

## Directors' Report

Dear Members,

Your directors are delighted to present to you the **Thirty-First Annual Report** of InCred Prime Finance Limited (Formerly 'InCred Financial Services Limited') ("the Company") together with the Audited Statement of Accounts for the financial year("FY") ended on March 31, 2023.

### 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') ("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 Scheme was approved by the National Company Law Tribunal vide its order dated May 6, 2022, certified true copy of which was received by the Company on June 6, 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, pursuant to the said Scheme becoming effective, the NCDs of the erstwhile IFSL, have transferred to and vested in IFSL, and the obligations towards payment of interest or repayment of the principal amounts will vest in the IFSL.

Further as per the Scheme, the remaining NBFC business as provided in the Scheme shall continue to be carried out by IPFL. Pursuant to the Scheme, the name of the Company has changed to InCred Prime Finance Limited.

## FINANCIAL HIGHLIGHTS

The summary of the Company's financial performance for FY 2022-23 as compared to the previous FY 2021-22 is given below:

PARTICULARS	(₹. In Lakhs)	
	2022-23	2021-22
Income from Operations	77.46	48,791.66
Other Income	134.04	3,330.04
<b>Total Income</b>	<b>211.50</b>	<b>52,121.70</b>
Expenses	194.36	46,233.52
Depreciation & Amortization	0.50	1,070.98
Total Expenses	194.86	47,304.50
<b>Profit before exceptional items and tax</b>	<b>16.64</b>	<b>4,817.20</b>
Exceptional Items	-	-
<b>Profit after exceptional items and before tax</b>	<b>16.64</b>	<b>4,817.20</b>
Tax Expense	15.13	1,205.43
<b>Profit After Tax</b>	<b>1.51</b>	<b>3,611.77</b>
<b>Transfer to Special Reserve under Section 45-IC of The RBI Act, 1934</b>	<b>0.30</b>	<b>722.35</b>

## REVIEW OF FINANCIAL PERFORMANCE AND OPERATIONS OF THE COMPANY

Your Company is registered with Reserve Bank of India (RBI), as a Non - Deposit Taking Non-Banking Finance Company under Section 45-IA of the RBI Act, 1934 and continues to comply with the applicable guidelines, circular, notification and directions issued by Reserve Bank of India (RBI) as applicable to a Systemically Important Non - Deposit Taking Non- Banking Finance Company ('NBFC-ND-SI').

Overview of the FY 2022-23:

- The Company's revenue was ₹ 77.46 lakhs and profit after tax was ₹ 1.51 lakhs during the year;
- Assets under management reduced to ₹ 332.03 lakhs as against ₹ 382323.85 lakhs in the previous year on account of demerger.
- Gross and Net NPAs were 78.99 % and 51.92 %

## **IMPACT OF COVID -19 PANDEMIC**

The detailed disclosure on the material impact of Covid–19 pandemic on the Company is forming part of the Financial Statements of the Company.

## **TRANSFER TO RESERVES**

The Company has transferred ₹ 0.49 lakhs (previous year ₹ 722.35 lakhs) to Special Reserve created under Section 45-IC of the Reserve Bank of India Act, 1934.

## **DIVIDEND**

For the year ended on March 31, 2023, your Company has not considered payment of dividend.

## **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.

## **MATERIAL CHANGES AND COMMITMENTS, IF ANY DURING THE YEAR**

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 other than as explained above in the para – Composite Scheme of Arrangement.

## **RBI COMPLIANCE**

The Company continues to comply with the RBI regulations as applicable to it.

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.

## **CAPITAL ADEQUACY RATIO ("CRAR")**

The company maintains a healthy CRAR of 87.98% 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, 2023:

CRAR- Tier I Capital	: 1047.32
CRAR- Tier II Capital	: 0.02

## **CHANGES TO SHARE CAPITAL**

During the year under review pursuant to the approval of the Board of Directors at their meeting held on July 26, 2022, the face value of the paid-up share capital has been reduced from ₹ 10/- per share to ₹ 1/- per share.

Further, during the year under review, the Company received notice from the holders of Cumulative Compulsorily Convertible Preference ("CCCPS") Shareholders ("Preference Shareholders") for conversion of their CCCPS. Considering the request from the Preference Shareholders the Board at its meeting held on March 27, 2023, approved and allotted 3,34,79,624 equity shares pursuant to conversion of 3,34,79,624 cumulative compulsorily convertible preference shares ("CCCPS").

The paid-up share capital of the Company is ₹ 38,80,25,963 as at March 31, 2023.

## **FUND RAISING**

Pursuant to scheme of corporate reorganization inter alia involving the demerger of the retail lending portfolio of the Company into InCred Financial Services Limited (Formerly 'KKR India Financial Services Limited') all facilities availed by the Company & Non-Convertible Debentures of the Company have been transferred to the IFSL.

## **CREDIT RATING**

During the period under review, the ratings assigned by CARE and CRISIL have been withdrawn for the Company, due to the culmination of the scheme of corporate reorganization inter alia involving the demerger of the retail lending portfolio of the Company into InCred Financial Services Limited (Formerly 'KKR India Financial Services Limited') and accordingly the ratings have been assigned to the securities of IFSL.



## **CHANGES IN THE NATURE OF BUSINESS**

The Company continued to carry on its business as Non-Deposit taking Non-Banking Finance Company within the framework given by RBI for NBFCs.

## **DISCLOSURE RELATING TO HOLDING, SUBSIDIARY, JOINT VENTURE AND ASSOCIATE COMPANIES AND PERFORMANCE AND FINANCIAL POSITION OF EACH SUBSIDIARY / ASSOCIATE AND JOINT VENTURE COMPANIES**

As on March 31, 2023, the Company has no subsidiary/joint venture/ associate companies.

Pursuant to the Scheme becoming effective, the subsidiaries of the Company have become the subsidiaries of the InCred Financial Services Limited.

## **DIRECTORS**

The composition of the Board is in accordance with the provisions of Section 149 of the Act of the Companies Act, 2013

As on the date of this report, the Board of Directors of the Company comprises of 4 Directors comprising of 2 Independent Directors and 2 Non-Executive Non-Independent Director.

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

Pursuant to the effectiveness of the composite scheme of arrangement, since certain part of the business of the Company demerged into the IFSL, the Board was reconstituted on July 26, 2022, as follows:

Mr. Bhupinder Singh, Mr. Vivek Bansal, Mr. Debashish Dutta Gupta and Ms. Rupa Vora continued to act as Directors. However, Mr. Bhupinder Singh and Mr. Vivek Bansal who were acting as an Executive Directors were redesignated as Non-Executive Non-Independent Directors.

### **Appointment and Cessation:**

Mr. Vivek Anand PS who was appointed as the Nominee of Oaks Asset Management Limited ceased to be a Director, with effect from July 27, 2022 pursuant to the scheme of arrangement.

Mr. Debashish Dutta Gupta, appointed as the Independent Director, ceased to be an Independent Director with effect from March 30, 2023 due to his preoccupation with other assignments.

Mr. Karnam Sekar, who was appointed as the Independent Director, ceased to be an Independent Director with effect from July 27, 2022. Mr. Sekar has been reappointed for his second term as the Independent Director of the Company with effect from March 31, 2023, for a period of 5 years subject to approval by the Shareholders.

