe financial services and especially the NBFC sector will be the growth engine of the next decade.

With strong tailwinds, InCred is primed for another strong growth year. We have all the ingredients for strong and sustainable growth, which we will continue to build upon and expand on digital and physical fronts across the country. Our strong focus on risk and technology across our product stack, Return on Assets ('RoA') optimisation through operating leverage, hiring and retaining top class talent, and strengthening balance sheet through diversification of funding sources will remain our key focus areas.

Our long-term goal remains to create a world-class NBFC which can fulfill the financial dreams and aspirations of all Indians.

For **InCred Financial Services Limited**

Bhupinder Singh

Whole-Time Director and CEO
DIN: 07342318

Vivek Bansal

Whole-Time Director and CFO
DIN: 07835456

Place: Mumbai

Date: May 7, 2024

Annexure B

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

PART "A": SUBSIDIARIES

(INR in lakh)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures			
1	Sr.No.	1	2
2	Name of the Subsidiary	InCred Management and Technology Services Private Limited	InCred.AI Limited
3	Registered Office	Mumbai	Mumbai
4	Nature of Business	Support Services	Advisory and Consultancy services Company
5	No. of Branches	1	1
6	Reporting period	April 01, 2023 to March 31, 2024	April 01, 2023 to March 31, 2024
7	Reporting currency	INR	INR
8	Exchange rate on the last day of the financial year	NA	NA
9	Share Capital	2,290.00	1.00
10	Reserves and Surplus	(1,898.35)	(1.43)
11	Total assets (Fixed assets + Investments + Other assets)	412.26	3.16
12	Total liabilities (Deposits + Borrowings + Other liabilities + Provisions)	20.61	3.59
13	Investments	125.69	-
14	Turnover	15.35	-
15	Profit/ (Loss) Before Tax	(218.76)	(1.23)
16	Provision for tax	-	-
17	Profit/ (Loss)After Tax	(218.76)	(1.23)
18	Proposed dividend	NA	NA
19	% of shareholding	100%	100%

- Names of subsidiaries which are yet to commence operations - NIL
- Names of subsidiaries which have been liquidated or sold during the year –
 - Booth Fintech Private Limited;
 - mValu Technology Services Private Limited

Annexure B (Contd.)

PART "B": ASSOCIATES & JOINT VENTURES

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate companies and Joint Ventures

1	Latest audited balance sheet date	
2	Shares of Associate/joint Ventures held by the Company on the year end	
	Amount of investment in associates/ joint venture	
	Extent of holding %	
3	Description of how there are significant influence	NIL
4	Reason why the associate/joint venture is not consolidated	
5	Net worth attributable to shareholding as per latest audited balance sheet	
6	Profit/ loss for the year	
i	Considered in consolidation	
ii	Not considered in consolidation	

- Names of associates or joint ventures which are yet to commence operations - NIL
- Names of associates or joint ventures which have been liquidated or sold during the year - NIL

For **InCred Financial Services Limited**
(erstwhile known as **KKR India Financial Services Limited**)

Bhupinder Singh

Whole-Time Director and CEO

DIN: 07342318

Vivek Bansal

Whole-Time Director and CFO

DIN: 07835456

Place: Mumbai

Date: May 7, 2024

ANNEXURE 'C' TO BOARD'S REPORT

Corporate Governance Report

[Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

A. PHILOSOPHY ON CORPORATE GOVERNANCE

The Company is committed to conducting its business in accordance with applicable laws, rules and regulations and the highest standards of Corporate Governance, business ethics and ethical conduct through transparency and accountability. Corporate Governance is all about the application of best management practices, compliance of law in true letter and spirit and adherence to ethical standards for effective management and distribution of wealth and discharge of social responsibility for sustainable development of all stakeholders.

The Company ensures good governance through the implementation of effective policies and procedures, and the Company is constantly striving to better them and adopt the best practices. The requirements under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") mandated by Securities and Exchange Board of India ("SEBI") have been complied with as applicable to the Company. A report on compliance with the SEBI Listing Regulations as prescribed is given below.

B. BOARD OF DIRECTORS

The members of the Board of the Company are eminent personalities from various fields and are entrusted with the responsibilities of management, general affairs, direction, and performance of the Company. The Board is responsible for and committed to sound principles of Corporate Governance in the Company.

The Board of Directors of the Company assessed and observed that the Directors of the Company possess the required expertise, skill and experience to effectively manage and direct the Company to attain its organisational goals. They also have leadership qualities, proven competence and integrity, and with a strategic bent of mind.

Each member of the Board of Directors of the Company has ensured that their personal interest does not run in conflict with the Company's interests and used their professional judgement to maintain both the substance and appearance of independence and objectivity

1. Composition of Board:

The composition of the Board is in compliance with the provisions of Section 149 of the Companies Act, 2013 ("the Act") and Regulation 17 of the SEBI Listing Regulations. As on the date of this Report, the Board consists of 10 Directors comprising 5 Independent Directors, 3 Non-executive Non-Independent Directors and 2 Executive Directors. The Board consists of eminent people from diverse fields: entrepreneurs/professionals, private sector/public sector, social sector/commercial sector, banking/non-banking sector.

Corporate Governance Report (Contd.)

The composition of Board of Directors of the Company as on March 31, 2024, is as follows:

Sr. No.	Name of Director	DIN	Designation
1	Mr. Bhupinder Singh	07342318	Whole-Time Director and CEO
2	Mr. Vivek Bansal	07835456	Whole-Time Director and CFO
3	Mr. Anil Nagu	00110529	Non-Executive Director
4	Mr. Rohan Suri	07074450	Non-Executive Director
5	Mr. Vivek Anand PS	02363239	Non-Executive Director
6	Ms. Rupa Vora	01831916	Independent Director
7	Mr. Karnam Sekar	07400094	Independent Director
8	Ms. Sunita Gupta	06902258	Independent Director
9	Ms. Ambika Bisla	09789579	Independent Director
10	Dr. Sankaran Nair Rajagopal	10087762	Independent Director

The details of changes in composition of the Board during the Financial Year 2023-24 is mentioned in the Director's Report.

All the Independent Directors have confirmed to the Board that they meet the criteria for independence in terms of the definition of 'Independent Director' stipulated under Regulation 16(1)(b) of the SEBI Listing Regulations and Section 149(6) of the Act. These confirmations have been placed before the Board. Further, the Whole-time Directors of the Company are not serving as an Independent Director in any Company. None of the Directors of the Company are inter-se related to each other.

2. Board Procedure:

The Board meets at regular intervals to discuss and decide on policy of the Company/business and strategy apart from other Board business. The Board meetings (including Committee meetings) of the Company as well as of its subsidiaries are scheduled in advance to facilitate them to plan their schedule and to ensure meaningful participation in the meetings. However, in case of a special and urgent business need, separate special Board/Committee meetings are held or the approval is taken by passing resolution(s) by circulation, as permitted by law, which is noted in the subsequent meeting.

The Company Secretary approaches various business / department heads in advance with regard to matters requiring the approval of the Board/Committees to enable inclusion of the same in the agenda for the Board/Committee meetings. The detailed agenda together with the relevant attachments is circulated to the Directors in advance. All major agenda items are backed by comprehensive background information to enable the Board to take informed decisions.

Where it is not practical to circulate any document in advance or if the agenda is of a confidential nature, the same is placed at the meeting. In special and exceptional circumstances, consideration of additional or supplementary items are taken up with the approval of the Chair and majority of Directors. Senior management personnel are invited to the Board/Committee meeting(s) to provide additional inputs for the items being discussed by the Board/Committee(s).

Further, presentations are made on business operations to the Board of various businesses of the Company. Additionally, presentations are made on various matters including the financial statements, fundraising program etc. The Company Secretary is responsible for preparation of the agenda and convening of the Board and Committee meetings. The Company Secretary attends all the meetings of the Board and its Committees, advises / assures the Board on compliance and governance principles and ensures appropriate recording of minutes of the meetings.

With a view to leveraging technology and reducing paper consumption, the Company has adopted a web-based application for transmitting Board / Committee agenda. The Directors of the Company receive the agenda in electronic form, which can be accessed through i-Pad or e-mail. The application meets the high standards of security and integrity that is required for storage and transmission of Board / Committee agenda in electronic form.

During the year meetings were held in person as well as through video conferencing/Other Audio Visual Means. Necessary infrastructural support was provided to the Directors, to ensure seamless attendance in all meetings. The proceedings of the meetings are recorded and stored in accordance with the requirements of the Act.

The draft minutes of the proceedings of the meetings of the Board / Committee(s) are circulated to all the members of the Board or the Committee for their perusal, within fifteen days from the date of the conclusion of the meeting. Comments, if any, received from the Directors are incorporated in the minutes. The minutes are approved by the members of the Board / Committee(s) and confirmed.

3. Meeting of Independent Directors:

Section 149(8) of the Act read with Schedule IV of the Act and Regulation 25(3) of SEBI Listing Regulations require the Independent Directors of the Company to hold at least one meeting as per regulatory requirements without the attendance of non-independent directors and members of the management. In view of the aforesaid requirements, the Independent Directors of the Company met on March 18, 2024.

4. Meetings & Attendance:

During the financial year ended March 31, 2024, 6 (Six) Board meetings were held on April 27, 2023, August 2, 2023, August 10, 2023, October 27, 2023, December 8, 2023, and January 17, 2024.

The Annual General Meeting of the Financial Year ended on March 31, 2023, was held on June 27, 2023.

The details of attendance of the members of the Board at the meetings held during the year and also the number of other Directorships and Memberships / Chairmanships of Committees held by them as on March 31, 2023, are as follows:

Corporate Governance Report (Contd.)

Name of the Director	Nature of Directorship	Board Meetings held / conducted during their tenure	No. of Board Meetings attended	No. of Directorships in other companies (1)	No. of Committee Memberships / Chairmanships (including the Company) (2)		No. of Independent Directorships (Including the Company) (3)	Whether AGM Attended (Yes/No)
					Member	Chairman		
Mr. Bhupinder Singh	Chairperson (Whole-Time Director & CEO)	6	6	10	2	0	0	No
Mr. Vivek Bansal	Whole-Time Director & CFO	6	5	4	2	0	0	Yes
Mr. Rohan Suri	Non-Executive Director	6	3	5	1	0	0	No
Mr. Vivek Anand PS	Non-Executive Director	6	5	4	2	0	0	No
Ms. Rupa Vora	Independent Director	6	6	8	6	5	0	Yes
Mr. Karnam Sekar	Independent Director	6	6	3	5	0	1	Yes
Ms. Sunita Gupta	Independent Director	6	6	-	2	0	0	Yes
Ms. Ambika Bisla	Independent Director	6	5	-	1	0	0	No
Dr. Sankaran Nair Rajagopal	Independent Director	6	6	1	1	0	1	Yes
Mr. Anil Nagu	Non-Executive Director	3	3	5	0	0	0	NA

Notes:

1. Excludes Directorship in foreign Company.
2. Memberships include Chairmanships. Only memberships of Audit Committee and Stakeholders Relationship Committee are considered. This includes memberships in public Company and in high value debt listed entities.
3. Only equity listed companies are considered.

Except, Mr. Karnam Sekar holding Independent Directorship in UGRO Capital Limited and Dr. Sankaran Nair Rajagopal holding Independent Directorship in Manappuram Finance Limited, None of the Directors of the Company hold directorships in any equity listed companies as on March 31, 2024.

5. Information to the Board:

The Board of Directors have access to the information within the Company, which inter alia includes –

- Annual revenue budgets and capital expenditure plans of the Company and its subsidiaries.
- Quarterly results placed before the Board.
- Minutes of the meetings of the Board of Directors and Committees.
- Minutes of the Board meetings of subsidiaries.
- Material default, if any, in the financial obligations to and by the Company or substantial nonpayment.
- Any issue, which involves possible public liability claims of substantial nature, including any judgement or order, if any, which may have strictures on the conduct of the Company.
- Developments in respect of human resources.

6. Post-meeting internal communication system:

The important decisions taken at the Board / Committee meetings are communicated to the departments / subsidiary companies concerned promptly to enable timely action, if required.

7. Board-skills/expertise/competencies:

Sr. No.	Skills / Expertise / Competence	Mr. Bhupinder Singh	Mr. Vivek Bansal	Mr. Anil Nagu	Mr. Rohan Suri	Mr. Vivek Anand PS	Ms. Rupa Vora	Mr. Karnam Sekar	Ms. Sunita Gupta	Ms. Ambika Bisla	Dr. Sankaran Nair Rajagopal
1	Knowledge of Sector	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
2	Accounting and Finance	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
3	Corporate Governance and Compliances	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
4	Strategy Development and Implementation	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
5	Information Technology	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
6	Stakeholders Relationship	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
7	Risk Management System	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
8	CEO/Senior Management Experience / Leadership	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Corporate Governance Report (Contd.)

8. Performance Evaluation:

The Nomination and Remuneration Committee has approved a policy for evaluation of the Board, its Committees and Directors and the same has been approved by the Board of the Company. The process for the aforesaid evaluation as required under the Act is given in the Board's Report.

9. Succession Planning:

The Company has a mechanism and policy in place for ensuring orderly succession for appointments to the Board and to Senior Management.

10. Confirmation of Independent Directors:

In the opinion of the Board, Independent Directors fulfil the conditions required for independent directors as per the provisions of the Companies Act, 2013, the SEBI Listing Regulations and all other applicable laws and are independent of the management.

C. BOARD COMMITTEES

The structure of a Board and the planning of the Board's work are key elements to effective governance. Establishing Committees is one way of managing the work of the Board, thereby strengthening the Board's governance role. The Board Committees play a crucial role in the governance structure of the Company and have been constituted to deal with specific areas/activities of the Company. The Board is regularly briefed about the deliberations, including summary of discussions and decisions, taken by the Committees through the minutes of the meetings. The business transacted by the Committees of the Board is placed before the Board for noting/recommendation/approval as applicable.

The Board has currently constituted the following Committees pursuant to the provisions of the Companies Act 2013, SEBI Listing Regulations, Reserve Bank of India regulations and other applicable laws:

1. Audit Committee
2. Nomination and Remuneration Committee
3. Corporate Social Responsibility ("CSR") Committee
4. Stakeholder Relationship Committee
5. Risk Management Committee
6. IT Strategy Committee
7. Asset Liability Management Committee
8. Finance Committee
9. Credit Risk Committee
10. Customer Grievance Committee

1. Audit Committee ("AC")

Terms of Reference:

The role of the AC includes the following:

- a. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- b. Providing recommendations for the appointment, remuneration and terms of appointment of auditors of the Company.
- c. Approval of payments to statutory auditors for any other services rendered by the statutory auditors.
- d. Reviewing with the management, the annual financial statements and the auditor's report thereon, before submission to the Board for approval, with particular reference to:

- i. matters required to be included in the director's responsibility statement, to be included in the Board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
 - ii. changes, if any, in the accounting policies and practices, and reasons for the same;
 - iii. major accounting entries involving estimates based on the exercise of judgment by management;
 - iv. significant adjustments made in the financial statements arising out of audit findings;
 - v. compliance with [listing] and other legal requirements relating to financial statements;
 - vi. disclosure of any related party transactions; and
 - vii. modified opinion(s) in the draft audit report.
- e. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
 - f. Reviewing, with the management, the statement of uses/application/end use of funds raised through an issue (public issue, rights issue, preferential issue etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice, and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
 - g. Reviewing and monitoring the auditor's independence and performance, and effectiveness of the audit process.
 - h. Approval of, or any subsequent modification of, the transactions of the Company with related parties.
 - i. Scrutiny of inter-corporate loans and investments.
 - j. Valuation of undertakings or assets of the Company, wherever necessary.
 - k. Evaluation of the internal financial controls and risk management systems.
 - l. Reviewing, with the management, performance of the statutory and the internal auditors, adequacy of the internal control systems.
 - m. Reviewing the adequacy of the internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
 - n. Discussions with the internal auditors of any significant findings and follow-ups thereon.
 - o. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature, and reporting the matter to the Board.
 - p. Discussions with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
 - q. To look into the reasons for substantial defaults in payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
 - r. To review the functioning of the whistle blower mechanism.
 - s. Approval of the appointment of the chief financial officer after assessing the qualifications, experience and background etc. of the candidate.
 - t. Reviewing the utilisation of loans and/ or advances from/ investment by the Company in, its subsidiary exceeding INR 100 crore or 10% of the asset size of the subsidiary, whichever is lower, including existing loans/ advances extended or investments made by the Company in its subsidiary.
 - u. To consider and comment on the rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders.
 - v. Any other role/ function as may be specifically referred to the Committee by the Board, or as may be required under the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI(LODR)") or any other applicable law(s) for the time being in force.
- The Committee shall mandatorily review the information pertaining to the following:
- i. management discussions and analysis of financial conditions and results of operations;
 - ii. statement of significant related party transactions (as defined by the Committee), submitted by management;

Corporate Governance Report (Contd.)

- iii. management letters/ letters of internal control weaknesses issued by the statutory auditors;
- iv. internal audit reports relating to internal control weaknesses;
- v. the appointment, removal and terms of remuneration of the chief internal auditor; and
- vi. statement of deviations: (A) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of SEBI(LODR); and (B) annual statement of funds utilised for purposes other than those stated in the offer document/ prospectus/ notice in terms of Regulation 32(7) of SEBI(LODR).

Composition:

The Audit Committee of the Board of Directors of the Company as on March 31, 2024 consists of the following Members:

Sr. No.	Name of Director	Member of Committee since
1	Ms. Rupa Vora	July 26, 2022
2	Mr. Vivek Anand PS	July 26, 2022
3	Mr. Karnam Sekar	July 26, 2022
4	Ms. Sunita Gupta	March 30, 2023
5	Dr. Sankaran Nair Rajagopal	March 30, 2023

Meetings and Attendance:

The AC met five times during the year on April 27, 2023, August 02, 2023, August 10, 2023, October 27, 2023 and January 17, 2024. The attendance of members at the meetings was as follows:

Sr. No.	Name of Director	Capacity	Number of Meetings of the Committee during their tenure	
			Held	Attended
1	Ms. Rupa Vora	Chairperson	5	5
2	Mr. Vivek Anand PS	Member	5	4
3	Mr. Karnam Sekar	Member	5	5
4	Ms. Sunita Gupta	Member	5	5
5	Dr. Sankaran Nair Rajagopal	Member	5	5

All the recommendations by the AC to the Board during the year have been accepted.

All the members of the AC are financially literate and have accounting or related financial management expertise. The Company Secretary is the Secretary to the Committee.

2. Nomination and Remuneration Committee ("NRC"):

Terms of Reference:

The role of the NRC includes the following:

- a. Identification of persons qualified to become directors, and to make recommendations to the Board for their appointment /removal or filling of vacancies on the Board.
- b. Identification of persons for appointment as the Senior Management Personnel of the Company and to make recommendations to the Board for their appointment / removal.

Note: As per Section 178(5) of the Companies Act, 2013, the term "Senior Management Personnel" of a Company shall mean members of the core management team of the Company (excluding the board of directors),

comprising of all members of management one level below the executive directors, including the functional heads.

- c. Administration and superintendence of the Employee Stock Option Schemes of the Company (as may be applicable).
- d. Formulation, supervision and implementation of the following policies:
 - i. Appointment & Remuneration Policy for the Directors and Key Managerial Personnel;
 - ii. Employees Remuneration Policy; and
 - iii. Policy for Annual Performance Evaluation of the Directors.
- e. Formulation of the criteria for determining qualifications, positive attributes and independence of a director, and to recommend to the Board of Directors a policy relating to the remuneration of the directors, key managerial personnel and other employees. While formulating such policy the Committee shall ensure that:
 - i. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;
 - ii. the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - iii. the remuneration to directors, key managerial personnel and Senior Management Personnel involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.
- f. For the appointment of each independent director, the Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
 - i. use the services of external agencies, if required;
 - ii. consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - iii. consider the time commitments of the candidates
- g. Formulation of criteria for evaluation of performance of independent directors and the Board of Directors.
- h. Devising a policy on diversity of the Board of Directors.
- i. Providing recommendation as to whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- j. Recommend to the Board, all remuneration, in whatever form, payable to the Senior Management Personnel.
- k. Any other role / functions as may be specifically required to be performed by the aforesaid Committee as per RBI regulations/master direction/circular/notification and any other assignment as may be referred to the Committee by the Board of Directors and / or other committees of Directors of the Company, or as may be required under the Companies Act, 2013, [the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, guidelines/ circulars/ directions/ rules issued by the Reserve Bank of India (including the RBI Guidelines on Compensation of Key Managerial Personnel (KMP) and Senior Management in NBFCs, dated April 29, 2022)], or other applicable law(s), for the time being in force.

Corporate Governance Report (Contd.)

Composition:

The Nomination and Remuneration Committee of the Board of Directors of the Company as on March 31, 2024 consists of the following Members:

Sr. No.	Name of Director	Member of Committee since
1	Mr. Bhupinder Singh	July 26, 2022
2	Ms. Rupa Vora	July 26, 2022
3	Mr. Karnam Sekar	March 30, 2023
4	Dr. Sankaran Nair Rajagopal	March 30, 2023
5	Ms. Ambika Bisla	March 30, 2023
6	Mr. Rohan Suri	September 24, 2023

Meetings and Attendance:

The NRC met two times during the year on April 27, 2023, and August 02, 2023.

The attendance of members at the meetings was as follows:

Sr. No.	Name of Director	Capacity	Number of Meetings of the Committee during their tenure	
			Held	Attended
1	Mr. Bhupinder Singh	Member	2	2
2	Mr. Gaurav Trehan*	Member	2	0
3	Ms. Rupa Vora	Member	2	2
4	Mr. Karnam Sekar	Member	2	2
5	Dr. Sankaran Nair Rajagopal	Member	2	2
6	Ms. Ambika Bisla	Member	2	2
7	Mr. Rohan Suri**	Member	0	0

*ceased to be a member of the Committee w.e.f. September 13, 2023

** Appointed as a member of the Committee w.e.f. September 24, 2023

Remuneration Policy:

The remuneration of the Board members is based on the Company's size, its economic and financial position, industrial trends and compensation paid by peer companies. The compensation reflects each Board member's responsibility and performance.

Remuneration to Executive Directors, KMPs and other employees:

- Remuneration to the Executive Directors is proposed by the Committee and recommended to the Board for its approval subject to the approval of the shareholders' as per the Act, wherever applicable;
- Employee remuneration is determined based on various factors such as job profile, skill sets, seniority, experience and prevailing remuneration levels for equivalent jobs and in terms with the Company's HR policies;
- Increments to the existing remuneration of the Directors is be placed before the Committee for its approval / ratification, as the case may be. The remuneration proposed is consistent with the regulatory requirements, strategy of the Company and in line with the comparable market and internal remuneration benchmarks; and
- Increments to the existing remuneration of employees including the Chief Financial Officer and the Company Secretary of the Company is in terms of the internal HR policy on remuneration of employees. The remuneration

proposed will be consistent with the strategy of the Company and in line with the comparable market and internal remuneration benchmarks.

Remuneration to NEDs and Independent Directors:

- Independent Directors are paid sitting fees for attending the meetings of the Board and the Committees of which they are members. The Board may at its discretion revise the sitting fees payable to the NEDs and/or Independent Directors from time to time provided in accordance with the Act.
- Directors are reimbursed for any expenses incurred by them for attending meetings of the Board and its Committees.
- Independent Directors are not entitled to any stock option of the Company.

The Company paid sitting fees of INR 1,00,000 per Board and Committee meeting for the F.Y 2023-24.

None of the Non-Executive Directors have any pecuniary relationship with the Company.

As required under Schedule V of the SEBI Listing Regulations, the criteria for payment to NEDs is available on the website of the Company. Further, the performance evaluation criteria for Independent Directors as required under Schedule V of the SEBI Listing Regulations is included in the Board’s Report.

Details of remuneration paid to Directors for the financial year ended March 31, 2024:

a. Remuneration to Executive Director(s)

The details of remuneration paid during the year to Mr. Bhupinder Singh, Whole-time Director and Chief Executive Officer and Mr. Vivek Bansal, Whole-time Director and Chief Financial Officer of the Company are as follows

Amount (INR)			
Name of the Director	Salary and Perquisites	Total	Stock Options#
Mr. Bhupinder Singh	5,99,52,000	5,99,52,000	Nil
Mr. Vivek Bansal	9,23,26,231	9,23,26,231	Nil

#ESOP’s granted by holding Company i.e InCred Holdings Limited

b. The details of remuneration to the Independent Directors are as follows

Amount (INR)			
Name of the Director	Sitting Fees for Board Meeting	Sitting Fees for Committee Meetings*	Total
Ms. Rupa Vora	600000	1200000	1800000
Mr. Karnam Sekar	600000	1000000	1600000
Ms. Sunita Gupta	600000	1200000	1800000
Ms. Ambika Bisla	500000	900000	1400000
Dr. Sankaran Nair Rajagopal	600000	1200000	1800000

*No sitting fee is payable for the meeting of Independent Directors.

Corporate Governance Report (Contd.)

3. Corporate Social Responsibility (“CSR”) Committee

Terms of Reference:

The role of CSR Committee includes the following:

- a. To finalise and appraise to the Board a corporate social responsibility (CSR) policy for the Company.
- b. To recommend CSR activities and expenditure on the same.
- c. To monitor implementation of the CSR policy of the Company from time to time.
- d. To formulate and recommend to the Board an annual action plan in pursuance of the CSR policy of the Company (containing such details as may be required under applicable law(s), including the Companies Act, 2013 and rules made thereunder).
- e. Any other role/ functions as may be specifically referred to the Committee by the Board of Directors and / or other committees of Directors of the Company, or as may be required under the Companies Act, 2013 and rules made thereunder, as amended from time to time, or SEBI (LODR) or any other applicable law(s) for the time being in force.

Composition:

The CSR Committee of the Board of Directors of the Company as on March 31, 2024 consists of the following Members:

Sr. No.	Name of Director	Member of Committee since
1	Mr. Karnam Sekar	July 26, 2022
2	Mr. Vivek Bansal	July 26, 2022
3	Ms. Rupa Vora	July 26, 2022
4	Ms. Ambika Bisla	March 30, 2023
5	Ms. Sunita Gupta	March 30, 2023

Meetings and Attendance:

The Committee met once in the year on January 16, 2024. The attendance of members at the meetings was as follows:

Sr. No.	Name of Director	Capacity	Number of Meetings of the Committee during their tenure	
			Held	Attended
1	Mr. Karnam Sekar	Member	1	1
2	Mr. Vivek Bansal	Member	1	0
3	Ms. Rupa Vora	Member	1	1
4	Ms. Ambika Bisla	Member	1	1
5	Ms. Sunita Gupta	Member	1	1

4. Stakeholders Relationship Committee (“SRC”)

Terms of Reference:

The role of the SRC includes the following:

- a. Resolving the grievances of the security holders of the Company including complaints related to transfer/ transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- b. Review of measures taken for effective exercise of voting rights by shareholders.
- c. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.

- d. Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.
- e. Any such other role/functions as may be specifically required to be performed by the aforesaid Committee as per SEBI (LODR) /circular/notification issued by SEBI and any other assignment as may be referred to the Committee by the Board of Directors.

Composition:

The Stakeholders Relationship Committee of the Board of Directors of the Company as on March 31, 2024 consists of the following Members:

Sr. No.	Name of Director	Member of Committee since
1	Mr. Bhupinder Singh	July 26, 2022
2	Mr. Vivek Bansal	July 26, 2022
3	Ms. Ambika Bisla	March 30, 2023
4	Ms. Sunita Gupta	March 30, 2023

Meetings and Attendance:

The SRC met four times during the year on April 27, 2023, August 02, 2023, October 18, 2023 and January 16, 2024.

The attendance of members at the meetings was as follows:

Sr. No.	Name of Director	Capacity	Number of Meetings of the Committee during their tenure	
			Held	Attended
1	Mr. Bhupinder Singh	Member	4	3
2	Mr. Vivek Bansal	Member	4	4
3	Ms. Ambika Bisla	Member	4	4
4	Ms. Sunita Gupta	Member	4	4

Details of Shareholders’ requests / complaints:

The investor complaints are processed in a centralised web-based complaints redress system. Your Company has been registered on SCORES and makes every effort to resolve all investor complaints received through SCORES or otherwise within the statutory time limit from the receipt of the complaint.

5. Risk Management Committee (“RMC”)

Terms of Reference:

The role of the RMC includes the following:

1. Review and manage the Risk Management framework and processes of the Company in compliance with the regulatory provisions and the best practices;
2. To formulate a detailed risk management policy which shall include:
 - a. A framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
 - b. Measures for risk mitigation including systems and processes for internal control of identified risks.
 - c. Business continuity plan.
3. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks

Corporate Governance Report (Contd.)

- associated with the business of the Company;
4. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
 5. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
 6. To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
 7. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.
 8. To review framework for monitoring and managing various types of risks including credit risk, market risk, fraud risk, liquidity risk, Outsourcing risk and status of compliance with the KYC and Anti-Money Laundering (AML) Standards
 9. To review the various risk related aspects of the loan and asset portfolio,
 10. To review and approve the various policies pertaining to the following:
 - a. Lending activities of the Company;
 - b. Retail loans granted by the Company;
 - c. Know Your Customer (KYC) and AML;
 - d. Recovery and Collections;
 - e. Outsourcing policies
 11. Any such other role/functions as may be specifically required to be performed by the aforesaid Committee as per RBI regulations/master direction/circular/notification and any other assignment as may be referred to the Committee by the Board of Directors and / or other committees of Directors of the Company or as may be required under the Companies Act, 2013, SEBI (LODR) or any other law for the time being in force.
 12. The Risk Management Committee shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the board of directors.

Composition:

The Risk Management Committee of the Board of Directors of the Company as on March 31, 2024 consists of the following Members:

Sr. No.	Name of Director	Member of Committee since
1	Mr. Bhupinder Singh	July 26, 2022
2	Mr. Vivek Bansal	July 26, 2022
3	Ms. Rupa Vora	July 26, 2022
4	Mr. Prithviraj Chandrasekhar	July 26, 2022
5	Mr. Saurabh Jhalaria	July 26, 2022
6	Mr. Krishna Bahety	January 17, 2023
7	Mr. Rohan Suri	March 30, 2023
8	Dr. Sankaran Nair Rajagopal	March 30, 2023

Meetings and Attendance:

The Committee met four times during the year on May 16, 2023, August 02, 2023, October 17, 2023 and January 16, 2024. The attendance of members at the meetings was as follows:

Sr. No.	Name of Director	Capacity	Number of Meetings of the Committee during their tenure	
			Held	Attended
1	Mr. Bhupinder Singh	Member	4	3
2	Mr. Vivek Bansal	Member	4	3
3	Ms. Rupa Vora	Member	4	4
4	Mr. Prithviraj Chandrasekhar	Member	4	3
5	Mr. Saurabh Jhalaria	Member	4	4
6	Mr. Krishna Bahety	Member	4	4
7	Mr. Rohan Suri	Member	4	3
8	Dr. Sankaran Nair Rajagopal	Member	4	4

6. IT Strategy Committee (“ITSC”):

As per the RBI regulations applicable to the Company, the Board of Directors of the Company has constituted an ITSC.

Terms of Reference:

The role of the ITSC includes the following:

1. Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place.
2. Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business.
3. Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable.
4. Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources.
5. Ensuring proper balance of IT investments for sustaining NBFC growth and becoming aware about exposure towards IT risks and controls.
6. In relation to any IT outsourced operations, the Committee shall:
 - i. Institute an appropriate governance/risk management mechanism/framework for all outsourced activities/IT outsourced processes/operations, comprising risk-based policies and procedures and to setting up suitable administrative framework of senior management to effectively identify, measure, monitor and control risks associated with outsourcing in an end-to-end manner in line with the regulatory requirement as applicable from time to time.
 - ii. Define the approval authorities for outsourcing depending on the nature of risks and materiality of outsourcing.
 - iii. Develop sound and responsive outsourcing risk management policies and procedures, commensurate with the nature, scope, and complexity of outsourcing arrangements.
 - iv. Undertake a periodic review of outsourcing strategies and all existing material outsourcing arrangements.
 - v. Evaluate the risks and materiality of all prospective outsourcing based on the framework developed by the Board.
 - vi. Periodically review the effectiveness of policies and procedures.
 - vii. Communicate significant risks in outsourcing to the Board on a periodic basis.
 - viii. Ensure an independent review and audit, in accordance with approved policies and procedures.

Corporate Governance Report (Contd.)

- ix. Ensure that contingency plans have been developed and tested adequately.
 - x. Ensure that the business of the Company is not adversely compromised on account of outsourcing. To ensure that sound business continuity management practices are adopted as issued by the RBI and seek proactive assurance that the outsourced service provider maintains readiness and preparedness for business continuity on an ongoing basis.
7. To settle any question, difficulty or doubt that may arise in regard to the above matters.
 8. Any such other role/functions as may be specifically required to be performed by the aforesaid Committee as per RBI regulations/master direction/circular/notification and any other assignment as may be referred to the Committee by the Board of Directors.

Composition:

The IT Strategy Committee of the Board of Directors of the Company as on March 31, 2024 consists of the following Members:

Sr. No.	Name of Director	Member of Committee since
1	Mr. Vivek Bansal	July 26, 2022
2	Mr. Karnam Sekar	July 26, 2022
3	Mr. Ashwin Sekar	July 26, 2022
4	Dr. Sankaran Nair Rajagopal	March 30, 2023
5	Ms. Ambika Bisla	March 30, 2023
6	Ms. Sunita Gupta	March 30, 2023
7	Mr. Suriya Nagarajan	August 02, 2023

Meetings and Attendance:

The Committee met twice during the year on May 18, 2023 and October 17, 2023. The attendance of members at the meetings was as follows:

Sr. No.	Name of Director	Capacity	Number of Meetings of the Committee during their tenure	
			Held	Attended
1	Mr. Vivek Bansal	Member	2	2
2	Mr. Karnam Sekar	Member	2	2
3	Mr. Ashwin Sekar	Member	2	2
4	Dr. Sankaran Nair Rajagopal	Member	2	2
5	Ms. Ambika Bisla	Member	2	2
6	Ms. Sunita Gupta	Member	2	2
7	Mr. Suriya Nagarajan*	Member	2	1

*Appointed as a member of the Committee w.e.f. August 02, 2023

7. Asset Liability Management Committee (“ALCO”):

Terms of Reference:

- To review/ monitor the Asset Liability Management (ALM) profile and systems of the Company from time to time;
- To monitor and manage the following by taking appropriate steps and recommending suitable measures to the Board:
 - Liquidity Risk
 - Market Risk
 - Interest Rate Risk
 - Funding and Capital Planning
- To monitor and advise maturity profile and mix of the incremental Assets and Liabilities of the Company, sale of assets as a source of funding, the structure, responsibilities and controls for managing liquidity risk, and overseeing the liquidity positions of the Company.
- To formulate Interest Rate view of the Company and advise future business strategy accordingly if required. To advise on appropriate mix of between Fixed v/s Floating Interest Rate liabilities/ resources and assets etc.
- To advise on Funding, Source & Mix of Liabilities, Product Pricing for the loans etc.
- To advise on benchmark Floating Reference Rate (RFRR) and to amend / change the same from time to time, as required.
- To review the ALM returns and take suitable remedial measures.
- To adopt, amend, revise and modify ALM Policy of the Company in compliance with the regulatory requirements;
- To assess the funding and capital planning for the Company.
- To advise roadmap for profit planning and growth projections of the Company.
- To ensure adherence to the risk tolerance/ limits set by the Board as well as implementing the liquidity risk management strategy of the Company.
- Any other role/ functions as may be specifically referred to ALCO by the Board, or as may be required under directions/ circulars/ notifications/ guidelines issued by the Reserve Bank of India from time to time, or other applicable law(s) for the time being in force.

Composition:

The Asset Liability Management Committee of the Board of Directors of the Company as on March 31, 2024 consists of the following Members:

Sr. No.	Name of Director	Member of Committee since
1	Mr. Vivek Bansal	July 26, 2022
2	Mr. Bhupinder Singh	July 26, 2022
3	Mr. Saurabh Jhalaria	July 26, 2022
4	Mr. Krishna Bahety	January 17, 2023

Corporate Governance Report (Contd.)

Meetings and Attendance:

The Committee met four times during the year on April 26, 2023, July 12, 2023, December 5, 2023 and February 15, 2024. The attendance of members at the meetings was as follows:

Sr. No.	Name of Director	Capacity	Number of Meetings of the Committee during their tenure	
			Held	Attended
1	Mr. Vivek Bansal	Member	4	4
2	Mr. Bhupinder Singh	Member	4	4
3	Mr. Saurabh Jhalaria	Member	4	4
4	Mr. Krishna Bahety	Member	4	4

8. Finance Committee

Terms of Reference:

- a. To approve borrowing of monies (otherwise than by issue of debentures) by way of availing financial facilities from financial institution(s)/ bank(s) or other entities in the form of term loan(s), guarantee(s), line of credit or in any other forms ("Facilities"), within the overall limits approved by the Board/ shareholders, in connection with the Company's business requirement, and taking necessary actions connected therewith.
- b. To appoint security trustee(s) and/or create charge/ mortgage in favour of the lenders of the Company.
- c. To consider opening of bank accounts with various banks, apply and avail corporate internet banking, fax indemnity facility, email indemnity, online account statement viewing facility with respect to accounts maintained with various banks, and to revise signatories for operating various bank accounts of the Company as and when necessary.
- d. To review and approve an assignment/securitization transaction or a transaction relating to the transfer of financial assets or cash flows including but not limited to portfolio buyout.
- e. To review and approve arrangements and tie-ups with the banks for various banking facilities and/ or cash management services.
- f. To consider and approve availing of bank guarantees from various banks.
- g. To consider availing of corporate credit cards, including credit card facility in the name of employees/ officials of the Company and the terms of such facilities.
- h. To approve investment of surplus funds of the Company, within the limits approved by the Board, in Mutual Funds, Fixed Deposits, Government Securities, securities of any Company, body corporate etc., and redemption thereof.
- i. To review and recommend the investment policy to the Board.
- j. To review and approve the 'demand and call loan policy' and other related policies relating to finance and treasury (except the policies on asset liability management and rate of interest) of the Company.
- k. To decide on matters relating to the finalisation of the terms and conditions of non-convertible debentures (NCDs) to be issued on private placement basis and allotted from time to time, within the aggregate limit as approved by the Board; decide the opening and closing date for receiving application and date of allotment / deemed date of allotment; and apply with stock exchanges for listing of the NCDs.
- l. To appoint the debenture trustee, legal advisors, depositories, custodians, registrar and transfer agent and other intermediaries, in accordance with the provisions of the applicable debt regulations and the related formalities.
- m. To approve, authorise officials to sign and execute offer document(s), offer letter(s), information memorandum(s) as per the prescribed format, if any, including any declaration, confirmation, affirmation, indemnity and undertaking in respect of the NCDs to the potential investors, listing application(s), various agreements including but not limited to Deed of Hypothecation, Debenture Trust Deed, Debenture Trustee Agreement, Listing

Corporate Governance Report (Contd.)

Agreement, undertakings, deeds, declarations, affidavits, certificates, documents, etc., and all other documents; and to do all such acts, deeds and things, and to comply with all formalities, as may be required in connection with and incidental to, the offering of NCDs on private placement basis including the post issue formalities and with power to settle any question, difficulties or doubts that may arise in regard to the issue or allotment of such NCDs as may be deemed fit.

- n. To delegate authorities from time to time to the executives/authorised representatives to implement the decisions of the Committee from time to time.
- o. Any other role/functions as may be specifically referred to the Committee by the Board.

Composition:

The Finance Committee of the Board of Directors of your Company as on March 31, 2024 consists of the following Members;

Sr. No.	Name of Director	Member of Committee since
1	Mr. Vivek Bansal	July 26, 2022
2	Mr. Bhupinder Singh	July 26, 2022
3	Mr. Ashish Kumar Singhal	August 02, 2023
4	Mr. Krishna Bahety	August 02, 2023

Meetings and Attendance:

The Committee met forty times during the year, on April 12, 2023, May 09, 2023, May 23, 2023, May 27, 2023, June 29, 2023, July 25, 2023, July 29, 2023, August 11, 2023, August 22, 2023, August 24, 2023, August 29, 2023, August 31, 2023, September 06, 2023, September 14, 2023, September 21, 2023, September 26, 2023, September 28, 2023, September 29, 2023, October 11, 2023, October 25, 2023, November 10, 2023, November 16, 2023, November 30, 2023, December 22, 2023, December 26, 2023, December 28, 2023, January 17, 2024, January 25, 2024, February 01, 2024, February 09, 2024, February 14, 2024, February 22, 2024, February 28, 2024, March 05, 2024, March 07, 2024, March 12, 2024, March 19, 2024, March 22, 2024, March 26, 2024 and March 29, 2024. The attendance of members at the meetings was as follows:

Sr. No.	Name of Director	Capacity	Number of Meetings of the Committee held during their tenure	
			Held	Attended
1	Mr. Vivek Bansal	Member	40	40
2	Mr. Bhupinder Singh	Member	40	39
3	Mr. Ashish Kumar Singhal*	Member	34	34
4	Mr. Krishna Bahety*	Member	34	34

*Appointed as a member of the Committee w.e.f. August 02, 2023

Corporate Governance Report (Contd.)

9. Credit Risk Committee

Terms of Reference:

1. Evaluate credit proposal in lines with the Board approved credit policy
2. Approve deviation in lines with the Board approved credit policy
3. Review portfolio performance on quarterly basis
4. Review and recommend ECL for portfolio
5. Review and recommend amendment in credit policy
6. Perform responsibilities delegated by the Board from time to time

Composition:

The Credit Risk Committee of the Board of Directors of your Company as on March 31, 2024 consists of the following Members:

Sr. No.	Name of Director	Member of Committee since
1	Mr. Bhupinder Singh	July 26, 2022
2	Mr. Saurabh Jhalaria	July 26, 2022
3	Mr. Anil Nagu	September 24, 2023

Meetings and Attendance:

The Committee met once in the year on October 26, 2023. The attendance of members at the meetings was as follows:

Sr. No.	Name of Director	Capacity	Number of Meetings of the Committee held during their tenure	
			Held	Attended
1	Mr. Bhupinder Singh	Member	1	1
2	Mr. Saurabh Jhalaria	Member	1	1
3	Mr. Anil Nagu*	Member	1	1

*Appointed as a member of the Committee w.e.f. September 24, 2023

D. DIRECTORS ON BOARDS OF MATERIAL SUBSIDIARIES

The Company does not have any material subsidiaries.

E. OTHER INFORMATION

Training of Directors:

All Directors of the Company are aware and are also updated as and when required, of their roles, responsibilities and liabilities.

Information to Directors:

The Directors have access to the information within the Company, which inter alia, includes items as mentioned in point no. B5 of the Corporate Governance Report. Presentations are made regularly to the Board and its Committees, where Directors get an opportunity to interact with the management. Independent Directors have the freedom to interact with the Company's management. Interactions happen during Board / Committee meetings, when senior management personnel are asked to make presentations about the performance of the Company / business to the Board.

Statutory Auditors:

M/s S.R.Batliboi & Associates Co. LLP, Statutory Auditors of the Company has signed the Audit Report for FY 2023-24.

Code of Conduct:

The Company has laid down a Code of Conduct for all the Board members including Independent Directors and senior management personnel. The Code of Conduct is available on the website of the Company.

Vigil Mechanism Framework/Whistleblower Mechanism:

The Company has in place a Whistleblower Mechanism which seeks to define and establish the mechanism for the stakeholders of the Company and its subsidiaries and group companies on the framework for reporting instances of unethical/improper conduct and actioning suitable steps to investigate and correct the same. The policy on Whistle Blower Mechanism details the following:

- a. Procedure to disclose any suspected unethical and/or improper practice taking place in the Company;
- b. Protection available to the person making such disclosure in good faith;
- c. Mechanism for actioning and reporting on such disclosures to the relevant authority within the Company; and Relevant authority and its powers to review disclosures and direct corrective action relating to such disclosures.

Quarterly reports with the number of complaints received and their outcome are placed before the Audit Committee.

The details of establishment of such a mechanism have been disclosed on the website of the Company.

As on March 31, 2024, no complaint has been received by the Company from any directors or employees of the Company with respect to any wrong doings that may have an adverse impact on the Company's image or financials of the Company.

During the year, no person has been declined access to the Audit Committee, wherever desired.

Corporate Governance Report (Contd.)

General Body Meetings:

The details of AGM of the Company for the previous three years are as under:

Year	Date & Time	Venue / Mode of conducting the meeting	Details of Special Resolution passed
FY 2021-22	September 30, 2021 at 10.30 a.m	Through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM")	1. Adoption of the amended Articles of association of the Company.
FY 2022-23	June 23, 2022 at 11.30 a.m	Through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM")	None
FY 2023-24	June 27, 2023 at 11.00 a.m	Through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM")	1. Appointment of Dr. Sankaran Nair Rajagopal (DIN: 10087762) as an Independent Director of the Company. 2. Appointment of Ms. Sunita Gupta (DIN: 06902258) as an Independent Director of the Company. 3. Appointment of Ms. Ambika Bisla (DIN: 09789579) as an Independent Director of the Company. 4. Issuance of Non-Convertible Debentures/Bonds during F.Y 2023-24.

Postal Ballot:

The Company had not passed any resolution through Postal Ballot during FY 2023-24. Further, currently, there is no proposal which is envisaged to be passed through Postal Ballot. If a Resolution is passed by way of Postal Ballot, the Company will follow the process as per regulatory requirements.

Other Disclosures:

- During the year, there were no transactions of material nature with the Directors, management, their relatives or the subsidiaries, which had potential conflict with the interests of the Company.
- Details of all related party transactions form a part of the Financial Statements as required under Ind AS-24 and the same forms part of the Annual Report.
- The Company has followed all relevant Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time while preparing the Financial Statements.
- There were no instances of non-compliance on any matter relating to capital markets, during the last three years nor any penalties, strictures imposed on the Company by the Stock Exchange(s) or SEBI or any Statutory Authority except the following:
 - » The Company had received communication of delayed intimations under regulations 57(1), 60(2) and 54(2) of SEBI Listing Regulations from BSE in FY 2022-23. The Company has responded to the aforesaid communication and has made payment of the penalties levied. Further, the Company had received waiver of the penalty levied under Regulation 54(2) and 60(2) while the representation for waiver of penalty under regulation 57(1) has been rejected by the waiver committee of BSE. Later, the Company has received communication of delayed intimation under regulation 60(2) of SEBI Listing Regulations from BSE and NSE in FY 2023-24. The representation for waiver of the same was placed before BSE and NSE respectively and the same has been rejected by the waiver

committees of both the Exchanges.

- » RBI has imposed, by an order dated May 05, 2022, a monetary penalty of INR 5.0 lakh (Rupees Five Lakh only) on the Company, for non-compliance with the 'Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016' issued by RBI. This penalty has been imposed in exercise of powers vested in RBI under the provisions of clause (b) of sub-section (1) of section 58 G read with clause (aa) of sub-section (5) of section 58 B of the Reserve Bank of India Act, 1934, taking into account the failure of the Company to adhere to the aforesaid RBI Directions.
- As on the date of this report, the Company has complied with the Corporate Governance requirements specified in Regulations 17 to 27 and clauses 1A of Regulation 62 of the SEBI Listing Regulations.
- The web link with respect to the policy for determining 'material subsidiaries' and policy on dealing with related party transactions are mentioned in the Board's Report.
- The Company has also complied with the discretionary requirements stipulated under Regulation 27 of the SEBI Listing Regulations.
- As on March 31, 2024, there were no funds unutilized requiring disclosure as specified under SEBI Listing Regulations.
- Mr. Ashish Karodia, Practising Company Secretary has certified that none of the Directors of the Company have been debarred or disqualified from being appointed or continuing as a Director of the Company by SEBI or Ministry of Corporate Affairs or any other statutory authority. The said certificate forms part of this report.
- During F.Y 2023-24, total consolidated fees of INR 142.43 lakh was paid to the Statutory Auditors (i.e. S.R.Batliboi & Associates Co. LLP) and all entities in the network firm / network entity of which the Statutory Auditors are a part of, for all the services rendered to the Company and its subsidiaries.
- During the year under review, the Company received 1 (One) complaint in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the same was disposed-off and no complaints are pending during the financial year.
- There were no loans and advances made by the Company and its subsidiaries to firms/companies in which directors are interested.
- In terms of amendments made to the SEBI Listing Regulations, the Board of Directors confirm that during the year, it has accepted all mandatory recommendations received from its committees.
- For disclosure pertaining to credit rating, please refer to the Board's Report.

Means of Communication:

- Quarterly Results are communicated through Newspaper Advertisements in prominent national dailies like Business Standard.
- The Financial results are also displayed on the website of the Company.
- The Annual Report is circulated to all the Members, auditors, debenture trustees, etc.
- Management Discussion and Analysis form a part of the Annual Report and is sent to the Members of the Company.
- Stock Exchanges intimations being updated on the Company's website

Corporate Governance Report (Contd.)

General Shareholders' Information

Annual General Meeting	Monday, July 8, 2024
Financial Year	April 1, 2023 to March 31, 2024.
Date of Book Closure	Not applicable
Dividend Payment Date	Not applicable
Listing on Stock Exchanges (Non-convertible Debentures)	<p>BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400 001.</p> <p>National Stock Exchange of India Limited, Exchange Plaza, Plot No. C-1, Block G, Bandra – Kurla Complex, Bandra (East), Mumbai – 400 051.</p> <p>The Company has paid the listing fees to the Stock Exchanges for FY 2023-24.</p>
Listing of Non-Convertible Debentures (“NCDs”)	Secured, Redeemable, Non-Convertible Debentures issued by the Company on public and/or private placement basis till date are listed on National Stock Exchange of India Limited and BSE Limited.
Stock Code (NCDs)	12835/INCREDFIN
CIN	U67190MH1995PLC360817
Market price data-high, low during each month in last financial year	Not applicable
Performance in comparison to the broad-based indices such as BSE sensex, CRISIL Index, etc	Not applicable

Corporate Governance Report (Contd.)

In case the securities are suspended from trading, the Board's Report shall explain the reason thereof	Not applicable
Registrar and Share Transfer Agent("RTA")	M/s. Link Intime India Private Limited C-101, 247 Park, L. B. S. Marg, Vikhroli (West), Mumbai 400 083, Maharashtra, India. Tel: +91 22 4918 6000 Fax: +91 22 4918 6060 E-mail: rnt.helpdesk@linkintime.co.in Toll Free: 1800 102 7796
Share Transfer System	The Company ensures that the yearly Compliance Certificate pursuant to Regulations 40(9) and 40(10) of the SEBI Listing Regulations are filed with the Stock Exchanges certifying that all certificates have been issued within thirty days of the date of lodgement for transfer, sub-division, consolidation, renewal, exchange or endorsement of calls/allotment monies. However, there are no securities issued in physical form.
Distribution of Shareholding as on March 31, 2024:	NA

Corporate Governance Report (Contd.)

General Shareholders' Information

Category	No. of Shares	%
Promoters	48,83,10,114*	100
Financial Institutions	-	-
Foreign Institutional Investors & Foreign Portfolio Investors	-	-
Alternate Investment Funds	-	-
Mutual Funds	-	-
Bodies Corporate	-	-
Directors & Relatives	-	-
Resident Individuals & Others	-	-
Banks	-	-
Non-Resident Indians	-	-
TOTAL	48,83,10,114	100

*Including shares held by Nominee Shareholders

Dematerialization of Shares:

The number of shares held in dematerialized and physical form are as under:

Particulars	No. of Shares	%
NSDL	48,83,10,112	100
CDSL	2	Negligible
Physical	-	-
TOTAL	48,83,10,114	100

Dematerialization of shares and liquidity	As on March 31, 2024, the entire equity capital was held in the dematerialized form.
Outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on equity	The Company does not have any outstanding GDRs / ADRs / Warrants or any Convertible instruments as on March 31, 2024.
Commodity price risk or foreign exchange risk and hedging activities	Not Applicable
Plant Locations	As the Company is engaged in the business of Non-Banking Financial Services, this section is not applicable.
Address for correspondence	Link Intime India Private Limited C 101, 247 Park, L. B. S. Marg, Vikhroli (West), Mumbai - 400 083, Maharashtra, India. Tel: +91 22 4918 6000 Fax: +91 22 4918 6060 E-mail: rnt.helpdesk@linkintime.co.in Toll Free: 1800 102 7796
Name and Address of the Compliance Officer	Mr. Gajendra Thakur Company Secretary and Compliance Officer InCred Financial Services Limited Unit No. 1203, 12th Floor, B Wing, The Capital, Bandra Kurla Complex, Mumbai 400051 E-mail: gajendra.thakur@incred.com
Unclaimed shares lying in the Suspense Account:	Not applicable
Transfer of Amounts / Shares to Investor Education and Protection Fund ("IEPF")	Pursuant to the provisions of Sections 124 and 125 of the Act read with the IEPF (Accounting, Audit, Transfer and Refund) Rules, 2016, dividend / interest / refund of applications which remains unclaimed / unpaid for a period of 7 years is required to be transferred to IEPF. Further, the IEPF Rules mandate the companies to transfer all shares on which dividend remains unclaimed/ unpaid for a period of 7 consecutive years to the demat account of the IEPF Authority. During the year under review, the Company was not required to transfer any sum to IEPF.

Code of Conduct for prevention of Insider Trading

The Company has framed the Code of Conduct for Prevention of Insider Trading and Fair Disclosure of Unpublished Price Sensitive Information in line with the requirements of SEBI (Prohibition of Insider Trading) Regulations, 2015. The objective of the Code is to prevent purchase and / or sale of listed securities of the Company by an Insider on the basis of unpublished price sensitive information. Under this Code, Designated Persons are prohibited from dealing in the listed securities of the Company during the closure of Trading Window.

Further, SEBI has mandated every listed entity to maintain a Structured Digital Database (SDD) containing details of persons with whom any Unpublished Price Sensitive Information (UPSI) is shared. As per the SEBI (PIT) Regulations 2015, this database must be secured through adequate internal controls such as time stamping and audit trails so as to prevent any kind of tampering. The above mandate was primarily introduced with a view to maintain a trail of information and aid SEBI in investigations pertaining to insider trading by establishing a link between insiders and persons who communicate and trade on the basis of such UPSI. Thus, the Company has availed TRACK IN Software from Link Intime so as to comply with the said requirement.

Corporate Governance Report (Contd.)

Further, Mr. Gajendra Thakur, Company Secretary has been designated as the Compliance Officer for monitoring compliances with this Code.

Secretarial Audit

The Board of Directors of the Company at its meeting held on April 27, 2023, had appointed Ashish Karodia, Practising Company Secretary as the Secretarial Auditor of the Company for FY 2023-24.

Debenture Trustee

The details of Debenture Trustees are provided in the Board's Report

For **InCred Financial Services Limited**
(formerly known as KKR India Financial Services Limited)

Bhupinder Singh

Whole-time Director and CEO
DIN: 07342318

Vivek Bansal

Whole-time Director and CFO
DIN: 07835456

Place: Mumbai

Date: May 7, 2024

CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

[Issued in accordance with the provisions of Regulation 17(8) of the SEBI
(Listing Obligations & Disclosure Requirements) Regulations, 2015]

**The Board of Directors,
InCred Financial Services Limited
(erstwhile known as KKR India Financial Services Limited)**

Dear Board Members,

**Subject: Certificate of Compliance under Regulation 17(8) of SEBI (Listing Obligation and Disclosure Requirement)
Regulations, 2015, for the year ended March 31, 2024**

- A.** We confirm that we have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 2. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B.** To the best of our knowledge and belief, that no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- C.** Accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or propose to take to rectify these deficiencies.
- D.** Have indicated to the auditors and the Audit Committee;
1. significant changes in internal control over financial reporting during the year;
 2. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 3. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For **InCred Financial Services Limited**
(erstwhile known as KKR India Financial Services Limited)

Bhupinder Singh

Whole-time Director and CEO
DIN: 07342318

Vivek Bansal

Whole-time Director and CFO
DIN: 07835456

Place: Mumbai

Date: May 7, 2024

Corporate Governance Report (Contd.)

**PRACTISING COMPANY SECRETARIES CERTIFICATE ON COMPLIANCE WITH THE CORPORATE
GOVERNANCE REQUIREMENTS UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS)
REGULATIONS, 2015**

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To
The Members of
InCred Financial Services Limited

We have examined the compliance of the conditions of Corporate Governance by INCRED FINANCIAL SERVICES LIMITED ('the Company') for the year ended on March 31, 2024, as stipulated and as applicable under Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and part C, D & E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the review of procedures and implementation thereof, as adopted by the Company for ensuring compliance with conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

The Management is responsible for ensuring that the Company complies with the conditions of Corporate Governance. This responsibility also includes the design, implementation and maintenance of internal controls and procedures to ensure compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the Covid-19 pandemic, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended on March 31, 2024.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Sd/-

CS Ashish Karodia

Practising Company Secretary
Membership No. F 6549
Certificate of Practice No. 6375
UDIN: F006549F000328717

Place: Indore
Date: May 7, 2024

CERTIFICATE ON NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members,
INCRED FINANCIAL SERVICES LIMITED
(erstwhile known as KKR India Financial Services Limited)

We have examined the following documents:

- a. Declaration of non-disqualification as required under Section 164 of The Companies Act, 2013 ('the Act');
- b. Disclosure of concern or interests as required under Section 184 of the Act; (hereinafter referred to as 'relevant documents')

As received from the Directors of the Company for the Financial Year 2023-24, produced before me/us by the Company for the purpose of issuing this Certificate, in accordance with Schedule V Para-C Sub-clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. We have considered non-disqualification to include non-debarment by Regulatory/Statutory Authorities.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the Covid-19 pandemic, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2024 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director	Date of Appointment in the Company*	Date of Cessation in the Company*
1	Mr. Bhupinder Singh	26-07-2022	-
2	Mr. Vivek Bansal	26-07-2022	-
3	Mr. Gaurav Trehan	26-07-2022	13-09-2023
4	Mr. Rohan Suri	30-03-2023	-
5	Mr. Vivek Anand PS	26-07-2022	-
6	Ms. Rupa Vora	26-07-2022	-
7	Mr. Karnam Sekar	26-07-2022	-
8	Ms. Sunita Gupta	30-03-2023	-
9	Ms. Ambika Bisla	30-03-2023	-
10	Dr. Sankaran Nair Rajagopal	30-03-2023	-
11	Mr. Anil Nagu	14-09-2023	-

*Date of appointment and cessation is as per MCA Portal

Corporate Governance Report (Contd.)

It is the responsibility of the Directors to submit relevant documents with complete and accurate information in accordance with the provisions of the Act. Ensuring the eligibility for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company.

Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Sd/-

CS Ashish Karodia

Practising Company Secretary

Membership No. F 6549

Certificate of Practice No. 6375

UDIN: F006549F000328706

Place: Indore

Date: May 7, 2024

ANNEXURE “D” TO BOARD’S REPORT

MR-3 Secretarial Audit Report

FOR THE FINANCIAL YEAR ENDED 2024

[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,
InCred Financial Services Limited
(Previously known as KKR India Financial Services Limited)
U67190MH1995PLC360817
Unit No. 1203, 12th floor, B Wing, The Capital, Plot No. C-70, G Block, BKC, Mumbai-400051, Maharashtra, India

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **INCREC FINANCIAL SERVICES LIMITED** (Previously known as KKR India Financial Services Limited) CIN: U67190MH1995PLC360817 (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me/us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the INCREC FINANCIAL SERVICES LIMITED (Previously known as KKR India Financial Services Limited) books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of the secretarial audit, we hereby report that in my/our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2024, 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 here in after:

We have examined the books, papers, minute books, forms and returns filed, and other records maintained by the Company for the financial year ended on March 31, 2024, according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the rules made thereunder;
- II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- III. The Depositories Act, 1996 and the Regulations and Byelaws Framed thereunder;
- IV. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial borrowings;
- V. IRDAI (Registration of Corporate Agents) Regulations, 2015 and amendments thereof
- VI. The following Regulations and Guidelines are prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - i. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - Not applicable to the Company during the period under scrutiny
 - ii. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - iii. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - Not applicable to the Company during the period under scrutiny being a debt-listed entity
 - iv. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - Not applicable to the Company during the period under scrutiny being a debt-listed entity
 - v. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with clients;

Annexure “D” To Board’s Report (Contd.)

- vi. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
 - Not applicable to the Company during the period under scrutiny
- vii. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
 - Not applicable to the Company during the period under scrutiny
- viii. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;

We have relied on the representation made by the Company and its officers for the system and mechanism framed by the Company for the compliances under the following applicable Acts (if applicable), Laws and Regulations to the Company:

- a. Reserve Bank of India Act, 1934 and its circulars, Master Circulars, notifications and Directions as prescribed for NBFCs, as informed/confirmed to us.
- b. Applicable Direct and Indirect Tax Laws.
- c. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
- d. IRDAI (Registration of Corporate Agents) Regulations, 2015 and amendments thereof

We have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii. The Listing Agreements and listing regulations entered into by the Company with BSE Limited and NSE Limited.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent generally for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

The majority decision is carried through while the dissenting members’ views, if any, are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company which commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that 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 due to the repetitive nature of the transactions, like the issuance of debentures, we have verified the documents on a sample basis during the audit process.

Annexure “D” To Board’s Report (Contd.)

We further report that:

1. Appointment of Mr. Anil Nagu (DIN: 00110529) as an Additional (Non-Executive) Director of the Company with effect from September 14, 2023.
2. Resignation of Mr. Gaurav Trehan (DIN: 03467781) as a Director with effect from September 13, 2023 due to other pre-occupation.
3. There was a change in designation of the Director, Mr. Rohan Rakesh Suri (DIN:07074450), Dr. Sankaran Nair Rajagopal (DIN:10087762), Ms.Sunita Gupta (DIN:06902258) and Ms. Ambika Bisla (DIN:09789579).
4. During the year there was the appointment of M/S S.R. Batliboi & Associates LLP, chartered accountant as the statutory auditors of the Company in duly held Annual General Meeting held on June 27, 2023.
5. Further, there were alterations in the existing main Object Clause of the Memorandum of Association of the Company by the inclusion of sub-clause (viii) of Memorandum of Association of Company under article 3 clause (a) in duly held Extraordinary General Meeting held on September 14, 2023.
6. Allotment of 2500 Non-Convertible Debentures of face value INR 1,00,000 approved in the Finance Committee Meeting held on August 11, 2023.
7. Allotment of 4000 Non-Convertible Debentures of face value INR 1,00,000 approved in the Finance Committee Meeting held on September 14, 2023.
8. Allotment of 2,52,75,219 and 28,08,357 equity shares issued through Right Issue of face value INR 10 each approved by the Finance Committee at its meeting held on December 22, 2023, and December 28, 2023, respectively.
9. Allotment of 26,44,624 Non-Convertible Debentures of face value INR 1,000 approved in the Finance Committee Meeting held on November 10, 2023.
10. Allotment of 2500 Non-Convertible Debentures of face value INR 1,00,000 approved in the Finance Committee Meeting held on February 01, 2024.
11. Allotment of 2500 Non-Convertible Debentures of face value INR 1,00,000 approved in the Finance Committee Meeting held on March 07, 2024.

Note: This Report is to be read with our letter even date which is annexed as Annexure A and forms an integral part of this report.

CS Ashish Karodia

M No. 6549 CP 6375

On 07/05/2024

At Indore

UDIN: F006549F000328728

Annexure “D” To Board’s Report (Contd.)

ANNEXURE –A TO THE SECRETARIAL AUDIT REPORT

To,
The Members,
InCred Financial Services Limited
(CIN: U67190MH1995PLC360817)
(Previously known as KKR India Financial Services Limited)
Unit No. 1203, 12th floor, B Wing,
The Capital, Plot No. C - 70, G Block,
BKC, Mumbai - 400051

Our Secretarial Audit report of even date is to be read along with this letter.

1. Maintenance of the secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on my audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on a test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices I followed provide a reasonable basis for my opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company since the same have been subject to review by statutory financial auditor, cost auditor and other designated professionals.
4. Wherever required, I have obtained the management representation about the compliance of laws, rules and regulations and the happening of events, etc.
5. The compliance with the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. My examination was limited to the verification of procedures on a test basis.
6. The secretarial audit report is neither an assurance as to the future viability of the Company nor of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

CS Ashish Karodia

M No. 6549 CP 6375

On 07/05/2024

At Indore

UDIN: F006549F000328728

ANNEXURE 'E' TO BOARD'S REPORT

PARTICULARS OF EMPLOYEES

The ratio of the remuneration of each director to the median employee's remuneration and other details in terms of sub-section (12) of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Sr. No.	Particulars	Disclosure		
		Mr. Bhupinder Singh (Whole-time Director and CEO)	Mr. Vivek Bansal (Whole-time Director and CFO)	Mr. Gajendra Thakur (Company Secretary)
1.	The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year.(1)	125:1	73:1	
2.	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year.(1)	Mr. Bhupinder Singh (Whole-time Director and CEO)	Mr. Vivek Bansal (Whole-time Director and CFO)	Mr. Gajendra Thakur (Company Secretary)
		-	-	4%
3.	The percentage increase in the median remuneration of employees in the financial year.	2.13%.		
4.	The number of permanent employees on the rolls of Company.	1453 employees.		
5.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	10.6% change in the remuneration of employees		
6.	Affirmation that the remuneration is as per remuneration policy of the Company.	We affirm that the remuneration is as per the nomination and remuneration policy of the Company.		

(1) For the purpose of determining the ratio of remuneration and percentage increase in remuneration of directors as stipulated in Sr. No. 1 & 2 above, only the remuneration of Executive Directors is considered.

For **InCred Financial Services Limited**
(erstwhile known as **KKR India Financial Services Limited**)

Bhupinder Singh

Whole-Time Director and CEO

DIN: 07342318

Vivek Bansal

Whole-Time Director and CFO

DIN: 07835456

Place: Mumbai

Date: May 7, 2024

ANNEXURE 'F' TO BOARD'S REPORT

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

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

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

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

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

Sr. No.	Name of Director	Designation	Number of CSR meetings held/entitled to attend during the year	Number of CSR meetings attended during the year
1.	Mr. Karnam Sekar	Independent Director	1	1
2.	Mr. Vivek Bansal	Whole-Time Director and CEO	1	0
3.	Ms. Rupa Vora	Independent Director	1	1
4.	Ms. Ambika Bisla	Independent Director	1	1
5.	Ms. Sunita Gupta	Independent Director	1	1

- The Composition of CSR Committee, CSR Policy and CSR projects approved by the Board of our Company is available on the website of the Company at <http://www.incred.com/>
- Impact assessments of CSR Projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014: **Not Applicable**
- Amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and the amount required for set off for the financial year:

Sr. No.	Financial Year	Amount available for set off from preceding financial years (in INR)	Amount required to be set off for the financial year, if any (in INR)
1	2022-23	NIL	NIL
2	2021-22	NIL	NIL
3	2020-21	NIL	NIL
	Total		

- Average net profit of the Company as per section 135(5): **INR (7,438.66) lakh**
- CSR obligation

Annexure 'F' to Board's Report (Contd.)

Sr. No.	Particulars	Amount (INR in lakh)
a.	Two percent of the average net profits of the Company as per section 135(5)	NA
b.	Surplus arising out of the CSR projects or programmes or activities of the previous financial years	NIL
c.	Amount required to be set off for the financial year	NIL
	Total CSR obligation for the financial year (7a + 7b - 7c)	NIL

8. (a) CSR amount spent or unspent for the financial year: **Not Applicable**

Total Amount Spent for the Financial Year: (In INR)	Amount spent (In INR)				
	Total Amount transferred to Unspent CSR Account as per section 136		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount (in INR)	Date of Transfer	Name of the fund	Amount (in INR)	Date of Transfer

(b) Details of CSR amount spent against ongoing projects for the financial year: **Not Applicable**

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

(c) Details of CSR amount spent against other than ongoing projects for the financial year: **Not Applicable**

1	2	3	4	5		6	7	8	
Sr. No.	Name of the project	Items from the list of activities in Schedule VII of the act.	Local Area (Yes/No)	Location of the Project		Amount spent for the project (in INR)	Mode of Implementation on Direct (Yes/ No)	Mode of Implementation- Through Implementing Agency	
				State	District			Name	CSR Registration No.
1									
1									
1									

(d) Amount spent on administrative overheads: **None**

(e) Amount spent on Impact Assessment, if applicable: **Not Applicable**

(f) Total amount spent for the financial year (8b + 8c + 8d + 8e): **None**

(g) Excess amount for set off, if any: **Not Applicable**

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

Annexure 'F' to Board's Report (Contd.)

Sr. No.	Preceding Financial year	Amount transferred to unspent CSR account under section 135(6) (in INR)	Amount spent in the reporting financial year (in INR)	Amount transferred to any fund specified under schedule VII as per section 135 (6), if any.			Amount remaining to be spent in succeeding financial years (in INR)
				Name of the fund	Amount (in INR)	Date of transfer	
1.	2022-23	NIL	NIL	-	NIL	-	NIL
2.	2021-22	NIL	NIL	-	NIL	-	NIL
3.	2020-21	NIL	NIL	-	NIL	-	NIL

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

Not Applicable

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

(a) Date of creation or acquisition of the capital asset (s): **Not Applicable**

(b) Amount of CSR spent for creation or acquisition of capital asset: **Not Applicable**

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc: **Not Applicable**

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): **Not Applicable**

11. Specify the reason(s), if the Company has failed to spend 2% of the average net profits as per section 135(5):

Not Applicable

For **InCred Financial Services Limited**
(erstwhile known as KKR India Financial Services Limited)

Bhupinder Singh

Whole-Time Director and CEO

DIN: 07342318

Place: Mumbai

Date: May 7, 2024

ANNEXURE G TO BOARD'S REPORT

FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014) Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under the third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis:

1.	2.	3.	4.	5.	6.	7.	8.
Name(s) of the related party and nature of relationship	Nature of contracts/arrangements/ transactions	Duration of contracts / arrangements/ transactions	Salient terms of contracts /arrangements/ transactions including the value, if any	Justification for entering into such contracts / arrangements/trans- actions	Date of approval by the board of directors	Amount paid as advances, if any	Date on which the special resolution was passed in general meeting

Not applicable since all the transactions have been entered at arm's length with related parties.

2. Details of material contract or arrangements or transactions at arm's length basis:

1.	2.	3.	4.	5.	6.	7.
Name(s) of the related party and nature of relationship	Nature of contracts/arrangements/ transactions	Duration of contracts /arrangements/ transactions	Salient terms of contracts / arrangements/ transactions including the value, if any	Justification for entering into such contracts /arrangements/ transactions	Date of approval by the board of directors	Amount paid as advances, if any (INR)
InCred Capital Financial Services Private Limited (entity having significant influence)	ICD	3 months	11%	Operational	January 17, 2023	25 crore
InCred Capital Financial Services Private Limited (entity having significant influence)	ICD	3 months	11%	Operational	January 17, 2023	25 crore
InCred Capital Financial Services Private Limited (entity having significant influence)	ICD	3 months	11%	Operational	January 17, 2023	50 crore

For **InCred Financial Services Limited**
(erstwhile known as **KKR India Financial Services Limited**)

Bhupinder Singh

Whole-Time Director and CEO

DIN: 07342318

Vivek Bansal

Whole-Time Director and CFO

DIN: 07835456

Place: Mumbai

Date: May 7, 2024

ANNEXURE I TO BOARD'S REPORT

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

Disclosures of amounts as on March 31, 2024 and the maximum amount of loans/advances/Investments outstanding during the year.

Particulars	Loans and advances in the nature of loans to subsidiaries			
	Nature of Loan	Amount (INR in lakh)		
		Opening Balance as on April 1, 2023	During the year 2023-24	As on March 31, 2024
InCred Management & Technology Services Private Limited	NA	-	-	-
InCred.AI Limited	NA	-	-	-

Loans and advances in the nature of loans to associates				
Particulars	Nature of Loan	Amount (INR in lakh)		
		Opening Balance as on April 1, 2023	During the year 2023-24	As on March 31, 2024
NA				

Name of Directors	Loans and advances in the nature of loans to associates and firms/companies in which directors are interested		
	Name of Associate / Firm/Company	Nature of Loan	Amount (INR in lakh)
NA			

For **InCred Financial Services Limited**
(erstwhile known as KKR India Financial Services Limited)

Bhupinder Singh

Whole-Time Director and CEO
DIN: 07342318

Vivek Bansal

Whole-Time Director and CFO
DIN: 07835456

Place: Mumbai

Date: May 7, 2024

STANDALONE FINANCIAL STATEMENTS

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 (formerly known as "KKR India Financial Services Limited") ("the Company"), which comprise the Balance Sheet as at March 31, 2024, 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, 2024, 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, 2024. 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.

Independent Auditor's Report (Contd.)

Key audit matters	How our audit addressed the key audit matter
<p>(a) Impairment of loans as at balance sheet date (expected credit losses) (refer note 1 – D.6 and note 31 of the standalone financial statements)</p> <p>Ind AS 109 requires the Company to provide for impairment of its loans (designated at amortised cost) 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 and other factors which could impact the credit quality of the Company's loans.</p> <p>In the above process, management has applied significant degree of judgements and estimates for the following :</p> <ul style="list-style-type: none"> • Staging of loans (i.e. classification in 'significant increase in credit risk' ("SICR") and 'default' categories) based on past due status or qualitative assessment; • Grouping of borrowers (retail loan portfolio) based on homogeneity for estimating probability of default ('PD'), loss given default ('LGD') and exposure at default ('EAD') on a collective basis; • Determining macro-economic and other factors impacting credit quality of loans; and • Estimation of losses for loan products with minimal historical defaults. <p>In view of the high degree of management's judgement involved in estimation of ECL and the overall significance of the impairment loss allowance to the standalone financial statements, it is a key audit matter.</p>	<ul style="list-style-type: none"> • Read and assessed the Company's accounting policies for impairment of loans considering the requirements of 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 • Evaluated the reasonableness of the management estimates by understanding the process of ECL estimation and related assumptions and tested the controls around data extraction, validation and computation • Assessed the criteria for staging of loans based on their past-due status as per the requirements of Ind AS 109. Assessed the performing loans on sample basis for any SICR or loss indicators requiring them to be classified under higher stages • Evaluated segmentation done by the management for PD computation and assessed scenario weights applied for computation of PD • Involved internal experts for testing of the ECL model and computation, including factors that affect the PD, LGD and EAD considering various forward looking, macro- economic factors. • Tested assumptions used by the management in determining the overlay for macro-economic and other factors. • Assessed disclosures included in the standalone financial statements in respect of expected credit losses.
<p>(b) IT systems and controls</p> <p>The Financial accounting and reporting systems, of the Company are fundamentally reliant on IT systems and IT controls to process significant transaction volumes.</p> <p>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 accurate financial reporting.</p> <p>Any gaps in the IT control environment could result in a material misstatement of the financial accounting and reporting records. Therefore, due to the pervasive nature and complexity of the IT environment, the assessment of the general IT controls and the application controls specific to the accounting and preparation of the financial information is considered to be a key audit matter.</p>	<ul style="list-style-type: none"> • The aspects covered in the assessment of IT General Controls comprised: (i) User Access Management; (ii) Program Change Management; (iii) Other related ITGCs – to understand the design and test the operating effectiveness of such controls in respect of information systems that are important to financial reporting ("in-scope applications"). • Tested the changes that were made to the in- scope applications during the audit period to assess changes that have impact on financial reporting. • Tested the Company's periodic review of access rights. We also tested requests of changes to systems for appropriate approval and authorization. • Performed tests of controls (including other compensatory controls, wherever applicable) on the IT application controls and IT dependent manual controls in the system. • Tested the design and operating effectiveness of compensating controls, where deficiencies were identified and, where necessary, extended the scope of our substantive audit procedures. • Involved internal experts to verify that the physical servers on which the accounting records are maintained by the Company are present in India and backups are performed on daily basis.

Independent Auditor's Report (Contd.)

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 standalone financial statements and our auditor's report thereon.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether such other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the Annual Report, if, based on the work we have performed, we conclude that there is a material misstatement therein, we are required to communicate that 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 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

Independent Auditor's Report (Contd.)

and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures 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 standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the financial year ended March 31, 2024 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 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;

Independent Auditor's Report (Contd.)

- (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, except for the matters stated in the point 2 (h) (vi) below on reporting under Rule 11(g);
- (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, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 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, 2024 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) The modification relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph (b) above on reporting under Section 143(3)(b) and paragraph (i) (vi) below on reporting under Rule 11(g).
- (i) 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 1 – D.23 to the standalone financial statements;
 - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - (iv) a) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the note 45(vi) 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;

Independent Auditor's Report (Contd.)

- b) The management has represented that, to the best of its knowledge and belief, as disclosed in the note 45(vii) to the standalone financial statements, 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.
- (vi) Based on our examination which included test checks, the Company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions except that, audit trail was enabled for direct changes to data with effect from 26 April 2023, as described in note 48 to the financial statements. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with in respect of the accounting software.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per **Sarvesh Warty**

Partner

Membership Number: 121411

UDIN: 24121411BKFROI1631

Place: Mumbai

Date: May 07, 2024

Annexure 1

referred to in paragraph 1 under the heading “Report on other legal and regulatory requirements” of our report of even date on the standalone financial statements of 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 deed of an immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) is 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, 2024.
- (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 14 to the standalone financial statements, the Company has been sanctioned working capital limits in excess of INR five crores in aggregate from banks and financial institutions during the year on the basis of security of current assets of the Company. Based on the records examined by us in the normal course of audit of the standalone financial statements, the quarterly returns/statements filed by the Company with such banks and financial institutions are in agreement with the audited/unaudited books of accounts of the Company.
- iii. (a) The Company’s principal business is to give loans and is a registered non-banking financial Company (‘NBFC’), accordingly, the reporting under 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 and the repayments / receipts of principal and interest are regular except for certain instances as below:

Outstanding of overdue loans as on March 31, 2024:

Days Past Due	Total amount (INR in lakh)	No. of cases
01-30 days	14,522.97	14,449
31-60 days	5,351.41	9,707
61-90 days	3,691.99	7,075
Above 90 days	14,069.20	43,023
Total	37,635.57	74,254

Annexure 1 (Contd.)

- (d) According to the information and explanations given to us, the total amount which is overdue for 90 days or more in respect of loans and advances in the nature of loans given in the course of the business operations of the Company aggregates to INR 14,069.20 lakh as at March 31, 2024 in respect of 43,023 number of loans. Further 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 Company's principal business 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, cess and other statutory dues applicable to the Company have generally been regularly deposited with the appropriate authorities though there has been a slight delay in one case. 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, 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.

Annexure 1 (Contd.)

- (d) On an overall examination of the standalone 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 standalone 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.
- 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 by the Company or no 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 having financial impact.
- 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 standalone 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

Annexure 1 (Contd.)

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. There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.
- xix. On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the standalone 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 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. The provisions of Section 135 to the Companies Act, 2013 in relation to Corporate Social Responsibility is not applicable to the Company. Accordingly, the requirement to report on clause 3(xx) of the Order is not applicable to the Company.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per **Sarvesh Warty**

Partner

Membership Number: 121411

UDIN: 24121411BKFROI1631

Place: Mumbai

Date: May 07, 2024

Annexure 2

referred to in paragraph 2 (f) under the heading “Report on other legal and regulatory requirements” of our report of even date on the standalone financial statements of InCred Financial Services Limited

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, 2024 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 standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls with reference to 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 standalone financial statements for external purposes in accordance with generally accepted accounting principles. A Company’s internal financial controls with reference to standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of

Annexure 2 (Contd.)

the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the standalone financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO STANDALONE FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial 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, 2024, 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 Financials Controls issued by the ICAI.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per **Sarvesh Warty**

Partner

Membership Number: 121411

UDIN: 24121411BKFR01631

Place: Mumbai

Date: May 07, 2024

Standalone Financial Statements

Balance Sheet as at March 31, 2024

(INR in lakh)

Particulars	Note No	As at March 31, 2024	As at March 31, 2023
ASSETS			
(1) Financial assets			
(a) Cash and cash equivalents	2	8,141.03	38,833.58
(b) Bank balance other than cash and cash equivalents	3	8,323.96	4,795.43
(c) Derivative financial instruments	4	878.92	1,388.54
(d) Loans	5	7,25,877.44	5,40,380.02
(e) Investments	6	58,664.10	8,210.59
(f) Other financial assets	7	10,617.64	9,512.24
		8,12,503.09	6,03,120.40
(2) Non-financial assets			
(a) Current tax assets (Net of provision for tax)		2,231.93	1,405.35
(b) Deferred tax assets (Net of deferred tax liabilities)	8	37,461.82	47,472.61
(c) Property, plant and equipment	9A	4,975.31	4,281.96
(d) Capital work-in-progress	9B	336.65	161.79
(e) Goodwill	44	6,126.09	6,126.09
(f) Other intangible assets	10	393.40	540.52
(g) Other non-financial assets	11	3,349.35	2,228.22
		54,874.55	62,216.54
Total assets		8,67,377.64	6,65,336.94
LIABILITIES AND EQUITY			
LIABILITIES			
(1) Financial liabilities			
(a) Derivative financial instruments	4	2,265.96	727.43
(b) Payables	12		
(i) Trade Payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		271.89	172.45
(ii) Other Payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
(c) Debt securities	13	96,989.55	1,15,190.08
(d) Borrowings (other than debt securities)	14	4,04,365.93	2,76,105.88
(e) Other financial liabilities	15	24,285.42	20,218.90
		5,28,178.75	4,12,414.74
(2) Non-financial liabilities			
(a) Provisions	16	5,567.63	2,763.69
(b) Other non-financial liabilities	17	1,591.06	1,791.10
		7,158.69	4,554.79
EQUITY			
(a) Equity share capital	18	48,831.01	46,022.65
(c) Other equity	19	2,83,209.19	2,02,344.76
		3,32,040.20	2,48,367.41
Total liabilities and equity		8,67,377.64	6,65,336.94

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

1

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

For and on behalf of the Board of Directors of
InCred Financial Services Limited
CIN: U67190MH1995PLC360817

per Sarvesh Warty
Partner
Membership No: 121411

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: May 7, 2024

Place: Mumbai
Date: May 7, 2024

Standalone Financial Statements

Statement of Profit and Loss for the year ended March 31, 2024

(INR in lakh)			
Particulars	Note No	Year ended March 31, 2024	Year ended March 31, 2023
REVENUE FROM OPERATIONS			
(i) Interest income	20	1,19,341.32	82,256.46
(ii) Dividend income		50.10	25.18
(ii) Net gain on derecognition of financial instruments under amortised cost category		3,218.45	1,560.88
(iii) Fees and commission income	21	3,308.47	2,088.89
(iv) Net gain/(loss) on fair value changes	22	1,000.25	443.96
(I) Total revenue from operations		1,26,918.59	86,375.37
(II) Other income	23	2,313.37	1,278.10
(III) Total income (I + II)		1,29,231.96	87,653.47
EXPENSES			
(i) Finance costs	24	45,484.42	35,583.91
(ii) Net loss on derecognition of financial instruments under amortised cost category		3,765.18	25.00
(iii) Impairment on financial instruments	25	(1,946.88)	(1,195.76)
(iv) Employee benefits expenses	26	26,117.34	18,990.23
(v) Depreciation, amortization and impairment	9A & 10	1,723.11	1,166.32
(vi) Others expenses	27	11,786.74	8,002.33
(IV) Total expenses		86,929.91	62,572.03
(V) Profit before exceptional items and tax (III - IV)		42,302.05	25,081.44
(VI) Exceptional Items	6	-	4,379.81
(VII) Profit before tax (V - VI)		42,302.05	20,701.63
Tax Expense:			
(i) Current Tax		717.80	461.22
(ii) Deferred Tax		10,094.70	8,160.30
(VIII) Total Tax Expense	28	10,812.50	8,621.52
(IX) Profit for the period (VII - VIII)		31,489.55	12,080.11
(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		(123.79)	(63.25)
(ii) Income tax relating to items that will not be reclassified to profit or loss		31.16	15.92
Subtotal (A)		(92.63)	(47.33)
(B) (i) Items that will be reclassified to profit or loss			
(a) Debt instruments through other comprehensive income		24.84	(74.88)
(b) The effective portion of gains and loss on hedging instruments in a cash flow hedge		(234.40)	129.99
(ii) Income tax relating to items that will be reclassified to profit or loss		52.75	(13.87)
Subtotal (B)		(156.81)	41.24
Other comprehensive income / (loss) (A + B)		(249.44)	(6.09)
(XI) Total comprehensive income for the period (IX + X)		31,240.11	12,074.02
(XII) Earnings per equity share (Face Value : INR 10 per share)			
Basic (Rs.)	29	6.73	2.62
Diluted (Rs.)		6.73	2.62

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

1

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

For and on behalf of the Board of Directors of
InCred Financial Services Limited
CIN: U67190MH1995PLC360817

per **Sarvesh Warty**
Partner
Membership No: 121411

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: May 7, 2024

Place: Mumbai
Date: May 7, 2024

Standalone Financial Statements

Cash Flow Statement for the year ended March 31, 2024

(INR in lakh)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	42,302.05	20,701.63
Adjustments ro reconcile net profit to net cash generated from / (used in) operating activities		
Depreciation, amortization and impairment	1,723.11	1,166.32
Loss on sale of property, plant and equipment	96.60	10.40
Net (gain) on fair value changes	(1,000.25)	(441.32)
Impairment of Goodwill	-	14,628.66
Net Loss/(gain) on derecognition of financial instruments	546.73	(1,535.88)
Interest income	(1,19,341.32)	(82,256.46)
Finance costs	45,113.84	35,583.91
Impairment on financial instruments	(1,946.88)	(1,197.00)
Share based payment to employees	2,432.70	3,765.87
Dividend income	(50.10)	(25.00)
Provision for dimunition on investment	(1.33)	4,379.81
Retirement Benefit expenses	170.71	206.24
Operating profit before working capital changes	(29,954.14)	(5,012.82)
Working capital adjustments		
(Increase) in Loans	(1,82,988.73)	(1,14,108.80)
(Increase) in other financial assets	(1,652.13)	(5,343.94)
Decrease / (Increase) in other non financial assets	(1,632.84)	(195.36)
Increase in trade payables	99.44	-
Increase in other financial liabilities	4,368.20	11,506.20
Increase in other non financial liabilities	(200.04)	608.72
(Decrease) / Increase in provisions	2,509.44	553.21
Cash generated from operations	(2,09,450.80)	(1,11,992.79)
Interest received on loans	1,16,642.49	80,569.04
Interest paid on borrowings and debt	(44,872.28)	(34,955.42)
Income taxes paid (net)	(1,544.38)	2,830.81
Net cash (used in) / generated from operating activities	(1,39,224.97)	(63,548.36)
CASH FLOW FROM INVESTING ACTIVITIES		
(Purchase) / Sale of property, plant and equipment	(1,969.64)	(1,926.45)
(Purchase) / Sale of intangibles assets	(111.93)	(500.56)
(Addition) / Deletion of Capital work-in-progress	(174.86)	132.16
Investment in subsidiaries	-	(1,820.00)
Proceeds from sale of subsidiaries	1,757.27	-
Proceeds from business combination	-	35,939.05
Purchase of investments	(10,38,617.44)	(44,273.32)
Proceeds from sale of investments	9,89,256.48	43,021.77
Interest income from investing activities	2,698.83	1,687.42
Investment in term deposits earmarked with banks	(1,90,240.61)	(1,37,589.04)
Proceeds from maturity of term deposits earmarked with banks	1,86,712.08	1,35,784.97
Net cash (used in) / generated from investing activities	(50,689.82)	30,456.00

Standalone Financial Statements (Contd.)