The Board places on record its sincere appreciation for the valuable contribution and guidance provided by Mr. Vivek Anand PS, and Mr. Debashish Dutta Gupta during their association with the Company towards establishing and building the Company.

The terms and conditions of appointment of Independent Directors are available on the website of the Company viz. <https://www.incredprime.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.

Based on the declarations and confirmations received in terms of the provisions of the Companies Act, 2013 and the RBI Directions, none of the Directors on the Board of your Company are disqualified from being appointed or to continue as Directors.

There were no pecuniary relationship or transactions of the non-executive directors, vis- à-vis the Company during the financial year 2022-2023 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. Vivek Bansal, Director (DIN: 07835456) will retire by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for reappointment.

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

#### **Declaration by Directors**

Each of the Director of the Company have confirmed that they satisfy the “fit and proper” criteria as prescribed under Chapter XI of RBI Master Direction No. DNBR. PD. 008/ 03.10.119/2016-17 dated 1st September 2016 (as amended from time to time) and that they are not disqualified from being appointed/ continuing as Directors in terms of section 164(2) of the Act.

The Board of Directors has confirmed that all existing Directors are fit and proper to continue to hold the appointment as Directors on the Board, as reviewed and recommended by the Nomination and Remuneration Committee on fit and proper criteria under RBI Master Directions.

### **DECLARATION FROM INDEPENDENT DIRECTORS**

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

### **FIT AND PROPER CRITERIA & CODE OF CONDUCT**

All the Directors meet the fit and proper criteria stipulated by the RBI. All the Directors and Senior Management of the Company have affirmed compliance with the Code of Conduct of the Company.

### **KEY MANAGERIAL PERSONNEL**

As per Section 203 of the Act read with the rules made thereunder, the following employees were the whole-time key managerial personnel of the Company as on March 31, 2023:

1. Mr. Sunil Harlalka, Manager
2. Ms. Nikita Vora, Company Secretary & Compliance Officer
3. Mr. Shailesh Kumar, Chief Financial Officer

The Board at its meeting held on July 26, 2022, appointed Mr. Shailesh Kumar as the Chief Financial Officer and Ms. Krishi Jain as the Company Secretary and Compliance Officer of the Company in place of Mr. Vivek Bansal and Mr. Gajendra Thakur respectively.

During the year under review, the Board at its meeting held on December 19, 2022, appointed Mr. Sunil Harlalka as a Manager in terms of the provisions of the Companies Act, 2013.

Further during the year under review, Ms. Krishi Jain ceased to be the Company Secretary and Compliance Officer of the Company with effect from December 31, 2022, and Ms. Nikita Vora was appointed as the Company Secretary and Compliance Officer of the Company with effect from January 01, 2023.

Subsequent to the year under review, Ms. Nikita Vora ceased to be the Company Secretary and Compliance Officer of the Company with effect from April 28, 2023, and Mr. Bhavyesh Jain has been appointed as the Company Secretary and Compliance Officer of the Company with effect from May 16, 2023.

Further subsequent to the year under review, the Board at its meeting held on May 16, 2023, accepted the resignation of Mr. Shailesh Kumar as the Chief Financial Officer with effect from May 31, 2023, and appointed Mr. Jay Lalwani as the Chief Financial Officer with effect from June 01, 2023.

## **MEETINGS OF THE BOARD OF DIRECTORS**

During the year under review the Board met six times viz. on April 29, 2022, May 13, 2022, July 26, 2022, September 02, 2022, December 19, 2022, and March 27, 2023. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

## **COMMITTEES CONSTITUTED BY THE BOARD**

The Company has several committees which have been established as a part of the best corporate governance practices and are in compliance with the requirements of the relevant statutory and regulatory provisions of applicable laws and statutes.

As on March 31, 2023, the Company had various Committees constituted pursuant to statutory / regulatory requirements namely Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Asset Liability Management Committee, Risk Management Committee, Finance Committee and IT Strategy Committee.

The details of formation, constitution, terms of reference, meetings held and attendance of the Members have been disclosed in the Financial Statements of the Company.

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

Section 178 of the Act 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.incredprime.com/policies>.

## **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.

## **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:

- i in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- ii 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, 2023 and of the profit of the Company for that period;
- iii 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;
- iv the Directors have prepared the annual accounts on a going concern basis;
- v 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
- vi 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.

## **STATUTORY AUDITORS**

M/s Shinde Nayak & Associates, Chartered Accountants (FRN 119906W), were appointed as the Statutory Auditors of the Company by the members of the Company in the 30<sup>th</sup> AGM of the Company to hold the office of the Statutory Auditors for a period of three consecutive years from the conclusion of the 30<sup>th</sup> AGM till the conclusion of 33<sup>rd</sup> AGM.

## **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 had appointed M/s. Ashish Karodia & Co. to undertake the secretarial audit of the Company for the financial year 2022-23.

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

## **REPORTING OF FRAUDS BY AUDITORS**

There were no frauds reported by the Auditors of the Company under Section 143(12) of the Act to the Audit Committee ("AC").

## **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 agreed by the Audit Committee is aligned in a way that 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 Auditors periodically carry out audit on a test basis and report their observations and recommendations to the Audit Committee for corrective and preventive actions.

## **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. Shinde Nayak & Associates LLP, Chartered Accountants, have issued 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 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 none of the employees are related to any Directors of the Company.

## **EMPLOYEE STOCK OPTION SCHEME**

Pursuant to the Composite Scheme, as part of the demerger, the permanent and contract employees, staff, and workmen of the Company engaged in the Retail NBFC Business (*as defined in the Transaction Scheme*) became employees of the IFSL. Accordingly, pursuant to the terms of the Scheme, IHL has adopted the ESOP Plan & Scheme under which the employees of the Company which have been transferred to IFSL have received employee stock options of IHL.

## **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 has not received any complaints in this regard.

## **VIGIL MECHANISM**

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



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 whistle-blower 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, brief update is presented to the Members for their review. The Committee takes necessary actions to maintain confidentiality within the organization on matters brought to its attention. There were no whistle blower complaints received during the year.

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

## DEPOSITS

Your Company being an NBFC, disclosure requirements under Chapter V of the Act read with Rule 8(5)(v) and 8(5)(vi) of the Companies (Accounts) Rules, 2014 are not applicable to your Company.

## 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 as an annexure to Financial Statements.

The Company has also formulated a policy with respect to its activities under CSR ("CSR Policy") in accordance with the requirements of the Act and containing details specified therein which is available on the website of the Company at <https://www.incredprime.com/policies>.

The Company's CSR policy is committed towards CSR activities as envisaged in Schedule VII of the Companies Act, 2013. In terms of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility) Rules, 2014 as amended ("CSR Rules") and in accordance with CSR Policy. Your Board of Directors are happy to inform that during the year, the Company has spent ₹ 43.43 lakhs towards CSR projects/ programs against a budget of ₹ 44.7 lakhs. The remainder of ₹ 1.27 lakhs, parked separately for handling exigencies, is donated to PM Cares Fund, an eligible fund specified under Schedule VII in accordance with the provisions of Companies Act, 2013

An annual report on activities as required under Companies (Corporate Social Responsibility Policy) Rules, 2014 has been appended as **Annexure C** to this Report.

## **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.incredprime.com/investor-relation>.

## **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 forms part of the Notes to the Financial Statements.

## **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, the Company has formulated the RPT Policy which is also available on the website of the Company at <https://www.incredprime.com/policies>. 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.

During the year under review, the contracts and arrangements with the related party have been entered by the Company in its ordinary course of business and at arm's length and there were no materially significant related party transactions. Given that the Company does not have anything to report pursuant to Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014 in Form No. AOC- 2, the same is not provided.

## **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 other than as explained above in the para – Composite Scheme of Arrangement.

## **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**

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 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 not relevant to its activities.

## **FOREIGN EXCHANGE EARNINGS AND OUTGO**

During the year under consideration, there was no Foreign Exchange Earnings and Expenditures.

## **RISK MANAGEMENT FRAMEWORK**

The Company has constituted a Risk Management Committee ("RMC") in terms of the requirements of Master Circular – "Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015".

The Company have a risk management framework and Board members are informed about risk assessment and minimization 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 Risk Management Committee 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. Details of the same are provided in the Management Discussion and Analysis Report.

## **FOREIGN EXCHANGE MANAGEMENT ACT COMPLIANCE**

The Board hereby confirms that the Company has complied with all the provisions and requirements under Foreign Exchange Management Act, 1999 including applicable Master Directions issued by the Reserve Bank of India.

## **COMPLIANCE WITH SECRETARIAL STANDARDS**

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

## **CHANGE IN CONTROL**

Subsequent to the year under review, in accordance with the requirement specified in the "Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016" issued by the RBI vide Master Direction DNBR. PD. 008/03.10.119/2016-17 dated 01 September 2016 ('the RBI Directions'), the Company is in the process of seeking prior approval of Reserve Bank of India for the change in the entire shareholding of the Company by way of acquisition of its equity shares by M/s. InCred Capital Financial Services Private Limited ("InCred Capital")

Mr. Bhupinder Singh is the ultimate beneficial owner and promoter of the Company and InCred Capital and hence, pursuant to the proposed acquisition of shares by InCred Capital there would no change in promoter of both the companies.

## **OTHER DISCLOSURES**

During the year under review, the Company has not obtained any registration/ license / authorisation, by whatever name called from any other financial sector regulators.

## **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, 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.

**For InCred Prime Finance Limited**

**Sd/-**  
**Bhupinder Singh**  
**Director**  
**DIN: 07342318**

**Sd/-**  
**Vivek Bansal**  
**Director**  
**DIN: 07835456**

**Place: Mumbai**  
**Date: May 16, 2023**

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

InCred Prime Finance Limited ('InCred Prime' or 'the Company') is a non-deposit taking Non-banking Financial Company (NBFC) registered with the Reserve Bank of India ('RBI') engaged in the business of lending.

### **Macroeconomic Overview:**

The last couple of years have been challenging for the Indian economy. While Indian GDP contracted by 6.6% in FY20, FY21 and FY22 witnessed revival with GDP growth of 8.7% and 7.0%, although on a low base. On the global economic front, inflation has emerged as a key challenge owing to factors such as rise in energy prices, disruption in global supply chains and rising freight costs. The escalating tension among countries in the backdrop of the war between Russia and Ukraine has also contributed to surge in commodity prices globally. To curb inflation, central banks across the world have adopted quantitative tightening i.e. raising interest rates to curb liquidity. Albeit the recent pause in repo rate, RBI also followed suit and hiked rates by an aggregate of 250 bps starting from April 2022.

While the global environment remains challenging, the Indian economy continues to show resilience and remains one of the fastest growing large economies in the world. With structural reforms and initiatives such as production-linked incentive scheme, robust GDP growth is expected in FY24. The RBI has forecasted India's GDP growth rate for FY24 to 6.5% during its Apr'23 Monetary Policy meeting. This looks particularly impressive considering the global economy is slowing down and many economists are forecasting recession.

### **Industry Overview:**

Financial Services, which forms the backbone of the Indian economy, is primarily made up of commercial banks, insurance companies, NBFCs, cooperatives, pension funds, mutual funds and other smaller financial institutions. NBFCs play a pivotal role in financial intermediation and promoting inclusive growth by providing credit access to a large chunk of under-banked customers. Faster TAT, superior service standards and customer orientation typically differentiate NBFCs from commercial banks. As of February 28, 2023, there were 9,471 registered NBFCs in India.

In the past few years, the NBFC sector has faced various headwinds such as IL&FS crisis, COVID pandemic etc. which posed various systemic challenges such as liquidity stress, rating downgrades, and higher borrowing costs. Nonetheless, these events have also acted as a 'quality separator' between well managed NBFCs and the average ones. NBFCs with strong risk and collections management competencies, which are well capitalized, focused on technology and have talented leadership have emerged as clear winners. We believe going forward these NBFCs will assume more systemic importance due to their strong linkage with the banking sector, capital market and other financial sector entities. Overall, NBFCs are poised to play a significant complementary role in financial intermediation, along with banks in India and are poised to bridge the credit gap in the large underserved Indian market.

### **The Company:**

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') ('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 Scheme was approved by the National Company Law Tribunal vide its order dated May 6, 2022, certified true copy of which was received by the Company on June 6, 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. IPFL has 4 employees at the end of the year. The Company continued to focus on retaining high quality talent across the organization and ensured lot more employee engagement initiatives to keep a fine balance between work demands and workplace fun for employees.

Further, pursuant to the said Scheme becoming effective, the NCDs of the erstwhile IFSL, have transferred to and vested in IFSL, and the obligations towards payment of interest or repayment of the principal amounts will vest in the IFSL.

Further as per the Scheme, the remaining NBFC business as provided in the Scheme shall continue to be carried out by IPFL. Pursuant to the Scheme, the name of the Company has changed to InCred Prime Finance Limited.

#### **Business Update:**

As on March 31, 2023, unsecured loan book worth Rs. 1.5 crore is outstanding under the company and the rest of the loan book has been transferred to IFSL.

#### *Performance highlights of the Company:*

- ✓ Loans and Advances - Rs. 1.5 Crs
- ✓ Net Interest Income – Rs. 0.57 Crs
- ✓ Profit before Tax – Rs. 0.17 Crs
- ✓ Profit after Tax – Rs. 0.02 Crs

#### **Internal control systems and their adequacy:**

Internal Audit function lead by Head, Internal Audit reports functionally to Audit Committee. The function is governed by Internal Audit Policy and Charter which clearly defines roles and responsibility and independence of Internal Auditors, Management responsibility. Risk based IA plan is prepared on an annual basis and the same is discussed and approved by Audit Committee. IA function is adequately skilled to deliver on IA plan. Internal Audit findings / reports are discussed with process owners and agreed action plan is tracked for implementation. Significant observations and action plan status is updated to Audit Committee.

#### **Opportunities & Threats**

Risk Management of the outstanding loan book is essential to manage risks associated with credit quality, market volatility and economic uncertainty.

#### **Outlook**

The management is contemplating business strategies for future roadmap in accordance with the discussions with stakeholders.