(INR in lakh)		
Particulars	Year ended March 31, 2024	Year ended March 31, 2023
CASH FLOW FROM FINANCING ACTIVITIES		
Issue of equity shares (including securities premium)	50,000.00	-
Payment of Lease liability	(837.26)	(604.40)
Proceeds from of borrowings (other than debt securities)	2,63,413.84	1,74,965.00
Proceeds from debt securities	79,946.24	69,799.19
Repayment of borrowings (other than debt securities)	(1,40,668.38)	(1,15,099.30)
Redemption of debt securities	(98,146.77)	(61,132.89)
Net cash (used in) / generated from generated from financing activities	1,53,707.67	67,927.60
Net increase / (decrease) in cash and cash equivalents	(36,207.12)	34,835.24
Cash and cash equivalents at the beginning of the year	37,321.32	2,486.08
Cash and cash equivalents at the end of the year	1,114.20	37,321.32

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
- (b) Cash and cash equivalents comprises of

(INR in lakh)		
Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Balances with banks		
- Current Accounts	8,141.03	36,300.96
Deposit with bank with maturity less than 3 months	-	2,532.62
Cash and cash equivalents (Refer note 2)	8,141.03	38,833.58
Less: Bank overdraft and cash credit (Refer note 14)	(7,026.85)	(1,512.26)
Cash and cash equivalents in cash flow statement	1,114.20	37,321.32

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

As per our report of even date

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

For and on behalf of the Board of Directors of
InCred Financial Services Limited
CIN: U67190MH1995PLC360817

per Sarvesh Warty
Partner
Membership No: 121411

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: May 7, 2024

Place: Mumbai
Date: May 7, 2024

Standalone Financial Statements

Statement of Changes in Equity for the year ended March 31, 2024

A. EQUITY SHARE CAPITAL

Particulars	(INR in lakh)	
	As at March 31, 2024	As at March 31, 2023
Balance as at the beginning of the year	46,022.65	46,022.65
Changes in equity share capital during the year	2,808.36	-
Balance as at the end of the year	48,831.01	46,022.65

B. OTHER EQUITY

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	Merger Reserve				
Balance at March 31, 2022	1,379.07	62,498.49	2774	66.09	3,900.55	4,469.27	(7,224.42)	(0.99)	77.63	15.36	65,208.78
Profit for the year	-	-	-	-	-	12,080.11	-	-	-	-	12,080.11
Other comprehensive income for the year	-	-	-	-	-	(47.33)	-	(56.03)	97.27	-	(6.09)
Total comprehensive income for the year (net of tax)	-	-	-	-	-	12,032.78	-	(56.03)	97.27	-	12,074.02
Transfer / utilisations	-	-	-	-	-	-	-	-	-	-	-
Purchase consideration towards business combination (Refer Note No 43)	-	-	-	98,118.06	-	-	24,255.34	-	-	-	1,22,373.40
Utilized during the year	-	-	-	-	-	-	-	-	-	-	-
Transferred to special reserve from retained earnings	2,416.02	-	-	-	-	(2,416.02)	-	-	-	-	-
Share based payment expense	-	-	-	3,765.87	-	-	-	-	-	-	3,765.87
Transfer from share based payment reserve (Refer Note No 34)	-	-	-	3,900.55	(3,900.55)	-	-	-	-	-	-
Transfer of business (Refer Note No 43)	-	-	-	-	-	(1,077.31)	-	-	-	-	(1,077.31)
Balance at March 31, 2023	3,795.09	62,498.49	2774	105,850.57	-	13,008.72	17,030.92	(57.02)	174.90	15.36	2,02,344.76

Standalone Financial Statements (Contd.)

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	Merger Reserve				
Profit for the year	-	-	-	-	-	31,489.55	-	-	-	-	31,489.55
Other comprehensive income for the year	-	-	-	-	-	(92.63)	-	18.59	(175.40)	-	(249.44)
Total comprehensive income for the year (net of tax)	-	-	-	-	-	31,396.92	-	18.59	(175.40)	-	31,240.11
Transfer / utilisations											
Additions during the year (cash premium)	-	47,191.64	-	-	-	-	-	-	-	-	47,191.64
Additions during the year (non-cash premium)	-	-	-	-	-	-	-	-	-	-	-
Utilized during the year	-	-	-	-	-	-	-	-	-	-	-
Purchase consideration towards business combination (Refer Note No 43)	-	-	-	-	-	-	-	-	-	-	-
Transferred to special reserve from retained earnings	6,297.91	-	-	-	-	(6,297.91)	-	-	-	-	-
Share based payment expense	-	-	-	2,432.68	-	-	-	-	-	-	2,432.68
Transfer from share based payment reserve (Refer Note No 34)	-	-	-	-	-	-	-	-	-	-	-
Transfer of business (Refer Note No 43)	-	-	-	-	-	-	-	-	-	-	-
Balance at March 31, 2024	10,093.00	1,09,690.13	2774	1,08,283.25	-	38,107.73	17,030.92	(38.43)	(0.50)	15.36	2,83,209.19

(INR in lakh)

1

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

As per our report of even date
For **S. R. Batiiboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration No.: 101049W/E300004

per Sarvesh Warty

Partner

Membership No: 121411

For and on behalf of the Board of Directors of

InCred Financial Services Limited

CIN: U67190MH1995PLC360817

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: May 7, 2024

Place: Mumbai

Date: May 7, 2024

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

1 MATERIAL ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

A. Corporate Information

InCred Financial Services Limited (formerly known as KKR India Financial Services Limited) (“Company”) was incorporated in India on 3 February 1995, under the provisions of the Companies Act, 1956.

The Company received a Certificate of Registration from the Reserve Bank of India (‘RBI’), on 25th October 2000 to commence/carry on the business of Non-Banking Financial Institution (‘NBFC’) without accepting public deposits. The Company currently holds a Certificate of Registration from RBI dated 28th September 2022 bearing number B-13.02417. 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

The standalone financial statements are authorized for issue by the Company’s Board of Directors on May 7, 2024.

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 March 13, 2020 (‘RBI Notification for Implementation of Ind AS’) issued by RBI. The Company uses accrual basis of accounting except as explained in 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 lakh, 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

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.

Notes to the Standalone Financial Statements (Contd.)

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 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. Material 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.

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.

Notes to the Standalone Financial Statements (Contd.)

- **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 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.

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.

Notes to the Standalone Financial Statements (Contd.)

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 at each reporting period using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in standalone statement of profit and loss. Any gain or loss on derecognition is recognised in standalone statement of profit and loss .

Debt investments at FVOCI

These assets are subsequently measured at each reporting period 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 each reporting period 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 each reporting period 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.

Notes to the Standalone Financial Statements (Contd.)

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 in the statement of profit and loss.

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.

The Company sells, assigns (including Co-lending transaction) its loans to counter-parties wherein the risk and reward of the asset is transferred for the entire/substantial portion of the Loan. As per Ind AS 109, Financial assets are derecognized on the date of assignment. Any right on interest on sold portion of asset is recognized as a financial asset at fair value, basis the scheduled cash flows on execution of the transaction estimated for prepayments and defaults. Estimated costs to be incurred for servicing the de-recognised portion is recorded as servicing liability at fair value.

On de-recognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of de-recognition) and the consideration received (including any new asset obtained less any new liability assumed) shall be recognized in profit or loss.

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

Financial 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**

Notes to the Standalone Financial Statements (Contd.)

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.

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 through 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.

Notes to the Standalone Financial Statements (Contd.)

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

- 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. 12'month ECL is recognized on stage 1 exposures.

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. Lifetime ECL is recognized for exposures with 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.

W.e.f October 1, 2022, a financial instrument is considered as Stage 3 if the asset crosses 90 days pass due and remains in overdue category. This is aligned to the definition of default for loan assets stipulated in RBI circular

Notes to the Standalone Financial Statements (Contd.)

dated November 12, 2021 – “Prudential Norms on Income Recognition, Asset classification and Provisioning pertaining to Advances – Clarifications” (the “RBI circular”). For exposures that have become credit impaired, a lifetime ECL is recognized. Stage 3 exposures represent Non-Performing Assets (NPA).

Credit-impaired financial assets:

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

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

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 (PD) - 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.

While estimating the PD, the Company reviews macro-economic developments occurring in the economy and market it operates in. On annual basis, the Company analyses if there is any relationship between key economic trends like GDP, unemployment rates, private consumption rate, Gross national saving/investment, real wholesale & retail trade and services with the estimate of PD. Typically, these macro-economic scenarios span a base case, plus an upside and downside scenario.

The ECL model allows for multiple macro-economic scenarios to be reflected in a probabilistic manner. The weights are reviewed on annual basis.

Exposure at Default (EAD)- The Exposure at Default is an estimate of the exposure at a future default date.

Loss Given Default (LGD)- 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. For products where empirical data is available LGD is determined based on historical recoveries. For other products in absence of enough historical data, LGD rates are adopted from RBI circular “Implementation of the Internal Rating Based (IRB) Approaches for Calculation of Capital Charge for Credit Risk” by RBI dated December 22, 2011.- (RBI/2011-12/311 DBOD.No.BP.BC.67/21.06.202/2011-12) .

Notes to the Standalone Financial Statements (Contd.)

The Company may also make additional impairment allowance based on its assessment of risk profile and create safeguard from potential future events.

Write-offs

The Company writes off Retail secured and unsecured loans which have a days past due (DPD) for more than 18 months and 15 months 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 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.

Notes to the Standalone Financial Statements (Contd.)

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

9. Share-based payment arrangements

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

10. Lease Accounting

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

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

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

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

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

11. Income Tax

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

Notes to the Standalone Financial Statements (Contd.)

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the period 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:

- i. 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
- ii. 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 period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as on the reporting date. Taxes relating to items recognised directly in equity or OCI is recognised in equity or OCI.

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

Deferred tax assets and liabilities are offset only if:

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

12. Property, plant and equipment

i. Recognition and measurement

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

Notes to the Standalone Financial Statements (Contd.)

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	60 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.

Notes to the Standalone Financial Statements (Contd.)

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

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

15. Revenue from operations

Recognition of interest and fee income or expense:

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

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

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

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

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is recognised by applying the effective interest rate to the recoverable amount 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

Notes to the Standalone Financial Statements (Contd.)

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, are recognised only on receipt basis.

16. Income from de-recognition of assets:

Gains arising out of de-recognition transactions comprise the difference between the interest on the loan portfolio and the applicable rate at which the transaction is entered into with the transferee, also known as the right of excess interest spread (EIS). The future EIS basis the scheduled cash flows on execution of the transaction estimated for prepayments and defaults, discounted at the applicable rate entered into with the transferee is recorded upfront, net off estimated cost, in the statement of profit and loss.

17. Finance Cost

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

18. Employee benefits

i. Short-term employee benefits

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

ii. Contribution to provident fund and ESIC

Company's contribution paid/payable during the period 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.

19. 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.

20. Earnings per share

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

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 period are adjusted for the effects of all dilutive potential equity shares.

21. 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.

22. 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.

23. 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.

Notes to the Standalone Financial Statements (Contd.)

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.

The Company has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. The Company assesses its obligations arising in the normal course of business, including pending litigations, proceedings pending with tax authorities and other contracts including derivative and long term contracts periodically and ensures that appropriate treatment has been made as required under Ind AS.

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.

24. 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.

25. Standards issued but not yet effective upto the date of issuance of the financial statements

There are no standards that are notified and not yet effective as on date.

Notes to the Standalone Financial Statements (Contd.)

2. CASH AND CASH EQUIVALENTS

(INR in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
Balances with banks in current accounts	8,141.03	36,300.96
Fixed deposit with bank with original maturity of less than 3 months	-	2,532.62
Total	8,141.03	38,833.58

3. BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

(INR in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
Fixed deposits with bank with original maturity of more than 3 months*	8,323.96	4,795.43
Total	8,323.96	4,795.43

(*Includes lien marked fixed deposits for borrowings amounting to INR 6,104.07 lakh (Previous Year INR 4,121.04 lakh)

4. DERIVATIVE FINANCIAL INSTRUMENTS AT FAIR VALUE

(INR in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
(A) Derivative financial assets		
(i) Cross Currency Interest Rate Swaps		
Cash flow hedge (Notional amount (INR in lakh): 5,811.40 , PY : 5,110.00)*	25.74	875.63
(ii) Equity Linked Derivatives		
Options and futures (Notional amount (INR in lakh) : 2,724.25, PY : 5,718.00 (Refer note 13)	853.18	512.91
Total	878.92	1,388.54
(B) Derivative financial liabilities		
Embedded Derivative on Market Linked Debentures (Notional amount (INR in lakh) : 11,790.00, PY : 5,790.00) (Refer Note 13)	2,265.96	727.43
Total	2,265.96	727.43

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

5. LOANS

(INR in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
	Amortised cost	Amortised cost
(A) (i) Term loans*	7,44,924.17	5,55,231.55
(ii) Loans repayable on demand	-	-
Total - Gross (A)	7,44,924.17	5,55,231.55
Less: Impairment loss allowance	(19,046.73)	(14,851.53)
Total - Net of impairment loss allowance (A)	7,25,877.44	5,40,380.02
(B) (i) Secured by tangible assets**	2,26,645.52	1,92,715.85
(ii) Covered by Bank and Government guarantees	692.38	2,833.05
(iii) Unsecured	5,17,586.27	3,59,682.65

Notes to the Standalone Financial Statements (Contd.)

(INR in lakh)

Particulars	As at	As at
	March 31, 2024	March 31, 2023
	Amortised cost	Amortised cost
Total - Gross (B)	7,44,924.17	5,55,231.55
Less: Impairment loss allowance	(19,046.73)	(14,851.53)
Total - Net of impairment loss allowance (B)	7,25,877.44	5,40,380.02
(C) Loans in India		
(i) Public sectors	-	-
(ii) Others	7,44,924.17	5,55,231.55
Total - Gross (C)	7,44,924.17	5,55,231.55
Less: Impairment loss allowance	(19,046.73)	(14,851.53)
Total - Net of impairment loss allowance (C)	7,25,877.44	5,40,380.02

* Does not include outstanding of INR 1,58,950.12 lakh (PY : 51,045.20 lakh) derecognised on account of Co-Lending transaction.

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

6. INVESTMENTS

(INR in lakh)

Particulars	As at	As at
	March 31, 2024	March 31, 2023
(A) At Amortised Cost		
- Debt securities	36,860.88	1,500.00
Less: Allowance for impairment loss on amortised cost	-	-
Net at Amortised Cost (A)	36,860.88	1,500.00
(B) At Fair Value Through Other Comprehensive Income (FVOCI)		
- Debt securities	20,157.02	4,353.78
Less: Allowance for impairment loss FVOCI	(6.71)	(8.04)
Net At Fair Value Through Other Comprehensive Income (FVOCI) (B)	20,150.31	4,345.74
(C) At Fair Value Through Profit or Loss (FVTPL)		
- Debt securities	1,035.67	-
Less: Allowance for impairment loss FVTPL	-	-
Net At Fair Value Through Profit or Loss (FVTPL) (C)	1,035.67	-
(D) Others (At cost)		
- Subsidiaries (Refer Note 32)	2,297.57	6,735.00
- Convertible Preference Shares	9.67	9.66
Total	2,307.24	6,744.66
Less: Allowance for impairment loss others	(1,690.00)	(4,379.81)
Net Others (D)	617.24	2,364.85
Total - Gross (A+B+C+D)	60,360.81	12,598.44
Investments in India	60,360.81	12,598.44
Total - Allowance for impairment	(1,696.71)	(4,387.85)
Total - Net (A+B+C+D)	58,664.10	8,210.59

Note-

- (i) Investments at amortised cost and FVOCI are all classified as Stage I under credit risk
- (ii) Others are measured at cost
- (iii) The Company has sold its investment in a subsidiary at its book value of INR 1,747.62 lakh. Refer Note no 32.
- (iv) The Company had tested for investments in its subsidiaries for impairment and recognised a charge of INR 4,379.81 lakh as an exceptional item for the year ended March 31, 2023.

Notes to the Standalone Financial Statements (Contd.)

7. OTHER FINANCIAL ASSETS

(INR in lakh)

Particulars	As at	As at
	March 31, 2024	March 31, 2023
	Amortised cost	Amortised cost
Security Deposits (Unsecured, considered good)	576.12	494.12
Retained interest on loans derecognised	8,042.78	2,775.31
Receivable from related parties (Refer note 32)	80.41	1,819.87
Balances with partners/anchors	594.57	570.51
Receivable from Co-lending assignment	27.94	3,580.24
Others (includes ECLGS receivable, collection receivables)	1,295.82	272.19
Total	10,617.64	9,512.24

8. DEFERRED TAX

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

(INR in lakh)

Particulars	Net balance as at March 31, 2023	Merger Adjustment	Demerger Adjustment	Recognised in profit or loss	Recognised in OCI	Net balance as at March 31, 2024
Deferred tax assets						
Provision for impairment loss on financial instruments	12,207.48	-	-	(686.12)	-	11,521.36
Provision for employee benefit plans	675.56	-	-	759.32	31.16	1,466.04
Disallowance of merger expenses	214.78	-	-	(53.69)	-	161.09
Lease liability	85.52	-	-	9.25	-	94.77
Fair value change on financial instruments	11.86	-	-	53.25	-	65.11
Unabsorbed business loss/capital loss	34,766.70	-	-	(11,115.52)	-	23,651.18
Difference between written down value of property plant and equipment and Intangible assets as per the books of accounts and income tax	87.31	-	-	35.03	-	122.34
Fair value change of investment valued at Fair value through OCI	14.03	-	-	(58.67)	52.75	8.11
Provision for expenses	-	-	-	1,118.93	-	1,118.93
(A)	48,063.24	-	-	(9,938.22)	83.91	38,208.93
Deferred tax liabilities						
EIR impact on financial instruments	(579.73)	-	-	(167.68)	-	(747.41)
Others	(10.90)	-	-	11.2	-	0.3
(B)	(590.63)	-	-	(156.48)	-	(747.11)
Deferred tax asset (net) (A-B)	47,472.61	-	-	(10,094.70)	83.91	37,461.82

Notes to the Standalone Financial Statements (Contd.)

(INR in lakh)

Particulars	Net balance as at March 31, 2022	Merger Adjustment	Demerger Adjustment	Recognised in profit or loss	Recognised in OCI	Net balance as at March 31, 2023
Deferred tax assets						
Provision for impairment loss on financial instruments	2,282.81	4,975.54	(54.25)	5,003.39	-	12,207.48
Provision for employee benefit plans	78.99	212.63	-	368.01	15.92	675.56
Disallowance of merger expenses	148.69	248.50	-	(182.41)	-	214.78
Lease liability	67.27	-	-	18.25	-	85.52
Fair value change on financial instruments	57.92	3,355.18		(3,401.24)	-	11.86
Unabsorbed business loss/capital loss	-	44,629.29	-	(9,862.59)	-	34,766.70
Difference between written down value of property plant and equipment and Intangible assets as per the books of accounts and income tax	98.51	-	-	(11.20)	-	87.31
Fair value change of investment valued at fair value through OCI	(2.97)			30.87	(13.87)	14.03
(A)	2,731.22	53,421.14	(54.25)	(8,036.92)	2.05	48,063.24
Deferred tax liabilities						
Fair value change of investment valued at Fair value through OCI	-	-	-	-	-	-
EIR impact on financial instruments	(692.55)	(85.06)	(1.62)	199.5	-	(579.73)
Others	-	311.97	-	(322.88)	-	(10.90)
(B)	(692.55)	226.91	(1.62)	(123.38)	-	(590.63)
Deferred tax asset (net) (A-B)	2,038.67	53,648.05	(55.87)	(8,160.30)	2.05	47,472.61

Notes to the Standalone Financial Statements (Contd.)

9A. PROPERTY, PLANT AND EQUIPMENT

(INR in lakh)

Particulars	Buildings*	Furniture and fixtures	Leasehold Improvements	Office equipment	Computer & Printer	Vehicles	Right-of-use assets**	Total
Year ended March 31, 2023								
At carrying cost at the beginning of the year	22.71	157.17	974.98	194.36	1,095.84	156.86	2,870.89	5,472.81
Additions during the year	-	132.37	415.57	138.17	437.52	37.53	863.49	2,024.65
Disposals	-	(28.99)	(11.02)	(19.19)	-	-	(313.90)	(373.10)
Gross carrying value as March 31, 2023	22.71	260.55	1,379.53	313.34	1,533.36	194.39	3,420.48	7,124.36
Accumulated depreciation as at the beginning of the year	1.54	33.45	241.74	87.56	669.67	34.00	1,020.05	2,088.01
Depreciation for the year	0.38	23.30	197.54	51.47	272.92	20.89	451.17	1,017.67
Disposals	-	(10.38)	(3.77)	(16.18)	-	-	(232.95)	(263.28)
Accumulated depreciation as at March 31, 2023	1.92	46.37	435.51	122.85	942.59	54.89	1,238.27	2,842.40
Net carrying value as at March 31, 2023	20.79	214.18	944.02	190.48	590.77	139.50	2,182.21	4,281.96
Year ended March 31, 2024								
At carrying cost at the beginning of the year	22.71	260.55	1,379.53	313.34	1,533.36	194.39	3,420.48	7,124.36
Additions during the year	-	244.85	783.72	338.30	280.36	315.25	294.02	2,256.50
Disposals	-	(24.01)	(204.14)	(4.31)	(52.85)	-	(29.88)	(315.19)
Gross carrying value as March 31, 2024	22.71	481.39	1,959.11	647.33	1,760.87	509.64	3,684.62	9,065.67
Accumulated depreciation as at the beginning of the year	1.92	46.37	435.51	122.85	942.59	54.89	1,238.27	2,842.40
Depreciation for the year	0.38	74.88	211.73	123.82	369.30	51.51	632.44	1,464.06
Disposals	-	(8.30)	(122.26)	(2.81)	(52.85)	-	(29.88)	(216.10)
Accumulated depreciation as at March 31, 2024	2.30	112.95	524.98	243.86	1,259.04	106.40	1,840.83	4,090.36
Net carrying value as at March 31, 2024	20.41	368.44	1,434.13	403.47	501.83	403.24	1,843.79	4,975.31

* There is no immovable property where the title deed of such immovable property is not held in the Company's name or jointly held with others. Immovable properties have been pledged against debt securities issued. Refer Note 13

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

9B. CAPITAL WORK IN PROGRESS

(INR in lakh)

Particulars	As at March 31, 2024				As at March 31, 2023			
	Opening Balance	Additions	Deletions	Closing Balance	Opening Balance	Additions	Deletions	Closing Balance
Capital work in Progress	161.79	1,203.43	(1,028.57)	336.65	293.95	415.77	(547.93)	161.79
Total	161.79	1,203.43	(1,028.57)	336.65	293.95	415.77	(547.93)	161.79

(INR in lakh)

Ageing Schedule	As at March 31, 2024				As at March 31, 2023			
	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	336.65	-	-	-	161.79	-	-	-
Total	336.65	-	-	-	161.79	-	-	-

Notes to the Standalone Financial Statements (Contd.)

10. OTHER INTANGIBLE ASSETS

(INR in lakh)

Particulars	Computer software
Year ended March 31, 2023	
At cost at the beginning of the year	869.20
Additions during the year	500.56
Gross carrying value as March 31, 2023	1,369.76
Accumulated amortisation:	
Accumulated amortisation as at the beginning of the year	680.57
Amortisation for the year	148.67
Accumulated amortisation as at March 31, 2023	829.24
Net carrying value as at March 31, 2023	540.52
Year ended March 31, 2024	
At cost at the beginning of the year	1,369.76
Additions during the year	111.93
Gross carrying value as March 31, 2024	1,481.69
Accumulated amortisation:	
Accumulated amortisation as at the beginning of the year	829.24
Amortisation for the year	259.05
Accumulated amortisation as at March 31, 2024	1,088.29
Net carrying value as at March 31, 2024	393.40

11. OTHER NON-FINANCIAL ASSETS

(INR in lakh)

Particulars	As at	As at
	March 31, 2024	March 31, 2023
	Amortised cost	Amortised cost
Prepaid expenses	356.64	354.05
Advances to vendors	872.78	127.53
GST receivable	2,119.93	1,746.64
Total	3,349.35	2,228.22

Notes to the Standalone Financial Statements (Contd.)

12. PAYABLES

(INR in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
(I) Trade Payables		
(i) total outstanding dues of micro enterprises and small enterprises	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	271.89	172.45
(II) Other Payables		
(i) total outstanding dues of micro enterprises and small enterprises	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-
Total	271.89	172.45

Payables ageing schedule as on March 31, 2024:

(INR in lakh)

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-
(ii) Others	271.89	-	-	-	271.89
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-

Payables ageing schedule as on March 31, 2023:

(INR in lakh)

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-
(ii) Others	172.45	-	-	-	172.45
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-

Notes to the Standalone Financial Statements (Contd.)

13. DEBT SECURITIES

Particulars	(INR in lakh)	
	As at March 31, 2024	As at March 31, 2023
	Amortised cost	Amortised cost
Debentures (Secured)	96,989.55	1,14,207.24
Commercial Papers (Unsecured)	-	982.84
Total	96,989.55	1,15,190.08
Debt securities in India	96,989.55	1,15,190.08
Debt securities outside India	-	-
Total	96,989.55	1,15,190.08

Terms and conditions

Sr No	Particulars	Nature of security	Terms of repayment	Maturity date	(INR in lakh)	
					As at March 31, 2024	As at March 31, 2023
1	500, 9.75% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 10,00,000 each	1. Non-Convertible Debentures issued by the Company are secured by way of a first pari-passu charge over the receivables of the Company to the extent they meet the stipulated security cover ("Hypothecated Receivables") created pursuant to the deed of hypothecation executed by the Company in favour of the Debenture Trustee.	Redeemable at par at the end of 1095 days from the date of allotment. Coupon to be paid annually.	22-Jun-23	-	5,364.39
2	1,000, 9.75% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 10,00,000 each	2. Additionally secured by way of a pari-passu charge with other debenture holders over the identified immovable property owned by the Company.	Redeemable at par at the end of 1095 days from the date of allotment. Coupon to be paid annually.	26-Jun-23	-	10,729.18
3	350, 9.50% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 2,50,000 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.	Principal & Coupon Payment to be paid quarterly	30-Aug-24	879.57	2,626.94
4	1150, 10.95% 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 the end of 2191 days from the date of allotment, subject to a Put Option or Call Option at the end of 1096 days. Coupon to be paid annually.	27-Jul-24	12,366.97	12,293.76

Notes to the Standalone Financial Statements (Contd.)

Sr No	Particulars	Nature of security	Terms of repayment	Maturity date	(INR in lakh)	
					As at March 31, 2024	As at March 31, 2023
5	4,15,484, 9.25% Secured Rated Listed Redeemable Non-Convertible Debentures issued at 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 730 days from the date of allotment.	17-Feb-24	-	4,175.32
6	53,836, 9.13% Secured Rated Listed Redeemable Non-Convertible Debentures issued at 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. Coupon to be paid annually.	17-Feb-24	-	53761
7	17,38,325, 9.45% Secured Rated Listed Redeemable Non-Convertible issued at INR 1,000 each		Redeemable at par at the end of 820 days from the date of allotment. Coupon to be paid quarterly.	02-May-25	17,480.82	17,347.01
8	2,54,599, 9.80% Secured Rated Listed Redeemable Non-Convertible Debentures issued at INR 1,000 each		Redeemable at par at the end of 820 days from the date of allotment. Coupon to be paid quarterly.	02-May-25	2,563.51	2,543.63
9	1,47,712, 9.65% Secured Rated Listed Redeemable Non-Convertible Debentures issued at INR 1,000 each		Redeemable at par at the end of 1185 days from the date of allotment. Coupon to be paid quarterly.	02-May-26	1,476.08	1,466.09
10	1,69,758, 10.00% Secured Rated Listed Redeemable Non-Convertible Debentures issued at INR 1,000 each		Redeemable at par at the end of 1185 days from the date of allotment. Coupon to be paid quarterly.	02-May-26	1,696.39	1,684.95
11	4,000, 9.50% Secured Rated Listed Redeemable Non-Convertible Debentures issued at INR 77,777.77 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 820 days from the date of allotment. Coupon to be paid monthly.	12-Dec-25	3,103.79	-

Notes to the Standalone Financial Statements (Contd.)

Sr No	Particulars	Nature of security	Terms of repayment	Maturity date	(INR in lakh)	
					As at March 31, 2024	As at March 31, 2023
12	1,32,867, 9.48% Secured Rated Listed Redeemable Non-Convertible Debentures issued at 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 at par at the end of 547 days from the date of allotment. Coupon to be paid monthly.	10-May-25	1,322.85	-
13	8,76,454, 9.55% Secured Rated Listed Redeemable Non-Convertible Debentures issued at INR 875 each		Redeemable at par at the end of 731 days from the date of allotment. Coupon to be paid quarterly.	10-Nov-25	7,671.34	-
14	1,92,719, 9.66% Secured Rated Listed Redeemable Non-Convertible Debentures issued at INR 1,000 each		Redeemable at par at the end of 731 days from the date of allotment. Coupon to be paid monthly.	10-Nov-25	1,911.46	-
15	5,72,845, 10.30% Secured Rated Listed Redeemable Non-Convertible Debentures issued at INR 1,000 each		Redeemable at par at the end of 1096 days from the date of allotment. Coupon to be paid annually.	10-Nov-26	5,834.29	-
16	8,69,739, 9.84% Secured Rated Listed Redeemable Non-Convertible Debentures issued at INR 1,000 each		Redeemable at par at the end of 1096 days from the date of allotment. Coupon to be paid monthly.	10-Nov-26	8,544.41	-
17	370, 0% 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 910 days from the date of allotment.	28-Jul-23	-	4,491.65
18	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	-	1,828.81

Notes to the Standalone Financial Statements (Contd.)

Sr No	Particulars	Nature of security	Terms of repayment	Maturity date	(INR in lakh)	
					As at March 31, 2024	As at March 31, 2023
19	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	1,507.84	1,387.36
20	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	1,846.26	1,359.24
21	389, 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	-	4,529.57
22	1330, 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	16,623.33	15,163.88
23	7500, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 1,00,000		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	03-Apr-23	-	8,739.96

Notes to the Standalone Financial Statements (Contd.)

Sr No	Particulars	Nature of security	Terms of repayment	Maturity date	(INR in lakh)	
					As at March 31, 2024	As at March 31, 2023
24	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	-	4,460.70
25	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	1,510.31	1,369.88
26	117, 0% Secured Redeemable Principal Protected Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 1229 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	05-Dec-25	1,046.05	975.69
27	250, 0% Secured Redeemable Principal Protected Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 929 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-Apr-25	2,857.27	2,598.43

Notes to the Standalone Financial Statements (Contd.)

Sr No	Particulars	Nature of security	Terms of repayment	Maturity date	(INR in lakh)	
					As at March 31, 2024	As at March 31, 2023
28	750, 0% Secured Redeemable Principal Protected Market Linked Non-Convertible Debenture of INR 10,00,000	<p>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;</p> <p>2. A first ranking and exclusive charge over the Cash Collateral;</p>	Redeemable with agreed coupon at the end of 912 days from the date of allotment (or on the call option exercise date of April 03, 2023) if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	29-Mar-24	-	8,533.19
29	2500, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 1,00,000	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 751 days from the date of allotment if NIFTY final fixing level is greater than or equal to 14% of the initial fixing level or else at par with the coupon of 14%	31-Aug-25	2,496.69	-
30	2500, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 1,00,000		Redeemable with agreed coupon at the end of 792 days from the date of allotment if NIFTY final fixing level is greater than or equal to 22% of the initial fixing level or else at par	03-Apr-26	2,095.61	-
31	2500, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 1,00,000		Redeemable with agreed coupon at the end of 949 days from the date of allotment if NIFTY final fixing level is greater than or equal to 6.67% of the initial fixing level or else at par with the coupon of 10%	12-Oct-26	2,154.73	-

Notes to the Standalone Financial Statements (Contd.)

(INR in lakh)

Sr No	Particulars	Nature of security	Terms of repayment	Maturity date	As at March 31, 2024	As at March 31, 2023
32	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	-	982.84
	Total				96,989.55	1,115,190.08

Notes to the Standalone Financial Statements (Contd.)

14. BORROWINGS (OTHER THAN DEBT SECURITIES)

(INR in lakh)

Particulars	As at	As at
	March 31, 2024	March 31, 2023
	Amortised cost	Amortised cost
(a) Term loans (Secured)		
(i) from banks	2,97,812.16	2,13,635.31
(ii) from other parties	69,565.38	41,108.05
(b) Pass Through Certificates (Secured)	3,311.59	-
(c) Loans repayable on demand (Secured)		
(i) from banks	33,676.80	21,362.52
Total	4,04,365.93	2,76,105.88
Borrowings in India	3,98,527.58	2,70,329.64
Borrowings outside India (comprises External Commercial Borrowings)	5,838.35	5,776.24
Total	4,04,365.93	2,76,105.88

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

Terms and conditions

(INR in lakh)

Particulars	Nature of security	Terms of repayment	As at	As at
			March 31, 2024	March 31, 2023
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 asset cover requirement of each lender, stipulated in respect of the outstanding facilities.	Loans are repayable in monthly or quarterly installments with original tenure ranging from 24 to 60 months at an average rate of interest ("ROI") of 10.08% p.a.	2,97,812.16	2,13,635.31
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 asset cover requirement of each lender, stipulated in respect of the outstanding facilities.	Loans are repayable in monthly or quarterly installments with original tenure ranging from 24 to 36 months at an average ROI of 10.18% p.a.	63,727.03	35,331.81
b) Others- External Commercial Borrowings	Term Loan from Others (External Commercial Borrowings) 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 asset cover requirement of each lender, stipulated in respect of the outstanding facilities.	Loan is repayable on maturity at the end of 60 months. Interest linked to SOFR and payable half yearly.	5,838.35	5,776.24
c) Pass Through Certificates (Secured)	Secured by an exclusive charge by way of hypothecation/ assignment of specific loan	Facility tenure of 39 months repayable on monthly basis at an average ROI of 9.00% p.a.	3,311.59	-
d) 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 asset cover requirement of each lender, 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 9.27% p.a.	33,676.80	21,362.52
Total			4,04,365.93	2,76,105.88

Notes to the Standalone Financial Statements (Contd.)

15. OTHER FINANCIAL LIABILITIES

Particulars	(INR in lakh)	
	As at	As at
	March 31, 2024	March 31, 2023
	Amortised cost	Amortised cost
Lease liability (Refer Note 35)	2,220.34	2,522.02
Collaterals received towards loans	8,497.81	7,201.54
Security deposits	102.93	62.92
Payable on servicing portfolio	3,405.76	2,351.39
Payable to customers	3,547.22	3,431.01
Provision for expenses	4,591.44	3,790.65
Servicing liability on loans derecognised	1,783.26	610.00
Others (includes sundry creditors, employee related payables)	136.66	249.37
Total	24,285.42	20,218.90

16. PROVISIONS

Particulars	(INR in lakh)	
	As at	As at
	March 31, 2024	March 31, 2023
Provision for employee benefits	5,558.78	2,743.53
Expected credit loss provision on undrawn loan commitments	8.85	20.16
Total	5,567.63	2,763.69

17. OTHER NON-FINANCIAL LIABILITIES

Particulars	(INR in lakh)	
	As at	As at
	March 31, 2024	March 31, 2023
Statutory dues payable	1,591.06	1,791.10
Total	1,591.06	1,791.10

18. EQUITY SHARE CAPITAL

Particulars	(INR in lakh)			
	As at March 31, 2024		As at March 31, 2023*	
	Number	Amount	Number	Amount
Authorised Capital				
Equity shares of INR 10/- each	50,00,00,000	50,000.00	50,00,00,000	50,000.00
Total	50,00,00,000	50,000.00	50,00,00,000	50,000.00
Issued, subscribed and paid up capital				
Equity Shares of INR 10/- each fully paid up	48,83,10,114	48,831.01	46,02,26,538	46,022.65
Total	48,83,10,114	48,831.01	46,02,26,538	46,022.65

*Refer Note No 1 and 43 for details of the Scheme of Arrangement.

Terms/rights attached to equity shares

The Company has only one class of equity shares having par value of INR 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.

Notes to the Standalone Financial Statements (Contd.)

Equity shares held by holding Company

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

(INR in lakh)

Name of shareholder	As at March 31, 2024		As at March 31, 2023	
	No. of shares held	Amount	No. of shares held	Amount
InCred Holdings Limited (formerly known as KKR Capital Markets India Ltd) (including shares held by Nominee Shareholders)	48,83,10,114	48,831.01	46,02,26,538	46,022.65
Total	48,83,10,114	48,831.01	46,02,26,538	46,022.65

Equity shares held by promoters of the Company

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

(INR in lakh)

Name of shareholder	As at March 31, 2024		As at March 31, 2023	
	No. of shares held	Amount	No. of shares held	Amount
InCred Holdings Limited (formerly known as KKR Capital Markets India Ltd) (including shares held by Nominee Shareholders)*	48,83,10,114	100.00%	46,02,26,538	100.00%
Total	48,83,10,114	100.00%	46,02,26,538	100.00%

*Includes 395 shares held as registered owner by Mr. Bhupinder Singh, Promoter of the Company.

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

(INR in lakh)

Name of shareholder	As at March 31, 2024		As at March 31, 2023	
	No. of shares held	% Holding	No. of shares held	% Holding
InCred Holdings Limited (formerly known as KKR Capital Markets India Ltd) (including shares held by Nominee Shareholders)	48,83,10,114	100.00%	46,02,26,538	100.00%
Total	48,83,10,114	100.00%	46,02,26,538	100.00%

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

(INR in lakh)

Particulars	As at March 31, 2024		As at March 31, 2023	
	Number	Amount	Number	Amount
At the beginning of the year	46,02,26,538	46,022.65	46,02,26,538	46,022.65
Add: Shares issued during the year	2,80,83,576	2,808.36	-	-
Total	48,83,10,114	48,831.01	46,02,26,538	46,022.65

Notes to the Standalone Financial Statements (Contd.)

19. OTHER EQUITY

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	Merger Reserve				
Balance at March 31, 2022	1,379.07	62,498.49	2774	66.09	3,900.55	4,469.27	(7,224.42)	(0.99)	77.63	15.36	65,208.78
Profit for the year	-	-	-	-	-	12,080.11	-	-	-	-	12,080.11
Other comprehensive income for the year	-	-	-	-	-	(47.33)	-	(56.03)	97.27	-	(6.09)
Total comprehensive income for the year (net of tax)	-	-	-	-	-	12,032.78	-	(56.03)	97.27	-	12,074.02
Transfer / utilisations											
Purchase consideration towards business combination (Refer Note No 43)	-	-	-	98,118.06	-	-	24,255.34	-	-	-	1,22,373.40
Transferred to special reserve from retained earnings	2,416.02	-	-	-	-	(2,416.02)	-	-	-	-	-
Share based payment expense	-	-	-	3,765.87	-	-	-	-	-	-	3,765.87
Transfer from share based payment reserve (Refer Note No 34)	-	-	-	3,900.55	(3,900.55)	-	-	-	-	-	-
Transfer of business (Refer Note No 43)	-	-	-	-	-	(1,077.31)	-	-	-	-	(1,077.31)
Balance at March 31, 2023	3,795.09	62,498.49	2774	1,05,850.57	-	13,008.72	17,030.92	(57.02)	174.90	15.36	2,02,344.76
Profit for the year	-	-	-	-	-	31,489.55	-	-	(175.40)	-	31,489.55
Other comprehensive income for the year	-	-	-	-	-	(92.63)	-	18.59	(175.40)	-	(249.44)
Total comprehensive income for the year (net of tax)	-	-	-	-	-	31,396.92	-	18.59	(175.40)	-	31,240.11
Transfer / utilisations											
Additions during the year (cash premium)	-	47,191.64	-	-	-	-	-	-	-	-	47,191.64
Utilized during the year	-	-	-	-	-	-	-	-	-	-	-
Purchase consideration towards business combination (Refer Note No 43)	-	-	-	-	-	-	-	-	-	-	-
Transferred to special reserve from retained earnings	6,297.91	-	-	-	-	(6,297.91)	-	-	-	-	-
Share based payment expense	-	-	-	2,432.68	-	-	-	-	-	-	2,432.68
Transfer from share based payment reserve (Refer Note No 34)	-	-	-	-	-	-	-	-	-	-	-
Transfer of business (Refer Note No 43)	-	-	-	-	-	-	-	-	-	-	-
Balance at March 31, 2024	10,093.00	1,09,690.13	2774	1,08,283.25	-	38,107.73	17,030.92	(38.43)	(0.50)	15.36	2,83,209.19

Nature and purpose of each reserves:

Special reserve - Reserves created under Section 45(C) 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 Companies Act, 2013.

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 issued by InCred Holdings Limited (formerly known as KKR Capital Markets Pvt Ltd) to shareholders of InCred Prime Limited (formerly known as "InCred Financial Services Limited") as a part of purchase consideration in lieu of demerger of identified NBFC business. Refer Note No 43. The reserves also includes share based arrangement where the Holding Company has granted equity settled options to the employees of the Company. Refer Note No 34.

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. During the current year, the Holding Company has adopted new ESOP

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.