#### **Risks & Concerns:**

In view of the growing volatility in the operating environment impacting global businesses on an unprecedented scale, we are adopting a more proactive risk management and mitigation framework which is based on assessment of risks through proper analysis and understanding of the underlying risks before undertaking any transactions and changing or implementing processes and systems. The key risks are the following:

- **Liquidity Risk**  
The Company has in place Asset Liability Management Committee (ALCO), consisting of Directors and senior officials. They review the policies, systems, controls, and positions of the financing business and oversee the implementation and ensure adherence to the risk tolerance/limits and liquidity buffer.
- **Credit Risk**  
The Company has a stringent Credit Appraisal System and monitoring processes for identification, assessment, and mitigation of Credit Risk.

- **Regulatory Risk**  
We fully comply with all the periodic guidelines issued by the RBI and other regulators and adhere strictly to all the regulatory requirements.
- **IT risk**  
we have put in processes, systems and tools for ensuring vigilant monitoring, audit logging and suspicious activity reporting.

**For InCred Prime Finance Limited**

**Sd/-**  
**Bhupinder Singh**  
**Director**  
**DIN: 07342318**

**Sd/-**  
**Vivek Bansal**  
**Director**  
**DIN: 07835456**

**Place: Mumbai**  
**Date: May 16, 2023**



# INCRED PRIME FINANCE LIMITED

(Previously Known as InCred Financial Services Limited)

CIN: U74899MH1991PLC340312

## Secretarial Audit Report

For the financial year ended on 31st March 2023

[Pursuant to section 204(1) of the Companies Act, 2013 and rule no.9 of the Companies Appointment and Remuneration of Managerial Personnel) Rules, 2014]

**MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 2023**

[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 PRIME FINANCE LIMITED  
(Previously known as InCred Financial Services Limited)  
U74899MH1991PLC340312  
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 InCred Prime Finance Limited (Previously known as InCred Financial Services Limited), having CIN: U74899MH1991PLC340312 (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our Opinion thereon.

Based on our verification of the InCred Prime Finance Limited (Previously known as InCred 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 authorized representatives during the conduct of 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, 2023 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We 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, 2023 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
  - \* *Applicable upto July 26, 2022 i.e. the effective date of NCLT Scheme approving Composite Scheme of Amalgamation and Arrangement on May 06, 2022.*
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws Framed there under;



(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial borrowings

(v) The following Regulations and Guidelines 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;
  - *Applicable upto July 26, 2022 i.e. the effective date of NCLT Scheme approving Composite Scheme of Amalgamation and Arrangement on May 06, 2022.*
- ii. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - *Applicable upto July 26, 2022 i.e. the effective date of NCLT Scheme approving Composite Scheme of Amalgamation and Arrangement on May 06, 2022.*
- 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*
- iv. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - *Not applicable to the Company during the period under scrutiny*
- v. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - *Applicable upto July 26, 2022 i.e. the effective date of NCLT Scheme approving Composite Scheme of Amalgamation and Arrangement on May 06, 2022.*
- vi. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- vii. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - *Not applicable to the Company during the period under scrutiny*
- viii. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
  - *Not applicable to the Company during the period under scrutiny.*



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

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

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

- i. Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii. The Listing Agreements / regulations entered into by the Company with BSE Limited and NSE Limited;  
\* *Applicable upto July 26, 2022 i.e. the effective date of NCLT Scheme approving Composite Scheme of Amalgamation and Arrangement on May 06, 2022.*

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 as per the relevant applicable regulations. 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.

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 commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

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



We further report that:

The Hon'ble National Company Law Tribunal ("NCLT"), Mumbai Bench, vide its order dated May 6, 2022 approved 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'), InCred Prime Finance Limited (formerly 'InCred Financial Services Limited')("the Company") and their respective shareholders which got effective on July 26, 2022. This scheme involved the demerger of the Company's non-banking financing business into KKR India Financial Services Limited. ("Composite Scheme of Amalgamation and Arrangement")

Pursuant to the NCLT's approval to the above scheme of amalgamation vide order dated May 6, 2022, there were several changes made to the Company's operations which includes but not limited to following:

1. Change in composition of the Board of Directors of the Company.
2. Adoption of new set of constitutional documents i.e. Memorandum and Articles of Association of the Company.
3. Change in name of the Company from InCred Financial Services Limited to InCred Prime Finance Limited.

The Company complied with the order of NCLT in proper and fit manner.

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



**CS Ashish Karodia**

**M No. 6549 CP 6375**

**On 16.05.2023**

**At Indore**

**UDIN:F006549E000319191**

## **Annexure –A to the Secretarial Audit Report**

To,  
The Members,  
INCRED PRIME FINANCE LIMITED  
(Previously known as InCred Financial Services Limited)  
U74899MH1991PLC340312  
Unit No. 1203, 12th floor, B Wing, The Capital, Plot No. C-70, G Block,  
BKC, Mumbai-400051 Maharashtra, India

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

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



CS Ashish Karodia  
MNo. 6549 CP 6375  
On 16.05.2023  
At Indore  
UDIN:F006549E000319191

**ANNEXURE 'C'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]

1. 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 <https://www.incredprime.com>

2. 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 meeting held/entitled to attend during the year	Number of CSR meeting attended during the year
1.	Mr. Debashish Dutta Gupta*	Independent Director	0	0
2.	Mr. Vivek Bansal	Non-Executive Director	1	1
3.	Mrs. Rupa Vora	Independent Director	1	1
4.	Mr. Karnam Sekar**	Independent Director	1	1

\* appointed w.e.f July 26, 2022 and ceased to be a member w.e.f. March 30, 2023

\*\*ceased to be member w.e.f. July 27, 2022 and appointed as a member w.e.f. March 31, 2023

3. The Composition of CSR Committee, CSR Policy and CSR projects approved by the Board of our Company is available on the website of the Company at <https://www.incredprime.com>.
4. Impact assessments of CSR Projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014: Not Applicable

5. Amount available for set off in pursuance of sub -rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and the amount required for set off for the financial year:

Sr. No.	Financial Year	Amount available for set off from preceding financial years (in INR)	Amount required to be set-off for the financial year, if any (in INR)
1.	2021-22	NIL	NIL
2.	2020-21	NIL	NIL
3.	2019-20	NIL	NIL
	<b>Total</b>		

6. Average net profit of the company as per section 135(5): 2221.22 Lakhs

7. CSR obligation

Sr. No.	Particulars	Amount (INR in Lakhs)
a.	Two percent of average net profits of the company as per section 135(5)	44.70
b.	Surplus arising out of the CSR Projects or programmes or activity of the previous financial years	NIL
c.	Amount required to be set off for the financial year	NIL
d.	<b>Total CSR obligation for the financial year (7a + 7b- 7c)</b>	<b>44.70</b>

8. (a) CSR amount spent or unspent for the financial year:

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
44,70,000			PM Cares Fund	1, 26, 800	16 May, 2023



(b) Details of CSR amount spent against **ongoing projects** for the financial year:

1	2	3	4	5		6	7	8	9	10	11	
Sr. No.	Name of the project	Items from the list of activities in Schedule VII of the act.	Local Area (Yes/No)	Location of the Project		Project duration	Amount allocated for the project (in 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.
1	Nanhi Kali	Promoting Education	Yes	Maharashtra / Madhya Pradesh / Uttar Pradesh	Palghar / Ratlam / Varanasi	-	-	43,43,200	NIL	Yes	K.C. Mahindra Education Trust and Nandi Foundation	CSR00000511
	<b>Total</b>							<b>43,43,200</b>				

(c) Details of CSR amount spent against **other than ongoing projects** for the financial year: **N.A.**

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 number
1.									

(d) Amount spent in administrative overheads: NA

(e) Amount spent on Impact Assessment, if applicable: NA

(f) Total amount spent for the financial year (8b + 8c + 8d + 8e): INR 44,70,000/-

(g) Excess amount for set off, if any: NIL

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

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.	2021-22	NIL	NIL	-	NIL	-	NIL
2.	2020-21	NIL	NIL	-	NIL	-	NIL
3.	2019-20	NIL	NIL	-	NIL	-	NIL

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

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

(a) Date of creation or acquisition of the capital asset (s): NA

(b) Amount of CSR spent for creation or acquisition of capital asset: NA

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc: NA

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset):NA

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profits as per section 135(5): NA

**For InCred Prime Finance Limited**

**Sd/-**  
**Rupa Vora**  
**Independent Director**  
**DIN: 01831916**

**Place: Mumbai**  
**Date: May 16, 2023**



## INDEPENDENT AUDITOR'S REPORT

To The Members of INCRED PRIME FINANCE LIMITED

### Report on the Audit of Financial statements

#### Opinion

We have audited the accompanying financial statements of INCRED PRIME FINANCE LIMITED ('the Company'), which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'financial Statements').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ('Ind AS') and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023 and its profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### Basis for opinion

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

#### Other Information

The Company's management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.





**Shinde Nayak & Associates**  
**Independent Auditor's Report (continued)**  
**InCred Prime Finance Limited**

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

**Management's Responsibility for the financial statements**

The Company's management and Board of Directors are responsible for the matters stated in section 134 (5) of the Companies Act, 2013 ( "the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes 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 the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

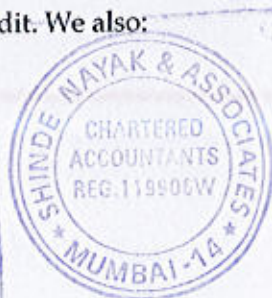
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or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

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

**Auditor's Responsibility for the Audit of Financial statements**

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

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





**Shinde Nayak & Associates**  
**Independent Auditor's Report (continued)**  
**InCred Prime Finance Limited**

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. 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 Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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





**Shinde Nayak & Associates**  
**Independent Auditor's Report (continued)**  
**InCred Prime Finance Limited**

**Other Matter**

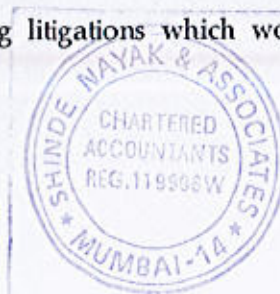
The financial statements of the Company for the year ended March 31, 2022, included in these financial statements, have been audited by the predecessor auditor (S. R. Batliboi & Associates LLP) who expressed an unmodified opinion on those statements as on April 29, 2022

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143 (11) of the Act, we give in the "Annexure A", a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.

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

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c) The Balance Sheet, Statement of Profit and Loss including Other comprehensive income, Statement of changes in equity & the statement of Cash Flow dealt with by this report are in agreement with the books of account;
- d) In our opinion, the aforesaid financials comply with the Ind AS referred to in section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of written representations received from the directors as on March 31, 2023, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023, from being appointed as a director in terms of sub section (2) of section 164 of the Companies Act, 2013.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- g) In our opinion, the managerial remuneration for the year ended March 31, 2023 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- h) With respect to the other matters to be included in the Independent Auditor's report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The company does not have any pending litigations which would impact its financial position.

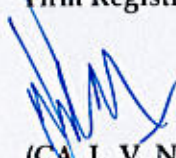




**Shinde Nayak & Associates**  
**Independent Auditor's Report (continued)**  
**InCred Prime Finance Limited**

- ii. The Company did not have any long term contracts including derivatives contracts for which there were any material foreseeable losses;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. a) The Management has represented that, to the best of its knowledge and belief, 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 persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.  
  
b) The Management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.  
  
c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. The Company has not declared or paid any dividend during the year and has not proposed final dividend for the year.

For Shinde Nayak & Associates  
Chartered Accountants  
Firm Registration No. 119906W

  
(CA. L. V. Nayak)  
Partner  
Membership No. 104221



Place: Mumbai  
Date: May 16, 2023  
UDIN: 23104221BGWAOH3394



**ANNEXURE 'A' TO THE INDEPENDENT AUDITORS' REPORT**

The Annexure referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date on the financial statements of the Company for the year ended March 31, 2023, we report that:

- (i) (a) (A) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment.  
  
(B) Based on our audit procedures performed and according to information and explanations given by management, we report that there is no intangible asset as on balance sheet date. Hence reporting under clause 3(i)(a)(B) of the order is not applicable to the company.  
  
(b) Property, Plant & Equipment were physically verified by management at reasonable intervals and according to the explanations and information provided to us, no material discrepancies were noticed on such verification.  
  
(c) Based on our audit procedures performed and according to information and explanations given by the management, we report that there are no immovable properties as on the balance sheet date. Hence reporting under clause 3(i)(c) of the order is not applicable to the company.  
  
(d) The Company has not revalued its Property, Plant and Equipment and intangible assets during the year ended March 31, 2023.  
  
(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, 1998 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) Based on the information and explanation provided to us, during any point of time of the year, the company has not been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. As such, the quarterly returns or statements were not required to be filed by the Company with such banks or financial institutions.
- (iii) (a) The principal business of the company is to give loans and is a registered non-banking financial company ('NBFC') and accordingly, the requirement to report on clause 3(iii)(a) of the Order is not applicable to the company.



**Shinde Nayak & Associates**  
**Independent Auditor's Report (continued)**  
**InCred Prime Finance Limited**

- (b) During the year the investments and the terms and conditions of the grant of all loans and advances in the nature of loans to companies, firms, limited liability partnership or any other parties are not prejudicial to the company's interest. The company has not provided any guarantees or given any securities during the year.
- (c) In respect of loans and advances in the nature of loans granted by the company as part of its business for 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, 2023:

Days past due	Total Amount (Rs. in lakhs)	No. of case(s)
01 - 30 days	2.04	1
31 - 60 days	-	-
61 - 90 days	-	-
Above 90 days	262.28	57
<b>Total</b>	<b>264.32</b>	<b>58</b>

- (d) In respect of loans and advances in the nature of loans, the total amount overdue for ninety days or more in respect of loans and advances in the nature of loans given in the course of business operations of the Company aggregated to Rs. 262.28 lakhs as at March 31, 2023 in respect of 57 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 principal business of the company is to give loans and is a registered NBFC and accordingly, the requirement to report on clause 3(iii)(e) of the order is not applicable to the company.
- (f) The company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnership 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 section 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 section 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) In our opinion, clause 3(vi) of the order for maintenance of the cost records under section 148(1) of the Companies Act 2013 is not applicable to the Company.