Merger Reserve - As per Ind AS 103, on account of reverse acquisition, the share capital to be presented will be as per legal share capital of new IFSL. The merger reserve is created on account of difference in the share capital. Refer Note No 43

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.

Notes to the Standalone Financial Statements (Contd.)

20. INTEREST INCOME

(INR in lakh)		
Particulars	Year ended March 31, 2024	Year ended March 31, 2023
On financial assets measured at amortised cost:		
- Interest on loans	1,16,642.49	80,205.44
- Interest income from investments	1,201.42	416.65
- Interest on deposits with banks	696.67	851.93
On Financial Assets measured at fair value through profit or loss:		
- Interest on loans	-	363.60
On Financial Assets measured at fair value through Other Comprehensive Income:		
- Interest income from investments	800.74	418.84
Total	1,19,341.32	82,256.46

21. FEES AND COMMISSION INCOME

(INR in lakh)		
Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Loan servicing and administration charges	3,308.47	2,088.89
Total	3,308.47	2,088.89
Geographical Markets		
Within India	3,308.47	2,088.89
Outside India	-	-
Total	3,308.47	2,088.89
Timing of revenue recognition		
Services transferred at a point in time	3,308.47	2,088.89
Services transferred over time	-	-
Total	3,308.47	2,088.89

Note: For receivable balances against the income, refer note no 7

22. NET GAIN/ (LOSS) ON FAIR VALUE CHANGES

(INR in lakh)		
Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Net gain/ (loss) on financial instruments at fair value through profit or loss		
- Investments	1,303.74	442.64
- Derivatives	(303.49)	1.32
Total	1,000.25	443.96
Fair value changes:		
- Realised	1,418.07	442.64
- Unrealised	(417.82)	1.32

Notes to the Standalone Financial Statements (Contd.)

23. OTHER INCOME

(INR in lakh)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Marketing income	1,963.10	510.00
Business support charges	243.97	273.26
Other income	106.30	494.84
Total	2,313.37	1,278.10

24. FINANCE COSTS

(INR in lakh)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
On financial liabilities measured at amortised cost:		
(i) Interest on borrowings	33,035.84	23,131.97
(ii) Discount on Commercial Paper	933.88	749.41
(iii) Interest on Debentures	9,949.48	10,968.39
(iv) Interest on Inter Corporate Debts ("ICD")	558.85	105.65
(iv) Interest on Pass Through Certificate	394.23	-
(v) Interest on lease liability (Refer Note 35)	241.56	202.32
(vi) Other finance cost (includes bank charges, other treasury cost)	370.58	426.17
Total	45,484.42	35,583.91

25. IMPAIRMENT ON FINANCIAL INSTRUMENTS

(INR in lakh)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
On Financial instruments measured at amortised cost:		
(i) Loans (including amount written off, net of recovery)	(2,458.59)	(1,187.18)
(ii) Investments	-	(8.58)
(iii) Others	511.71	-
Total	(1,946.88)	(1,195.76)

26. EMPLOYEE BENEFITS EXPENSES

(INR in lakh)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Salaries and wages	22,222.19	14,124.45
Contribution to provident and other funds	546.11	373.39
Share based payment to employees (Refer Note 34)	2,432.70	3,765.87
Staff welfare expenses	745.63	518.06
Retirement Benefit expenses (Refer Note 33)	170.71	206.24
Others	-	2.22
Total	26,117.34	18,990.23

Notes to the Standalone Financial Statements (Contd.)

27. OTHER EXPENSES

(INR in lakh)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Information Technology expenses	2,540.98	1,608.11
Collection expenses	3,479.62	1,542.70
Legal, professional and consultancy charges	1,671.38	1,813.37
Office Expense	1,076.31	637.27
Travelling and conveyance	744.51	453.42
Advertisement, publicity and sales promotion expenses	677.92	393.51
Rating fees	226.79	199.59
Payment to auditors	142.43	120.30
Directors' sitting fees (Refer Note 32)	86.84	40.96
Stamp Duty & Filing fees	77.64	32.21
Bank charges	43.30	36.15
Repairs and maintenance	24.06	19.12
Rent (Refer Note 35)	210.50	148.25
Membership and Subscription	15.51	6.19
Miscellaneous expenses	768.95	951.18
Total	11,786.74	8,002.33

Payment to the auditors:

(INR in lakh)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Auditor's remuneration		
- Audit fees	84.20	74.17
- Limited review	32.05	29.71
In other capacity		
- Certification services	18.15	16.42
- Taxation	-	-
Other of pocket expenses	8.03	-
Total	142.43	120.30

Excludes fees of INR 41.52 lakh (excluding GST) (Previous year INR 47.43 lakhs) incurred during the year 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.

28. TAX EXPENSE

(a) Amounts recognised in profit and loss

(INR in lakh)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Current tax expense		
Current year	717.80	461.22
Current tax expense	717.80	461.22
Deferred tax expense		
Origination and reversal of temporary differences	10,094.70	8,160.30
Deferred tax expense	10,094.70	8,160.30
Tax expense for the year	10,812.50	8,621.52

Notes to the Standalone Financial Statements (Contd.)

(b) Amounts recognised in other comprehensive income

(INR in lakh)

Particulars	Year ended March 31, 2024			Year ended March 31, 2023		
	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)	(123.79)	31.16	(92.63)	(63.25)	15.92	(47.330)
Items that will be reclassified to profit or loss						
(a) Debt instruments through other comprehensive income	24.84	(6.25)	18.59	(74.88)	18.85	(56.03)
(b) The effective portion of gains and loss on hedging instruments in a cash flow hedge	(234.40)	59	(175.40)	129.99	(32.72)	97.27
	(333.35)	83.91	(249.45)	(8.14)	2.05	(6.09)

(c) Amounts recognised directly in equity

There are no temporary difference recognised directly in equity for the year ended March 31, 2024 (Previous Year: Nil)

(d) Reconciliation of effective tax rate

(INR in lakh)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Profit before tax as per Statement of profit and loss (A)	42,302.05	20,701.63
Statutory tax rate	25.17%	25.17%
Tax using the Company's domestic tax rate (B)	10,647.43	5,210.60
Tax effect of:		
Tax effect of amounts which are not deductible in calculating taxable income	NIL	3,377.23
Tax impact of earlier period	213.61	-
Other adjustments	(48.54)	33.69
Effective tax amount	10,812.50	8,621.52
Effective tax rate	25.56%	41.65%

29. EARNINGS PER SHARE

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

i. Profit attributable to Equity shareholders:

(INR in lakh)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Profit attributable to equity holders of the Company used in calculating basic earnings per share	31,489.55	12,080.11
Profit attributable to equity holders of the Company used in calculating diluted earnings per share	31,489.55	12,080.11

ii. Weighted average number of ordinary shares

(INR in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023*
Weighted average number of equity shares used as the denominator in calculating basic earnings per share (A)	46,79,20,668	46,02,26,538
Adjustments for calculation of diluted earnings per share (B)	-	-
Weighted average number of equity shares and potential equity shares used as the denominator in calculating diluted earnings per share (A+B)	46,79,20,668	46,02,26,538
Basic earnings per share	6.73	2.62
Diluted earnings per share	6.73	2.62

*Refer Note No 43 - Composite Scheme of Arrangement

30. FAIR VALUE MEASUREMENTS**A. Accounting classification**

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

Particulars	As at March 31, 2024				As at March 31, 2023			
	FVTPL	FVOCI	Amortised Cost	Total	FVTPL	FVOCI	Amortised Cost	Total
Financial assets								
Cash and cash equivalents	-	-	8,141.03	8,141.03	-	-	38,833.58	38,833.58
Bank balance other than cash and cash equivalents	-	-	8,323.96	8,323.96	-	-	4,795.43	4,795.43
Derivative financial instruments	878.92	-	-	878.92	1,388.54	-	-	1,388.54
Loans	-	-	7,25,877.44	7,25,877.44	-	-	5,40,380.02	5,40,380.02
Investments								
- Debt securities	1,035.67	20,150.31	36,860.88	58,046.86	-	4,345.74	1,500.00	5,845.74
- Convertible Preference Shares	9.67	-	-	9.67	9.66	-	-	9.66
Other financial assets	-	-	10,617.64	10,617.64	-	-	9,512.24	9,512.24
Total financial assets	1,924.26	20,150.31	7,89,820.95	8,11,895.52	1,398.20	4,345.74	5,95,021.27	6,00,765.21
Financial liabilities								
Derivative financial instruments	2,265.96	-	-	2,265.96	727.43	-	-	727.43
Trade Payables	-	-	271.89	271.89	-	-	172.45	172.45
Debt securities	-	-	96,989.55	96,989.55	-	-	1,15,190.08	1,15,190.08
Borrowings (other than debt securities)	-	-	4,04,365.93	4,04,365.93	-	-	2,76,105.88	2,76,105.88
Other financial liabilities	-	-	24,285.42	24,285.42	-	-	20,218.90	20,218.90
Total financial liabilities	2,265.96	-	5,25,912.79	5,28,178.75	727.43	-	4,11,687.31	4,12,414.74

Note: Investment in subsidiaries amounting to INR 607.57 lakh (Previous year: INR 2,355.19 lakhs) is carried at cost (less impairment) in accordance with Ind AS 27 and does not form part of the above.

Notes to the Standalone Financial Statements (Contd.)

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.

(INR in lakh)

Particulars	Fair value						
	As at March 31, 2024			As at March 31, 2023			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Financial assets							
Convertible preference shares	-	9.67	-	9.67	-	9.66	-
Derivative Financial Instruments	-	-	878.92	878.92	-	-	1,388.54
Investment in debt securities	5,381.28	-	15,804.70	21,185.98	-	-	4,345.74
Total	5,381.28	9.67	16,683.62	22,074.57	-	9.66	5,734.28
Financial liabilities							
Derivative Financial Instruments	-	-	2,265.96	2,265.96	-	-	727.43
Total	-	-	2,265.96	2,265.96	-	-	727.43

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

Particulars	Fair value						
	As at March 31, 2024			As at March 31, 2023			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Financial assets							
Cash and cash equivalents	8,141.03	-	-	8,141.03	38,833.58	-	-
Bank balance other than cash and cash equivalents	8,323.96	-	-	8,323.96	4,795.43	-	-
Investments	-	-	-	-	-	-	-
- Debt securities	-	-	36,860.88	36,860.88	-	-	1,500.00
Loans	-	-	7,60,868.19	7,60,868.19	-	-	6,01,741.00
Other financial assets	10,617.64	-	-	10,617.64	9,512.24	-	-
Total	27,082.63	-	7,97,729.07	8,24,811.70	53,141.25	-	6,03,241.00
Financial Liabilities							
Trade Payables	271.89	-	-	271.89	172.45	-	-
Debt securities	-	-	98,714.07	98,714.07	-	-	1,17,566.27
Borrowings (other than debt securities)	-	-	4,04,336.00	4,04,336.00	-	-	2,76,015.73
Other financial liabilities	24,285.42	-	-	24,285.42	20,218.90	-	-
Total	24,557.31	-	5,03,050.07	5,27,607.38	20,391.35	-	3,93,582.00
							4,13,973.35

Notes to the Standalone Financial Statements (Contd.)

(INR in lakh)

Particulars	As at March 31, 2024		As at March 31, 2023	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets				
Cash and cash equivalents	8,141.03	8,141.03	38,833.58	38,833.58
Bank balance other than cash and cash equivalents	8,323.96	8,323.96	4,795.43	4,795.43
Derivative Financial instruments	878.92	878.92	1,388.54	1,388.54
Loans	7,25,877.44	7,60,868.19	5,40,380.02	6,01,741.00
Investments				
- Debt securities at fair value through profit & loss	1,035.67	1,035.67	-	-
- Debt securities at Other comprehensive income	20,150.31	20,150.31	4,345.74	4,345.74
- Debt securities at amortised cost	36,860.88	36,860.88	1,500.00	1,500.00
Other financial assets	10,617.64	10,617.64	9,512.24	9,512.24
Total	8,11,885.85	8,46,876.60	6,00,755.55	6,62,116.53
Financial liabilities				
Derivative Financial instruments	2,265.96	2,265.96	727.43	727.43
Trade Payables	271.89	271.89	172.45	172.45
Debt securities	96,989.55	98,714.07	1,15,190.08	1,17,566.27
Borrowings (other than debt securities)	4,04,365.93	4,04,336.00	2,76,105.88	2,76,015.73
Other financial liabilities	24,285.42	24,285.42	20,218.90	20,218.90
Total	5,28,178.75	5,29,873.34	4,12,414.74	4,14,700.78

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

Notes to the Standalone Financial Statements (Contd.)

risk and remaining maturity. For market linked debentures, the fair value published by CARE Rating Agency as at March 31, 2024 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 yield on the balance period to maturity on similar instruments using G-Sec rates adjusted for credit risk of the instruments.

Gains or losses on transfers amongst categories

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

Inter-level transfers

There are no transfers of financial assets and liabilities measured at fair value between Levels 1 and 2 and Level 2 and 3 during the financial years ended March 31, 2024 and March 31, 2023.

D. Sensitivity analysis of financial instruments at Level 3

(INR in lakh)

Particulars	Input name	As at March 31, 2024		As at March 31, 2023	
		Delta effect of		Delta effect of	
		+ 1% change	- 1% change	+ 1% change	- 1% change
Financial Assets:					
Loans	Discount rate	(4,613.00)	4,710.06	(3,639.93)	3,719.65
Investment in debt securities	Gsec / FIMMDA rate	(12.56)	13.29	(10.53)	10.69
Derivative Financial Instruments	Volatility rate	(1.14)	1.14	21.56	(21.91)
Financial Liabilities:					
Debt securities	Discount rate	(292.15)	293.98	(22.16)	19.43
Borrowings (other than debt securities)	Discount rate	(428.83)	434.49	(336.15)	344.16
Derivative Financial Instruments	Volatility rate	7.98	(14.96)	21.87	(25.12)

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, 2024 and March 31, 2023

(INR in lakh)

Particulars	Derivative	Debt Instruments
As at March 31, 2022	299.22	2,909.12
Net Acquisitions/(Disposal)	-	1,519.54
Gains /(Loss) recognised in other comprehensive income	576.41	(74.88)
As at March 31, 2023	875.63	4,353.78
Net Acquisitions/(Disposal)	-	15,778.40
Gains /(Loss) recognised in other comprehensive income	(849.89)	24.84
As at March 31, 2024	25.74	20,157.02

31. 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. 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 from 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. For student loans, country risks are also taken into consideration for income assessment.

- **Credit history analysis:** The borrower's experience in managing debt is considered. Prior delinquencies are considered. A strong repayment track record is typically an indicator of the customer's ability-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

Notes to the Standalone Financial Statements (Contd.)

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 multiple factors such as risk profile, product type, credit underwriting policy, sourcing channels 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 more than 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.

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 real GDP, unemployment rate, growth in wages, real wholesale and retail trade, services 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. While considering the macroeconomic factor Company consider economic span of base case, plus upside and downside scenario.

Notes to the Standalone Financial Statements (Contd.)

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)	As per empirical data Considered 65% for unsecured portfolio as per regulatory guidelines As per empirical data
	Student Loans					
	Supply Chain Finance					
	Escrow Backed Unsecured Business Loan					
Secured	Structured 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)	Considered 50% for secured portfolio as per regulatory guidelines
	Two Wheeler Finance					
	Secured School Finance					
	Supply Chain Finance					
	Lending to Other Financial Institutions	In absence of sufficient default data, a management judgement-based PD is used in line with industry benchmarks				
	Loan Against Property					
	Home Loans					

As at March 31, 2024

(INR in lakh)

Particulars	Asset group	Gross carrying amount (GCA)	Expected credit losses (ECL)	Net carrying amount (NCA)
Stage 1	Term Loans*	7,16,171.95	5,989.37	7,10,182.58
	Loan commitments	49,641.06	8.85	49,632.21
Stage 2	Term Loans	12,815.87	3,382.05	9,433.82
Stage 3	Term Loans	15,936.35	9,675.31	6,261.04

* Out of the above GCA of INR 7,16,171.95 lakh from 3,50,445 loan accounts, 3,36,152 loan accounts with GCA of INR 7,02,072.62 lakh are zero days past due.

As at March 31, 2023

(INR in lakh)

Particulars	Asset group	Gross carrying amount (GCA)	Expected credit losses (ECL)	Net carrying amount (NCA)
Stage 1	Term Loans*	5,17,664.54	2,959.88	5,14,704.67
	Loan commitments	34,555.27	20.16	34,535.11
Stage 2	Term Loans	26,125.43	5,463.35	20,662.08
Stage 3	Term Loans	11,441.58	6,428.30	5,013.27

*Out of the above GCA of 5,17,664.54 from 3,90,019 loan accounts, 3,72,262 loan accounts with GCA of INR 4,95,542.17 lakh are zero days past due.

Notes to the Standalone Financial Statements (Contd.)

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) Default Loss Guarantee (DLG) in the form of cash collateral, lien on fixed deposits etc.

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.

iii) Reconciliation of Loan exposure and Loan loss allowance**For Loan exposure**

The below table signifies movement of gross carrying amount:

	(INR in lakh)		
Reconciliation of Loan exposure	Stage 1	Stage 2	Stage 3
Loan exposure on March 31, 2022	3,49,541.03	21,971.46	10,811.36
New credit exposures due business combination	48,520.59	4,400.87	-
Transfer of credit exposure due to demerger	(797.77)	(72.00)	(379.33)
Loan exposure on April 01, 2022	3,97,263.85	26,300.33	10,432.03
Change in opening credit exposure	(2,52,032.71)	1,179.26	(4,167.47)
New credit exposures during the year, net of repayment*	3,76,402.96	3,283.46	1,239.05
Transferred to 12-month ECL	5,126.57	(5,103.82)	(22.75)
Transferred to Lifetime ECL not credit impaired	(4,103.52)	4,109.52	(5.99)
Transferred to Lifetime ECL credit impaired	(4,992.61)	(3,643.32)	8,635.92
Write – offs	-	-	(4,669.21)
Loan exposure on March 31, 2023	5,17,664.54	26,125.43	11,441.58
Change in opening credit exposure	(2,96,375.57)	(19,886.86)	(7,509.70)
New credit exposures during the year, net of repayment*	5,10,143.41	3,976.48	4,197.70
Transferred to 12-month ECL	2,316.61	(1,741.49)	(575.11)
Transferred to Lifetime ECL not credit impaired	(5,667.27)	6,123.73	(456.46)
Transferred to Lifetime ECL credit impaired	(11,909.77)	(1,781.42)	13,691.19
Write – offs	-	-	(4,852.85)
Loan exposure on March 31, 2024	7,16,171.95	12,815.87	15,936.35

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

Notes to the Standalone Financial Statements (Contd.)

For Loan loss allowance:

(INR in lakh)

Reconciliation of loss allowance	Stage 1	Stage 2	Stage 3
Loss allowance on March 31, 2022	2,461.45	1,229.09	5,406.89
Transfer of credit exposure due demerger	(15.59)	(15.85)	(184.07)
Loss allowance on Apr 01, 2022	2,445.86	1,213.24	5,222.82
Change in opening credit exposure	(1,915.03)	4,348.76	4,915.20
New credit exposures during the year, net of repayment*	2,254.94	438.44	596.51
Transferred to 12-month ECL	294.64	(283.22)	(11.42)
Transferred to Lifetime ECL not credit impaired	(35.68)	38.89	(3.20)
Transferred to Lifetime ECL credit impaired	(84.83)	(292.77)	377.60
Write – offs	-	-	(4,669.21)
Loss allowance on March 31, 2023	2,959.88	5,463.35	6,428.30
Change in opening credit exposure	(2,400.19)	(2,776.78)	6,552.91
New credit exposures during the year, net of repayment*	5,053.81	902.75	1,715.55
Transferred to 12-month ECL	537.71	(253.11)	(284.60)
Transferred to Lifetime ECL not credit impaired	(45.84)	248.73	(202.89)
Transferred to Lifetime ECL credit impaired	(116.00)	(202.89)	318.89
Write – offs	-	-	(4,852.85)
Loss allowance on March 31, 2024	5,989.37	3,382.05	9,675.31

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

For investments

(INR in lakh)

Reconciliation of loss allowance	Stage 1
Loss allowance on March 31, 2022	9.28
Changes in loss allowances due to Assets used or released	4,378.57
Loss allowance on March 31, 2023	4,387.85
Changes in loss allowances due to Assets used or released	(2,691.14)
Loss allowance on March 31, 2024	1,696.71

The Company has assessed the impairment allowance on other financial assets. The impact is immaterial and hence no allowance is created.

For loan commitments

(INR in lakh)

Reconciliation of loss allowance	Stage 1
Loss allowance on March 31, 2022	9.42
Changes in loss allowances due to Assets used or released	10.74
Loss allowance on March 31, 2023	20.16
Changes in loss allowances due to Assets used or released	(11.31)
Loss allowance on March 31, 2024	8.85

Notes to the Standalone Financial Statements (Contd.)

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 financial year 2022 and 2021, 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, 2024 and March 31, 2023, the Company holds adequate impairment allowance on the loan portfolio as per requirements of Ind AS 109.
- (B) Pursuant to the RBI circular dated February 15, 2022, the Company has implemented necessary system in place w.e.f. October 01, 2022 to align its definition of default for loan assets with the guidelines stipulated in RBI circular dated November 12, 2021 – "Prudential Norms on Income Recognition, Asset classification and Provisioning pertaining to Advances – Clarifications" (the "RBI circular").

B. Liquidity risk

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

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

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

Particulars	(INR in lakh)	
	As at March 31, 2024	As at March 31, 2023
- Expiring within one year	9,873.00	26,137.00
Total	9,873.00	26,137.00

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.

Notes to the Standalone Financial Statements (Contd.)

As at March 31, 2024

(INR in lakh)

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	2,265.96	(2,265.96)	(891.37)	(1,374.59)	-	-
Trade Payables	12	271.89	(271.89)	(271.89)	-	-	-
Debt securities	13	96,989.55	(1,09,199.43)	(42,913.39)	(66,286.04)	-	-
Borrowings (other than debt securities)	14	4,04,365.93	(4,49,172.49)	(2,39,107.19)	(1,79,988.54)	(30,076.76)	-
Other financial liabilities	15	24,285.42	(24,285.42)	(12,931.07)	(1,614.25)	(676.03)	(9,064.07)
Commitments	36	49,998.24	(49,998.24)	(17,743.96)	(32,254.28)	-	-
Total		5,78,177.00	(6,35,193.43)	(3,13,858.87)	(2,81,517.70)	(30,752.79)	(9,064.07)

As at March 31, 2023

(INR in lakh)

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	727.43	(727.43)	-	(727.43)	-	-
Debt securities	13	1,15,190.08	(1,26,757.59)	(62,752.34)	(60,789.16)	(3,216.09)	-
Trade Payables	12	172.45	(172.45)	(172.45)	-	-	-
Borrowings (other than debt securities)	14	2,76,105.88	(3,15,611.76)	(1,37,326.49)	(1,55,086.12)	(23,199.15)	-
Other financial liabilities	15	20,218.90	(20,218.90)	(10,638.64)	(1,231.59)	(942.52)	(7,406.16)
Commitments	36	34,887.47	(34,887.47)	(34,555.27)	(332.20)	-	-
Total		4,47,302.21	(4,98,375.60)	(2,45,445.19)	(2,18,166.50)	(27,357.76)	(7,406.16)

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, 2024

(INR in lakh)

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	8,141.03	8,141.03	8,141.03	-	-	-
Bank deposits	3	8,323.96	8,579.48	8,579.48	-	-	-
Derivative financial instruments	4	878.92	878.92	878.92	-	-	-
Loans	5	7,25,877.44	14,07,972.83	4,30,495.17	4,04,545.66	1,63,819.30	4,09,112.70
Investments (other than investments at cost)	6	58,063.24	59,650.82	52,687.88	6,467.16	-	495.78
Other financial assets	7	10,617.64	10,617.64	4,822.82	2,308.07	820.95	2,665.80
Total		8,11,902.23	14,95,840.72	5,05,605.30	4,13,320.89	1,64,640.25	4,12,274.28

Notes to the Standalone Financial Statements (Contd.)

As at March 31, 2023

(INR in lakh)

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	38,833.58	38,836.13	38,836.13	-	-	-
Bank deposits	3	4,795.43	4,975.17	4,140.87	834.30	-	-
Derivative financial instruments	4	1,388.54	1,388.54	226.82	1,161.72	-	-
Loans	5	5,40,380.02	8,65,142.59	3,25,041.62	2,34,473.03	87,987.21	2,17,640.73
Investments (other than subsidiaries)	6	5,863.44	5,930.57	554.95	5,375.62	-	-
Other financial assets	7	9,512.24	8,668.88	8,387.29	137.53	43.90	100.16
Total		6,00,773.25	9,24,941.88	3,77,187.68	2,41,982.20	88,031.11	2,17,740.89

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.

(INR in lakh)

Particulars	Nominal amount	
	As at March 31, 2024	As at March 31, 2023
Loans		
Fixed rate loans	4,52,042.47	3,43,369.47
Variable rate loans	2,84,567.94	2,15,879.21
Bank balance other than cash and cash equivalents	8,323.96	4,795.43
Fixed rate investments in debt securities at amortised cost	36,860.88	1,500.00
Fixed rate investments in debt securities at other comprehensive income	20,157.02	4,353.78
Total	8,01,952.27	5,69,897.89
Debt and Borrowings		
Fixed rate Debt and Borrowings	(1,87,368.20)	(1,34,450.54)
Variable rate Debt and Borrowings	(3,10,269.92)	(2,49,572.91)
Total	(4,97,638.12)	(3,84,023.45)

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 analysis 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.

Notes to the Standalone Financial Statements (Contd.)

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, 2024 and March 31, 2023 would increase/ (decrease) by the following amounts:

(INR in lakh)

Particulars	Profit or (loss) before tax		Equity (before tax)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
March 31, 2024				
Variable-rate instruments	(257.02)	257.02	(257.02)	257.02
Cash flow sensitivity (net)	(257.02)	257.02	(257.02)	257.02
March 31, 2023				
Variable-rate instruments	(336.94)	336.94	(336.94)	336.94
Cash flow sensitivity (net)	(336.94)	336.94	(336.94)	336.94

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 year end balances are not necessarily representative of the average debt outstanding during the year end.

D. Other Price risk

The Company is currently exposed to the price risk arising from investments classified in the Balance Sheet at fair value through Other Comprehensive Income. If the market price of the investment had been higher/lower by 1% from the market price existing as at March 31, 2024, profit or loss(pre-tax) for the year ended March 31, 2024 would increase/ decrease by INR 105.10 lakh (Previous Year: Nil) with a corresponding increase /decrease in the Total Equity of the Company as at March 31, 2024.

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.

Notes to the Standalone Financial Statements (Contd.)

32. RELATED PARTY DISCLOSURES

Key managerial personnel (“KMP”)

Name of the KMP	Designation	Nature of change (resignation, appointment)	Effective date
Mr. Bhupinder Singh	Whole-Time Director & CEO	Appointment	26.07.2022
Mr. Vivek Bansal	Whole-Time Director & CFO	Appointment	26.07.2022
Mr. Gaurav Trehan	Non-Executive Director	Resignation	13.09.2023
Mr. Vivek Anand PS	Non-Executive Director	Appointment	26.07.2022
Ms. Rupa Vora	Independent Director	Appointment	26.07.2022
Mr. Karnam Sekar	Independent Director	Appointment	26.07.2022
Dr. Sankaran Nair Rajagopal	Independent Director	Appointment	30.03.2023
Ms. Sunita Gupta	Independent Director	Appointment	30.03.2023
Ms. Ambika Bisla	Independent Director	Appointment	30.03.2023
Mr. Rohan Suri	Non-Executive Director	Appointment	30.03.2023
Mr. Anil Nagu	Non-Executive Director	Appointment	14.09.2023
Mr. Gajendra Thakur	Company Secretary	Appointment	27.07.2022

Enterprises where key management personnel exercises significant influence

- InCred Capital Financial Services Private Limited
- InCred Asset Management Private Limited
- InCred Wealth and Investment Private Limited
- InCred Wealth Private Limited
- InCred Capital Wealth Portfolio Managers Private Limited
- InCred Research Services Private Limited
- InCred Alternative Investments Private Limited
- Oro Financial Consultants Private Limited
- InCred Value Plus Private Limited (incorporated on November 8, 2023)
- Alpha Fintech Private Limited
- B Singh Tech Services Private Limited (incorporated on December 12, 2023)
- Booth Fintech Private Limited* (w.e.f. July 11, 2023) (“Booth”)
- mValu Technology Services Private Limited* (w.e.f. July 11, 2023) (“mValu”)

Fellow subsidiaries:

- InCred Prime Finance Limited (Formerly known as InCred Financial Services Limited)

A. Names of related parties and nature of relationship

Holding Company	Country of Incorporation	Proportion of ownership interest (% holding)	
		As at March 31, 2024	As at March 31, 2023
InCred Holdings Limited (formerly known as KKR Capital Markets Pvt Ltd)	India	100.00%	100.00%

Notes to the Standalone Financial Statements (Contd.)

Direct subsidiaries:

Name of subsidiaries	Country of Incorporation	Principal place of business	Proportion of ownership interest (% holding)	
			As at March 31, 2024	As at March 31, 2023
Incred Management and Technology Services Private Limited	India	Mumbai	100.00%	100.00%
Booth Fintech Private Limited*	India	Mumbai	NA	100.00%
Incred.AI Limited	India	Mumbai	100.00%	100.00%

Subsidiary of Booth Fintech Private Limited

Name of subsidiaries	Country of Incorporation	Principal place of business	Proportion of ownership interest (% holding)	
			As at March 31, 2024	As at March 31, 2023
mValu Technology Services Private Limited*	India	Mumbai	NA	75.82%

*w.e.f. July 11, 2023, Booth and mValu cease to be a subsidiary and setp-down subsidiary of IFSL subsequent to transfer of entire stake of Booth to InCred Capital Financial Services Private Limited

Transactions with key management personnel

i. Key management personnel compensation

(INR in lakh)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Employee benefit expenses	1,663.20	990.97
Directors' sitting fees	86.84	40.96

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.

Notes to the Standalone Financial Statements (Contd.)

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

Nature of transactions	Holding Company		Subsidiaries		Enterprises owned or controlled by KMP		Fellow Subsidiary	
	For the year ended March 31, 2023		For the year ended March 31, 2023		For the year ended March 31, 2023		For the year ended March 31, 2023	
	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2024	For the year ended March 31, 2023
Balance Sheet transactions								
Investment in equity shares of subsidiary	-	-	-	1,820.00	-	-	-	-
Investment in equity shares from Holding Company	50,000.00	-	-	-	-	-	-	-
Inter Corporate Deposits ("ICD") taken	3,100.00	-	-	800	4,000.00	3,500.00	-	-
Repayment of ICD taken (including interest)	3,142.71	-	-	801.02	4,001.07	3,503.72	-	-
ICD given	-	1,500.00	-	-	17,915.00	-	-	-
Repayment of ICD given (including interest)	1,505.47	-	-	-	219.41	-	-	-
Proceeds from sale of Fixed Assets	-	-	-	-	-	1.95	-	-
Issue of Debentures	-	-	-	-	6,650.00	6,899.36	-	-
Subscription to Debentures	-	-	-	-	1,150.00	-	-	-
Proceeds from sale of subsidiary	-	-	-	-	1,735.01	-	-	-
Purchase of investments	-	-	-	-	4,375.23	-	-	-
Proceeds from sale of investments	-	-	-	-	7,955.17	-	-	-
Transfer out / (in) of gratuity liability	1.59	-	-	-	2.61	-	15.97	-
Income transactions								
Interest on ICD	5.47	82.62	-	-	204.41	-	-	-
Income on account of reimbursement	5.24	1.96	-	0.59	138.68	70.36	-	-
Expense transactions								
Interest on ICD	42.71	-	-	1.02	1.07	3.72	-	-
Expense on account of reimbursement	-	-	-	-	4.53	-	-	-
Fee and commission	131.78	-	-	-	108.89	158.18	-	-

Note: During the current year, the Holding Company has issued employee stock options to the employees of the Company (Refer Note 34 for further details).

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

(INR in lakh)

Sr. No.	Balance outstanding	Holding Company		Subsidiaries		KMP/ KMP exercising influence/ close member of KMP		Enterprises owned or controlled by Key Managerial Personnel*		Fellow Subsidiary	
		For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2024	For the year ended March 31, 2023
1	Advances/Receivables	57.24	644.23	3.24	3.24	-	-	20.76	28.72	-	1,143.68
2	Investments (at cost)	-	-	2,297.57	6,735.00	-	-	-	-	-	-
3	Investments in debentures	-	-	-	-	-	-	1,150.00	-	-	-
4	Outstanding debenture payable	-	-	-	-	-	-	1,622.51	-	-	-
6	ICD Receivable	-	1,500.00	-	-	-	-	17,900.00	-	-	-
7	Other Payables	-	-	-	-	-	-	-	-	-	108

Note:

* 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.

Notes to the Standalone Financial Statements (Contd.)

33. EMPLOYEE BENEFITS

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

Particulars	(INR in lakh)	
	Year ended March 31, 2024	Year ended March 31, 2023
Provident fund	546.11	373.39

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 as per Payment of Gratuity Act, 1972.

Table showing change in the present value of projected benefit obligation

Particulars	(INR in lakh)	
	As at March 31, 2024	As at March 31, 2023
Change in benefit obligations		
Present value of benefit obligation at the beginning of the year	546.63	313.85
Interest cost	39.36	16.16
Current Service cost	125.44	89.41
Past Service cost - incurred during the period	-	122.21
Liability Transferred In/ Acquisitions	6.21	-
Liability Transferred Out/ Divestments	(26.38)	-
Benefit Paid Directly by the Employer	(11.26)	(58.25)
Actuarial Loss / (Gains) on Obligations - Due to Change in Demographic Assumptions	26.88	-
Actuarial Loss / (Gains) on Obligations - Due to Change in Financial Assumptions	28.33	(24.47)
Actuarial Losses on Obligations - Due to Experience	68.58	87.72
Liability at the end of the year	803.79	546.63

Amount recognized in the Balance Sheet

Particulars	(INR in lakh)	
	As at March 31, 2024	As at March 31, 2023
Present value of benefit obligation at the end of the year	(803.79)	(546.63)
Fair value of plan assets at the end of the year		
Funded Status (Deficit)	(803.79)	(546.63)
Net (Liability)/Asset Recognized in the Balance Sheet	(803.79)	(546.63)

Expenses recognized in the Statement of Profit and Loss

Particulars	(INR in lakh)	
	Year ended March 31, 2024	Year ended March 31, 2023
Current service cost*	125.44	89.41
Interest cost	39.36	16.16
Past Service Cost - Recognized	-	122.21
Expenses recognised	164.80	227.78

*Above does not include the movement of opening gratuity liability on account of business combination

Notes to the Standalone Financial Statements (Contd.)

Expenses recognized in the Other comprehensive income (OCI)

Particulars	(INR in lakh)	
	Year ended March 31, 2024	Year ended March 31, 2023
Actuarial Loss / (Gains) on obligation for the year	123.79	63.25
Net Loss / (Income) for the year recognized in OCI	123.79	63.25

The actuarial assumptions used to determine benefit obligations as at March 31, 2024 and March 31, 2023 are as follows:

Particulars	(INR in lakh)	
	Year ended March 31, 2024	Year ended March 31, 2023
Discount Rate	7.14%	7.20%
Salary escalation rate	9.00%	8.00%
Expected Rate of return on Plan Assets	N.A	N.A
Rate of Employee Turnover	30%	35%
Retirement Age	60 years	60 years
Mortality Rate during employment	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2012-14)

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

Balance sheet reconciliation

Particulars	(INR in lakh)	
	As at March 31, 2024	As at March 31, 2023
Opening net liability	546.63	313.85
Expenses recognized in Statement of Profit and Loss	164.80	227.78
Expenses recognized in OCI	123.79	63.25
Net Liability/(Asset) Transfer In	6.21	-
Net (Liability)/Asset Transfer Out	(26.38)	-
Benefit Paid Directly by the Employer	(11.26)	(58.25)
Net liability recognized in the Balance Sheet	803.79	546.63

Cash Flow Projection

Maturity analysis of the benefit payments: from the employer

Particulars	(INR in lakh)	
	As at March 31, 2024	As at March 31, 2023
Projected benefits payable in future years from the date of reporting		
1st following year	186.49	159.91
2nd following year	157.06	122.95
3rd following year	134.99	95.37
4th following year	118.17	75.29
5th following year	98.84	58.89
Sum of years 6 to 10	236.89	115.12
Sum of years 11 and above	68.46	20.07

Notes to the Standalone Financial Statements (Contd.)

Sensitivity analysis

(INR in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
Projected benefit obligation on current assumptions	803.79	546.63
Delta effect of +1% change in rate of discounting	(20.69)	(10.96)
Delta effect of -1% change in rate of discounting	22.07	11.58
Delta effect of +1% change in rate of salary increase	28.42	16.15
Delta effect of -1% change in rate of salary increase	(27.12)	(15.56)
Delta effect of +1% change in rate of employee turnover	(6.83)	(3.25)
Delta effect of -1% change in rate of employee turnover	7.08	3.35

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.

34. SHARE-BASED PAYMENT ARRANGEMENTS**A. Description of share-based payment arrangements****i. Share option plans (equity-settled)**

The Board of Directors of InCred Holdings Limited (formerly, KKR Capital Markets Limited) (the “Holding Company”) on August 26, 2022 adopted Employees Stock Incentive Plan under which share options shall be granted to eligible employees of the Holding Company and the Company from time to time (“New ESOP Scheme”). Such Scheme also covered employees of the Company which were transferred pursuant to the Scheme of Arrangement referred to in Note 42 holding Employee Stock Options under the ESOP Scheme of erstwhile IFSL (“Erstwhile ESOP Scheme”). The options granted to employees under the Erstwhile ESOP scheme continue to have similar terms and conditions in respect of vesting / exercise etc. under the New ESOP Scheme. As assessed by the Company, grant of options under the New ESOP Scheme to employees of erstwhile IFSL does not form part of consideration discharged as the Company is assessed to be accounting acquiree as per Ind AS 103.

Consequently, the charge towards share-based payment in terms of Ind AS 102 has been recorded on a basis that such New ESOP Scheme is only a continuation of Erstwhile ESOP Scheme. The liability towards the employee ESOP cost in the books of the Company is compensated by way of capital contribution by Holding Company in the Company. Further, the balance outstanding in Employees Stock Option Reserve as at March 31, 2023 pertaining to erstwhile ESOP Scheme has been transferred to ‘Capital contribution from parent’ pursuant to such change.

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	(INR in lakh)	
	Year ended March 31, 2024	Year ended March 31, 2023
Fair value as on grant date (weighted average)	26.68 to 99.78	35.03 to 44.82
Share prices during the year , on grant dates	67.02 to 134.98	65.00 to 67.02
Exercise price	40 to 60	40.00
Expected volatility (weighted average volatility)	40%	40%
Rate of Employee Turnover	20%	20%
Expected life (expected weighted average life)	4.61 years	11.02 years
Risk- free interest rate (based on government bonds)	7.22% to 7.55%	6.89% to 7.59%
Method used to determine expected volatility	The expected volatility is based on price volatility of listed companies in same industry	

Notes to the Standalone Financial Statements (Contd.)

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, 2024	As at March 31, 2023
Opening balance	37.32	3,19,57,654	3,42,48,588
Add: Options granted during the year	56.05	60,92,850	27,47,500
Less: Options exercised during the year	37.00	(95,45,137)	(37,31,310)
Less: Options lapsed during the year	42.45	(4,04,938)	(13,07,124)
Options outstanding as at the year end	41.80	2,81,00,429	3,19,57,654
Option exercisable of the above		1,27,54,746	1,33,54,082

Weighted average remaining contractual life of options outstanding at end of the year: 3.52 years

35. 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):

(INR in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
Balance at the beginning of the year	2,182.21	1,850.84
Addition during the year	294.02	863.49
Disposals during the year	-	(80.95)
Depreciation for the year	(632.44)	(451.17)
Balance as at the end of the year	1,843.79	2,182.21

ii. The following is the movement in lease liabilities:

(INR in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
Balance at the beginning of the year	2,522.02	2,141.57
Addition during the year	294.02	782.53
Finance cost accrued during the year	241.56	202.32
Payment of Lease liabilities made during the year	(837.26)	(604.40)
Balance as at the end of the year	2,220.34	2,522.02

iii. The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

(INR in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
Less than one year	623.84	553.85
Between one and five years	1,596.50	1,950.12
More than five years	-	18.05
Total	2,220.34	2,522.02

Notes to the Standalone Financial Statements (Contd.)

iv. Expenses recognised in the statement of Profit and Loss

Particulars	(INR in lakh)	
	As at March 31, 2024	As at March 31, 2023
Depreciation expense on right-of-use assets (Refer Note 9A)	632.44	451.17
Interest expense on lease liabilities (Refer Note 24)	241.56	202.32
Expense relating to short-term leases (Refer Note 27)	210.50	148.25
Expense relating to leases of low value assets	-	-

36. CONTINGENT LIABILITIES AND COMMITMENTS

Particulars	(INR in lakh)	
	As at March 31, 2024	As at March 31, 2023
Commitments		
Undrawn committed credit lines*	49,641.06	34,555.27
Obligation on investments in partly paid up preference shares	357.18	332.20
Total	49,998.24	34,887.47

*Does not include undrawn commitments which are unconditionally cancellable by the Company or improbable for future drawdowns. Such lines are not considered for impairment allowance testing.

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

Notes to the Standalone Financial Statements (Contd.)

37. 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:

(INR in lakh)

Particulars	As at March 31, 2024			As at March 31, 2023		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	8,141.03	-	8,141.03	38,833.58	-	38,833.58
Bank balance other than cash and cash equivalents	8,323.96	-	8,323.96	4,019.85	775.58	4,795.43
Derivative financial instruments	878.92	-	878.92	893.28	495.26	1,388.54
Loans	2,58,192.84	4,67,684.60	7,25,877.44	2,35,756.95	3,04,623.07	5,40,380.02
Investments	50,607.96	8,056.14	58,664.10	2,291.48	5,919.11	8,210.59
Other financial assets	4,822.82	5,794.82	10,617.64	7,436.51	2,075.73	9,512.24
Sub total	3,30,967.53	4,81,535.56	8,12,503.09	2,89,231.65	3,13,888.75	6,03,120.40
Non-financial assets						
Current Tax assets (Net of provision for tax)	-	2,231.93	2,231.93	-	1,405.35	1,405.35
Deferred Tax assets (Net of deferred tax liabilities)	-	37,461.82	37,461.82	-	47,472.61	47,472.61
Property, plant and equipment	-	4,975.31	4,975.31	-	4,281.96	4,281.96
Capital Work-in-progress	-	336.65	336.65	-	161.79	161.79
Goodwill	-	6,126.09	6,126.09	-	6,126.09	6,126.09
Other intangible assets	-	393.40	393.40	-	540.52	540.52
Other non-financial assets	3,340.97	8.38	3,349.35	2,205.12	23.10	2,228.22
Sub total	3,340.97	51,533.58	54,874.55	2,205.12	60,011.42	62,216.54
Total assets	3,34,308.50	5,33,069.14	8,67,377.64	2,91,436.77	3,73,900.16	6,65,336.94
LIABILITIES						
Financial liabilities						
Derivative financial instruments	891.37	1,374.59	2,265.96	-	727.43	727.43
Trade payables	271.89	-	271.89	172.45	-	172.45
Debt securities	41,821.90	55,167.65	96,989.55	55,950.22	59,239.86	1,15,190.08
Borrowings (other than debt securities)	1,86,620.22	2,17,745.71	4,04,365.93	1,16,438.61	1,59,667.27	2,76,105.88
Other financial liabilities	12,931.07	11,354.35	24,285.42	10,638.64	9,580.26	20,218.90
Sub total	2,42,536.45	2,85,642.30	5,28,178.75	1,83,199.92	2,29,214.82	4,12,414.74
Non-Financial liabilities						
Provisions	4,944.59	623.04	5,567.63	2,357.58	406.11	2,763.69
Other non-financial liabilities	1,591.06	-	1,591.06	1,791.10	-	1,791.10
Sub total	6,535.65	623.04	7,158.69	4,148.68	406.11	4,554.79
Total liabilities	2,49,072.10	2,86,265.34	5,35,337.44	1,87,348.60	2,29,620.93	4,16,969.53

Notes to the Standalone Financial Statements (Contd.)

38. FOREIGN CURRENCY TRANSACTIONS

(INR in lakh)

Particulars	Year Ended March 31, 2024	Year Ended March 31, 2023
Remittance in foreign currency		
Legal, professional and consultancy charges	827.66	964.81
Information Technology expenses	42.68	61.40
Advance to vendor	24.80	-
Membership and subscription	-	0.42
Travelling and conveyance	-	1.10
Miscellaneous expenses	14.07	19.55
Interest on External Commercial Borrowings	610.72	418.26
Purchase of Software	81.74	83.32
Total	1,601.67	1,548.86

39. CORPORATE SOCIAL RESPONSIBILITY

The Ministry of Corporate Affairs notified section 135 of the Companies Act 2013 along with the Companies (Corporate Social Responsibility Policy) Rules, 2014. As per the provisions related to Corporate Social Responsibility, the Company does not have any CSR spend obligation for the current and previous year.

40. 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 March 31, 2024, 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 March 31, 2024.

41. CAPITAL MANAGEMENT

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

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

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.

(INR in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
Common Equity Tier1 (CET1) capital	2,62,163.33	1,90,992.91
Other Tier 2 capital	5,359.01	2,959.88
Total capital	2,67,522.34	1,93,952.79

Notes to the Standalone Financial Statements (Contd.)

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.

42. RATIO ANALYSIS AND ITS ELEMENTS

Particulars	(INR in lakh)		
	As at March 31, 2024	As at March 31, 2023	% change
CRAR (%)	30.44%	33.40%	-8.88%
CRAR - Tier I Capital (%)	29.83%	32.89%	-9.32%
CRAR - Tier II Capital (%)	0.61%	0.51%	19.60%
Liquidity Coverage Ratio (LCR)*	96.07%	609.24%	-84.23%

CRAR : (Tier I Capital + 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

LCR : Refer Note no 49 (18 f)

43. COMPOSITE SCHEME OF ARRANGEMENT:

The Board of Directors of the Company at their meeting held on September 3, 2021, had approved the Composite Scheme of Arrangement (the 'Scheme') with KKR Capital Markets India Private Limited, Bee Finance Limited, InCred Prime Finance Limited (formerly known as "InCred Financial Services Limited and the Company) and the same was filed with various regulatory authorities and National Company Law Tribunal.

The NCLT passed the final order dated May 6, 2022 . The Scheme was made effective by the Board of Directors of the Company, InCred Prime Finance Limited and KKR Capital Markets Limited at their meetings held on July 26, 2022 and the relevant filing were done with the Registrar of Companies, Mumbai on July 26, 2022.

The Appointed date of the Scheme is April 1, 2022, and accordingly the books of account and financial statements effecting the Scheme have been prepared with effect from April 1, 2022.

Under the Scheme, the identified NBFC business of InCred Prime Finance Limited (formerly, InCred Financial Services Limited) ('erstwhile IFSL') shall be demerged with InCred Financial Services Limited (formerly, KKR India Financial Services Limited) ('new IFSL'). As per the terms of the Scheme, the Board of Directors of erstwhile InCred Financial Services Limited have been appointed as the directors of the new IFSL constituting majority. Further, with the discharge of purchase consideration for demerger, the shareholders of erstwhile IFSL will hold majority shareholding of the new IFSL.

Accordingly, the business combination has been treated as reverse acquisition for financial reporting purpose as per Ind AS 103 and erstwhile IFSL has been identified as the accounting acquirer and new IFSL being the accounting acquiree.

As per Ind AS 103, these financial statements issued under the name of new IFSL represent the continuation of the financial statements of erstwhile IFSL (including comparatives) except for share capital which is currently presented as per legal share capital of new IFSL. Accordingly the assets, liabilities and reserves of erstwhile IFSL have been continued at their pre-business combination carrying values and measured the fair value of identified assets and liabilities of new IFSL acquired as per requirements of Ind AS 103. The earnings per share figure presented in respect of comparative previous year is of erstwhile IFSL and is accordingly not comparable with the current year figure.

Notes to the Standalone Financial Statements (Contd.)

The accounting impact of the aforesaid Scheme in the books of new IFSL has been summarily presented as follows:

(INR in lakh)		
Particulars	Amount	Amount
(A) Deemed Purchase consideration (Equity instruments to be issued on reverse merger as per Ind AS 103)		1,22,373.35
(B) Assets and liabilities (Net Assets) recorded at fair value pursuant to reverse merger		
(i) Assets taken over at fair value:		
Cash and cash equivalents	36,802.10	
Loans	52,921.51	
Other financial assets	105.87	
Current Tax Assets	3,622.84	
Deferred tax assets	53,648.13	
Other non-financial assets	650.89	
(ii) Liabilities taken over at fair value:		
Trade Payables	1,675.99	
Borrowings (Other than Debt Securities)	43,379.48	
Other financial liabilities	760.66	
Current tax liabilities (Net)	6.46	
Provisions	68.15	
Other non-financial liabilities	242.00	
Net Assets Recognised Pursuant to the Scheme (i-ii)		1,01,618.60
Goodwill (A-B)		20,754.75

As per the terms of the Scheme, the shareholders of erstwhile IFSL have received compulsorily convertible preference shares ("CCPS") of M/s. InCred Holdings Limited (formerly known as "KKR Capital Markets Limited"), being the Holding Company, as a consideration for demerger of identified NBFC business. These CCPS have been converted into equity shares on November 2, 2022 as per the terms of the Scheme. The same is shown as capital contribution from parent.

As per Ind AS 103, the difference between legal capital of erstwhile IFSL (including purchase consideration determined above as per Ind AS 103) and new IFSL along with capital contribution from parent has been recorded as 'Merger Reserve'.

Further as per the Scheme, the remaining NBFC business (i.e after excluding identified NBFC business demerged under the Scheme) shall continue to be carried out by erstwhile IFSL. Accordingly, the net assets of INR 1,077.31 lakh pertaining to the remaining NBFC business will continue to remain in the erstwhile IFSL.

(INR in lakh)		
Particulars	Amount	Amount
(i) Assets		
Loans	1,033.58	
Other assets	2,213.71	
(ii) Liabilities		
Borrowings (Other than Debt Securities)	1,000.00	
Other liabilities	1,169.98	
Net Assets transferred (i-ii)		1,077.31

Notes to the Standalone Financial Statements (Contd.)

44. GOODWILL

The carrying amount of goodwill acquired in business combination as follows:

Particulars	(INR in lakh)	
	As at March 31, 2024	As at March 31, 2023
Balance at the beginning of the year	6,126.09	-
Goodwill arising on account of business combination	-	20,754.75
Impaired during the year	-	(14,628.66)
Balance at the end of year	6,126.09	6,126.09

Above Goodwill represents the residual consideration attributable to unidentified intangible assets acquired by the acquirer as result of business combination. The Company has performed its impairment test and it is concluded that the fair value less costs of disposal exceeds the value in use. As a result of this analysis, management has recognised impairment charge of INR Nil for the year ended March 31, 2024 (PY: INR 14,628.66 lakhs) against the goodwill.

45. OTHER STATUTORY INFORMATION**During the current year and previous year:**

- (i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- (ii) The Company does not have any transactions with companies struck off.
- (iii) The Company does 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:
 - (a) On May 18, 2022, the Board of Directors of the InCred Financial Services Limited ("IFSL"), the Holding Company, had approved investment in equity for an aggregate amount of upto INR 1,819.99 lakh in the Booth Fintech Pvt Ltd (CIN: U67190MH2015PTC355907) having registered office at Unit No. 1203, 12th Floor, B- Wing, The Capital, Bandra Kurla Complex, Mumbai City, Mumbai, Maharashtra, India, 400051. Subsequently, the Company purchased 45,000 equity shares of mValu Technology Services Private Limited (its Associate Company) (CIN: U66220MH2018PTC313289) having registered office Unit No. 1203, 12th Floor, B- Wing, The Capital, Bandra Kurla Complex, Mumbai City, Mumbai, Maharashtra, India, 400051 having registered office at from external parties on May 18, 2022 at a price of INR 4,044 per share aggregating to INR 1,819.99 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.
 - (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

Notes to the Standalone Financial Statements (Contd.)

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 does not have 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 except as disclosed in Note no 43.
- (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.

Notes to the Standalone Financial Statements (Contd.)

46. 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

(INR in lakh)

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at September 30, 2023 (A)	Of (A), aggregate debt that slipped into NPA during the half-year ended March 31, 2024	Of (A) amount written off during the half-year ended March 31, 2024#	Of (A) amount paid by the borrowers during the half-year ended March 31, 2024	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at March 31, 2024
Personal Loans*	1,009.88	82.64	7.49	414.04	505.71
Corporate persons	-	-	-	-	-
- of which, MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	1,009.88	82.64	7.49	414.04	505.71

*includes resolution framework implemented pursuant to OTR 2.0 till 30 September 2021 for personal loans and small business loans # Accounts written off during the half year ended March 31, 2024 were classified as NPA prior to being written off

47. FEES / REMUNERATION RECEIVED FROM BANCASSURANCE

The Company has earned INR 165.12 lakh from bancassurance business (Income from selling life insurance policies) during year ended March 31, 2024 (previous year: INR Nil).

48. BACKUP OF BOOKS OF ACCOUNTS AND AUDIT TRAIL

- As per the MCA notification dated August 05, 2022 Government has notified the Companies (Accounts) Fourth Amendment Rules, 2022. As per the amended rules back-up of the books of account/other books & papers maintained in electronic mode, including at a place outside India, shall be kept in servers physically located in India on a daily basis. The Company's servers are physically located in India and back up is done on a daily basis. Thus the Company is compliant with the requirements of the above notification.
- Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 states that for the financial year commencing on or after the 1st day of April 2023, every Company which uses accounting software for maintaining its books of account, shall use only such accounting software which has a feature of recording audit trail of each and every transaction, creating an edit log of each change made in the books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled.

The Company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. The Company has enabled audit trails for direct changes to data for most of the year, enabled since April 26, 2023.

There is no instance of audit trail feature being tampered with in respect of other accounting software as per the statutory requirements for record retention purposes.

Notes to the Standalone Financial Statements (Contd.)

49. ADDITIONAL DISCLOSURES REQUIRED BY RESERVE BANK OF INDIA ('RBI')

1 Fraud reported during the year

The Company has reported frauds aggregating INR 37.35 lakh (previous year: INR 27.10 lakhs) 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	(INR in lakh)	
	As at March 31, 2024	As at March 31, 2023
i) CRAR (%)	30.44%	33.40%
ii) CRAR - Tier I Capital (%)	29.83%	32.89%
iii) CRAR - Tier II Capital (%)	0.61%	0.51%
iv) Amount of subordinated debt raised as Tier-II capital	-	-
v) Amount raised by issue of Perpetual Debt Instruments	-	-
vi) Risk weighted asset	8,78,943.43	5,80,627.84

3 Investments

Particulars	(INR in lakh)	
	As at March 31, 2024	As at March 31, 2023
(1) Value of investments		
(i) Gross value of investments		
(a) In India	60,360.81	12,598.44
(b) Outside India		
(ii) Provisions for depreciation		
(a) In India		
(b) Outside India	-	-
(iii) Net value of investments	1,696.71	4,387.85
(a) In India	-	-
(b) Outside India	58,664.10	8,210.59
(2) Movement of provisions held towards depreciation on investments	-	-
(i) Opening balance	4,387.85	9.28
(ii) Add : Provisions made during the year	6.71	4,387.85
(iii) Less : Write-off/(write-back) of excess provisions during the year	(2,697.85)	(9.28)
(iv) Closing balance	1,696.71	4,387.85

4 Derivatives

(a) Forward rate agreement/interest rate swap

Particulars	(INR in lakh)	
	As at March 31, 2024	As at March 31, 2023
(i) The notional principal of swap agreements*	5,811.40	5,100.00
(ii) Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	25.74	875.63
(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	25.74	875.63

*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 31)

Notes to the Standalone Financial Statements (Contd.)

(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

As per the ALM policy of the Company, the Company ensures that transactions involving currency risk should be fully hedged. However, unhedged transactions can be done only with prior approval of the ALCO.

The Company undertake the derivatives transactions to prudently hedge the risk in context of a particular borrowing and to maintain a mix of fixed and floating rate borrowings. The Company reviews the proposed transaction and outline any considerations associated with the transaction, including identification of the benefits and potential risks, potential savings from the proposed transaction etc. The Company evaluates all the risks inherent in the transaction viz., counter party risk, Market Risk, Operational Risk, Basis Risk etc.

Credit risk is controlled by restricting the counterparties that the Company deals with, to those who either have banking relationship with the Company or are internationally renowned or can provide sufficient information. Market/Price risk arising from the fluctuations of interest rates and foreign exchange rates or from other factors are closely monitored and controlled. Un-wind transactions are done only with prior approval of the CEO/ CFO / Treasury Head.

Liquidity risk is controlled by restricting counterparties to those who have adequate facility, sufficient information, and sizeable trading capacity and capability to enter into transactions in any markets around the world.

The respective functions of trading, confirmation and settlements are performed by different personnel. The front office and back-office role is well defined and segregated. All the derivatives transactions is quarterly monitored and reviewed by CFO and Treasury Head.

Quantitative disclosure

Particulars	(INR in lakh)	
	As at March 31, 2024	As at March 31, 2023
(i) Derivatives (notional principal amount) for hedging	5,811.40	5,100.00
(ii) Marked to market positions		
(a) Asset	25.74	875.63
(b) Liability	-	-
(iii) Credit exposure	25.74	875.63
(iv) Unhedged exposures	-	-

(d) Unhedged Foreign Currency Exposure - NIL (PY: Nil). (Refer Note No 1 and 31)

Notes to the Standalone Financial Statements (Contd.)

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 assignment in respect of loans not in default during the the year ended March 31, 2024**

(INR in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
i) Amount of Loan accounts assigned*	1,57,488.00	55,975.35
ii) Retention of Beneficial Economic Interest (in%)	19.06%	20.08%
iii) Weighted Average Maturity (in Years)	8.04	6.23
iv) Weighted Average Holding Period (in Years)	NA	NA
v) Coverage of tangible security Coverage (in%)	NA	NA

*The above transaction includes Direct Assignment through Co-lending option II amounting to INR 1,27,584 lakh (PY- INR 55,975 Lakhs) 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, 2024:**

(INR in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
No of Accounts	6.00	2.00
Aggregate principal outstanding of loans transferred	65,643.00	34,229.00
Weighted average residual tenor of the loans transferred	Overdue	< 1 year
Net book value of loans transferred (at the time of transfer)	3,926.00	0.00
Aggregate consideration	10,901.00	17,140.55
Additional consideration realised in respect of accounts transferred in earlier years	-	-

II) **Details of loans not in default acquired during the year:**

(INR in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
i) Amount of Loan accounts assigned	13,697.49	-
ii) Retention of Beneficial Economic Interest by originator (in%)	NIL	-
iii) Weighted Average Residual Maturity (in months)	189.21	-
iv) Weighted Average Holding Period (in months)	40.65	-
v) Weighted average coverage of tangible security (%)	2.48 times	-
vi) Rating wise distribution of loans acquired	Unrated	-

Notes to the Standalone Financial Statements (Contd.)

6 Asset liability management maturity pattern of certain items of assets and liabilities as at March 31, 2024

Particulars	(INR in lakh)									
	Up to 30/31 days	Over 1 month up to 2 months	Over 2 months up to 3 months	Over 3 months 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	40,591.18	31,345.42	39,787.12	62,140.08	84,329.03	2,04,312.05	72,652.95	1,90,719.61	7,25,877.44	
Investments	15,503.54	5,564.36	12,997.06	12,903.05	3,639.96	6,931.27	-	1,124.86	58,664.10	
Borrowings	28,731.03	12,180.43	16,530.31	50,856.22	114,275.99	2,29,694.36	43,219.01	-	4,95,487.35	
Foreign currency assets	-	-	-	-	-	-	-	-	-	
Foreign currency liabilities	-	-	5,868.13	-	-	-	-	-	5,868.13	

Asset liability management maturity pattern of certain items of assets and liabilities as at March 31, 2023

Particulars	(INR in lakh)									
	Up to 30/31 days	Over 1 month up to 2 months	Over 2 months up to 3 months	Over 3 months 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	32,536.49	35,552.82	30,334.42	52,024.80	85,308.42	1,48,029.55	46,478.10	1,10,115.42	5,40,380.02	
Investments	517.76	26.11	-	1,747.61	-	1,781.57	-	4,137.54	8,210.59	
Borrowings	14,668.77	8,610.94	32,315.89	32,310.45	84,458.20	1,88,537.42	24,617.80	-	3,85,519.47	
Foreign currency assets	-	-	-	-	-	-	-	-	-	
Foreign currency liabilities	-	-	-	24.60	-	5,751.90	-	-	5,776.50	

Notes to the Standalone Financial Statements (Contd.)

7 Exposure to sensitive sector

a Exposure to real estate sector

(INR in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
Direct Exposure		
Residential Mortgages -		
a) (i) Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	2,367.90	50.1
Commercial Real Estate -		
a) (ii) Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based limits	2,097.75	23,409.46
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	-	-

b Exposure to capital market

(INR in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
(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.	2,307.24	6,744.66
Total exposure to capital market	2,307.24	6,744.66

8 Details of financing of parent Company products

During the current year, the Company has given ICD of INR Nil to the parent Company (PY: INR 1,500 lakhs)

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 year.

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

Notes to the Standalone Financial Statements (Contd.)

11 Miscellaneous

(a) Registration obtained from other financial sector regulators

Particulars	Reg. Number
RBI Registration Number (COR)	B-13.02417
RBI Registration Number (COR) to carry on the factoring business	N-13.02479
IRDAI – Corporate Agent	CA0900
Corporate Identification number (CIN)	U67190MH1995PLC360817

(b) Related Party Transactions

Refer Note 32 to the Financial statements for the transaction with the related parties.

(c) Credit rating

(INR in lakh)

Rating Agency	Facilities	As at March 31, 2024	As at March 31, 2023
CRISIL Ratings Limited	Long Term Bank Loan Facilities	CRISIL AA-/Stable	CRISIL A+/Stable
	Non-convertible debentures	CRISIL AA-/Stable	CRISIL A+/Stable
	Principal Protected Market Linked Debenture	CRISIL PPMLD AA-/ Stable	CRISIL PPMLD A+/ Stable
	Principal Protected Market Linked Debenture	NA	CRISIL PP MLD AA+ (CE)/Stable
	Commercial paper	CRISIL A1+	CRISIL A1+
	Pass Through Certificate	CRISIL AA (SO)	NA
ICRA Limited	Non-convertible debentures	ICRA AA- /Stable	NA
	Commercial paper	ICRA A1+	NA
CARE Ratings Limited	Long Term Bank Facilities	CARE A+/Stable	CARE A+/Stable
	Principal Protected Market Linked Debenture	CARE PP- MLD A+/ Stable	CARE PP- MLD A+/ Stable
	Non-convertible debentures	NA	CARE A+/Stable
	Commercial paper	CARE A1+	CARE A1+

12

(a) Provisions and contingencies

(INR in lakh)

Break up of 'Provisions and contingencies' shown under the head expenditure in Profit and Loss account	Year ended March 31, 2024	Year ended March 31, 2023
Provisions for depreciation on investment	(2,691.14)	4,378.57
Provision towards NPA/ Write off	3,247.01	5,690.62
Provision made towards income tax	10,812.50	8,621.52
Provision for Standard Assets	948.20	4,732.69

(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

Notes to the Standalone Financial Statements (Contd.)

(c) (i) Concentration of advances

(INR in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
Total advances to twenty largest borrowers	29,698.77	34,924.82
Percentage of advances to twenty largest borrowers to total advances of the NBFC	3.99%	6.29%

(c) (ii) Concentration of exposures

(INR in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
Total exposure to twenty largest borrowers/customers	29,698.77	34,924.82
Percentage of exposures to twenty largest borrowers/customers to total exposure of the NBFC on borrowers/customers	3.74%	5.92%

(c) (iii) Concentration of NPAs

(INR in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
Total exposure to top four NPA accounts	1,346.69	2,204.87

(c) (iii) Intragroup Exposures

(INR in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
Total Amount of Intragroup Exposures	19,738.81	5,675.06
Total amount of Top-20 Intragroup Exposures	19,738.81	5,675.06
% of Intragroup Exposure to Total Exposure of the NBFC on borrowers/customers	2.48%	1.03%

Notes to the Standalone Financial Statements (Contd.)

(c) (iv) Sector-wise exposure and NPAs

Sector	As at March 31, 2024				As at March 31, 2023				
	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	% Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	% Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	% Gross NPAs to total exposure in that sector
	(INR in lakh)								
1. Agriculture and Allied Activities	15,271.60	230.23	1.51%	11,235.43	282.14	2.51%			
2. Industry (Micro and Small, Medium and Large)	19,986.79	-	0.00%	16.56	-	0.00%			
2.1. Micro and Small	6,007.76	-	0.00%	16.31	-	0.00%			
2.2. Medium	2,741.66	-	0.00%	0.23	-	0.00%			
2.3. Large	11,237.37	-	0.00%	0.02	-	0.00%			
3. Services	2,65,176.42	4,302.45	1.62%	2,35,137.75	6,315.76	2.69%			
3.1. Transport Operators	1,507.23	-	0.00%	1,134.11	-	0.00%			
3.2. Computer Software	1,035.06	-	0.00%	250.55	-	0.00%			
3.3. Tourism, Hotels and Restaurants	9,460.41	475.31	5.02%	9,706.48	841.54	8.67%			
3.4. Shipping	-	-	-	-	-	-			
3.5. Aviation	-	-	-	-	-	-			
3.6. Professional Services	4,547.92	-	0.00%	3,189.38	-	0.00%			
3.7. Trade	85,472.11	2,106.72	2.46%	75,144.15	1,033.02	2.18%			
3.7.1. Wholesale Trade (other than food procurement)	17,795.26	160.42	0.90%	26,783.41	29.33	0.11%			
3.7.2. Retail Trade	67,676.85	1,946.30	2.88%	48,360.74	1,003.70	2.08%			
3.8. Commercial Real Estate	206.69	-	0.00%	12,455.66	-	-			
3.9. Non-Banking Financial Companies (NBFCs) of which,	47,582.80	7.81	0.02%	61,246.89	7.98	0.01%			
3.9.1. Housing Finance Companies (HFCs)	1,424.46	-	-	1,433.62	-	0.00%			
3.9.2. Public Financial Institutions (PFIs)	-	-	-	-	-	-			
3.10. Other Services*	1,15,364.20	1,712.61	1.48%	72,010.53	4,433.22	6.16%			
4. Personal Loans	4,94,130.43	11,403.66	2.31%	3,43,397.08	4,843.67	1.41%			
4.1. Consumer Durables	-	-	-	-	-	-			
4.2. Housing (Including Priority Sector Housing)	25.34	20.19	79.67%	501	43.69	87.21%			
4.3. Advances against Fixed Deposits	-	-	-	-	-	0.00%			
4.4. Advances to Individuals against share, bonds, etc.	-	-	-	-	-	-			
4.5. Credit Card Outstanding	-	-	-	-	-	-			
4.6. Education	1,87,744.16	102.93	0.05%	1,19,834.71	147.71	0.12%			
4.7. Vehicle Loans	3,862.01	0.69	0.02%	3,779.10	0.36	0.01%			
4.8. Loans against gold jewellery	-	-	-	-	-	-			
4.9. Other Personal Loans	3,02,498.92	11,279.85	3.73%	2,19,733.17	4,651.91	2.12%			

* Other Services include services which are not indicated elsewhere.

Notes to the Standalone Financial Statements (Contd.)

13 Movement of NPAs

(INR in lakh)

	Particulars	As at March 31, 2024	As at March 31, 2023
(i)	Net NPAs to net advances (%)	0.85%	0.91%
(ii)	Movement of NPAs (Gross)		
	(a) Opening balance	11,441.58	10,811.36
	(b) Other adjustments	-	(379.33)
	(c) Additions during the year	17,888.90	9,874.97
	(d) Reductions during the year	13,394.13	8,865.42
	(e) Closing balance	15,936.35	11,441.58
(iii)	Movement of Net NPAs		
	(a) Opening balance	5,013.27	5,404.47
	(b) Other adjustments	-	(195.26)
	(b) Additions during the year	9,301.55	3,985.66
	(c) Reductions during the year	8,053.79	4,181.59
	(d) Closing balance	6,261.03	5,013.28
(iv)	Movement of provisions for NPAs		
	(a) Opening balance	6,428.30	5,406.89
	(b) Other adjustments	-	(184.07)
	(c) Provisions made during the year	8,587.35	5,889.31
	(d) Write-off of excess provisions	5,340.34	4,683.83
	(e) Closing balance	9,675.31	6,428.30

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

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

In accordance with Master Direction Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 Master

- 15 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 March 31, 2024 (March 31, 2023:NIL)

Notes to the Standalone Financial Statements (Contd.)

16 Customer Complaints

(INR in lakh)

Sr No	Particulars	Year ended March 31, 2024	Year ended March 31, 2023
	Compliants received by the NBFC from its customers		
1	Number of complaints pending at the beginning of the year	17	7
2	Number of complaints received during the year	1,405	2,506
3	Number of complaints disposed during the year	1,406	2,496
3.1	Of which, number of compliants rejected by the NBFC	-	-
4	Number of complaints pending at the end of the year	16	17
	Maintainable complaints received by the NBFC from the Office of Ombudsman		
5*	Number of complaints received by the NBFC from Office of Ombudsman	197	179
5.1	Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman	197	177
5.2	Of 5, number of complaints resolved through conciliation/ mediation/ advisories issued by Office of Ombudsman	6	2
5.3	Of 5, number of complaints resolved after passing of Awards by the Office of Ombudsman against the NBFC	-	-
6	Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

*Maintainable complaints refer to complaints on the grounds specifically mentioned in Integrated Ombudsman Scheme, 2021 (Previously The Ombudsman Scheme for Non-Banking Financial Companies, 2018) and covered within the ambit of the Scheme.

Top five grounds of complaints received by the NBFCs from customers

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
For the year ended March 31, 2024					
Collections related	3	675	-151%	8	-
Sales Related Complaint	5	429	-3%	2	-
Fraudulent Practice	9	104	30.00%	1	-
Mobile App Related	-	78	30.00%	4	1
Bureau Related	-	68	-735.00%	1	-
Others	-	51	-133.00%	-	-
Total	17	1,405	-962.26%	16	1
For the year ended March 31, 2023					
Collections Related	2	1,698	-0.93%	3	-
Disbursal Issue	4	443	104.15%	5	2
Mobile App Related	-	101	100.00%	9	2
Feedback On Sales	-	73	-70.08%	-	-
EMI Related	-	72	100.00%	-	-
Others	1	119	-77.76%	-	-
Total	7	2,506	-7.53%	17	4

Notes to the Standalone Financial Statements (Contd.)

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:

(INR in lakh)

Sr. No.	Particulars	As at March 31, 2024		As at March 31, 2023	
		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	96,989.55	-	1,14,207.24	-
	- Unsecured	-	-	-	-
	(b) Deferred Credits	-	-	-	-
	(c) Term Loans	3,67,377.54	-	2,54,743.36	-
	(d) Inter-corporate loans and borrowing	-	-	-	-
	(e) Commercial Paper	-	-	982.84	-
	(f) Public Deposits	-	-	-	-
	(g) Other Loans	36,988.39	-	21,362.52	-
	*other than falling within the meaning of public deposits				
2	Assets side :				
	Break-up of loans and advances including bills receivables:				
	(a) Secured	2,27,337.90	3,390.84	1,95,548.90	3,889.72
	(b) Unsecured	5,17,586.27	10,387.75	3,59,682.65	4,820.60

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

(INR in lakh)

Sr. No.	Particulars	As at	As at
		March 31, 2024	March 31, 2023
(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	-	-

Notes to the Standalone Financial Statements (Contd.)

c Break-up of investments:

(INR in lakh)

Sr. No.	Particulars	As at March 31, 2024	As at March 31, 2023
	Current investments :		
1	Quoted:		
	(i) Shares : (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debenture and bonds	13,166.69	-
	(iii) Units of mutual funds	-	-
	(iv) Government securities	-	-
	(v) Others	-	-
2	Unquoted:		
	(i) Shares: (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and bonds	24,719.32	4,345.74
	(iii) Units of mutual funds	-	-
	(iv) Government securities	-	-
	(v) Others	12,473.35	-
	Non- current investments:		
1	Quoted:		
	(i) Shares : (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and bonds	5,009.02	-
	(iii) Units of mutual funds	-	-
	(iv) Government securities	-	-
	(v) Others	-	-
2	Unquoted:		
	(i) Shares: (a) Equity	607.57	2,355.19
	(b) Preference	9.67	9.66
	(ii) Debentures and bonds	2,678.50	-
	(iii) Units of mutual funds	-	-
	(iv) Government securities	-	-
	(v) Others	-	1,500.00

Notes to the Standalone Financial Statements (Contd.)

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

(INR in lakh)

Sr. No.	Category	As at March 31, 2024		
		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	2,23,232.05	5,02,645.39	7,25,877.44
	Total	2,23,232.05	5,02,645.39	7,25,877.44

(INR in lakh)

Sr. No.	Category	As at March 31, 2023		
		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	1,88,094.27	3,52,285.76	5,40,380.02
	Total	1,88,094.27	3,52,285.76	5,40,380.02

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

(INR in lakh)

Sr. No.	Category	As at March 31, 2024		As at March 31, 2023	
		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	2,307.24	617.24	3,855.19	3,855.19
	(b) Companies in the same group	-	-	-	-
	(c) Other related parties	-	-	-	-
2.	Other than related parties	58,053.57	58,046.86	4,363.44	4,355.40
	Total	60,360.81	58,664.11	8,218.63	8,210.59

f Other information

(INR in lakh)

Sr. No.	Particulars	As at March 31, 2024	As at March 31, 2023
(i)	Gross non-performing assets		
	(a) Related parties	-	-
	(b) Other than related parties	15,936.35	11,441.58
(ii)	Net non-performing assets		
	(a) Related parties	-	-
	(b) Other than related parties	6,261.03	5,013.28
(iii)	Assets acquired in satisfaction of debt	-	-

Notes to the Standalone Financial Statements (Contd.)

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

(INR in lakh)

Sr. No.	Number of Significant Counterparties	Amount	% of Total Deposits	% of Total liabilities
1	26	3,80,402.47	NA	71.06%

b Top 20 large deposits : NA

c Top 10 Borrowings

(INR in lakh)

Amount	% of Total borrowings
70,042.69	14%
35,321.35	7%
31,388.81	6%
26,002.87	5%
22,978.94	5%
20,503.77	4%
13,851.30	3%
12,445.95	2%
12,366.97	2%
11,817.49	2%

d Funding Concentration based on significant instrument/product

(INR in lakh)

Sr. No.	Name of Instrument	Amount	% of Total liabilities
1	Term Loan	3,61,509.35	68%
2	Market Linked Debentures	32,138.15	6%
3	Non Convertible Debentures	64,851.46	12%
4	Cash Credit / WCDL	33,676.80	6%
5	Commercial paper	0.00	0%
6	External Commercial Borrowings	5,868.13	1%
7	PTC	3,311.59	1%

e Stock Ratios

(INR in lakh)

Sr. No.	Name of Instrument	% of Total public funds	% of Total Liabilities	% of Total Assets
a	Commercial paper Non-convertible debentures	0.00%	0.00%	0.00%
b	(Original maturity of less than 1 year)	0.00%	0.00%	0.00%
c	Other short term liabilities	49.68%	46.53%	28.72%

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 (Contd.)

Particulars	As at March 31, 2024		As at December 31, 2023		As at September 30, 2023		As at June 30, 2023	
	Total unweighted value	Total weighted value	Total unweighted value	Total weighted value	Total unweighted value	Total weighted value	Total unweighted value	Total weighted value
(INR in lakh)								
High Quality Liquid Assets								
1 Total High Quality Liquid Assets (HQLA)	12,074.90	11,217.91	75,481.16	74,558.71	56,565.94	55,810.52	12,565.46	10,875.89
Cash Outflows								
2 Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3 Unsecured wholesale funding	-	-	1,850.69	2,128.29	5,885.82	6,768.69	3,501.22	4,026.40
4 Secured wholesale funding	28,731.03	33,040.69	5,598.73	6,438.54	4,985.63	5,733.47	8,136.96	9,357.50
5 Additional requirements, of which	-	-	-	-	-	-	-	-
(i) Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
(ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii) Credit and liquidity facilities	-	-	-	-	-	-	-	-
6 Other contractual funding obligations	11,884.31	13,666.96	13,153.11	15,126.07	10,936.63	12,577.12	10,859.24	12,488.13
7 Other contingent funding obligations	-	-	-	-	-	-	-	-
8 TOTAL CASH OUTFLOWS	40,615.34	46,707.65	20,602.53	23,692.91	21,808.08	25,079.29	22,497.42	25,872.03
Cash Inflows								
9 Secured lending@	9,873.00	7,404.75	33,457.00	25,092.75	16,125.00	12,093.75	14,127.00	10,595.25
10 Inflows from fully performing exposures	41,089.57	30,817.18	37,360.83	28,020.62	38,406.36	28,804.77	37,315.29	27,986.47
11 Other cash inflows	18,463.67	13,847.75	14,990.43	11,242.82	3,652.35	2,739.26	2,787.09	2,090.32
12 TOTAL CASH INFLOWS	69,426.23	52,069.67	85,808.26	64,356.20	58,183.71	43,637.78	54,229.38	40,672.04
		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value
13 TOTAL HQLA		11,217.91		74,558.71		55,810.52		10,875.89
14 TOTAL NET CASH OUTFLOWS		11,676.91		5,923.23		6,269.82		6,468.01
15 LIQUIDITY COVERAGE RATIO (%)		96.07%		1258.75%		890.15%		168.15%
Details of HQLA								
	Total Unweight	Total Weighted Value	Total Unweight	Total Weighted Value	Total Unweight	Total Weighted Value	Total Unweight	Total Weighted Value
Cash & Bank Balance	8,141.03	8,141.03	70,654.21	70,654.21	51,321.40	51,321.40	6,135.23	6,135.23
FD - Non Earmarked	2,219.89	2,219.89	2,982.05	2,982.05	3,733.71	3,733.71	3,051.10	3,051.10
HQLA 1 (A)	10,360.92	10,360.92	73,636.26	73,636.26	55,055.11	55,055.11	9,186.33	9,186.33
Investment with long term rating of AA- or above					1,510.83	755.42		
Investment with long term rating between A+ and BBB-	1,713.98	856.99	1,844.89	922.45	-	-	3,379.13	1,689.56
HQLA 2 (B)	1,713.98	856.99	1,844.89	922.45	1,510.83	755.42	3,379.13	1,689.56
Total HQLA (A+B)	12,074.90	11,217.91	75,481.16	74,558.71	56,565.94	55,810.52	12,565.46	10,875.89

The Reserve Bank of India has introduced Liquidity Coverage Ratio (LCR) requirement for all NBFCs with asset size of INR 5,000 crore and above. LCR has been introduced to ensure that NBFCs have adequate stock of un-encumbered high quality liquid assets (HQLA) to meet the liquidity requirements for a period of at least 30 days under stress scenario. The LCR requirement has been included in a phased manner with Company required to maintain minimum LCR of 50% from December 1, 2020 eventually increasing to 100% by December 1, 2024.

The LCR of the Company is governed by the Liquidity Risk Management framework as defined in the Asset Liability Management (ALM) policy of the Company. The Asset Liability Committee (ALCO) is responsible for implementing the liquidity risk management strategy of the Company and ensures compliance of the same with the overall risk management strategies of the Company.

Accordingly, the Company has implemented the prescribed format and calculated its LCR on monthly basis by dividing Company's stock of HQLA by its total net cash outflows over a 30 days stress period. The Company has maintained HQLA of INR 12,074.90 lakh as on March 31, 2024. The Company has maintained LCR of 96.07% as on March 31, 2024 as against minimum requirement of 85%.

Notes to the Standalone Financial Statements (Contd.)

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 (Contd.)

Particulars	As at March 31, 2023		As at December 31, 2022		As at September 30, 2022		As at June 30, 2022	
	Total unweighted value	Total weighted value	Total unweighted value	Total weighted value	Total unweighted value	Total weighted value	Total unweighted value	Total weighted value
High Quality Liquid Assets								
1 Total High Quality Liquid Assets (HQLA)	42,936.16	42,408.12	24,922.96	21,521.19	35,880.06	35,880.06	57,574.10	57,574.10
Cash Outflows								
2 Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3 Unsecured wholesale funding	933.80	1,073.87	827.27	951.36	11,801.48	13,571.70	5,469.36	6,289.76
4 Secured wholesale funding	13,734.97	15,795.22	14,063.05	16,172.51	7,425.25	8,539.04	4,923.89	5,662.47
5 Additional requirements, of which	-	-	-	-	-	-	-	-
(i) Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
(ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii) Credit and liquidity facilities	-	-	-	-	-	-	-	-
6 Other contractual funding obligations	9,542.91	10,974.35	7,820.68	8,993.78	4,999.35	5,749.25	4,077.29	4,688.88
7 Other contingent funding obligations	-	-	-	-	-	-	-	-
8 TOTAL CASH OUTFLOWS	24,211.68	27,843.44	22,711.00	26,117.65	24,226.08	27,859.99	14,470.54	16,641.12
Cash Inflows								
9 Secured lending@	18,137.00	13,602.75	22,000.00	16,500.00	23,000.00	17,250.00	7,000.00	5,250.00
10 Inflows from fully performing exposures	32,898.76	24,674.07	28,191.29	21,143.47	28,660.69	21,495.52	27,835.95	20,876.96
11 Other cash inflows	5,509.69	4,132.27	9,424.84	7,068.63	12,095.55	9,071.66	150.82	113.12
12 TOTAL CASH INFLOWS	56,545.45	42,409.09	59,616.13	44,712.10	63,756.24	47,817.18	34,986.77	26,240.08
		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value
13 TOTAL HQLA		42,408.12		21,521.19		35,880.06		57,574.10
14 TOTAL NET CASH OUTFLOWS		6,960.86		6,529.41		6,965.00		4,160.28
15 LIQUIDITY COVERAGE RATIO (%)		609.24%		329.60%		515.15%		1383.90%
Details of HQLA								
	Total Unweight	Total Weighted Value	Total Unweight	Total Weighted Value	Total Unweight	Total Weighted Value	Total Unweight	Total Weighted Value
Cash & Bank Balance	36,300.96	36,300.96	13,946.35	13,946.35	24,776.11	24,776.11	6,627.01	6,627.01
FD - Non Earmarked	3,114.89	3,114.89	1,029.25	1,029.25	11,103.95	11,103.95	50,947.09	50,947.09
HQLA 1 (A)	39,415.85	39,415.85	14,975.60	14,975.60	35,880.06	35,880.06	57,574.10	57,574.10
Investment with long term rating of AA- or above	3,520.31	2,992.26	4,491.19	3,817.51	-	-	-	-
Investment with long term rating between A+ and BBB-	-	-	5,456.16	2,728.08	-	-	-	-
HQLA 2 (B)	3,520.31	2,992.26	9,947.36	6,545.59	-	-	-	-
Total HQLA (A+B)	42,936.16	42,408.12	24,922.96	21,521.19	35,880.06	35,880.06	57,574.10	57,574.10

The Company has implemented the prescribed format and calculated its LCR on monthly basis by dividing Company's stock of HQLA by its total net cash outflows over a 30 days stress period. The Company has maintained HQLA of INR 42,936.16 lakh as on March 31, 2023. The Company has maintained LCR of 609.24% as on March 31, 2023 as against minimum requirement of 60%.

Notes to the Standalone Financial Statements (Contd.)

19. Restructuring of Loans

(INR in lakh)

Sr. No.	Type of Restructuring Asset Classification Details		Others				
			Standard	Sub-standard	Doubtful	Loss	Total
1	Restructured Accounts as on April 1, 2023	No. of borrowers	55	247	-	-	302
		Amount outstanding	7,240.09	1,785.29	-	-	9,025.39
		Provision thereon	1,731.69	913.8	-	-	2,645.49
2	Fresh Restructuring during the year	No. of borrowers	-	16	-	-	16
		Amount outstanding	-	102.46	-	-	102.46
		Provision thereon	-	56.77	-	-	56.77
3	Upgradations to restructured standard category during the FY*	No. of borrowers	(31.00)	(48.00)	-	-	(79.00)
		Amount outstanding	(3,098.71)	(851.49)	-	-	(3,950.20)
		Provision thereon	(341.36)	(81.48)	-	-	(422.84)
4	Restructured Standard Advances which cease to attract higher provisioning and/or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
5	Down gradations of restructured accounts during the FY	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
6	Write-offs of restructured accounts during the FY	No. of borrowers	-	95	-	-	95
		Amount outstanding	-	271.73	-	-	271.73
		Provision thereon	-	271.73	-	-	271.73
7	Restructured Accounts as on March 31, 2024	No. of borrowers	24	120	-	-	144
		Amount outstanding	4,141.38	764.53	-	-	4,905.92
		Provision thereon	1,390.33	617.36	-	-	2,007.69

*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 2021-20 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.

Notes to the Standalone Financial Statements (Contd.)