**Shinde Nayak & Associates**  
**Independent Auditor's Report (continued)**  
**InCred Prime Finance Limited**

- (b) During the year the investments and the terms and conditions of the grant of all loans and advances in the nature of loans to companies, firms, limited liability partnership or any other parties are not prejudicial to the company's interest. The company has not provided any guarantees or given any securities during the year.
- (c) In respect of loans and advances in the nature of loans granted by the company as part of its business for 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, 2023:

Days past due	Total Amount (Rs. in lakhs)	No. of case(s)
01 - 30 days	2.04	1
31 - 60 days	-	-
61 - 90 days	-	-
Above 90 days	262.28	57
<b>Total</b>	<b>264.32</b>	<b>58</b>

- (d) In respect of loans and advances in the nature of loans, the total amount overdue for ninety days or more in respect of loans and advances in the nature of loans given in the course of business operations of the Company aggregated to Rs. 262.28 lakhs as at March 31, 2023 in respect of 57 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 principal business of the company is to give loans and is a registered NBFC and accordingly, the requirement to report on clause 3(iii)(e) of the order is not applicable to the company.
- (f) The company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnership 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 section 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 section 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) In our opinion, clause 3(vi) of the order for maintenance of the cost records under section 148(1) of the Companies Act 2013 is not applicable to the Company.





**Shinde Nayak & Associates**  
**Independent Auditor's Report (continued)**  
**InCred Prime Finance Limited**

- (vii) (a) Undisputed statutory dues including provident fund, employees state insurance, income-tax, goods and services tax, duty of custom, duty of excise value added tax, cess and other statutory dues applicable to the company have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees state insurance, income-tax, goods and service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues applicable to the company were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (b) There are no dues of goods and services tax, provident fund, employees state insurance, income tax, sales-tax, service tax, customs duty, excise duty, value added tax, cess, goods and services 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 accounts, 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 the repayment of loans or borrowings or in the payment of interest thereon to any lender during the year.
- (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) To the best of our knowledge and belief, in our opinion, there were no term loans availed by the company during the year and accordingly reporting under clause 3(ix)(c) of the order is not applicable.
- (d) On an overall examination of the financial statements of the Company, no funds raised on short term basis have been used for long term purposes by the company.
- (e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.
- (f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries or 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) Based on our audit procedures and according to information and explanations given to us, the Company has not raised money by way of initial public offer or further public offer including debt instruments during the year and hence reporting under clause (x)(a) of the Order is not applicable.





**Shinde Nayak & Associates**  
**Independent Auditor's Report (continued)**  
**InCred Prime Finance Limited**

(b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) during the year and hence reporting under clause 3 (x) (b) of the Order is not applicable to the Company

- (xi) (a) Based on the audit procedures performed and information and explanations given to us, no fraud by the company and no material fraud on the Company has been noticed or reported during the year.

(b) To the best of our knowledge, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report

(c) Based on audit procedures and as per explanations provided to us, there are no instances of whistle blower complaints during the year.

- (xii) The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the order is not applicable.

- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with section 177 and 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

- (xiv) (a) In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.

(b) We have considered the internal audit reports of the Company issued till date, for the period under audit.

- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with any of its directors or persons connected to its directors and hence provisions of Section 192 of the Act are not applicable.

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

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

(c) The company is not a core investment company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirements to report on clause 3(xvi)(c) of the order is not applicable to the company.





**Shinde Nayak & Associates**  
**Independent Auditor's Report (continued)**  
**InCred Prime Finance Limited**

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

(xvii) In our opinion and as per the explanations provided to us, the company has not incurred cash losses in the current and immediately preceding financial year.

(xviii) The previous statutory auditors (S. R. Batliboi & Associates LLP) of the Company have resigned during the year and there were no issues, objections or concerns raised by the outgoing auditors.


(xix) On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.

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

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

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

For Shinde Nayak & Associates  
Chartered Accountants  
Firm Registration No. 119906W

  
CA. L. V. Nayak  
Partner

Membership No. 104221

Place: Mumbai

Date: May 16, 2023

UDIN: 23104221BGWAOH3394





**Annexure 'B' to the Independent Auditor's Report**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

**Opinion**

We have audited the internal financial controls over financial reporting of **INCRED PRIME FINANCE LIMITED** ("the Company") as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, 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.

**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 (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.



**Shinde Nayak & Associates**  
**Independent Auditor's Report (continued)**  
**InCred Prime Finance Limited**

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that,

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

**For Shinde Nayak & Associates**  
**Chartered Accountants**  
**Firm Registration No. 119906W**

**(CA. L. V. Nayak)**  
**Partner**

**Membership No. 104221**

**Place: Mumbai**

**Date: May 16, 2023**

**UDIN: 23104221BGWAOH3394**





**InCred Prime Finance Limited**  
(formerly known as InCred Financial Services Limited)

**Standalone Financial Statements**  
**Balance Sheet as at March 31, 2023**

(Rs. in lakhs)

Particulars	Note No	As at March 31, 2023	As at March 31, 2022
<b>ASSETS</b>			
<b>(1) Financial assets</b>			
(a) Cash and cash equivalents	2	8.27	5,203.13
(b) Bank balance other than cash and cash equivalents	3	-	2,991.36
(c) Derivative financial instruments	4	-	1,181.05
(d) Loans	5	145.03	3,73,226.42
(e) Investments	6	-	8,679.53
(f) Other financial assets	7	148.55	2,736.69
		<b>301.85</b>	<b>3,94,018.18</b>
<b>(2) Non-financial assets</b>			
(a) Current tax assets (Net of provision for tax)		1,183.68	1,184.47
(b) Deferred tax assets (Net of deferred tax liabilities)	8	47.38	2,038.67
(c) Property, plant and equipment	9A	0.54	3,384.80
(d) Capital work-in-progress	9B	-	293.95
(e) Other intangible assets	10	-	188.63
(f) Other non-financial assets	11	896.30	1,280.55
		<b>2,127.90</b>	<b>8,371.07</b>
<b>Total assets</b>		<b>2,429.75</b>	<b>4,02,389.25</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>(1) Financial liabilities</b>			
(a) Derivative financial instruments	4	-	186.87
(b) Debt securities	12	-	1,06,523.77
(c) Borrowings (other than debt securities)	13	-	1,75,065.49
(d) Other financial liabilities	14	1,110.30	8,157.93
		<b>1,110.30</b>	<b>2,89,934.06</b>
<b>(2) Non-financial liabilities</b>			
(a) Provisions	15	1.27	323.27
(b) Other non-financial liabilities	16	223.48	900.48
		<b>224.75</b>	<b>1,223.75</b>
<b>EQUITY</b>			
(a) Equity share capital	17 (A)	3,880.26	35,450.27
(b) Preference share capital	17 (B)	-	3,347.96
(c) Other equity	18	(2,785.56)	72,433.21
		<b>1,094.70</b>	<b>1,11,231.44</b>
<b>Total liabilities and equity</b>		<b>2,429.75</b>	<b>4,02,389.25</b>

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 Shinde Nayak and Associates  
Chartered Accountants  
ICAI Firm Registration No.: 119906W