19. Restructuring of Loans (Continued)

(INR in lakh)

Sr. No.	Type of Restructuring Asset Classification Details		Others				Total
			Standard	Sub-standard	Doubtful	Loss	
1	Restructured Accounts as on April 1, 2022	No. of borrowers	95.00	2,728.00	-	-	2,823.00
		Amount outstanding	10,117.32	1,524.73	-	-	11,642.05
		Provision thereon	428.05	843.66	-	-	1,271.71
2	Fresh Restructuring during the year	No. of borrowers	-	6.00	-	-	6.00
		Amount outstanding	-	69.75	-	-	69.75
		Provision thereon	-	45.33	-	-	45.33
3	Upgradations to restructured standard category during the FY*	No. of borrowers	24.00	74.00	-	-	98.00
		Amount outstanding	1,570.66	605.72	-	-	2,176.38
		Provision thereon	(1,362.91)	304.45	-	-	(1,058.46)
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	(13.00)	13.00	-	-	-
		Amount outstanding	(1,290.35)	1,233.00	-	-	(57.35)
		Provision thereon	(52.97)	616.29	-	-	563.32
6	Write-offs of restructured accounts during the FY	No. of borrowers	3.00	2,426.00	-	-	2,429.00
		Amount outstanding	16.22	436.47	-	-	452.69
		Provision thereon	6.30	287.03	-	-	293.33
7	Restructured Accounts as on March 31, 2023	No. of borrowers	55.00	247.00	-	-	302.00
		Amount outstanding	7,240.09	1,785.29	-	-	9,025.38
		Provision thereon	1,731.69	913.80	-	-	2,645.49

Notes to the Standalone Financial Statements (Contd.)

20. Disclosure as per Section II of RBI circular RBI/2022-23/26 DOR.ACC.REC.No.20/21.04.018/2022-23 dated April 19, 2022

(A) Corporate Governance

1 Composition of Board

Sr No	Name of Director	Director since	Capacity	DIN	Number of Board Meetings		No. of other Director ships**	No. of shares held in and convertible instruments held in the NBFC*
					Held during their tenure	Attended		
1	Mr. Bhupinder Singh	July 26, 2022	Whole-Time Director & CEO - Chairperson	07342318	6	6	10	395
2	Mr. Vivek Bansal	July 26, 2022	Whole-Time Director & CFO	07835456	6	5	4	1
3	Mr. Anil Nagu	September 14, 2023	Non-Executive Director	0110529	3	3	5	-
4	Mr. Rohan Suri	March 30, 2023	Non-Executive Director	07074450	6	3	5	-
5	Mr. Vivek Anand PS	July 26, 2022	Non-Executive Director	02363239	6	5	3	-
6	Ms. Rupa Vora	July 26, 2022	Independent Director	01831916	6	6	8	-
7	Mr. Karnam Sekar	July 26, 2022	Independent Director	07400094	6	6	3	-
8	Ms. Sunita Gupta	March 30, 2023	Independent Director	06902258	6	6	-	-
9	Ms. Ambika Bisla	March 30, 2023	Independent Director	09789579	6	5	-	-
10	Dr. Sankaran Nair Rajagopal	March 30, 2023	Independent Director	10087762	6	6	1	-

For Remuneration details, refer note No 32 - Related party

**excluding number of directorship held in foreign entities.

Details of change in composition of the Board during the current and previous financial year

Sr No	Name of Director	Capacity	Nature of change	Effective date
1	Mr. Anil Nagu	Executive Director	Resignation	July 26, 2022
2	Mr. Jigar Shah	Whole-Time Director	Resignation	June 30, 2022
3	Mr. Brian Wesley	Non-Executive Director	Resignation	July 26, 2022
4	Mr. Karthik Krishna	Independent Director	Resignation	July 26, 2022
5	Ms. Aparna Ravi	Independent Director	Resignation	July 26, 2022
6	Mr. Bhupinder Singh	Whole-Time Director & CEO	Appointment	July 26, 2022
7	Mr. Vivek Bansal	Whole-Time Director & CFO	Appointment	July 26, 2022
8	Mr. Gaurav Trehan	Non-Executive Director	Appointment	July 26, 2022
9	Mr. Sanjay Nayar	Non-Executive Director	Appointment	July 26, 2022
10	Mr. Vivek Anand PS	Non-Executive Director	Appointment	July 26, 2022
11	Ms. Rupa Vora	Independent Director	Appointment	July 26, 2022
12	Mr. Karnam Sekar	Independent Director	Appointment	July 26, 2022
13	Mr. Debashish Dutta	Independent Director	Appointment	July 26, 2022
14	Mr. Sanjay Nayar	Non-Executive Director	Resignation	March 21, 2023
15	Mr. Debashish Dutta Gupta	Independent Director	Resignation	March 30, 2023
16	Dr. Sankaran Nair Rajagopal	Independent Director	Appointment	March 30, 2023
17	Ms. Sunita Gupta	Independent Director	Appointment	March 30, 2023
18	Ms. Ambika Bisla	Independent Director	Appointment	March 30, 2023
19	Mr. Rohan Suri	Non-Executive Director	Appointment	March 30, 2023
20	Mr. Gaurav Trehan	Non-Executive Director	Resignation	September 13, 2023
21	Mr. Anil Nagu	Non-Executive Director	Appointment	September 14, 2023

Where an independent director resigns before expiry of her/ his term, the reasons for resignation as given by her/him shall be disclosed.

- On account of the effectiveness of the Composite Scheme of amalgamation and arrangement amongst InCred Holdings Limited (formerly 'KKR Capital Markets India Limited'), Bee Finance Limited, InCred Financial Services Limited (formerly 'KKR India Financial Services Limited') ('the Company'), InCred Prime Finance Limited (formerly 'InCred Financial Services Limited') and their respective shareholders on July 26, 2022, which was approved by the National Company Law Tribunal vide its order dated May 6, 2022, Mr. Karthik Krishna and Ms. Aparna Ravi who were appointed as Independent Director of the Company, resigned before completion of their term.
- Mr. Debashish Dutta Gupta who was appointed as an Independent Director of the Company, resigned before completion of his term on 30th March, 2023 due to his pre-occupation with other assignments.

None of the directors of the Company are related to each other.

Notes to the Standalone Financial Statements (Contd.)

2 COMMITTEES OF THE BOARD AND THEIR COMPOSITION AUDIT COMMITTEE

AUDIT COMMITTEE

Sr No	Name of Director	Member of Committee since	Capacity	Number of Meetings of the Committee		No. of shares held in the NBFC*
				Held during their tenure	Attended	
1	Ms. Rupa Vora	July 26, 2022	Chairperson	5	5	-
2	Mr. Vivek Anand PS	July 26, 2022	Member	5	4	-
3	Mr. Karnam Sekar	July 26, 2022	Member	5	5	-
4	Ms. Sunita Gupta	March 30, 2023	Member	5	5	-
5	Dr. Sankaran Nair Rajagopal	March 30, 2023	Member	5	5	-

NOMINATION AND REMUNERATION COMMITTEE

Sr No	Name of Director	Member of Committee since	Capacity	Number of Meetings of the Committee		No. of shares held in the NBFC*
				Held during their tenure	Attended	
1	Mr. Bhupinder Singh	July 26, 2022	Member	2	2	395
2	Mr. Rohan Suri	September 24, 2023	Member	0	0	-
3	Ms. Rupa Vora	July 26, 2022	Member	2	2	-
4	Dr. Sankaran Nair Rajagopal	March 30, 2023	Member	2	2	-
5	Ms. Ambika Bisla	March 30, 2023	Member	2	2	-
6	Mr. Karnam Sekar	March 30, 2023	Member	2	2	-

RISK MANAGEMENT COMMITTEE

Sr No	Name of Director	Member of Committee since	Capacity	Number of Meetings of the Committee		No. of shares held in the NBFC*
				Held during their tenure	Attended	
1	Mr. Bhupinder Singh	July 26, 2022	Member	4	3	395
2	Mr. Vivek Bansal	July 26, 2022	Member	4	3	1
3	Ms. Rupa Vora	July 26, 2022	Member	4	4	-
4	Mr. Prithviraj Chandrasekhar	July 26, 2022	Member	4	3	-
5	Mr. Saurabh Jhalaria	July 26, 2022	Member	4	4	-
6	Mr. Krishna Bahety	January 17, 2023	Member	4	4	-
7	Mr. Rohan Suri	March 30, 2023	Member	4	3	-
8	Dr. Sankaran Nair Rajagopal	March 30, 2023	Member	4	4	-

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Sr No	Name of Director	Member of Committee since	Capacity	Number of Meetings of the Committee		No. of shares held in the NBFC*
				Held during their tenure	Attended	
1	Mr. Karnam Sekar	July 26, 2022	Member	1	1	-
2	Mr. Vivek Bansal	July 26, 2022	Member	1	0	1

Notes to the Standalone Financial Statements (Contd.)

3	Ms. Rupa Vora	July 26, 2022	Member	1	1	-
4	Ms. Ambika Bisla	March 30, 2023	Member	1	1	-
5	Ms. Sunita Gupta	March 30, 2023	Member	1	1	-

STAKEHOLDER RELATIONSHIP COMMITTEE

Sr No	Name of Director	Member of Committee since	Capacity	Number of Meetings of the Committee		No. of shares held in the NBFC*
				Held during their tenure	Attended	
1	Mr. Bhupinder Singh	July 26, 2022	Member	4	3	395
2	Mr. Vivek Bansal	July 26, 2022	Member	4	4	1
3	Ms. Ambika Bisla	March 30, 2023	Member	4	4	-
4	Ms. Sunita Gupta	March 30, 2023	Member	4	4	-

IT STRATEGY COMMITTEE

Sr No	Name of Director	Member of Committee since	Capacity	Number of Meetings of the Committee		No. of shares held in the NBFC*
				Held during their tenure	Attended	
1	Mr. Vivek Bansal	July 26, 2022	Member	2	2	1
2	Mr. Karnam Sekar	July 26, 2022	Member	2	2	-
3	Mr. Ashwin Sekar	July 26, 2022	Member	2	2	-
4	Dr. Sankaran Nair Rajagopal	March 30, 2023	Member	2	2	-
5	Ms. Ambika Bisla	March 30, 2023	Member	2	2	-
6	Ms. Sunita Gupta	March 30, 2023	Member	2	2	-
7	Mr. Suriya Nagarajan	August 2, 2023	Member	2	1	-

ASSETS LIABILITY MANAGEMENT COMMITTEE

Sr No	Name of Director	Member of Committee since	Capacity	Number of Meetings of the Committee		No. of shares held in the NBFC*
				Held during their tenure	Attended	
1	Mr. Bhupinder Singh	July 26, 2022	Member	4	4	395
2	Mr. Vivek Bansal	July 26, 2022	Member	4	4	1
3	Mr. Saurabh Jhalaria	July 26, 2022	Member	4	4	-
4	Mr. Krishna Bahety	January 17, 2023	Member	4	4	-

FINANCE COMMITTEE

Sr No	Name of Director	Member of Committee since	Capacity	Number of Meetings of the Committee		No. of shares held in the NBFC*
				Held during their tenure	Attended	
1	Mr. Bhupinder Singh	July 26, 2022	Member	40	39	395

Notes to the Standalone Financial Statements (Contd.)

2	Mr. Vivek Bansal	July 26, 2022	Member	40	40	1
3	Mr. Ashish Kumar Singhal	August 2, 2023	Member	34	34	-
4	Mr. Krishna Bahety	August 2, 2023	Member	34	34	-

CREDIT RISK COMMITTEE

Sr No	Name of Director	Member of Committee since	Capacity	Number of Meetings of the Committee		No. of shares held in the NBFC*
				Held during their tenure	Attended	
1	Mr. Bhupinder Singh	July 26, 2022	Member	1	1	395
2	Mr. Saurabh Jhalaria	July 26, 2022	Member	1	1	1
3	Mr. Anil Nagu	September 24, 2023	Member	1	1	-

*The shares are held on behalf on InCred Holdings Limited (erstwhile known as KKR Capital Markets India Limited), the Holding Company. #For terms of reference of each Committee, refer Corporate Governance Section under Annual Report.

1 General Body Meetings

Sr. No.	Type of Meeting (Annual/ Extra-Ordinary)	Date and Place	Special resolutions passed
1	Annual General Meeting	July 27, 2023 at Registered	1.Appointment of Dr. Sankaran Nair Rajagopal (DIN: 10087762)
2	Extra-Ordinary General Meeting	September 14, 2023 at Registered office of the Company	Approval for the amendment in Memorandum of Association of the Company
3	Extra-Ordinary General Meeting	December 01, 2023 at	No special resolution passed

2 Details of non-compliance with requirements of Companies Act, 2013 - Not applicable**3 Details of penalties and strictures – For year ended March 31, 2024 – NIL****B) Breach of Covenant**

There are no breach of Covenants in the current year and previous year

C) Divergence in Asset Classification and Provisioning

The RBI had issued an Inspection Report (IR) and Risk Assessment Report (RAR) pertaining to its inspection with respect to the Company's financial position as on March 31, 2022. The Company has submitted a detailed Board approved responses to the said IR & RAR vide its letter dated August 18, 2023, to RBI and a reply is awaited. Further, the RBI commenced a "Select Scope" inspection with respect to the Company's financial position as on March 31, 2023. In this regard, the RBI vide its email dated September 26, 2023 has sought documents & details from the Company. This information was duly submitted by the Company on October 4, 2023 over email and the report is awaited.

Notes to the Standalone Financial Statements (Contd.)

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

Asset Classification as per RBI Norms for year ended March 31, 2024	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7)=(4)-(6)
Performing Assets						
	Stage 1	7,16,171.95	5,989.37	7,10,182.58	2,962.84	3,026.54
Standard	Stage 2	12,815.87	3,382.05	9,433.82	293.69	3,088.36
Subtotal		7,28,987.82	9,371.42	7,19,616.40	3,256.53	6,114.89
Non-Performing Assets (NPA)						
Substandard	Stage 3	15,936.35	9,675.31	6,261.04	1,448.15	8,227.15
Doubtful - up to 1 year	Stage 3	-	-	-	426.32	(426.32)
1 to 3 years	Stage 3	-	-	-	54.82	(54.82)
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		-	-	-	481.14	(481.14)
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		15,936.35	9,675.31	6,261.04	1,929.28	7,746.02
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	49,641.06	8.85	49,632.21	-	8.85
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		49,641.06	8.85	49,632.21	-	8.85
Total	Stage 1	7,65,813.01	5,998.22	7,59,814.79	2,962.84	3,035.39
	Stage 2	12,815.87	3,382.05	9,433.82	293.69	3,088.36
	Stage 3	15,936.35	9,675.31	6,261.04	1,929.28	7,746.02
	Total	7,94,565.23	19,055.58	7,75,509.65	5,185.82	13,869.75

Notes to the Standalone Financial Statements (Contd.)

21. 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)

Asset Classification as per RBI Norms for year ended March 31, 2023	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7)=(4)-(6)
Performing Assets						
	Stage 1	5,17,664.54	2,959.88	5,14,704.66	1,102.26	1,857.62
Standard	Stage 2	26,125.43	5,463.35	20,662.08	1,649.29	3,814.06
Subtotal		5,43,789.98	8,423.22	5,35,366.74	2,751.55	5,671.68
Non-Performing Assets (NPA)						
Substandard	Stage 3	11,441.58	6,428.30	5,013.28	844.65	5,583.65
Doubtful - up to 1 year	Stage 3	-	-	-	391.79	(391.79)
1 to 3 years	Stage 3	-	-	-	497.72	(497.72)
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		-	-	-	889.51	(889.51)
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		11,441.58	6,428.30	5,013.28	1,734.16	4,694.13
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	34,555.27	20.16	34,535.11	-	20.16
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		34,555.27	20.16	34,535.11	-	20.16
Total	Stage 1	5,52,219.81	2,980.04	5,49,239.77	1,102.26	1,877.78
	Stage 2	26,125.43	5,463.35	20,662.08	1,649.29	3,814.06
	Stage 3	11,441.58	6,428.30	5,013.28	1,734.16	4,694.13
	Total	5,89,786.82	14,871.69	5,74,915.13	4,485.71	10,385.97

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

51. 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

For and on behalf of the Board of Directors of

InCred Financial Services Limited

CIN: U67190MH1995PLC360817

per Sarvesh Warty

Partner

Membership No: 121411

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: May 7, 2024

Place: Mumbai

Date: May 7, 2024

CONSOLIDATED FINANCIAL STATEMENTS

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 (formerly known as "KKR India Financial Services Limited") (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the consolidated Balance Sheet as at March 31, 2024, 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 auditor on separate financial statement and on the other financial information of the subsidiary, 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 as at March 31, 2024, 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 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, 2024. 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.

Independent Auditor's Report (Contd.)

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

Key audit matters	How our audit addressed the key audit matter
<p>(a) Impairment of loans as at balance sheet date (expected credit losses) (refer note 1 – D.6 and note 33 of the consolidated financial statements)</p> <p>Ind AS 109 requires the Holding Company to provide for impairment of its loans (designated at amortised cost) 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 and other factors which could impact the credit quality of the Company's loans.</p> <p>In the above process, management has applied significant degree of judgements and estimates for the following:</p> <ul style="list-style-type: none"> • Staging of loans (i.e. classification in 'significant increase in credit risk' ("SICR") and 'default' categories) based on past due status or qualitative assessment; • Grouping of borrowers (retail loan portfolio) based on homogeneity for estimating probability of default ('PD'), loss given default ('LGD') and exposure at default ('EAD') on a collective basis; • Determining macro-economic and other factors impacting credit quality of loans; • Estimation of losses for loan products with no/ minimal historical defaults. <p>In view of the high degree of management's judgement involved in estimation of ECL and the overall significance of the impairment loss allowance to the consolidated financial statements, it is a key audit matter.</p>	<ul style="list-style-type: none"> • Read and assessed the Holding Company's accounting policies for impairment of loans considering the requirements of 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. • Evaluated the reasonableness of the management estimates by understanding the process of ECL estimation and related assumptions and tested the controls around data extraction, validation and computation. • Assessed the criteria for staging of loans based on their past-due status as per the requirements of Ind AS 109. Assessed the performing loans on sample basis for any SICR or loss indicators requiring them to be classified under higher stages. • Evaluated segmentation done by the management for PD computation and assessed scenario weights applied for computation of PD • Involved internal experts for testing of the ECL model and computation, including factors that affect the PD, LGD and EAD considering various forward looking, macro-economic factors. • Tested assumptions used by the management of the Holding Company in determining the overlay for macro-economic and other factors. • Assessed disclosures included in the standalone financial statements in respect of expected credit losses.
<p>(b) IT systems and controls</p> <p>The Financial accounting and reporting systems, of the Holding Company are fundamentally reliant on IT systems and IT controls to process significant transaction volumes.</p> <p>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 accurate financial reporting.</p> <p>Any gaps in the IT control environment could result in a material misstatement of the financial accounting and reporting records. Therefore, due to the pervasive nature and complexity of the IT environment, the assessment of the general IT controls and the application controls specific to the accounting and preparation of the financial information is considered to be a key audit matter.</p>	<ul style="list-style-type: none"> • The aspects covered in the assessment of IT General Controls comprised: (i) User Access Management; (ii) Program Change Management; (iii) Other related ITGCs – to understand the design and test the operating effectiveness of such controls in respect of information systems that are important to financial reporting ("in-scope applications"). • Tested the changes that were made to the in- scope applications during the audit period to assess changes that have impact on financial reporting. • Tested the Holding Company's periodic review of access rights. We also tested requests of changes to systems for appropriate approval and authorization. • Performed tests of controls (including other compensatory controls, wherever applicable) on the IT application controls and IT dependent manual controls in the system. • Tested the design and operating effectiveness of compensating controls, where deficiencies were identified and, where necessary, extended the scope of our substantive audit procedures. • Involved internal experts to verify that the physical servers on which the accounting records are maintained by the Holding Company are present in India and backups are performed on daily basis.

Independent Auditor's Report (Contd.)

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.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the Annual report, if, based on the work we have performed, we conclude that there is a material misstatement therein, we are required to communicate that 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 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 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 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 are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless 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 are also responsible for overseeing the financial reporting process of their respective Company(ies).

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.

Independent Auditor's Report (Contd.)

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 consolidated 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, 2024 and are therefore

Independent Auditor's Report (Contd.)

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 INR 3.16 lakhs as at March 31, 2024, total revenue of INR Nil, total net loss after tax of INR 1.23 lakhs, total comprehensive loss of INR 1.23 lakhs, for the year ended on that date respectively, and net cash outflows of INR 1.46 lakhs for the year ended on that date. These financial statements 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 accompanying consolidated financial statements also includes unaudited financial statements and other unaudited financial information in respect of 2 subsidiaries, whose financial statements and other financial information reflect total net profit of INR 43.27 lakhs and total comprehensive income of INR Nil, for the year ended on the date. These unaudited financial statements and other unaudited financial information have not been furnished to us by the management. Our opinion, in so far as it relates amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, is based solely on such unaudited financial statements and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements and other financial information are not material to the Group.

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 report of the other auditors and the unaudited financial statements and other unaudited financial information certified by the Management.

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 companies, 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, except for the matters stated in the point 2 (h) (vi) below on reporting under Rule 11(g);
 - 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

Independent Auditor's Report (Contd.)

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, 2024 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, 2024 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, 2024 has been paid / provided by the Holding Company and its subsidiaries incorporated in India to their respective directors. The provisions of section 197 read with Schedule V of the Act are not applicable to the Holding Company and its subsidiaries incorporated in India for the year ended March 31, 2024;
- h. The modification relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph (b) above on reporting under Section 143(3)(b) and paragraph (i) (vi) below on reporting under Rule 11(g);
- i. 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 1 – D.23 and 4 to the consolidated financial statements in respect of such items as it relates to the Group.
 - 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, 2024.
 - 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 49(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

Independent Auditor's Report (Contd.)

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 49(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 have 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.
- vi. Based on our examination which included test checks, the Holding Company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions except that, audit trail was enabled for direct changes to data with effect from 26 April 2023, as described in note 52 to the consolidated financial statements. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with in respect of the accounting software.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Sarvesh Warty

Partner

Membership Number: 121411

UDIN: 24121411BKFROJ7759

Place: Mumbai

Date: May 07, 2024

Annexure 1 referred to in paragraph 1 under the heading “Report on other legal and regulatory requirements” of our report of even date on the consolidated financial statements of 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 and associates, we state that the qualifications or adverse remarks by the respective auditors in their reports on Companies (Auditor’s Report) Order, 2020 of the companies included in the Consolidated Financial Statements are:

Sr. No.	Name	CIN	Holding Company/ Subsidiary	Clause number of the CARO report which is qualified or is adverse
1	InCred Financial Services Limited	U67190MH1995P LC360817	Holding Company	Clause 3(iii)(c) Clause 3(vii)(a)

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Sarvesh Warty

Partner

Membership Number: 121411

UDIN: 24121411BKFROJ7759

Place: Mumbai

Date: May 07, 2024

Annexure 2 referred to in paragraph 2 (f) under the heading “Report on other legal and regulatory requirements” of our report of even date on the consolidated financial statements of InCred Financial Services Limited

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, 2024, 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”), 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.

Annexure 2 (Contd.)

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, 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, 2024, 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 subsidiaries, which is a Company incorporated in India, is based on the corresponding reports of the auditors of such subsidiaries incorporated in India.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Sarvesh Warty

Partner

Membership Number: 121411

UDIN: 24121411BKFR0J7759

Place: Mumbai

Date: May 07, 2024

Consolidated Financial Statements

Consolidated Balance Sheet as at March 31, 2024

(INR in lakh)

Particulars	Note No	As at March 31, 2024	As at March 31, 2023
ASSETS			
(1) Financial assets			
(a) Cash and cash equivalents	2	8,164.01	34,227.75
(b) Bank balance other than cash and cash equivalents	3	8,323.96	4,795.43
(c) Derivative financial instruments	4	878.92	1,388.54
(d) Receivables			
(I) Trade receivables	5	-	2.45
(II) Other receivables		-	-
(e) Loans	6	7,25,877.44	5,40,380.02
(f) Investments	7	58,182.22	7,235.56
(g) Other financial assets	8	10,614.66	9,578.75
		8,12,041.21	5,97,608.50
(2) Non-financial assets			
(a) Current tax assets (Net of provision for tax)		2,242.28	1,417.91
(b) Deferred tax assets (Net of deferred tax)	9	37,613.41	47,140.31
(c) Property, plant and equipment	10	5,030.60	4,357.86
(d) Capital work-in-progress	11	336.65	161.79
(e) Goodwill	43	6,645.58	6,778.74
(f) Other intangible assets	12	393.40	666.43
(g) Other non-financial assets	13	3,534.15	2,707.43
		55,796.07	63,230.47
Total assets		8,67,837.28	6,60,838.97
LIABILITIES AND EQUITY			
LIABILITIES			
(1) Financial liabilities			
(a) Derivative financial liabilities	4	2,265.96	727.43
(b) Payables	14		
(I) Trade Payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		271.89	172.45
(II) Other Payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
(b) Debt securities	15	96,989.55	1,15,190.08
(c) Borrowings (other than debt securities)	16	4,04,365.93	2,71,246.87
(d) Other financial liabilities	17	24,306.31	20,286.48
		5,28,199.64	4,07,623.31
(2) Non-financial liabilities			
(a) Provisions	18	5,567.64	2,765.02
(b) Other non-financial liabilities	19	1,589.68	1,789.58
		7,157.32	4,554.60
EQUITY			
(a) Equity share capital	20	48,831.01	46,022.65
(b) Other equity	21	2,83,649.31	2,02,638.41
		3,32,480.32	2,48,661.06
Total liabilities and equity		8,67,837.28	6,60,838.97

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

1

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

per Sarvesh Warty
Partner
Membership No: 121411

Place: Mumbai
Date: May 7, 2024

For and on behalf of the Board of Directors of
InCred Financial Services Limited
CIN: U67190MH1995PLC360817

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: May 7, 2024

Consolidated Financial Statements

Consolidated Statement of Profit and Loss for the year ended March 31, 2024

(INR in lakh)

Particulars	Note No	Year ended March 31, 2024	Year ended March 31, 2023
REVENUE FROM OPERATIONS			
(i) Interest income	22	1,19,346.14	82,282.87
(ii) Dividend income		50.10	25.18
(iii) Net gain on derecognition of financial instruments under amortised cost category		3,218.45	1,560.88
(iv) Fees and commission income	23	3,308.47	2,088.89
(v) Net (loss)/gain on fair value changes	24	1,073.47	500.05
(I) Total revenue from operations		1,26,996.63	86,457.87
(II) Other income	25	2,313.50	1,287.52
(III) Total income (I + II)		1,29,310.13	87,745.39
Expenses			
(i) Finance costs	26	45,484.42	35,583.91
(ii) Net loss on derecognition of financial instruments under amortised cost category		3,765.18	25.00
(iii) Impairment on financial instruments	27	(1,946.88)	(1,196.29)
(iv) Employee benefit expenses	28	26,138.60	19,167.79
(v) Depreciation and amortisation	10 & 12	1,869.16	1,283.42
(vi) Other expenses	29	11,824.99	8,488.93
(IV) Total expenses		87,135.47	63,352.76
(V) Profit before share of loss of Associates (III - IV)		42,174.66	24,392.63
(VI) Share of loss of associates		-	10.14
(VII) Profit before exceptional items and tax (V - VI)		42,174.66	24,382.49
(VIII) Exceptional item		210.53	4,065.48
(IX) Profit before tax (VII - VIII)		41,964.13	20,317.01
Tax Expense:			
(i) Current Tax		717.80	461.22
(ii) Deferred Tax		9,610.81	7,763.71
(X) Total Tax Expense	30	10,328.61	8,224.93
(XI) Profit for the year (IX - X)		31,635.52	12,092.08
(XII) Other comprehensive income			
(A) (i) Items that will not be reclassified to profit or loss			
(a) Remeasurement gain/(loss) of the defined benefit plans		(123.54)	(62.34)
(ii) Income tax relating to items that will not be reclassified to profit or loss		31.16	15.92
Subtotal (A)		(92.38)	(46.42)
(B) Items that will be reclassified to profit or loss			
(a) Debt instruments through other comprehensive income		24.84	(73.59)
(b) The effective portion of gains and loss on hedging instruments in a cash flow hedge		(234.40)	129.99
(ii) Income tax relating to items that will be reclassified to profit or loss		52.75	(13.87)
Subtotal (B)		(156.81)	42.53
Other comprehensive income (A + B)		(249.19)	(3.89)
(XIII) Total comprehensive income for the year (XI + XII)		31,386.33	12,088.19
Profit is attributable to:			
Owners of the Group		31,635.52	12,092.08
Non controlling interests		-	-
Other Comprehensive Income is attributable to:			
Owners of the Group		(249.19)	(3.89)
Non controlling interests		-	-
Total Comprehensive Income is attributable to:			
Owners of the Group		31,386.33	12,088.19
Non controlling interests		-	-
(XIV) Earnings per equity share (Face Value : INR 10 per share)	31		
Basic (INR)		6.76	2.63
Diluted (INR)		6.76	2.63

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

1

As per our report of even date

For **S. R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration No.: 101049W/E300004

per **Sarvesh Warty**

Partner

Membership No: 121411

For and on behalf of the Board of Directors of

InCred Financial Services Limited

CIN: U67190MH1995PLC360817

Bhupinder Singh

Whole-Time Director and CEO

DIN: 07342318

Gajendra Thakur

Company Secretary

Membership No: A19285

Place: Mumbai

Date: May 7, 2024

Vivek Bansal

Whole-Time Director and CFO

DIN: 07835456

Place: Mumbai

Date: May 7, 2024

Consolidated Cash Flow Statement

for the year ended March 31, 2024

(INR in lakh)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) before tax	41,964.13	20,317.01
Adjustments to reconcile net profit to net cash generated from / (used in) operating activities		
Depreciation, amortization and impairment	1,869.16	1,283.42
Loss on sale of property, plant and equipment	96.60	10.40
Net (gain) on fair value changes	(1,073.47)	(497.41)
Impairment of Goodwill	133.16	14,628.66
Net Loss/(gain) on derecognition of financial instruments	546.73	(1,535.88)
Interest Income	(1,19,346.14)	(82,282.87)
Finance Cost	45,113.84	35,381.59
Impairment on financial instruments	(1,946.88)	(1,178.60)
Retirement Benefit expenses	171.13	207.48
Share based payment to employees	2,432.94	3,765.87
Dividend income	(50.10)	(25.18)
Provision for diminution on investment	(1.33)	(8.58)
Share in loss of associate	-	10.14
Operating cash flow before working capital changes	(30,090.23)	(9,923.95)
Working capital adjustments		
(Increase) / decrease in other trade receivables	2.45	105.89
(Increase) in loans	(1,82,988.73)	(1,14,108.62)
(Increase) in other financial assets	(1,582.64)	(5,392.34)
(Increase) in other non financial assets	(1,338.43)	(486.36)
(Decrease) / Increase in trade payables	99.44	-
Increase in other financial liabilities	4,321.51	11,735.45
Increase in provisions	2,507.95	553.02
Increase in other non financial liabilities	(199.90)	589.61
Cash (used in) / generated from operations	(2,09,268.59)	(1,16,927.30)
Interest received on loans	1,16,642.49	80,569.04
Interest paid on borrowings and debt	(44,872.28)	(34,955.42)
Income taxes paid	(1,542.17)	2,843.78
Net cash (used in) / generated from operating activities	(1,39,040.55)	(68,469.90)
CASH FLOW GENERATED FROM INVESTING ACTIVITIES		
(Purchase) / Sale of property, plant and equipment	(1,959.52)	(1,939.45)
(Purchase) / Sale of intangibles assets	(111.93)	(466.95)
(Addition) / Deletion of Capital work-in-progress	(174.86)	132.16
Investment in associate	-	4,276.47
Proceeds from business combination	-	35,939.05
Purchase of investments	(10,38,616.74)	(45,309.07)
Proceeds from sale of investments	9,90,583.48	42,812.95
Interest income from investing activities	2,703.65	1,687.42
Investment in term deposits	(1,90,240.61)	(1,37,589.04)
Proceeds from maturity of term deposits earmarked with banks	1,86,712.08	1,35,784.97
Net cash (used in) / generated from investing activities	(51,104.45)	35,328.50
CASH FLOW GENERATED FROM FINANCING ACTIVITIES		
Issue of equity shares (including securities premium)	50,000.00	-
Payment of Lease liability	(837.26)	(604.40)
Proceeds of borrowings (other than debt securities)	2,63,413.85	1,74,965.00
Proceeds of debt securities	79,946.24	69,799.19
Repayment of borrowings (other than debt securities)	(1,35,809.40)	(1,19,958.31)
Redemption of debt securities	(98,146.77)	(61,133.53)
Net cash (used in) / generated from financing activities	1,58,566.66	63,067.95
Net increase / (decrease) in cash and cash equivalents	(31,578.33)	29,926.56
Cash and cash equivalents at the beginning of the year	32,715.49	2,788.93
Cash and cash equivalents at the end of the year	1,137.16	32,715.49

Consolidated Financial Statements (Contd.)

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

(INR in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
Cash on hand	-	-
Balances with banks		
- Current Accounts	8,164.01	31,695.13
Deposit with bank with maturity less than 3 months	-	2,532.62
Cash and cash equivalents (Refer note 2)	8,164.01	34,227.75
Less: Bank overdraft and cash credit (Refer note 16)	(7,026.85)	(1,512.26)
Cash and cash equivalents in cash flow statement	1,137.16	32,715.49

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: May 7, 2024

For and on behalf of the Board of Directors of

InCred Financial Services Limited

CIN: U67190MH1995PLC360817

Bhupinder Singh

Whole-Time Director and CEO

DIN: 07342318

Gajendra Thakur

Company Secretary

Membership No: A19285

Place: Mumbai

Date: May 7, 2024

Vivek Bansal

Whole-Time Director and CFO

DIN: 07835456

Consolidated Statement of Changes in Equity

for the year ended March 31, 2024

Particulars	(INR in lakh)						(INR in lakh)				
	As at March 31, 2024						As at March 31, 2023				
Balance as at the beginning of the year	46,022.65						46,022.65				
Changes in equity share capital during the year	2,808.36						-				
Balance as at the end of the year	48,831.01						46,022.65				
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	Merger Reserve					
Balance at March 31, 2022	1,379.07	62,498.29	66.10	3,900.43	5,401.43	(7,224.42)	(0.99)	77.63	15.36	(616.81)	65,496.05
Profit for the year	-	-	-	-	12,092.08	-	-	-	-	-	12,092.08
Other comprehensive income for the year	-	-	-	-	(46.42)	-	(54.74)	97.27	-	-	(3.89)
Total comprehensive income for the year (net of tax)	-	-	-	-	12,045.66	-	(54.74)	97.27	-	-	12,088.18
Transfer / utilisations											
Additions during the year (cash premium)	-	-	-	-	-	-	-	-	-	-	-
Additions during the year (non-cash premium)	-	-	-	-	-	-	-	-	-	-	-
Purchase consideration towards business combination (Refer Note No 43)	-	-	98,118.06	-	-	24,255.34	-	-	-	-	1,22,373.40
Utilized during the year	-	-	-	-	-	-	-	-	-	-	-
Transferred to special reserve from retained earnings	2,416.02	-	-	-	(2,416.02)	-	-	-	-	-	-
Share based payment expense	-	-	3,758.07	-	-	-	-	-	-	-	3,758.07
Transfer from share based payment reserve (Refer Note No 36)	-	-	3,900.43	(3,900.43)	-	-	-	-	-	-	-
Transfer of business (Refer Note No 43)	-	-	-	-	(1,077.31)	-	-	-	-	-	(1,077.31)
Balance at March 31, 2023	3,795.09	62,498.29	1,05,842.66	-	13,953.76	17,030.92	(55.73)	174.90	15.36	(616.81)	2,02,638.41

A. EQUITY SHARE CAPITAL

Statement of Changes in Equity for the year ended March 31, 2024 (Contd.)

B. OTHER EQUITY

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	Merger Reserve					
Profit for the year					31,635.52						31,635.52
Other comprehensive income for the year					(92.38)		18.59	(175.40)			(249.19)
Total comprehensive income for the year (net of tax)	-	-	-	-	31,543.14	-	18.59	(175.40)	-	-	31,386.33
Transfer / utilisations											
Additions during the year (cash premium)		47,191.64									47,191.64
Additions during the year (non-cash premium)	-	-	-	-	-	-	-	-	-	-	-
Utilized during the year	-	-	-	-	-	-	-	-	-	-	-
Transfer towards loss of control	-	-	-	-	(616.81)	-	-	-	-	616.81	-
Transferred to special reserve from retained earnings	6,297.91	-	-	-	(6,297.91)	-	-	-	-	-	-
Share based payment expense	-	-	2,432.93	-	-	-	-	-	-	-	2,432.93
Transfer from share based payment reserve (Refer Note No 36)	-	-	-	-	-	-	-	-	-	-	-
Transfer of business (Refer Note No 43)	-	-	-	-	-	-	-	-	-	-	-
Balance at March 31, 2024	10,093.00	1,09,689.93	1,08,275.59	-	38,582.18	17,030.92	(3714)	(0.50)	15.36	-	2,83,649.31

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

per Sarvesh Warty
Partner
Membership No: 121411

Place: Mumbai
Date: May 7, 2024

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

Place: Mumbai
Date: May 7, 2024

Vivek Bansal
Whole-Time Director and CFO
DIN: 07835456

Gajendra Thakur
Company Secretary
Membership No: A19285

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

(1) MATERIAL ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

A. Corporate Information

InCred Financial Services Limited (formerly known as “KKR India Financial Services limited”) (the ‘Parent’) was incorporated in India on 3 February 1995, 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 25th October 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.

The consolidated financial statements are authorized for issue by the Parent’s Board of Directors on May 7, 2024.

B. Basis of preparation

(BA) The consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS 34) 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, various directions issued by the Reserve Bank of India from time to time. 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 March 13, 2020 (‘RBI Notification for Implementation of Ind AS’) issued by RBI. The Company uses accrual basis of accounting except as explained in 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

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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

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.

• 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

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

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 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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

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 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. Material 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.

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 are some examples of financial instruments.

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

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.

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 recognised 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 at each reporting period 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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

Debt investments at FVOCI

These assets are subsequently measured at each reporting period 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 each reporting period 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 each reporting period 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.

The Group sells, assigns (including Co-lending transaction) its loans to counter-parties wherein the risk and reward of the asset is transferred for the entire/substantial portion of the Loan. As per Ind AS 109, Financial assets are derecognized on the date of assignment.

Any right on interest on sold portion of asset is recognized as a financial asset at fair value, basis the scheduled cash flows on execution of the transaction estimated for prepayments and defaults. Estimated costs to be incurred for servicing the de-recognised portion is recorded as servicing liability at fair value.

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

On de-recognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of de-recognition) and the consideration received (including any new asset obtained less any new liability assumed) shall be recognized in profit or loss.

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

Financial 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.

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

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

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 through 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.

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

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

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. 12'month ECL is recognized on stage 1 exposures.

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. Lifetime ECL is recognized for exposures with 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.

W.e.f October 1, 2022, a financial instrument is considered as Stage 3 if the asset crosses 90 days pass due and remains in overdue category. This is aligned to the definition of default for loan assets stipulated in RBI circular dated November 12, 2021 – “Prudential Norms on Income Recognition, Asset classification and Provisioning pertaining to Advances – Clarifications” (the “RBI circular”). For exposures that have become credit impaired, a lifetime ECL is recognized. Stage 3 exposures represent Non-Performing Assets (NPA).

Credit-impaired financial assets:

At each reporting period, the Group assesses whether financial assets carried at amortised cost and 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 (PD) - The Probability of Default is an estimate of the likelihood of default over a given time horizon.

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

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.

While estimating the PD, the Company reviews macro-economic developments occurring in the economy and market it operates in. On annual basis, the Company analyses if there is any relationship between key economic trends like GDP, unemployment rates, private consumption rate, Gross national saving/investment, real wholesale & retail trade and services with the estimate of PD. Typically, these macro-economic scenarios span a base case, plus an upside and downside scenario.

The ECL model allows for multiple macro-economic scenarios to be reflected in a probabilistic manner. The weights are reviewed on annual basis.

Exposure at Default (EAD) - The Exposure at Default is an estimate of the exposure at a future default date.

Loss Given Default (LGD)- 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. For products where empirical data is available LGD is determined based on historical recoveries. For other products in absence of enough historical data, LGD rates are adopted from RBI circular "Implementation of the Internal Rating Based (IRB) Approaches for Calculation of Capital Charge for Credit Risk" by RBI dated December 22, 2011.- (RBI/2011-12/311 DBOD. No.BP.BC.67/21.06.202/2011-12).

The Group may also make additional impairment allowance based on its assessment of risk profile and create safeguard from potential future events.

Write-offs

The Group writes off Retail secured and unsecured loans which have a days past due (DPD) for more than 18 months and 15 months 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:

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

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 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

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

is a change in the non-cancellable period of a lease

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

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

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

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 period 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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

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).

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

The useful life as per Schedule II are as follows:

Asset	Useful life as per Schedule II
Buildings	60 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.

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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

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 these 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 these 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.

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 recognised by applying the effective interest rate to the recoverable amount 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 are recognised only on receipt basis.

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

16. Income from de-recognition of assets:

Gains arising out of de-recognition transactions comprise the difference between the interest on the loan portfolio and the applicable rate at which the transaction is entered into with the transferee, also known as the right of excess interest spread (EIS). The future EIS basis the scheduled cash flows on execution of the transaction estimated for prepayments and defaults, discounted at the applicable rate entered into with the transferee is recorded upfront, net off estimated cost, in the statement of profit and loss.

17. Finance Cost

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

18. 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 period 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.

19. 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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

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.

20. Earnings per share

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

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

21. 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.

22. 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.

23. 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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

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.

The Company has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. The Company assesses its obligations arising in the normal course of business, including pending litigations, proceedings pending with tax authorities and other contracts including derivative and long term contracts periodically and ensures that appropriate treatment has been made as required under Ind AS.

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.

24. 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.

25. Standards issued but not yet effective upto the date of issuance of the financial statements

There are no standards that are notified and not yet effective as on date.

Notes to the Consolidated Financial Statements
for the year ended March 31, 2024 (Contd.)