Partner  
Membership No: 104221

Place: Mumbai  
Date: May 16, 2023

UDIN: 23104221BGWA0H3394



For and on behalf of the Board of Directors of  
InCred Prime Finance Limited  
CIN: U74899MH1991PLC340312

B. S. R.  
Bhupinder Singh  
Director  
DIN: 07342318

Shailish Kumar  
Chief Financial Officer

Vivek Bansal  
Director  
DIN: 07835456

Bhavyesh Jain  
Company Secretary  
Membership No: A30093

Place: Mumbai  
Date: May 16, 2023





**InCred Prime Finance Limited**  
(formerly known as InCred Financial Services Limited)

**Standalone Financial Statements**  
**Statement of Profit and Loss for the year ended March 31, 2023**

		(Rs. in lakhs)	
Particulars	Note No	Year ended March 31, 2023	Year ended March 31, 2022
<b>Revenue From operations</b>			
(i) Interest income	19	74.85	47,334.45
(ii) Net gain on derecognition of financial instruments under amortised cost category		-	336.68
(iii) Fees and commission income	20	2.61	1,022.24
(iv) Net gain/(loss) on fair value changes	21	-	98.29
<b>(I) Total revenue from operations</b>		<b>77.46</b>	<b>48,791.66</b>
(II) Other income	22	134.04	3,330.04
<b>(III) Total income (I + II)</b>		<b>211.50</b>	<b>52,121.70</b>
<b>Expenses</b>			
(i) Finance costs	23	18.00	21,951.92
(ii) Net loss on derecognition of financial instruments under amortised cost category		-	1,045.87
(iii) Impairment on financial instruments	24	23.51	4,351.64
(iv) Employee benefits expenses	25	52.54	13,687.26
(v) Depreciation, amortization and impairment	9A & 10	0.50	1,070.58
(vi) Others expenses	26	100.31	5,196.83
<b>(IV) Total expenses</b>		<b>194.86</b>	<b>47,304.50</b>
<b>(V) Profit before exceptional items and tax (III - IV)</b>		<b>16.64</b>	<b>4,817.20</b>
<b>(VI) Exceptional items</b>		<b>-</b>	<b>-</b>
<b>(VII) Profit before tax (V - VI)</b>		<b>16.64</b>	<b>4,817.20</b>
<b>Tax Expense:</b>			
(i) Current Tax		6.64	1,358.68
(ii) Deferred Tax		8.49	(153.25)
<b>(VIII) Total Tax Expense</b>	27	<b>15.13</b>	<b>1,205.43</b>
<b>(IX) Profit for the period (VII - VIII)</b>		<b>1.51</b>	<b>3,611.77</b>
<b>(X) Other comprehensive income</b>			
<b>(A) (i) Items that will not be reclassified to profit or loss</b>			
(a) Remeasurement gain/(loss) of the defined benefit plans		-	(94.84)
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	23.87
<b>Subtotal (A)</b>		<b>-</b>	<b>(70.97)</b>
<b>(B) (i) Items that will be reclassified to profit or loss</b>			
(a) Debt instruments through other comprehensive income		-	(120.30)
(b) The effective portion of gains and loss on hedging instruments in a cash flow hedge		-	103.74
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	4.17
<b>Subtotal (B)</b>		<b>-</b>	<b>(12.39)</b>
<b>Other comprehensive income / (loss) (A + B)</b>		<b>-</b>	<b>(83.36)</b>
<b>(XI) Total comprehensive income for the period (IX + X)</b>		<b>1.51</b>	<b>3,528.41</b>
<b>(XII) Earnings per equity share (EPS) (FY 23 : Re. 1 per share, FY 22: Rs. 10 per share)</b>	28		
Basic (Rs.)*		0.00	0.94
Diluted (Rs.)*		0.00	0.93

\*EPS for FY 2022-23 is beyond two decimal point

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 Shinde Nayak and Associates  
Chartered Accountants  
ICAI Firm Registration No.: 119906W

L. V. Nayak  
Partner  
Membership No: 104211

Place: Mumbai  
Date: May 16, 2023

UDIN : 23104221BGWAOH3394



For and on behalf of the Board of Directors of  
InCred Prime Finance Limited  
CN: U74899MH1991PLC340312

Bhupinder Singh  
Director  
DIN: 07342318

Shatish Kumar  
Chief Financial Officer

Vivek Bansal  
Director  
DIN: 07835456

Bhavyesh Jain  
Company Secretary  
Membership No: A30093

Place: Mumbai  
Date: May 16, 2023



Standalone Financial Statements

Cash Flow Statement for the year ended March 31, 2023

(Rs. in lakhs)		
Particulars	Year ended March 31, 2023	Year ended March 31, 2022
<b>Cash flow from operating activities</b>		
Profit before tax	16.64	4,817.20
<b>Adjustments to reconcile net profit to net cash generated from / (used in) operating activities</b>		
Depreciation, amortization and impairment	0.76	656.90
Loss on sale of property, plant and equipment	-	3.40
Net (gain) on fair value changes	-	(98.29)
Interest income	(75.00)	(47,334.45)
Finance costs	18.00	21,568.06
Impairment on financial instruments	29.00	4,356.83
Share based payment to employees	-	2,442.16
Retirement Benefit expenses	-	60.52
<b>Operating profit before working capital changes</b>	<b>(10.60)</b>	<b>(13,527.67)</b>
<b>Working capital adjustments</b>		
(Increase) in Loans	850.00	(1,22,227.31)
(Increase) in other financial assets	(89.00)	(915.42)
Decrease / (Increase) in other non financial assets	16.00	5.00
Increase in other financial liabilities	386.00	1,840.23
Increase in other non financial liabilities	(221.00)	384.28
(Decrease) / Increase in provisions	-	(1.58)
<b>Cash generated from operations</b>	<b>941.38</b>	<b>(1,34,442.47)</b>
Interest received on loans	75.00	45,746.66
Interest paid on borrowings and debt	(18.00)	(21,568.06)
Income taxes paid (net)	(6.00)	(1,822.50)
<b>Net cash (used in) operating activities</b>	<b>992.39</b>	<b>(1,12,086.37)</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	-	(527.29)
Proceeds from sale of property, plant and equipment	-	37.77
Purchase of intangibles assets	-	(107.08)
Capital work-in-progress	-	(279.45)
Investment in subsidiaries	-	(999.34)
Purchase of investments	-	(61,273.28)
Proceeds from sale of investments	-	66,947.44
Investment in term deposits earmarked with banks	-	(57,430.30)
Proceeds from maturity of term deposits earmarked with banks	-	55,027.40
<b>Net cash (used in) / generated from investing activities</b>	<b>-</b>	<b>1,395.87</b>
<b>Cash flow from financing activities</b>		
Issue of equity shares (including securities premium)	15.89	671.64
Reversal of rent expense	-	(441.55)
Proceeds from borrowings (other than debt securities)	-	1,55,520.00
Proceeds from issue of debt securities	-	93,524.29
Repayment of borrowings (other than debt securities)	(1,000.00)	(74,624.56)
Redemption of debt securities	-	(60,827.55)
<b>Net cash generated from financing activities</b>	<b>(984.11)</b>	<b>1,13,822.27</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>8.27</b>	<b>3,131.77</b>
Cash and cash equivalents at the beginning of the year*	-	(645.69)
<b>Cash and cash equivalents at the end of the year</b>	<b>8.27</b>	<b>2,486.08</b>