2. CASH AND CASH EQUIVALENTS

(INR in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
Balances with banks in current accounts	8,164.01	31,695.13
Fixed Deposit with banks with original maturity of less than 3 months	-	2,532.62
Total	8,164.01	34,227.75

3. BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

(INR in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
Fixed deposit with bank with original maturity of more than 3 months*	8,323.96	4,795.43
Total	8,323.96	4,795.43

*Includes lien marked fixed deposits for borrowings amounting to INR 6,104.07 lakhs (Previous Year INR 4,121.04 lakhs)

4. DERIVATIVE FINANCIAL INSTRUMENTS AT FAIR VALUE

(INR in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
(A) Derivative financial assets		
(i) Cross Currency Interest Rate Swaps		
Cash flow hedge (Notional amount : 5,811.40 , PY : 5,110.00)*	25.74	875.63
(ii) Equity Linked Derivatives		
Options and futures (Notional amount : 2,724.25, PY : 5,718.00 (Refer note 15))	853.18	512.91
Total	878.92	1,388.54
(B) Derivative financial liabilities		
Embedded Derivative on Market Linked Debentures (Notional amount : 11,790.00, PY : 5,790.00) (Refer Note 15)	2,265.96	727.43
Total	2,265.96	727.43

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

5. TRADE RECEIVABLES

(INR in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
	Amortised cost	Amortised cost
Unsecured, considered good	-	2.46
Unsecured, considered doubtful	-	-
Allowance for impairment loss	-	(0.01)
Total	-	2.45

Refer Note 51 for ageing of the outstanding balance

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

6. LOANS

(INR in lakh)

Particulars	As at	As at
	March 31, 2024	March 31, 2023
	Amortised cost	Amortised cost
(A) (i) Term loans*	7,44,924.17	5,55,231.55
(ii) Loans repayable on demand	-	-
Total - Gross	7,44,924.17	5,55,231.55
Less: Impairment loss allowance	(19,046.73)	(14,851.53)
Total - Net of impairment loss allowance (A)	7,25,877.44	5,40,380.02
(B) (i) Secured by tangible assets**	2,26,645.52	1,92,715.85
(ii) Covered by Bank and Government guarantees	692.38	2,833.05
(iii) Unsecured	5,17,586.27	3,59,682.65
Total - Gross	7,44,924.17	5,55,231.55
Less: Impairment loss allowance	(19,046.73)	(14,851.53)
Total - Net of impairment loss allowance (B)	7,25,877.44	5,40,380.02
(C) Loans in India		
(i) Public sectors	-	-
(ii) Others	7,44,924.17	5,55,231.55
Total - Gross	7,44,924.17	5,55,231.55
Less: Impairment loss allowance	(19,046.73)	(14,851.53)
Total - Net of impairment loss allowance (C)	7,25,877.44	5,40,380.02

* Does not include outstanding of INR 1,58,950.12 lakhs (PY : 51,045.20 lakhs) derecognised on account of Co-Lending transaction.

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

Notes to the Consolidated Financial Statements
for the year ended March 31, 2024 (Contd.)

7. INVESTMENTS

(INR in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
(A) At Amortised Cost		
- Debt securities	36,860.88	1,500.00
Less: Allowance for impairment loss on amortised cost (H)	-	-
Net at Amortised Cost (A)	36,860.88	1,500.00
(B) At Fair Value Through Other Comprehensive Income (FVOCI)		
- Debt securities	20,157.02	4,617.81
Less: Allowance for impairment loss FVOCI	(6.71)	(8.04)
Net At Fair Value Through Other Comprehensive Income (FVOCI) (B)	20,150.31	4,609.77
(C) At Fair Value Through Profit or Loss (FVTPL)		
- Mutual Funds	125.69	1,116.13
- Debt Securities and Liquid funds	1,035.67	-
Less: Allowance for impairment loss FVTPL	-	-
Net At Fair Value Through Profit or Loss (FVTPL) (C)	1,161.36	1,116.13
(D) Others		
Equity instruments		
- Convertible Preference Shares	9.67	9.66
Total (D)	9.67	9.66
Less: Allowance for impairment loss others#		
Net Others (D)	9.67	9.66
Total - Gross (A+B+C+D)	58,188.93	7,243.60
Investments in India	58,188.93	7,243.60
Total - Allowance for Impairment	(6.71)	(8.04)
Total - Net (A+B+C+D)	58,182.22	7,235.56

Note-

- Investments at amortised cost and FVOCI are all classified as Stage I under credit risk

- Others are measured as per Equity method

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

8. OTHER FINANCIAL ASSETS

(INR in lakh)

Particulars	As at	As at
	March 31, 2024	March 31, 2023
	Amortised cost	Amortised cost
Security Deposits (Unsecured, considered good)	577.46	758.21
Retained interest on Loans derecognised	8,042.78	2,775.31
Receivables from related parties (Refer Note 34)	76.08	1,815.55
Balances with Partners/Anchors	594.57	570.51
Margin money deposit	-	-
Others (includes ECLGS receivable, collection receivables)	1,295.83	272.20
Receivable from Co-lending assignment	27.94	3,580.24
Less: Allowance for impairment loss	-	(193.27)
Total	10,614.66	9,578.75

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, 2024:

(INR in lakh)

Particulars	As at April 1, 2023	Merger Adjustment	Demerger Adjustment	Recognised in profit and loss	Recognised in OCI	As at March 31, 2024
Deferred tax assets						
Provision for impairment loss on financial instruments	12,207.49	-	-	(686.12)	-	11,521.37
Provision for employee benefit plans	675.55	-	-	759.32	31.16	1,466.03
Disallowance of merger expenses	214.78	-	-	(53.69)	-	161.09
Lease liability	85.52	-	-	9.25	-	94.77
Fair value change on financial instruments	11.86	-	-	53.25	-	65.11
Unabsorbed business loss/capital loss	34,766.70	-	-	(11,115.52)	-	23,651.18
Difference between written down value of property plant and equipment and Intangible assets as per the books of accounts and income tax	87.31	-	-	35.03	-	122.34
Fair value change of investment valued at Fair value through OCI	14.03	-	-	(58.68)	52.75	8.10
Provision for expenses	-	-	-	1,118.93	-	1,118.93
Others	(343.21)	-	-	495.09	-	151.88
Total (A)	47,720.03	-	-	(9,443.13)	83.91	38,360.81
Deferred tax liabilities						
EIR impact on financial instruments	(579.72)	-	-	(167.68)	-	(747.40)
Total (B)	(579.72)	-	-	(167.68)	-	(747.40)
Deferred tax assets (net) (A+B)	47,140.31	-	-	(9,610.81)	83.91	37,613.41

Notes to the Consolidated Financial Statements
for the year ended March 31, 2024 (Contd.)

The major components of Deferred Tax Assets ('DTA') / Deferred Tax Liabilities ('DTL') arising on account of timing differences
for the year ended March 31, 2023:

(INR in lakh)

Particulars	As at April 1, 2022	Merger Adjustment	Demerger Adjustment	Recognised in profit and loss	Recognised in OCI	As at March 31, 2023
Deferred tax assets						
Provision for impairment loss on financial instruments	2,282.81	4,975.54	(54.25)	5,003.39	-	12,207.49
Provision for retirement benefit plans	78.99	212.63	-	368.01	15.92	675.55
Disallowance of merger expenses	148.69	248.50	-	(182.41)	-	214.78
Lease liability	67.27	-	-	18.25	-	85.52
Fair value change on financial instruments	57.92	3,355.18	-	(3,401.24)	-	11.86
Unabsorbed business loss/capital loss		44,629.29	-	(9,862.59)	-	34,766.70
Difference between written down value of property plant and equipment and Intangible assets as per the books of accounts and income tax	98.51	-	-	(11.20)	-	87.31
Fair value change of investment valued at Fair value through OCI	(2.97)	-	-	30.87	(13.87)	14.03
Total (A)	2,731.21	53,421.14	(54.25)	(8,036.92)	2.05	48,063.24
Deferred tax liabilities						
Revaluation of investment valued at Fair value through OCI	-	-	-	-	-	-
EIR impact on financial instruments	(692.55)	(85.05)	(1.62)	199.50	-	(579.72)
Fair valuation of investments in associate	(728.89)	-	-	728.89	-	-
Others	-	311.97	-	(655.18)	-	(343.21)
Total (B)	(1,421.45)	226.92	(1.62)	273.21	-	(922.93)
Deferred tax assets (net) (A+B) *	1,309.77	53,648.06	(55.87)	(7,763.71)	2.05	47,140.31

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

10. PROPERTY, PLANT AND EQUIPMENT

(INR in lakh)

Particulars	Buildings*	Furniture and fixtures	Leasehold Improvements	Office equipment	Computers & Printers	Vehicles	Right-of-use assets**	Total
Year ended March 31, 2023								
At carrying cost at the beginning of the year	22.71	160.73	974.98	202.59	1,113.71	383.78	2,942.40	5,800.89
Additions during the year	-	132.37	415.57	138.17	447.52	37.53	863.49	2,034.64
Acquisition of subsidiary	-	-	-	-	19.59	-	-	19.59
Disposals		(28.99)	(11.02)	(19.19)	-	-	(313.90)	(373.11)
Gross carrying value as March 31, 2023	22.71	264.10	1,379.54	321.56	1,580.82	421.30	3,491.98	7,482.02
Accumulated depreciation as at the beginning of the year	1.54	35.03	241.74	93.69	681.87	175.78	1,091.57	2,321.22
Depreciation for the year	0.38	25.27	197.54	53.58	280.93	40.75	451.17	1,049.62
Acquisition of subsidiary	-	-	-	-	16.63	-	-	16.63
Disposals	-	(10.38)	(3.77)	(16.18)	-	-	(232.95)	(263.30)
Accumulated depreciation as at March 31, 2023	1.92	49.90	435.51	131.09	979.44	216.51	1,309.78	3,124.16
Net carrying value as at March 31, 2023	20.79	214.20	944.03	190.47	601.38	204.79	2,182.19	4,357.86
Year ended March 31, 2024								
At carrying cost at the beginning of the year	22.71	264.10	1,379.54	321.56	1,580.82	421.30	3,491.98	7,482.01
Additions during the year	-	244.85	783.72	338.30	280.36	315.25	294.02	2,256.50
Sale of subsidiary	-	-	-	-	(19.60)	-	-	(19.60)
Disposals	-	(24.01)	(204.14)	(4.31)	(52.85)	-	(29.88)	(315.19)
Gross carrying value as March 31, 2024	22.71	484.94	1,959.12	655.55	1,788.73	736.56	3,756.12	9,403.72
Accumulated depreciation as at the beginning of the year	1.92	49.90	435.51	131.09	979.44	216.51	1,309.78	3,124.15
Depreciation for the year	0.38	74.88	211.73	123.82	369.30	71.43	632.44	1,483.98
Sale of subsidiary	-	-	-	-	(18.91)	-	-	(18.91)
Disposals	-	(8.30)	(122.26)	(2.81)	(52.85)	-	(29.88)	(216.10)
Accumulated depreciation as at March 31, 2024	2.30	116.48	524.98	252.10	1,276.98	287.94	1,912.34	4,373.12
Net carrying value as at March 31, 2024	20.41	368.46	1,434.14	403.45	511.75	448.61	1,843.78	5,030.60

*There is no immovable property where the title deed of such immovable property is not held in the parent Company's name or jointly held with others. Immovable properties have been pledged against debt securities issued. Refer Note 15

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

Notes to the Consolidated Financial Statements
for the year ended March 31, 2024 (Contd.)

11. CAPITAL WORK IN PROGRESS

(INR in lakh)

Particulars	As at March 31, 2024				As at March 31, 2023			
	Opening Balance	Additions	Deletions	Closing Balance	Opening Balance	Additions	Deletions	Closing
Capital work in Progress	161.79	1,203.43	(1,028.57)	336.65	293.95	415.77	(547.93)	161.79
Total	161.79	1,203.43	(1,028.57)	336.65	293.95	415.77	(547.93)	161.79

(INR in lakh)

Capital work in progress (CWIP)	As at March 31, 2024				As at March 31, 2023			
	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	336.65	-	-	-	161.79	-	-	-
Projects temporarily suspended	-	-	-	-	-	-	-	-
	336.65	-	-	-	161.79	-	-	-

12. OTHER INTANGIBLE ASSETS

(INR in lakh)

Particulars	Computer software
Year ended March 31, 2023	
At cost at the beginning of the year	1,386.11
Additions during the year	466.95
Gross carrying value as March 31, 2023 (A)	1,853.06
Accumulated amortisation:	
Accumulated amortisation at the beginning of the year	952.84
Amortisation for the year	233.79
Accumulated amortisation as at March 31, 2023 (B)	1,186.63
Net carrying value as at March 31, 2023 (A-B)	666.43
Year ended March 31, 2024	
At cost at the beginning of the year	1,853.06
Additions during the year	111.93
Gross carrying value as March 31, 2024 (A)	1,964.99
Accumulated amortisation:	
Accumulated amortisation at the beginning of the year	1,186.63
Amortisation for the year	384.95
Accumulated amortisation as at March 31, 2024 (B)	1,571.58
Net carrying value as at March 31, 2024 (A-B)	393.41

13. OTHER NON-FINANCIAL ASSETS

(INR in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
Prepaid expenses	356.64	356.08
Advances to vendors	879.45	132.35
GST receivable	2,298.06	2,219.00
Total	3,534.15	2,707.43

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

14. PAYABLES

(INR in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
(I) Trade Payables		
(i) total outstanding dues of micro enterprises and	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	271.89	172.45
(II) Other Payables		
(i) total outstanding dues of micro enterprises and small enterprises	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-
Total	271.89	172.45

Payables ageing schedule as on March 31, 2024:

(INR in lakh)

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-
(ii) Others	271.89	-	-	-	271.89
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-

Payables ageing schedule as on March 31, 2023:

(INR in lakh)

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-
(ii) Others	172.45	-	-	-	172.45
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-

15. DEBT SECURITIES

(INR in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
	Amortised cost	Amortised cost
Debentures (Secured)	96,989.55	1,14,207.24
Commercial Paper (Unsecured)	-	982.84
Total	96,989.55	1,15,190.08
Debts securities in India	96,989.55	1,15,190.08
Debt securities outside India	-	-
Total	96,989.55	1,15,190.08

Terms and conditions

Sr. No.	Particulars	Nature of security	Terms of repayment	Maturity date	(INR in lakh)	
					As at March 31, 2024	As at March 31, 2023
1	500, 9.75% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 10,00,000 each	<p>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.</p> <p>2. Additionally secured by way of a pari-passu charge with other debenture holders over the identified immovable property owned by the Company.</p>	Redeemable at par at the end of 1095 days from the date of allotment. Coupon to be paid annually.	22-Jun-23	-	5,364.39
2	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	-	10,729.18
3	350, 9.50% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 2,50,000 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.	Principal & Coupon Payment to be paid quarterly	30-Aug-24	879.57	2,626.94
4	1150, 10.95% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 10,00,000 each		Redeemable 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. Coupon to be paid annually.	27-Jul-24	12,366.97	12,293.76
5	4,15,484, 9.25% Secured Rated Listed Redeemable Non-Convertible Debentures issued at 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 730 days from the date of allotment.	17-Feb-24	-	4,175.32
6	53,836, 9.13% Secured Rated Listed Redeemable Non-Convertible Debentures issued at 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. Coupon to be paid annually.	17-Feb-24	-	537.61
7	17,38,325, 9.45% Secured Rated Listed Redeemable Non-Convertible Debentures issued at INR 1,000 each		Redeemable at par at the end of 820 days from the date of allotment. Coupon to be paid quarterly.	02-May-25	17,480.82	17,347.01

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

Sr. No.	Particulars	Nature of security	Terms of repayment	Maturity date	(INR in lakh)	
					As at March 31, 2024	As at March 31, 2023
8	2,54,599, 9.80% Secured Rated Listed Redeemable Non-Convertible Debentures issued at INR 1,000 each		Redeemable at par at the end of 820 days from the date of allotment. Coupon to be paid annually.	02-May-25	2,563.51	2,543.63
9	1,47,712, 9.65% Secured Rated Listed Redeemable Non-Convertible Debentures issued at INR 1,000 each		Redeemable at par at the end of 1185 days from the date of allotment. Coupon to be paid quarterly.	02-May-26	1,476.08	1,466.09
10	1,69,758, 10.00% Secured Rated Listed Redeemable Non-Convertible Debentures issued at INR 1,000 each		Redeemable at par at the end of 1185 days from the date of allotment. Coupon to be paid annually.	02-May-26	1,696.39	1,684.95
11	4,000, 9.50% Secured Rated Listed Redeemable Non-Convertible Debentures issued at INR 77,777.77 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 820 days from the date of allotment. Coupon to be paid monthly.	12-Dec-25	3,103.79	-
12	1,32,867, 9.48% Secured Rated Listed Redeemable Non-Convertible Debentures issued at 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 at par at the end of 547 days from the date of allotment. Coupon to be paid monthly.	10-May-25	1,322.85	-
13	8,76,454, 9.55% Secured Rated Listed Redeemable Non-Convertible Debentures issued at INR 875 each		Redeemable at par at the end of 731 days from the date of allotment. Coupon to be paid quarterly.	10-Nov-25	7,671.34	-
14	1,92,719, 9.66% Secured Rated Listed Redeemable Non-Convertible Debentures issued at INR 1,000 each		Redeemable at par at the end of 731 days from the date of allotment. Coupon to be paid monthly.	10-Nov-25	1,911.46	-
15	5,72,845, 10.30% Secured Rated Listed Redeemable Non-Convertible Debentures issued at INR 1,000 each		Redeemable at par at the end of 1096 days from the date of allotment. Coupon to be paid annually.	10-Nov-26	5,834.29	-
16	8,69,739, 9.84% Secured Rated Listed Redeemable Non-Convertible Debentures issued at INR 1,000 each		Redeemable at par at the end of 1096 days from the date of allotment. Coupon to be paid monthly.	10-Nov-26	8,544.41	-

Notes to the Consolidated Financial Statements
for the year ended March 31, 2024 (Contd.)

Sr. No.	Particulars	Nature of security	Terms of repayment	Maturity date	(INR in lakh)	
					As at March 31, 2024	As at March 31, 2023
17	370, 0% 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 910 days from the date of allotment.	28-Jul-23	-	4,491.65
18	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	-	1,828.81
19	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	1,507.84	1,387.36
20	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	1,846.26	1,359.24
21	389, 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	-	4,529.57
22	1330, 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	16,623.33	15,163.88
23	7500, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 1,00,000		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	03-Apr-23	-	8,739.96
24	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	-	4,460.70

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

Sr. No.	Particulars	Nature of security	Terms of repayment	Maturity date	(INR in lakh)	
					As at March 31, 2024	As at March 31, 2023
25	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	1,510.31	1,369.88
26	117, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 1229 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	05-Dec-25	1,046.05	975.69
27	250, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 929 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-Apr-25	2,857.27	2,598.43
28	750, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000	<ol style="list-style-type: none"> 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; A first ranking and exclusive charge over the Cash Collateral; A first ranking and exclusive charge 	Redeemable with agreed coupon at the end of 912 days from the date of allotment (or on the call option exercise date of April 03, 2023) if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	29-Mar-24	-	8,533.19
29	2500, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 1,00,000	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	Redeemable with agreed coupon at the end of 751 days from the date of allotment if NIFTY final fixing level is greater than or equal to 14% of the initial fixing level or else at par with the coupon of 14%	31-Aug-25	2,496.69	-
30	2500, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 1,00,000		Redeemable with agreed coupon at the end of 792 days from the date of allotment if NIFTY final fixing level is greater than or equal to 22% of the initial fixing level or else at par	03-Apr-26	2,095.61	-
31	2500, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 1,00,000		Redeemable with agreed coupon at the end of 949 days from the date of allotment if NIFTY final fixing level is greater than or equal to 6.67% of the initial fixing level or else at par with the coupon of 10%	12-Oct-26	2,154.72	-
32	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	-	982.84
	Total				96,989.55	1,15,190.08

Notes to the Consolidated Financial Statements
for the year ended March 31, 2024 (Contd.)

16. BORROWINGS (OTHER THAN DEBT SECURITIES)

(INR in lakh)

Particulars	As at	As at
	March 31, 2024	March 31, 2023
	Amortised cost	Amortised cost
(a) Term loans (Secured)		
(i) from banks	2,97,812.16	2,13,635.31
(ii) from other parties	69,565.38	41,108.05
(b) Inter corporate borrowings from other parties (Uns)	-	-
(c) Pass Through Certificates (Secured)	3,311.59	-
(c) Loans repayable on demand (Net) (Secured)		
(i) from banks	33,676.80	16,503.51
Total	4,04,365.93	2,71,246.87
Borrowings in India	3,98,527.58	2,65,470.62
Borrowings outside India (comprises externalcommercial borrowings)	5,838.35	5,776.24
Total	4,04,365.93	2,71,246.87

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

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

Terms and conditions

(INR in lakh)

Particulars	Nature of security	Terms of repayment	As at March 31, 2024	As at March 31, 2023
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 asset cover requirement of each lender, stipulated in respect of the outstanding facilities.	Loans are repayable in monthly or quarterly installments with original tenure ranging from 24 to 60 months at an average rate of interest ("ROI") of 10.08% p.a.	2,97,812.16	2,13,635.31
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 asset cover requirement of each lender, stipulated in respect of the outstanding facilities.	Loans are repayable in monthly or quarterly installments with original tenure ranging from 24 to 36 months at an average ROI of 10.18% p.a.	63,727.03	35,331.81
b) Others- External commercial borrowings	Term Loan from Others (External Commercial Borrowings) 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 asset cover requirement of each lender, stipulated in respect of the outstanding facilities.	Loan is repayable on maturity at the end of 60 months. Interest linked to SOFR and payable half yearly.	5,838.35	5,776.24
c) Pass through certificate	Secured by an exclusive charge by way of hypothecation/ assignment of specific loan receivables	Facility tenure of 39 months repayable on monthly basis at an average ROI of 9.00% p.a.	3,311.59	-
d) 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 asset cover requirement of each lender, 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 9.33% p.a.	33,676.80	16,503.51
Total			4,04,365.93	2,71,246.87

Notes to the Consolidated Financial Statements
for the year ended March 31, 2024 (Contd.)

17. OTHER FINANCIAL LIABILITIES

(INR in lakh)

Particulars	As at	As at
	March 31, 2024	March 31, 2023
Lease liability (Refer Note 36)	2,220.34	2,522.02
Collaterals received towards loans	8,497.81	7,201.54
Security deposits	109.93	69.92
Payable on servicing portfolio	3,405.76	2,351.39
Provision for expenses	4,605.33	3,835.50
Payable to customers	3,547.22	3,431.01
Servicing liability on loans derecognised	1,783.26	610.00
Others (includes sundry creditors, employee related payables)	136.66	265.10
Total	24,306.31	20,286.48

18. PROVISIONS

(INR in lakh)

Particulars	As at	As at
	March 31, 2024	March 31, 2023
Provision for employee benefits	5,558.79	2,744.86
Expected credit loss provision on undrawn loan commitments	8.85	20.16
Total	5,567.64	2,765.02

19. OTHER NON-FINANCIAL LIABILITIES

(INR in lakh)

Particulars	As at	As at
	March 31, 2024	March 31, 2023
Statutory dues payable	1,589.68	1,789.58
Total	1,589.68	1,789.58

20. EQUITY SHARE CAPITAL

(INR in lakh)

Particulars	As at March 31, 2024		As at March 31, 2023*	
	Number	Amount	Number	Amount
Authorised Capital				
Equity shares of INR 10/- each	50,00,00,000	50,000.00	50,00,00,000	50,000.00
Total	50,00,00,000	50,000.00	50,00,00,000	50,000.00
Issued, subscribed and paid up capital				
Equity Shares of INR 10/- each fully paid up	48,83,10,114	48,831.01	46,02,26,538	46,022.65
Total	48,83,10,114	48,831.01	46,02,26,538	46,022.65

*Refer Note No 1 and 43 for details of the Scheme of Arrangement.

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

Terms/rights attached to equity shares

The Group has only one class of equity shares having par value of INR 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:

(INR in lakh)

Name of shareholder	As at March 31, 2024		As at March 31, 2023*	
	No. of shares held	Amount	No. of shares held	Amount
InCred Holdings Limited (formerly known as KKR CapitalMarkets Pvt Ltd)	48,83,10,114	48,831.01	46,02,26,538	46,022.65
Total	48,83,10,114	48,831.01	46,02,26,538	46,022.65

Equity shares held by promoters of the group

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

(INR in lakh)

Name of shareholder	As at March 31, 2024		As at March 31, 2023*	
	No. of shares held	% of shares held	No. of shares held	% of shares held
InCred Holdings Limited (formerly known as KKR Capital Markets Pvt Ltd)	48,83,10,114	100%	46,02,26,538	100%
Total	48,83,10,114	100%	46,02,26,538	100%

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

Name of shareholder	As at March 31, 2024		As at March 31, 2023*	
	No. of shares held	% of shares held	No. of shares held	% of shares held
InCred Holdings Limited (formerly known as KKR Capital Markets Pvt Ltd)	48,83,10,114	100%	46,02,26,538	100%
Total	48,83,10,114	100%	46,02,26,538	100%

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

(INR in lakh)

Particulars	As at March 31, 2024		As at March 31, 2023*	
	Number	Amount	Number	Amount
At the beginning of the year	46,02,26,538	46,022.65	46,02,26,538	46,022.65
Add: Issued during the year				
Shares issued during the year	2,80,83,576	2,808.36	-	-
SStock options exercised during the year	-	-	-	-
Preference shares converted into equity shares	-	-	-	-
At the end of the year	48,83,10,114	48,831.01	46,02,26,538	46,022.65

Notes to the Consolidated Financial Statements
for the year ended March 31, 2024 (Contd.)

21. OTHER EQUITY

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	Merger Reserve						
Balance at March 31, 2022	1,379.07	62,498.29	66.10	3,900.43	5,401.43	(7,224.42)	(0.99)	77.63	15.36	(616.81)	65,496.05	
Profit for the year	-	-	-	-	12,092.08	-	-	-	-	-	12,092.08	
Other comprehensive income for the year	-	-	-	-	(46.42)	-	(54.74)	97.27	-	-	(3.89)	
Total comprehensive income for the year (net of tax)	-	-	-	-	12,045.66	-	(54.74)	97.27	-	-	12,088.18	
Additions during the year (cash premium)	-	-	-	-	-	-	-	-	-	-	-	
Additions during the year (non-cash premium)	-	-	-	-	-	-	-	-	-	-	-	
Purchase consideration towards business combination (Refer Note No 43)	-	-	98,118.06	-	-	24,255.34	-	-	-	-	1,22,373.40	
Utilized during the year	-	-	-	-	-	-	-	-	-	-	-	
Transferred to special reserve from retained earnings	2,416.02	-	-	-	(2,416.02)	-	-	-	-	-	-	
Share based payment expense	-	-	3,758.07	-	-	-	-	-	-	-	3,758.07	
Transfer from share based payment reserve (Refer Note No 36)	-	-	3,900.43	(3,900.43)	-	-	-	-	-	-	-	
Transfer of business (Refer Note No 43)	-	-	-	-	(1,077.31)	-	-	-	-	-	(1,077.31)	
Balance at March 31, 2023	3,795.09	62,498.29	1,05,842.66	-	13,953.76	17,030.92	(55.73)	174.90	15.36	(616.81)	2,02,638.41	
Profit for the year	-	-	-	-	31,635.52	-	-	-	-	-	31,635.52	
Other comprehensive income for the year	-	-	-	-	(92.38)	-	18.59	(175.40)	-	-	(249.19)	
Total comprehensive income for the year (net of tax)	-	-	-	-	31,543.14	-	18.59	(175.40)	-	-	31,386.33	
Additions during the year (cash premium)	-	-	-	-	-	-	-	-	-	-	-	
Additions during the year (non-cash premium)	-	47,191.64	-	-	-	-	-	-	-	-	47,191.64	
Utilized during the year	-	-	-	-	-	-	-	-	-	-	-	
Transfer towards loss of control	-	-	-	-	(616.81)	-	-	-	-	616.81	-	
Transferred to special reserve from retained earnings	6,297.91	-	-	-	(6,297.91)	-	-	-	-	-	-	
Share based payment expense	-	-	2,432.93	-	-	-	-	-	-	-	2,432.93	
Transfer from share based payment reserve (Refer Note No 36)	-	-	-	-	-	-	-	-	-	-	-	
Transfer of business (Refer Note No 43)	-	-	-	-	-	-	-	-	-	-	-	
Balance at March 31, 2024	10,093.00	1,09,689.93	1,08,275.59	-	38,582.18	17,030.92	(37.14)	(0.50)	15.36	-	2,83,649.31	

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

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 issued by InCred Holdings Limited (formerly known as KKR Capital Markets Pvt Ltd) to shareholders of InCred Prime Limited (formerly known as "InCred Financial Services Limited") as a part of purchase consideration in lieu of demerger of identified NBFC business. Refer Note No 43. The reserves also includes share based arrangement where the Holding Company has granted equity settled options to the employees of the Group. Refer Note No 36.
- 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. During the current year, the Holding Company has adopted new ESOP Scheme. Refer Note no 35.
- 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.
- Merger Reserve** - As per Ind AS 103, on account of reverse acquisition, the share capital to be presented will be as per legal share capital of new IFSL. The merger reserve is created on account of difference in the share capital. Refer Note No 43.
- 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.

Notes to the Consolidated Financial Statements
for the year ended March 31, 2024 (Contd.)

22. INTEREST INCOME

(INR in lakh)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
On financial assets measured at amortised cost:		
-Interest on loans	1,16,642.49	80,205.44
-Interest income from investments	1,201.42	419.07
-Interest on deposits with banks	696.67	855.05
On Financial Assets measured at fair value through profit or loss:		
-Interest on loans	-	363.60
On Financial Assets measured at fair value through Other Comprehensive Income:		
-Interest income from investments	805.56	439.71
Total	1,19,346.14	82,282.87

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 2024 and 31 March 2023.

23. FEES AND COMMISSION INCOME

(INR in lakh)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Loan servicing and administration charges	3,308.47	2,088.89
Service fees (Refer Note 33)	-	-
Total	3,308.47	2,088.89
Geographical Markets		
Within India	3,308.47	2,088.89
Outside India	-	-
Total	3,308.47	2,088.89
Timing of revenue recognition		
Services transferred at a point in time	3,308.47	2,088.89
Services transferred over time	-	-
Total	3,308.47	2,088.89

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

24. NET (LOSS)/ GAIN ON FAIR VALUE CHANGES

(INR in lakh)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Net (loss)/ gain on financial instruments at fair value through profit or loss		
- Investments	1,376.96	498.73
- Derivatives	(303.49)	1.32
Total	1,073.47	500.05
Fair value changes:		
- Realised	1,490.60	498.73
- Unrealised	(417.13)	1.32

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

25. OTHER INCOME

(INR in lakh)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Marketing fees	1,963.10	510.00
Business support charges	243.97	273.26
Other income	106.43	504.26
Total	2,313.50	1,287.52

26. FINANCE COSTS

(INR in lakh)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
On financial liabilities measured at amortised cost:		
(i) Interest on borrowings	33,035.84	23,131.97
(ii) Discount on Commercial Paper	933.88	749.41
(iii) Interest on Debentures	9,949.48	10,968.39
(iv) Interest on Inter Corporate Debts ("ICD")	558.85	105.65
(iv) Interest on Pass Through Certificate	394.23	-
(v) Interest on lease liability (Refer Note 37)	241.56	202.32
(vi) Other finance cost (includes bank charges, other treasury cost)	370.58	426.17
Total	45,484.42	35,583.91

27. IMPAIRMENT ON FINANCIAL INSTRUMENTS

(INR in lakh)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
On Financial instruments measured at amortised cost		
- Loans (including amount written off, net of recovery)	(2,458.59)	(1,187.18)
- Investments	-	(8.58)
- Others	511.71	(0.53)
Total	(1,946.88)	(1,196.29)

28. EMPLOYEE BENEFIT EXPENSES

(INR in lakh)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Salaries and wages	22,240.71	14,283.38
Contribution to provident and other funds	548.24	382.34
Share based payment to employees (Refer Note 36)	2,432.70	3,765.87
Staff welfare expenses	745.82	526.50
Retirement Benefit expenses (Refer Note 35)	171.13	207.48
Others	-	2.22
Total	26,138.60	19,167.79

Notes to the Consolidated Financial Statements
for the year ended March 31, 2024 (Contd.)

29. OTHER EXPENSES

(INR in lakh)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Information Technology expenses	2,563.55	1,748.41
Cost of collection	3,479.62	1,559.81
Legal, professional and consultancy charges	1,674.07	1,875.89
Office Expense	1,086.32	642.34
Travelling and conveyance	744.51	453.45
Advertisement, publicity and sales promotion expenses	678.04	407.57
Rating fees	226.79	199.59
Payment to auditors	151.41	140.28
Directors' sitting fees (Refer Note 34)	86.84	40.96
Stamp Duty & Filing fees	77.81	41.43
Bank charges	43.30	36.15
Repairs and maintenance	25.07	20.74
Rent (Refer Note 37)	210.50	166.62
Membership and Subscription	15.51	6.19
Miscellaneous expenses	761.65	1,149.50
Total	11,824.99	8,488.93

Payment to the auditors:

(INR in lakh)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Auditor's remuneration		
- Audit fees	93.18	94.15
- Limited review	32.05	29.71
In other capacity		
- Certification services	18.15	16.42
- Taxation		
Other of pocket expenses	8.03	-
Total	151.41	140.28

Excludes fees of INR 41.52 lakhs (excluding GST) (Previous year INR 47.43 lakhs) incurred during the year 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.

30. TAX EXPENSE

(a) Amounts recognised in profit and loss

(INR in lakh)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Current tax expense		
Current year	717.80	461.22
Current tax expense	717.80	461.22
Deferred tax expense		
Origination and reversal of temporary differences	9,610.81	7,763.71
Current tax expense	9,610.81	7,763.71
Tax expense for the year	10,328.61	8,224.93

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

(b) Amounts recognised in other comprehensive income

(INR in lakh)

Particulars	Year ended March 31, 2024			Year ended March 31, 2023		
	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)	(123.54)	31.16	(92.38)	(62.34)	15.92	(46.42)
Items that will be reclassified to profit or loss						
(a) Debt instruments through other comprehensive income	24.84	(6.25)	18.59	(73.59)	18.85	(54.74)
(b) The effective portion of gains and loss on hedging instruments in a cash flow hedge	(234.40)	59.00	(175.40)	129.99	(32.72)	97.27
Total	(333.10)	83.91	(249.19)	(5.95)	2.05	(3.89)

(d) Reconciliation of effective tax rate

(INR in lakh)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Profit before tax as per Statement of profit and loss	41,964.13	20,317.01
Statutory tax rate	25.17%	25.17%
Tax using the Company's domestic tax rate	10,562.37	5,113.79
Tax effect of:		
Tax effect of amounts which are not deductible in calculating taxable income	(483.89)	3,377.23
Effect of income exempt from income tax	-	-
Tax pertaining to prior year	213.61	-
Other adjustments	(48.54)	(266.09)
Total income tax expense	10,243.55	8,224.93
Effective tax rate	24.41%	40.48%

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:

(INR in lakh)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Profit attributable to equity holders of the Company used in calculating basic earnings per share	31,635.52	12,092.08
Profit attributable to equity holders of the Company used in calculating diluted earnings per share	31,635.52	12,092.08

ii. Weighted average number of ordinary shares

(INR in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	46,79,20,668	46,02,26,538
Add: Adjustments for calculation of diluted earnings per share	-	-
Weighted average number of equity shares and potential equity shares used as the denominator in calculating diluted earnings per share	46,79,20,668	46,02,26,538
Basic earnings per share	6.76	2.63
Diluted earnings per share	6.76	2.63

Notes to the Consolidated Financial Statements
for the year ended March 31, 2024 (Contd.)

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 :

(INR in lakh)

Particulars	As at March 31, 2024				As at March 31, 2023			
	FVTPL	FVOCI	Amortised Cost	Total	FVTPL	FVOCI	Amortised Cost	Total
Financial assets								
Cash and cash equivalents	-	-	8,164.01	8,164.01	-	-	34,227.75	34,227.75
Bank balance other than cash and cash equivalents	-	-	8,323.96	8,323.96	-	-	4,795.43	4,795.43
Derivative financial instruments	878.92	-	-	878.92	1,388.54	-	-	1,388.54
Receivables	-	-	-	-	-	-	-	-
(I) Trade receivables	-	-	-	-	-	-	2.45	2.45
(II) Other receivables	-	-	-	-	-	-	-	-
Loans	-	-	7,25,877.44	7,25,877.44	-	-	5,40,380.02	5,40,380.02
Investments								
- Mutual funds	125.69	-	-	125.69	1,116.13	-	-	1,116.13
- Debt securities	1,035.67	20,150.31	36,860.88	58,046.86	-	4,609.77	1,500.00	6,109.77
- Convertible preference shares	9.67	-	-	9.67	9.66	-	-	9.66
Other financial assets	-	-	10,614.66	10,614.66	-	-	9,578.75	9,578.75
Total financial assets	2,049.95	20,150.31	7,89,840.95	8,12,041.21	2,514.33	4,609.77	5,90,484.40	5,97,608.50
Financial liabilities								
Derivative financial instruments	2,265.96	-	-	2,265.96	727.43	-	-	727.43
Trade Payable	-	-	271.89	271.89	-	-	172.45	172.45
Debt securities	-	-	96,989.55	96,989.55	-	-	1,15,190.08	1,15,190.08
Borrowings (other than debt securities)	-	-	4,04,365.93	4,04,365.93	-	-	2,71,246.87	2,71,246.87
Other financial liabilities	-	-	24,306.31	24,306.31	-	-	20,286.48	20,286.48
Total financial liabilities	2,265.96	-	5,25,933.68	5,28,199.64	727.43	-	4,06,895.88	4,07,623.31

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

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: (INR in lakh)

Particulars	Fair value							
	As at March 31, 2024			As at March 31, 2023				
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Convertible preference shares	-	9.67	-	9.67	-	9.66	-	9.66
Investment in mutual funds	125.69	-	-	125.69	1,116.13	-	-	1,116.13
Derivative financial instruments	-	-	878.92	878.92	-	-	1,388.54	1,388.54
Investment in debt securities	5,381.28	-	15,804.70	21,185.98	-	-	4,609.77	4,609.77
Total	5,506.97	9.67	16,683.62	22,200.26	1,116.13	9.66	5,998.31	7,124.10
Financial liabilities								
Derivative financial instruments	-	-	2,265.96	2,265.96	-	-	727.43	727.43
Total	-	-	2,265.96	2,265.96	-	-	727.43	727.43

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. (INR in lakh)

Particulars	Fair value							
	As at March 31, 2024			As at March 31, 2023				
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Cash and cash equivalents	8,164.01	-	-	8,164.01	34,227.75	-	-	34,227.75
Bank balance other than cash and cash equivalents	8,323.96	-	-	8,323.96	4,795.43	-	-	4,795.43
Receivables	-	-	-	-	-	-	-	-
(i) Trade receivables	-	-	-	-	2.45	-	-	2.45
(ii) Other receivables	-	-	-	-	-	-	-	-
Investments								
-Debt securities	-	-	36,860.88	36,860.88	-	-	1,500.00	1,500.00
Loans	-	-	7,60,868.19	7,60,868.19	-	-	6,01,741.00	6,01,741.00
Other financial assets	10,614.66	-	-	10,614.66	9,578.75	-	-	9,578.75
Total	27,102.63	-	7,97,729.07	8,24,831.70	48,604.38	-	6,03,241.00	6,51,845.38
Financial Liabilities								
Trade Payable	271.89	-	-	271.89	172.45	-	-	172.45
Debt securities	-	-	98,714.07	98,714.07	-	-	1,17,566.27	1,17,566.27
Borrowings (other than debt securities)	-	-	4,04,336.00	4,04,336.00	-	-	2,71,156.72	2,71,156.72
Other financial liabilities	24,306.31	-	-	24,306.31	20,286.48	-	-	20,286.48
Total	24,578.20	-	5,03,050.07	5,27,628.27	20,458.93	-	3,88,722.99	4,09,181.92

Notes to the Consolidated Financial Statements
for the year ended March 31, 2024 (Contd.)

(INR in lakh)

Particulars	As at March 31, 2024		As at March 31, 2023	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets				
Cash and cash equivalents	8,164.01	8,164.01	34,227.75	34,227.75
Bank balance other than cash and cash equivalents	8,323.96	8,323.96	4,795.43	4,795.43
Derivative financial instruments	878.92	878.92	1,388.54	1,388.54
Receivables				
(I) Trade receivables	-	-	2.45	2.45
(II) Other receivables	-	-	-	-
Loans	7,25,877.44	7,60,868.19	5,40,380.02	6,01,741.00
Investments				
- Mutual funds	125.69	125.69	1,116.13	1,116.13
- Debt securities at fair value through profit & loss	1,035.67	1,035.67	-	-
- Debt securities at Other comprehensive income	20,150.31	20,150.31	1,500.00	1,500.00
- Debt securities at amortised cost	36,860.88	36,860.88	4,609.77	4,609.77
Convertible preference shares	9.67	9.67	9.66	9.66
Other financial assets	10,614.66	10,614.66	9,578.75	9,578.75
Total	8,12,041.21	8,47,031.96	5,97,608.50	6,58,969.48
Financial liabilities				
Derivative financial instruments	2,265.96	2,265.96	727.43	727.43
Trade Payables	271.89	271.89	172.45	172.45
Debt securities	96,989.55	98,714.07	1,15,190.08	1,17,566.27
Borrowings (other than debt securities)	4,04,365.93	4,04,336.00	2,71,246.87	2,71,156.72
Other financial liabilities	24,306.31	24,306.31	20,286.48	20,286.48
Total	5,28,199.64	5,29,894.23	4,07,623.31	4,09,909.35

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:

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

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, 2024 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 liquid fund:

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

ii. Investment in debt securities:

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

Gains or losses on transfers amongst categories

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

Inter-level transfers

There are no transfers of financial assets and liabilities measured at fair value between Levels 1 and 2 and Level 2 and 3 during the financial years ended March 31, 2024 and March 31, 2023.

Notes to the Consolidated Financial Statements
for the year ended March 31, 2024 (Contd.)

D. Sensitivity analysis of financial instruments at Level 3

(INR in lakh)

Particulars	Input name	As at March 31, 2024		As at March 31, 2023*	
		Delta effect of		Delta effect of	
		+ 1% change	- 1% change	+ 1% change	- 1% change
Financial Assets:					
Loans	Discount rate	(4,613.00)	4,710.06	(3,639.93)	3,719.65
Investment in debt securities	Gsec / FIMMDA rate	(12.56)	13.29	(10.53)	10.69
Derivative Financial Instruments	Volatility rate	(1.14)	1.14	21.56	(21.91)
Financial Liabilities:					
Debt securities	Discount rate	(292.15)	293.98	(22.16)	19.43
Borrowings (other than debt securities)	Discount rate	(428.83)	434.49	(336.15)	344.16
Derivative Financial Instruments	Volatility rate	7.98	(14.96)	21.87	(25.12)

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, 2024 and March 31, 2023

(INR in lakh)

Particulars	Derivative	Debt
As at March 31, 2022	299.22	2,909.12
Acquisitions/(Disposal)	-	1,782.28
Gains/(Loss) recognised in other comprehensive income	576.41	(73.59)
As at March 31, 2023	875.63	4,617.81
Acquisitions/(Disposal)	-	15,514.37
Gains/(Loss) recognised in other comprehensive income	(849.89)	24.84
As at March 31, 2024	25.74	20,157.02

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. Credit risk arises from loans and

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

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 from 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. For student loans, country risks are also taken into consideration for income assessment.
- Credit history analysis: The borrower's experience in managing debt is considered. Prior delinquencies are considered. A strong repayment track record is typically an indicator of the customer's ability 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 based on multiple factors such as risk profile, product type, credit underwriting policy, sourcing channels 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 more than 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

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

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.

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 real GDP, unemployment rate, growth in wages, real wholesale and retail trade, services 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. While considering the macroeconomic factor Group consider economic span of base case, plus upside and downside scenario.

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)	As per empirical data
	Student Loans					Considered 65% for unsecured portfolio as per regulatory guidelines
	Supply Chain Finance					
	Escrow Backed Unsecured Business Loan					As per empirical data
Secured	Structured 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)	Considered 50% for secured portfolio as per regulatory guidelines
	Two Wheeler Finance					
	Secured School Finance					
	Supply Chain Finance					
	Lending to Other Financial Institutions	In absence of sufficient default data, a management judgement-based PD is used in line with industry benchmarks				
	Loan Against Property					
	Home Loans					

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

As at March 31, 2024

(INR in lakh)

Particulars	Asset group	Gross carrying amount	Expected credit losses	Net carrying amount
Stage 1	Term Loans*	7,16,171.95	5,989.37	7,10,182.58
	Loan commitments	49,641.06	8.85	49,632.21
Stage 2	Term Loans	12,815.87	3,382.05	9,433.82
Stage 3	Term Loans	15,936.35	9,675.31	6,261.04

* Out of the above GCA of INR 7,16,171.95 lakhs from 3,50,445 loan accounts, 3,36,152 loan accounts with GCA of INR 7,02,072.62 lakhs are zero days past due.

As at March 31, 2023

(INR in lakh)

Particulars	Asset group	Gross carrying amount	Expected credit losses	Net carrying amount
Stage 1	Term Loans*	5,17,664.54	2,959.88	5,14,704.66
	Loan commitments	34,555.27	20.16	34,535.11
Stage 2	Term Loans	26,125.43	5,463.35	20,662.08
Stage 3	Term Loans	11,441.58	6,428.30	5,013.27

*Out of the above GCA of 5,17,664.54 from 3,90,019 loan accounts, 3,72,262 loan accounts with GCA of INR 4,95,542.17 lakhs are zero days past

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. Default Loss Guarantee (DLG) in the form of cash collateral, lien on fixed deposits etc.

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

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

ii. Reconciliation of Loan exposure and Loan loss allowance

For Loan exposure

The below table signifies movement of gross carrying amount

(INR in lakh)

Reconciliation of Loan exposure	Stage 1	Stage 2	Stage 3
Loan exposure on March 31, 2022	3,49,541.03	21,971.46	10,811.36
New credit exposures due business Combination	48,520.59	4,400.87	-
Transfer of credit exposure due demerger	(797.77)	(72.00)	(379.33)
Loan exposure on April 01, 2022	3,97,263.85	26,300.33	10,432.03
Change in opening credit exposure	(2,52,032.71)	1,179.26	(4,167.47)
New credit exposures during the year, net of repayment*	3,76,402.96	3,283.46	1,239.05
Transferred to 12-month ECL	5,126.57	(5,103.82)	(22.75)
Transferred to Lifetime ECL not credit impaired	(4,103.52)	4,109.52	(5.99)
Transferred to Lifetime ECL credit impaired	(4,992.61)	(3,643.32)	8,635.92
Write – offs	-	-	(4,669.21)
Loan exposure on March 31, 2023	5,17,664.54	26,125.43	11,441.58
Change in opening credit exposure	(2,96,375.57)	(19,886.86)	(7,509.70)
New credit exposures during the year, net of repayment*	5,10,143.41	3,976.48	4,197.70
Transferred to 12-month ECL	2,316.61	(1,741.49)	(575.11)
Transferred to Lifetime ECL not credit impaired	(5,667.27)	6,123.73	(456.46)
Transferred to Lifetime ECL credit impaired	(11,909.77)	(1,781.42)	13,691.19
Write – offs	-	-	(4,852.85)
Loan exposure on March 31, 2024	7,16,171.95	12,815.87	15,936.35

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

For Loan loss allowance:

(INR in lakh)

Reconciliation of loss allowance	Stage 1	Stage 2	Stage 3
Loss allowance on March 31, 2022	2,461.46	1,229.09	5,406.89
Transfer of credit exposure due demerger	(15.59)	(15.85)	(184.07)
Loss allowance on Apr 01, 2022	2,445.86	1,213.24	5,222.82
Change in opening credit exposure	(1,915.03)	4,348.76	4,915.20
New credit exposures during the year, net of repayment*	2,254.94	438.44	596.51
Transferred to 12-month ECL	294.64	(283.22)	(11.42)
Transferred to Lifetime ECL not credit impaired	(35.68)	38.89	(3.20)
Transferred to Lifetime ECL credit impaired	(84.83)	(292.77)	377.60
Write – offs	-	-	(4,669.21)
Loss allowance on March 31, 2023	2,959.88	5,463.35	6,428.30
Change in opening credit exposure	(2,400.19)	(2,776.78)	6,552.91
New credit exposures during the year, net of repayment*	5,053.81	902.75	1,715.55
Transferred to 12-month ECL	537.71	(253.11)	(284.60)
Transferred to Lifetime ECL not credit impaired	(45.84)	248.73	(202.89)
Transferred to Lifetime ECL credit impaired	(116.00)	(202.89)	318.89
Write – offs	-	-	(4,852.85)
Loss allowance on March 31, 2024	5,989.37	3,382.05	9,675.31

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

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

For investments

(INR in lakh)

Reconciliation of loss allowance	Stage 1
Loss allowance on March 31, 2022	9.28
Changes in loss allowances due to Assets used or released	(1.24)
Loss allowance on March 31, 2023	8.04
Changes in loss allowances due to Assets used or released	(1.33)
Loss allowance on March 31, 2024	6.71

For loan commitments

(INR in lakh)

Reconciliation of loss allowance	Stage 1
Loss allowance on 31 March 2022	9.42
Changes in loss allowances due to Assets used or released	10.74
Loss allowance on 31 March 2023	20.16
Changes in loss allowances due to Assets used or released	(11.31)
Loss allowance on 31 March 2024	8.85

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 Group 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 financial year 2022 and 2021, the Group 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, 2024 and March 31, 2023, the Group holds adequate impairment allowance on the loan portfolio as per requirements of Ind AS 109.
- B. Pursuant to the RBI circular dated February 15, 2022, the Group has implemented necessary system in place w.e.f. October 01, 2022 to align its definition of default for loan assets with the guidelines stipulated in RBI circular dated November 12, 2021 – "Prudential Norms on Income Recognition, Asset classification and Provisioning pertaining to Advances – Clarifications" (the "RBI circular").

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

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:

(INR in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
Expiring within one year	9,873.00	26,137.00
Total	9,873.00	26,137.00

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, 2024

(INR in lakh)

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	2,265.96	(2,265.96)	(891.37)	(1,374.59)	-	-
Trade Payables	14	271.89	(271.89)	(271.89)	-	-	-
Debt securities	15	96,989.55	(1,09,199.43)	(42,913.39)	(66,286.04)	-	-
Borrowings	16	4,04,365.93	(4,49,172.49)	(2,39,107.19)	(1,79,988.54)	(30,076.76)	-
Other financial liabilities	17	24,306.31	(24,306.31)	(12,951.96)	(1,614.25)	(676.03)	(9,064.07)
Commitments	38	49,998.24	(49,998.24)	(17,743.96)	(32,254.28)	-	-
Total		5,78,197.88	(6,35,214.32)	(3,13,879.76)	(2,81,517.70)	(30,752.79)	(9,064.07)

As at March 31, 2023

(INR in lakh)

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	727.43	(727.43)	-	(727.43)	-	-
Trade Payables	14	172.45	(172.45)	(172.45)	-	-	-
Debt securities	15	1,15,190.08	(1,26,757.59)	(62,752.34)	(60,789.16)	(3,216.09)	-
Borrowings	16	2,71,246.87	(3,10,752.75)	(1,32,467.48)	(1,55,086.12)	(23,199.15)	-
Other financial liabilities	17	20,286.48	(20,286.49)	(10,704.89)	(1,232.92)	(942.52)	(7,406.16)
Commitments	38	34,887.47	(34,887.47)	(34,555.27)	(332.20)	-	-
Total		4,42,510.78	(4,93,584.18)	(2,40,652.43)	(2,18,167.83)	(27,357.76)	(7,406.16)

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

The following table details the Groups'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 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, 2024

(INR in lakh)

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	8,164.01	8,164.01	8,164.01	-	-	-
Bank deposits	3	8,323.96	8,579.48	8,579.48	-	-	-
Derivative financial instruments	4	878.92	878.92	878.92	-	-	-
Loans	6	7,25,877.44	14,07,972.83	4,30,495.17	4,04,545.66	1,63,819.30	4,09,112.70
Investments (other than subsidiaries)	7	58,188.93	59,650.82	52,687.88	6,467.16	-	495.78
Other financial assets	8	10,614.66	10,614.65	4,819.83	2,308.07	820.95	2,665.80
Total		8,12,047.92	14,95,860.71	5,05,625.29	4,13,320.89	1,64,640.25	4,12,274.28

As at March 31, 2023

(INR in lakh)

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	34,227.75	34,227.75	34,227.75	-	-	-
Bank deposits	3	4,795.43	4,975.17	4,140.87	834.30	-	-
Derivative financial instruments	4	1,388.54	1,388.54	226.82	1,161.72	-	-
Trade receivables	5	2.45	2.45	2.45	-	-	-
Loans	6	5,40,380.02	8,65,142.58	3,25,041.62	2,34,473.03	87,987.21	2,17,640.73
Investments	7	7,243.60	5,930.56	554.95	5,375.62	-	-
Other financial assets	8	9,578.75	8,735.40	8,453.56	137.78	43.90	100.16
Total		5,97,616.54	9,20,402.45	3,72,648.01	2,41,982.45	88,031.11	2,17,740.89

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

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.

Particulars	(INR in lakh)	
	Nominal amount	
	As at March 31, 2024	As at March 31, 2023
Loans		
Fixed rate loans	4,52,042.47	3,43,369.47
Variable rate loans	2,84,567.94	2,15,879.21
Bank balance other than cash and cash equivalents	8,323.96	4,795.43
Fixed rate investments in debt securities at amortised cost	36,860.88	1,500.00
Fixed rate investments in debt securities at other comprehensive income	20,157.02	4,617.81
Total	8,01,952.27	5,70,161.92
Debt and Borrowings		
Fixed rate Debt and Borrowings	(1,87,368.20)	(1,34,450.54)
Variable rate Debt and Borrowings	(3,10,269.92)	(2,44,713.90)
Total	(4,97,638.12)	(3,79,164.44)

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, 2024 and March 31, 2023 would increase/ (decrease) by the following amounts:

Particulars	(INR in lakh)			
	Profit or (loss) before tax		Equity (before tax)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
March 31, 2024				
Variable-rate instruments	(257.02)	257.02	(257.02)	257.02
Cash flow sensitivity (net)	(257.02)	257.02	(257.02)	257.02
March 31, 2023				
Variable-rate instruments	(288.35)	288.35	(288.35)	288.35
Cash flow sensitivity (net)	(288.35)	288.35	(288.35)	288.35

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

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 investment in debt securities classified in the balance sheet at fair value through profit & loss and at fair value through Other Comprehensive Income respectively. If the market price of the investments had been higher/lower by 1% from market price existing as at March 31, 2024, profit or loss(pre-tax) for the year ended March 31, 2024 would increase/decrease by INR 106.36 lakhs (Previous Year: INR 0.74 lakhs) with a corresponding increase/decrease in the Total Equity of the Group as at March 31, 2024.

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.

34. RELATED PARTY DISCLOSURES

A. Names of related parties and nature of relationship:

Key managerial personnel ("KMP")

Name of the KMP	Designation	Nature of change (resignation, appointment)	Effective date
Mr. Bhupinder Singh	Whole-Time Director & CEO	Appointment	26.07.2022
Mr. Vivek Bansal	Whole-Time Director & CFO	Appointment	26.07.2022
Mr. Gaurav Trehan	Non-Executive Director	Resignation	13.09.2023
Mr. Vivek Anand PS	Non-Executive Director	Appointment	26.07.2022
Ms. Rupa Vora	Independent Director	Appointment	26.07.2022
Mr. Karnam Sekar	Independent Director	Appointment	26.07.2022
Dr. Sankaran Nair Rajagopal	Independent Director	Appointment	30.03.2023
Ms. Sunita Gupta	Independent Director	Appointment	30.03.2023
Ms. Ambika Bisla	Independent Director	Appointment	30.03.2023
Mr. Rohan Suri	Non-Executive Director	Appointment	30.03.2023
Mr. Anil Nagu	Non-Executive Director	Appointment	14.09.2023
Mr. Gajendra Thakur	Company Secretary	Appointment	27.07.2022

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

Enterprises where key management personnel exercises control

1. InCred Capital Financial Services Private Limited
2. InCred Asset Management Private Limited
3. InCred Wealth and Investment Private Limited
4. InCred Wealth Private Limited
5. InCred Capital Wealth Portfolio Managers Private Limited
6. InCred Research Services Private Limited
7. InCred Alternative Investments Private Limited
8. Oro Financial Consultants Private Limited
9. InCred Value Plus Private Limited (incorporated on November 8, 2023)
10. Alpha Fintech Private Limited
11. B Singh Tech Services Private Limited (incorporated on December 12, 2023)
12. Booth Fintech Private Limited* (w.e.f. July 11, 2023) ("Booth")
13. mValu Technology Services Private Limited* (w.e.f. July 11, 2023) ("mValu")

Fellow subsidiaries:

1. InCred Prime Finance Limited (Formerly known as InCred Financial Services Limited)

A. Names of related parties and nature of relationship

Holding Company	Country of Incorporation	Proportion of ownership interest (% holding)	
		As at March 31, 2024	As at March 31, 2023
InCred Holdings Limited (formerly known as KKR Capital Markets Pvt Ltd)	India	100.00%	100.00%

Refer Note No 43 for change in shareholding due to business combination

Transactions with key management personnel

i. Key management personnel compensation

Particulars	(INR in lakh)	
	Year ended March 31, 2024	Year ended March 31, 2023
Employee benefit expenses	1,663.20	990.97
Directors' sitting fees	86.84	40.96

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

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

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

Nature of transactions	Holding Company		KMP/ KMP exercising influence/ close member of KMP		Enterprises owned or controlled by KMP		Fellow Subsidiary	
	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2024	For the year ended March 31, 2023
	(INR in lakh)							
Balance Sheet transactions								
Investment in equity shares from Holding Company	50,000.00	-	-	-	-	-	-	-
Inter Corporate Deposits ("ICD") taken	3,100.00	-	-	-	4,000.00	3,500.00	-	-
Repayment of ICD taken (including interest)	3,142.71	-	-	-	4,001.07	3,503.72	-	-
ICD given	-	1,500.00	-	-	17,915.00	-	-	-
Repayment of ICD given (including interest)	1,505.47	-	-	-	219.41	-	-	-
Proceeds from sale of Fixed Assets	-	-	-	-	-	1.95	-	-
Issue of Debentures	-	-	-	-	6,650.00	6,899.36	-	-
Subscription to Debentures	-	-	-	-	1,150.00	-	-	-
Proceeds from sale of subsidiary	-	-	-	-	1,735.01	-	-	-
Purchase of investments	-	-	-	-	4,375.23	-	-	-
Proceeds from sale of investments	-	-	-	-	7,955.17	-	-	-
Transfer out / (in) of gratuity liability	3.18	-	-0.11	-	2.61	-	15.97	-
Income transactions								
Interest on ICD	5.47	82.62	-	-	204.41	-	-	-
Income on account of reimbursement	5.24	1.96	-	-	138.68	70.36	-	-
Expense transactions								
Interest on ICD	42.71	-	-	-	1.07	3.72	-	-
Expense on account of reimbursement	-	-	-	-	4.53	-	-	-
Fee and commission	131.78	-	-	-	108.89	158.18	-	-

Note: During the current year the Holding Company has issued employee stock options to its own and subsidiary employees (Refer Note 36 for further details).

Notes to the Consolidated Financial Statements
for the year ended March 31, 2024 (Contd.)

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

Sr. No.	Balance outstanding	Holding Company		KMP/ KMP exercising influence/ close member of KMP		Enterprises owned or controlled by Key Managerial Personnel		Fellow Subsidiary	
		For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2024	For the year ended March 31, 2023
1	Advances/Receivables	55.64	644.23	0.11	-	20.76	28.72	-	1,143.68
2	Investments (at cost)	-	-	-	-	-	-	-	-
3	Investments in debentures	-	-	-	-	1,150.00	-	-	-
4	Other Payables	1.60	-	-	-	-	-	1.08	-
5	Outstanding debenture payable	-	-	-	-	1,622.51	-	-	-
6	ICD Receivable	-	1,500.00	-	-	17,900.00	-	-	-

Note:

For terms and conditions of ICD payable to related parties, refer Note No 16

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

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

35. EMPLOYEE BENEFITS

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

Particulars	(INR in lakh)	
	Year ended March 31, 2024	Year ended March 31, 2023
Provident fund	548.24	382.34

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 as per Payment of Gratuity Act, 1972.

Table showing change in the present value of projected benefit obligation

Particulars	(INR in lakh)	
	As at March 31, 2024	As at March 31, 2023
Change in benefit obligations		
Present value of benefit obligation at the beginning of the year	547.96	315.04
Interest cost	39.45	16.24
Acquisition of subsidiary (Refer Note 43)	-	0.56
Current Service cost	125.77	90.57
Liability Transferred In/ Acquisitions	6.32	
Liability Transferred Out/ Divestments	(27.98)	
Past Service cost - incurred during the period	-	122.22
Benefit Paid Directly by the Employer	(11.26)	(58.25)
Actuarial (Gains) / Loss on Obligations - Due to Change in Demographic Assumptions	26.89	-
Actuarial (Gains) / Loss on Obligations - Due to Change in Financial Assumptions	28.33	(24.55)
Actuarial (Gains) / Loss on Obligations - Due to Experience	68.33	86.14
Liability at the end of the year	803.80	547.96

Amount recognized in the Balance Sheet

Particulars	(INR in lakh)	
	As at March 31, 2024	As at March 31, 2023
Present value of benefit obligation at the end of the year	(803.80)	(547.96)
Fair value of plan assets at the end of the year		
Funded Status (Deficit)	(803.80)	(547.96)
Net (Liability)/Asset Recognized in the Balance Sheet	(803.80)	(547.96)

Expenses recognized in the Statement of Profit and Loss

Particulars	(INR in lakh)	
	Year ended March 31, 2024	Year ended March 31, 2023
Current service cost*	125.77	90.57
Interest cost	39.45	16.24
Past Service cost - incurred during the period	-	122.22
Expenses recognised	165.22	229.03

*Above does not include the movement of opening gratuity liability on account of business combination

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

Expenses recognized in the Other comprehensive income (OCI)

Particulars	(INR in lakh)	
	Year ended March 31, 2024	Year ended March 31, 2023
Actuarial (Gains) on obligation for the year	123.54	61.59
Net (Income) for the year recognized in OCI	123.54	61.59

The actuarial assumptions used to determine benefit obligations as at March 31, 2024 and March 31, 2023 are as follows:

Particulars	(INR in lakh)	
	Year ended March 31, 2024	Year ended March 31, 2023
Discount Rate	7.14%	7.20%
Salary escalation rate	9.00%	8.00%
Expected Rate of return on Plan Assets	N.A	N.A
Rate of Employee Turnover	30.00%	35%
Retirement Age	60 years	60 years
Mortality Rate during employment	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2012-14)

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

Balance sheet reconciliation

Particulars	(INR in lakh)	
	As at March 31, 2024	As at March 31, 2023
Opening net liability	547.41	315.04
Expenses recognized in Statement of Profit and Loss	165.22	229.03
Expenses recognized in OCI	123.54	61.59
Net Liability/(Asset) Transfer In	6.87	-
Net (Liability)/Asset Transfer Out	(27.98)	-
Benefit Paid Directly by the Employer	(11.26)	(58.25)
Net liability recognized in the Balance Sheet	803.80	547.41

Maturity analysis of the benefit payments: from the employer

Particulars	(INR in lakh)	
	As at March 31, 2024	As at March 31, 2023
Projected benefits payable in future years from the date of reporting		
1st following year	186.49	159.92
2nd following year	157.06	123.44
3rd following year	134.99	95.71
4th following year	118.17	75.54
5th following year	98.84	59.06
Sum of years 6 to 10	236.90	115.45
Sum of years 11 and above	68.47	20.14

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

Sensitivity analysis

(INR in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
Projected benefit obligation on current assumptions	803.80	547.41
Delta effect of +1% change in rate of discounting	(20.69)	(11.00)
Delta effect of -1% change in rate of discounting	22.07	11.62
Delta effect of +1% change in rate of salary increase	28.42	16.20
Delta effect of -1% change in rate of salary increase	(27.13)	(15.60)
Delta effect of +1% change in rate of employee turnover	(6.83)	(3.28)
Delta effect of -1% change in rate of employee turnover	7.08	3.38

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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

36. SHARE-BASED PAYMENT ARRANGEMENTS

A. DESCRIPTION OF SHARE-BASED PAYMENT ARRANGEMENTS

i. Share option plans (equity-settled)

The Board of Directors of InCred Holdings Limited (formerly, KKR Capital Markets Limited) (the “Holding Company”) on August 26, 2022 adopted Employees Stock Incentive Plan under which share options shall be granted to eligible employees of the Holding Company and the Company from time to time (“New ESOP Scheme”). Such Scheme also covered employees of the Company which were transferred pursuant to the Scheme of Arrangement referred to in Note 42 holding Employee Stock Options under the ESOP Scheme of erstwhile IFSL (“Erstwhile ESOP Scheme”). The options granted to employees under the Erstwhile ESOP scheme continue to have similar terms and conditions in respect of vesting/ exercise etc. under the New ESOP Scheme. As assessed by the Company, grant of options under the New ESOP Scheme to employees of erstwhile IFSL does not form part of consideration discharged as the Company is assessed to be accounting acquiree as per Ind AS 103.

Consequently, the charge towards share-based payment in terms of Ind AS 102 has been recorded on a basis that such New ESOP Scheme is only a continuation of Erstwhile ESOP Scheme. The liability towards the employee ESOP cost in the books of the Group is compensated by way of capital contribution by Holding Company in the Group. Further, the balance outstanding in Employees Stock Option Reserve as at March 31, 2023 pertaining to erstwhile ESOP Scheme has been transferred to ‘Capital contribution from parent’ pursuant to such change.

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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

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, 2024	For the year ended March 31, 2023
Fair value as on grant date (weighted average)	26.68 to 99.78	35.03 to 44.82
Share prices during the year , on grant dates	67.02 to 134.98	65.00 to 67.02
Exercise price	40 to 60	40.00
Expected volatility (weighted average volatility)	40%	40%
Rate of Employee Turnover	20%	20%
Expected life (expected weighted average life)	4.61 years	11.02 years
Risk-free interest rate (based on government bonds)	7.22% to 7.55%	6.89% to 7.59%
Method used to determine expected volatility	The expected volatility is based on price volatility of listed companies in same industry.	

B. Reconciliation of outstanding share options

SET OUT BELOW IS A SUMMARY OF OPTIONS GRANTED UNDER THE PLAN:

Particulars	Average exercise price per option	Number of options	
		As at March 31, 2024	As at March 31, 2023
Opening balance	37.32	3,19,57,654	3,42,48,588
Add: Options granted during the year	56.05	60,92,850	27,47,500
Less: Options exercised during the year	37.00	(95,45,137)	(37,31,310)
Less: Options lapsed during the year	42.45	(4,04,938)	(13,07,124)
Options outstanding as at the year end	41.80	2,81,00,429	3,19,57,654
Option exercisable of the above		1,27,54,746	1,33,54,082

Weighted average remaining contractual life of options outstanding at end of the year: 3.52 years

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

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):

Particulars	(INR in lakh)	
	As at March 31, 2024	As at March 31, 2023
Balance at the beginning of the year	2,182.21	1,850.83
Addition during the year	294.01	863.49
Disposals during the year	-	(80.95)
Depreciation for the year	(632.44)	(451.17)
Balance as at the end of the year	1,843.78	2,182.21

ii. The following is the movement in lease liabilities:

Particulars	(INR in lakh)	
	As at March 31, 2024	As at March 31, 2023
Balance at the beginning of the year	2,522.02	2,141.57
Addition during the year	294.02	782.53
Finance cost accrued during the year	241.56	202.32
Payment of Lease liabilities made during the year	(837.26)	(604.40)
Balance as at the end of the year	2,220.34	2,522.02

iii. The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

Particulars	(INR in lakh)	
	As at March 31, 2024	As at March 31, 2023
Less than one year	623.84	553.85
Between one and five years	1,596.50	1,950.12
More than five years	-	18.05
Total	2,220.34	2,522.02

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

iv. Expenses recognised in the statement of Profit and Loss

(INR in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
Depreciation expense on right-of-use assets (Refer Note 10)	632.44	451.17
Interest expense on lease liabilities (Refer Note 26)	241.56	202.32
Expense relating to short-term leases (Refer Note 29)	210.50	166.62
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

(INR in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
Commitments		
Undrawn committed credit lines*	49,641.06	34,555.27
Obligation on investments in partly paid up preference shares	357.18	332.20
Total	49,998.24	34,887.47

*Does not include undrawn commitments which are unconditionally cancellable by the Company or improbable for future drawdowns. Such lines are not considered for impairment allowance testing.

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

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

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:

(INR in lakh)

Particulars	As at March 31, 2024			As at March 31, 2023		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	8,164.01	-	8,164.01	34,227.75	-	34,227.75
Bank Balance other than cash and cash equivalents	8,323.96	-	8,323.96	4,019.85	775.58	4,795.43
Derivatives financial instruments	878.92	-	878.92	893.28	495.26	1,388.54
Receivables	-	-	-	-	-	-
(I) Trade receivables	-	-	-	2.45	-	2.45
(II) Other receivables	-	-	-	-	-	-
Loans	2,58,192.84	4,67,684.60	7,25,877.44	2,35,756.95	3,04,623.07	5,40,380.02
Investments	50,733.65	7,448.57	58,182.22	3,671.63	3,563.92	7,235.56
Other Financial assets	4,823.93	5,790.73	10,614.66	7,502.78	2,075.98	9,578.76
Sub total	3,31,117.31	4,80,923.90	8,12,041.21	2,86,074.69	3,11,533.82	5,97,608.50
Non-financial assets						
Current Tax assets (Net)	10.33	2,231.93	2,242.26	-	1,417.91	1,417.91
Deferred Tax assets (Net)	-	37,613.41	37,613.41	-	47,140.31	47,140.31
Property, plant and equipment	69.90	4,960.71	5,030.61	-	4,357.86	4,357.86
Capital work-in-progress	-	336.65	336.65	-	161.79	161.79
Goodwill	-	6,645.58	6,645.58	-	6,778.74	6,778.74
Other intangible assets	-	393.40	393.40	-	666.43	666.43
Other non-financial assets	3,525.77	8.38	3,534.15	2,684.33	23.10	2,707.43
Sub total	3,606.00	52,190.06	55,796.06	2,684.33	60,546.14	63,230.47
Total assets	3,34,723.31	5,33,113.96	8,67,837.27	2,88,759.01	3,72,079.96	6,60,838.97
LIABILITIES						
Financial liabilities						
Derivatives financial instruments	891.37	1,374.59	2,265.96	-	727.43	727.43
Trade payables	271.89	-	271.89	172.45	-	172.45
Debt securities	41,821.90	55,167.65	96,989.55	55,950.22	59,239.86	1,15,190.08
Borrowings (Other than Debt Securities)	1,86,620.22	2,17,745.71	4,04,365.93	1,11,579.60	1,59,667.27	2,71,246.87
Other Financial liabilities	12,956.30	11,350.01	24,306.31	10,706.22	9,580.26	20,286.48
Sub total	2,42,561.68	2,85,637.96	5,28,199.64	1,78,408.50	2,29,214.82	4,07,623.31
Non-Financial liabilities						
Provisions	4,944.60	623.04	5,567.64	2,357.58	407.44	2,765.02
Deferred tax liabilities (Net)	-	-	-	-	-	-
Other non-financial liabilities	1,589.68	-	1,589.68	1,789.58	-	1,789.58
Sub total	6,534.28	623.04	7,157.32	4,147.16	407.44	4,554.60
Total liabilities	2,49,095.96	2,86,261.00	5,35,356.96	1,82,555.66	2,29,622.26	4,12,177.91

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

40. FOREIGN CURRENCY TRANSACTIONS

(INR in lakh)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Expenditure in foreign currency		
Legal, professional and consultancy charges	827.66	964.81
Information Technology expenses	42.68	66.42
Advance to vendor	24.80	
Membership and subscription	-	0.42
Travelling and conveyance	-	1.10
Miscellaneous expenses	14.07	19.55
Interest on External Commercial Borrowings	610.72	418.26
Purchase of Software	81.74	83.32
Total	1,601.67	1,553.88

41. CORPORATE SOCIAL RESPONSIBILITY

The Ministry of Corporate Affairs notified section 135 of the Companies Act 2013 along with the Companies (Corporate Social Responsibility Policy) Rules, 2014. As per the provisions related to Corporate Social Responsibility, the Group does not have any CSR spend obligation for the current and previous year.

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 March 31, 2024, 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 March 31, 2024.

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

43. BUSINESS COMBINATION

A. COMPOSITE SCHEME OF ARRANGEMENT

SHARE OPTION PLANS (EQUITY-SETTLED)

The Board of Directors of the Company at their meeting held on September 3, 2021, had approved the Composite Scheme of Arrangement (the 'Scheme') with KKR Capital Markets India Private Limited, Bee Finance Limited, InCred Prime Finance Limited (formerly known as "InCred Financial Services Limited and the Company) and the same was filed with various regulatory authorities and National Company Law Tribunal.

The NCLT passed the final order dated May 6, 2022. The Scheme was made effective by the Board of Directors of the Company, InCred Prime Finance Limited and KKR Capital Markets Limited at their meetings held on July 26, 2022 and the relevant filing were done with the Registrar of Companies, Mumbai on July 26, 2022.

The Appointed date of the Scheme is April 1, 2022, and accordingly the books of account and financial statements effecting the Scheme have been prepared with effect from April 1, 2022.

Under the Scheme, the identified NBFC business of InCred Prime Finance Limited (formerly, InCred Financial Services Limited) ('erstwhile IFSL') shall be demerged with InCred Financial Services Limited (formerly, KKR India Financial Services Limited) ('new IFSL'). As per the terms of the Scheme, the Board of Directors of erstwhile InCred Financial Services Limited have been appointed as the directors of the new IFSL constituting majority. Further, with the discharge of purchase consideration for demerger, the shareholders of erstwhile IFSL will hold majority shareholding of the new IFSL.

Accordingly, the business combination has been treated as reverse acquisition for financial reporting purpose as per Ind AS 103 and erstwhile IFSL has been identified as the accounting acquirer and new IFSL being the accounting acquiree.

As per Ind AS 103, these financial statements issued under the name of new IFSL represent the continuation of the financial statements of erstwhile IFSL (including comparatives) except for share capital which is currently presented as per legal share capital of new IFSL. Accordingly the assets, liabilities and reserves of erstwhile IFSL have been continued at their pre-business combination carrying values and measured the fair value of identified assets and liabilities of new IFSL acquired as per requirements of Ind AS 103. The earnings per share figure presented in respect of comparative previous year is of erstwhile IFSL and is accordingly not comparable with the current year figure.

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

The accounting impact of the aforesaid Scheme in the books of new IFSL has been summarily presented as follows:

Particulars	INR in lakh	INR in lakh
(A) Deemed Purchase consideration (Equity instruments to be issued on reverse merger as per Ind AS 103)		1,22,373.35
(B) Assets and liabilities (Net Assets) recorded at fair value pursuant to reverse merger		
(i) Assets taken over at fair value:		
Cash and cash equivalents	36,802.10	
Loans	52,921.51	
Other financial assets	105.87	
Current Tax Assets	3,622.84	
Deferred tax assets	53,648.13	
Other non-financial assets	650.89	
(ii) Liabilities taken over at fair value:		
Trade Payables	1,675.99	
Borrowings (Other than Debt Securities)	43,379.48	
Other financial liabilities	760.66	
Current tax liabilities (Net)	6.46	
Provisions	68.15	
Other non-financial liabilities	242.00	
Net Assets Recognised Pursuant to the Scheme (i-ii)		1,01,618.60
Goodwill (A-B)		20,754.75

As per the terms of the Scheme, the shareholders of erstwhile IFSL have received compulsorily convertible preference shares ("CCPS") of M/s. InCred Holdings Limited (formerly known as "KKR Capital Markets Limited"), being the Holding Company, as a consideration for demerger of identified NBFC business. These CCPS have been converted into equity shares on November 2, 2022 as per the terms of the Scheme. The same is shown as capital contribution from parent.

As per Ind AS 103, the difference between legal capital of erstwhile IFSL (including purchase consideration determined above as per Ind AS 103) and new IFSL along with capital contribution from parent has been recorded as 'Merger Reserve'.

Further as per the Scheme, the remaining NBFC business (i.e after excluding identified NBFC business demerged under the Scheme) shall continue to be carried out by erstwhile IFSL. Accordingly, the net assets of INR 1,077.31 lakhs pertaining to the remaining NBFC business will continue to remain in the erstwhile IFSL.

Particulars	INR in lakh	INR in lakh
(i) Assets		
Loans	1,033.58	
Other assets	2,213.71	
(ii) Liabilities		
Borrowings (Other than Debt Securities)	1,000.00	
Other liabilities	1,169.98	
Net Assets transferred (i-ii)		1,077.31

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

43. BUSINESS COMBINATION (CONTINUED)

B. ACQUISITION OF SUBSIDIARY

On May 18, 2022, the Holding Company acquired incremental stake in its associate mValu Technology Services Private Ltd. (mValu) for INR 1,819.80 lakhs from existing shareholders, thus acquiring control by holding 75.82% interest in mValu post such acquisition.

The Group recognises non-controlling interests in an acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. For the non-controlling interests in mValu, the Group has elected to recognise the non-controlling interests at fair value.

The acquired business contributed revenues of INR 25.74 lakhs and net profit of INR 310.86 lakhs to the Group for the period from 18 May 2022 to 30 September 2022. If the acquisition had occurred on 1 April 2022, consolidated pro-forma revenue and profit for the period ended September 30, 2022 would have been INR 29.75 lakhs and INR 332.25 lakhs respectively. These amounts have been calculated using the subsidiary's results and adjusting them for differences in the accounting policies between the group and the subsidiary.

Particulars	INR in lakh	INR in lakh
(A) Purchase consideration		4,852.40
Proceeds paid for incremental stake	1,819.80	
Fair value of existing interest in mValu	3,032.60	
(Net of charge of Rs 1,233.94 lakhs on remeasurement as per Ind AS)		
(B) Assets and Liabilities as at May 18, 2022		
(i) Assets:		
Property, plant and equipment	2.30	
Trade receivables	1.43	
Cash and cash equivalents	186.27	
Other bank balances	1,112.58	
Investments	261.90	
Other financial assets	204.80	
Other non-financial assets	280.59	
(ii) Liabilities:		
Provisions	1.83	
Trade payable	24.50	
Other financial liabilities	2.37	
Other non-financial liabilities	0.31	
Net Assets Recognised Pursuant to the Scheme (i-ii)		2,020.86
Goodwill (A-B)		2,831.54

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

44. GOODWILL

The carrying amount of goodwill acquired in business combination as follows:

Particulars	(INR in lakh)	
	As at March 31 2024	As at March 31 2023
Balance at the beginning of the year	6,778.74	652.65
Goodwill arising on account of business combination	-	20,754.75
Impaired during the year	(133.16)	(14,628.66)
Balance at the end of Period	6,645.58	6,778.74

Above Goodwill represents the residual consideration attributable to unidentified intangible assets acquired by the acquirer as result of business combination. The Group has performed its impairment tests and it is concluded that the fair value less costs of disposal exceeds the value in use. As a result of this analysis, management has recognised impairment charge of Rs 133.16 lakhs for the year ended March 31, 2024 (PY: INR 14,628.66 lakhs) against the goodwill.

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

45. 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.

(INR in lakh)		
Particulars	As at March 31, 2024	As at March 31, 2023
Common Equity Tier 1 (CET1) capital	2,62,163.33	1,90,992.91
Other Tier 2 capital	5,359.01	2,959.88
Total capital	2,67,522.34	1,93,952.79

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.

46. During the current year, the Parent Company has reported frauds to RBI aggregating to INR 37.35 lakhs (previous year: INR 27.10) based on management reporting to risk committee and to the RBI through prescribed returns FMR-1.

47. FEES/ REMUNERATION RECEIVED FROM BANCASSURANCE

The Group has earned INR 165.12 lakhs from bancassurance business (Income from selling life insurance policies) during year ended March 31, 2024 (previous year: INR Nil).

48. RATIO ANALYSIS AND ITS ELEMENTS

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

Ratio	As at March 31, 2024	As at March 31, 2023	% change
CRAR (%)	30.44%	33.40%	-8.88%
CRAR - Tier I Capital (%)	29.83%	32.89%	-9.32%
CRAR - Tier II Capital (%)	0.61%	0.51%	19.60%
Liquidity Coverage Ratio	96.07%	609.24%	-84.23%

CRAR : (Tier I Capital + 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

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

49. OTHER STATUTORY INFORMATION

During the current year and previous year:

- (i) The Group does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.
- (ii) The Group does not have any transactions with companies struck off.
- (iii) The Group does 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.
- (vi) Funding Transactions:
 - (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
- (vi) (a) On May 18, 2022, the Board of Directors of the InCred Financial Services Limited ("IFSL"), the Holding Company, had approved investment in equity for an aggregate amount of upto INR 1,819.99 lakhs in the Booth Fintech Pvt Ltd (CIN: U67190MH2015PTC355907) having registered office at Unit No. 1203, 12th Floor, B- Wing, The Capital, Bandra Kurla Complex, Mumbai City, Mumbai, Maharashtra, India, 400051. Subsequently, the Company purchased 45,000 equity shares of mValu Technology Services Private Limited (its Associate Company) (CIN: U66220MH2018PTC313289) having registered office Unit No. 1203, 12th Floor, B- Wing, The Capital, Bandra Kurla Complex, Mumbai City, Mumbai, Maharashtra, India, 400051 having registered office at from external parties on May 18, 2022 at a price of INR 4,044 per share aggregating to INR 1,819.99 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 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
- (vii) The Group does not have 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.
- (viii) 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 42.
- (ix) 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.
- (x) The Group has not been declared as wilful defaulter by any bank or financial institution or any other lender.
- (xi) The Group has not revalued any property plant and equipment and intangible assets.

Notes to the Consolidated Financial Statements
for the year ended March 31, 2024 (Contd.)

50. ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS

Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013 for year ended March 31, 2024:

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	3,34,400.76	100.58%	31,812.24	100.56%	(249.44)	100.10%	31,562.80	100.57%
Subsidiaries								
Incred Management and Technology Services Private Limited	(1,920.23)	-0.58%	(218.76)	-0.69%	0.25	-0.10%	(218.51)	-0.70%
Booth Fintech Private Limited*	-	0.00%	(1.96)	-0.01%	-	0.00%	(1.96)	-0.01%
InCred.AI Limited	(0.21)	0.00%	(1.23)	0.00%	-	0.00%	(1.23)	0.00%
mValu Technologies Services Private Limited*	-	0.00%	45.23	0.14%		0.00%	45.23	0.14%
Total	3,32,480.32	100.00%	31,635.52	100.00%	(249.19)	100.00%	31,386.33	100.00%

*w.e.f. July 11, 2023, Booth and mValu cease to be a subsidiary of IFSL subsequent to transfer of entire stake of Booth to InCred Capital Financial Services Private Limited

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

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, 2023:

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	2,49,233.39	100.23%	12,789.06	105.75%	(6.83)	175.50%	12,782.22	105.74%
Subsidiaries								
Incred Management and Technology Services Private Limited	(1,701.72)	-0.68%	(375.68)	-3.11%	0.91	-23.39%	(374.77)	-3.10%
Booth Fintech Private Limited	(609.44)	-0.25%	(12.14)	-0.10%	-	0.00%	(12.14)	-0.10%
InCred.AI Limited	0.80	0.00%	(1.08)	-0.01%	-	0.00%	(1.08)	-0.01%
mValu Technologies Services Private Limited	1,738.03	0.70%	(308.08)	-2.55%	2.03	-52.11%	(306.05)	-2.53%
Total	2,48,661.06	100.00%	12,092.08	100.00%	(3.89)	100.00%	12,088.19	100.00%

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

51. AGEING SCHEDULE

(INR in lakh)

Particulars	Current 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, 2024							
(A) Trade receivables							
Unsecured, considered good	-	-	-	-	-	-	-
Unsecured, considered doubtful	-	-	-	-	-	-	-
(B) Other receivables							
Unsecured, considered good	-	-	-	-	-	-	-
Unsecured, considered doubtful	-	-	-	-	-	-	-
As at March 31, 2023							
(A) Trade receivables							
Unsecured, considered good	-	2.46	-	-	-	-	2.46
Unsecured, considered doubtful	-	-	-	-	-	-	-
(B) Trade receivables							
Unsecured, considered good	-	-	-	-	-	-	-
Unsecured, considered doubtful	-	-	-	-	-	-	-

52. BACKUP OF BOOKS OF ACCOUNTS AND AUDIT TRAIL

- a. As per the MCA notification dated August 05, 2022 Government has notified the Companies (Accounts) Fourth Amendment Rules, 2022. As per the amended rules back-up of the books of account/other books & papers maintained in electronic mode, including at a place outside India, shall be kept in servers physically located in India on a daily basis. The Group's servers are physically located in India and back up is done on a daily basis. Thus the Group is compliant with the requirements of the above notification.
- b. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 states that for the financial year commencing on or after the 1st day of April 2023, every Company which uses accounting software for maintaining its books of account, shall use only such accounting software which has a feature of recording audit trail of each and every transaction, creating an edit log of each change made in the books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled.

The Parent Company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. The Parent Company has enabled audit trails for direct changes to data for most of the year, enabled since April 26, 2023.

There is no instance of audit trail feature being tampered with in respect of other accounting software as per the statutory requirements for record retention purposes.

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

53. PREVIOUS YEAR'S FIGURES HAVE BEEN REGROUPED/RECLASSIFIED, WHEREVER NECESSARY, TO CORRESPOND WITH THE CURRENT YEAR'S CLASSIFICATION/DISCLOSURE.

As per our report of even date

For **S. R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration No.: 101049W/E300004

For and on behalf of the Board of Directors of

InCred Financial Services Limited

CIN: U67190MH1995PLC360817

per Sarvesh Warty

Partner

Membership No: 121411

Bhupinder Singh

Whole-Time Director and CEO

DIN: 07342318

Vivek Bansal

Whole-Time Director and CFO

DIN: 07835456

Place: Mumbai

Date: May 7, 2024

Gajendra Thakur

Company Secretary

Membership No: A19285

Place: Mumbai

Date: May 7, 2024



InCred! *finance*

InCred Financial Services Limited

(Formerly known as KKR India Financial Services Limited)

Unit No. 1203, 12th floor, B Wing, The Capital,
Plot No. C - 70, G Block, Bandra - Kurla Complex,
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