\*As on Apr 01, 2022 Cash & Cash equivalent amounting to Rs 2,486.08 lakhs is transferred to IFSL ("Erstwhile KIFS") on account of business combination

Significant accounting policies and other explanatory information  
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



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(b) Cash and cash equivalents comprises of

Particulars	(Rs. in lakhs)	
	As at March 31, 2023	As at March 31, 2021
Cash on hand	-	-
Balances with banks		
- Current Accounts	8.27	4,953.13
Deposit with bank with maturity less than 3 months	-	250.00
<b>Cash and cash equivalents (Refer note 2)</b>	<b>8.27</b>	<b>5,203.13</b>
Less: Bank overdraft and cash credit (Refer note 13)	-	(2,717.05)
<b>Cash and cash equivalents in cash flow statement</b>	<b>8.27</b>	<b>2,486.08</b>

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

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As per our report of even date  
For Shinde Nayak and Associates  
Chartered Accountants  
ICAI Firm Registration No.: 119906W

L. V. Nayak  
Partner  
Membership No: 104221

Place: Mumbai  
Date: May 16, 2023



For and on behalf of the Board of Directors of  
InCred Prime Finance Limited  
CIN: U74899MH1991PLC340312

B. S. A.  
Bhupinder Singh  
Director  
DIN: 07342318

Vivek Bansal  
Director  
DIN: 07835456

Shailesh Kumar  
Chief Financial Officer

Bhavyesh Jain  
Company Secretary  
Membership No: A30093

Place: Mumbai  
Date: May 16, 2023

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**Standalone Financial Statements**  
**Statement of Changes in Equity for the year ended March 31, 2023**

**A. Equity share capital**

Particulars	As at March 31, 2023	As at March 31, 2022
Balance as at the beginning of the year	35,450.26	30,772.79
Changes in equity share capital during the year	(11,570.00)	4,677.47
Balance as at the end of the year	3,880.26	35,450.26

**B. Preference share capital**

Particulars	As at March 31, 2023	As at March 31, 2022
Balance as at the beginning of the year	3,347.96	7,851.63
Changes in preference share capital during the year	(3,347.96)	(4,503.67)
Balance as at the end of the year	0.00	3,347.96

**C. 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			
Balance at March 31, 2021	656.72	61,730.16	27.74	62.27	1,751.34	3,612.75	-	15.36	65,960.35
Profit for the year	-	-	-	-	-	3,612.77	-	-	3,612.77
Other comprehensive income for the year	-	-	-	-	-	(70.07)	-	-	(83.36)
Total comprehensive income for the year (net of tax)	-	-	-	-	-	3,540.80	-	-	3,528.43
Transfer / utilizations	-	-	-	-	-	-	77.63	-	77.63
Additions during the year (cash premium)	-	402.86	-	-	-	-	-	-	402.86
Additions during the year (non-cash premium)	-	270.48	-	-	-	-	-	-	270.48
Utilized during the year	-	-	-	-	(270.48)	-	-	-	-
Transferred to special reserve from retained earnings	722.35	-	-	-	-	(722.35)	-	-	-
Share based payment expense	-	-	-	-	2,442.76	-	-	-	2,442.76
Transfer from share based payment reserve	-	-	-	3.82	(23.07)	-	-	-	-
Balance at March 31, 2022	1,379.07	62,408.49	27.74	66.09	3,900.55	4,408.27	77.63	15.36	72,433.23
Transfer on account of Demerger	(1,379.07)	(27,576.16)	(27.74)	(66.09)	(1,900.55)	(7,267.86)	(77.63)	(15.36)	(40,309.46)
Profit for the year	-	-	-	-	-	3.51	-	-	3.51
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year (net of tax)	-	-	-	-	-	3.51	-	-	3.51
Transfer / utilizations	-	-	-	-	-	-	-	-	-
Additions during the year (cash premium)	-	11.52	-	-	-	-	-	-	11.52
Utilized during the year	-	(14,922.33)	-	-	-	-	-	-	(14,922.33)
Transferred to special reserve from retained earnings	0.30	-	-	-	-	(0.30)	-	-	-
Balance at March 31, 2023	0.30	11.52	-	-	-	(2,797.38)	-	-	(2,785.56)

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 Shinde Nayaak and Associates  
Chartered Accountants  
ICAI Firm Registration No.: 119906W

For and on behalf of the Board of Directors of  
InCred Prime Finance Limited  
CIN: U74829MH1993PLC040312

**L. V. Nayaak**  
Partner  
Membership No.: 104221

**Bhupinder Singh**  
Director  
DIN: 07342318

**Unish**  
Director  
DIN: 07835456

**Swish Kumar**  
Chief Financial Officer

**Bhavyesh Jain**  
Company Secretary  
Membership No.: A30093

Place: Mumbai  
Date: May 16, 2023

Place: Mumbai  
Date: May 16, 2023



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**InCred Prime Finance Limited**  
(formerly known as Incred Financial Services Limited)

**Notes to the Standalone Financial Statements**

**(1) Significant Accounting Policies and Other Explanatory Information**

**A. Corporate Information**

InCred Prime Finance Limited (formerly known as Incred Financial Services Limited) ("Company") was incorporated in India on 8 January 1991, under the provisions of the Companies Act, 1956.

The Company received a Certificate of Registration from the Reserve Bank of India ('RBI'), on 30th August 2000 to commence/carry on the business of Non-Banking Financial Institution ('NBFC') without accepting public deposits. The Company currently holds a Certificate of Registration from RBI bearing number B-13.02395. 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 16, 2023.

**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 lakhs, unless otherwise indicated.

**ii. Basis of measurement**

The standalone financial statements have been prepared under the historical cost convention except for the following items:

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



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**InCred Prime Finance Limited**  
(formerly known as Incred Financial Services Limited)

**Notes to the Standalone Financial Statements**

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**iii. Use of estimates and judgements**

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

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

**Significant accounting estimates and judgements:**

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

**C. Presentation of financial statements**

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

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

**D. Significant accounting policies and other explanatory information**

**1. Measurement of fair values**

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

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



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**InCred Prime Finance Limited**  
(formerly known as Incred Financial Services Limited)

**Notes to the Standalone Financial Statements**

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

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

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

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

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

**2. Financial instruments**

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



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**InCred Prime Finance Limited**  
(formerly known as Incred Financial Services Limited)

**Notes to the Standalone Financial Statements**

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

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

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

**Financial assets measured at amortised cost**

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

- i. the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- ii. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ('SPPI') on the principal amount outstanding.

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

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

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

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

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

**Subsequent measurement**

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

**Financial assets at Amortised cost**

These assets are subsequently measured at amortised cost 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.



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**InCred Prime Finance Limited**  
(formerly known as Incred Financial Services Limited)

**Notes to the Standalone Financial Statements**

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**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.

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

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

**iii. Derecognition**

**Financial assets**

The Company derecognizes a financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) when the contractual rights to receive cash flows from the financial asset expires or it transfers the rights to receive 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.



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## **InCred Prime Finance Limited**

*(formerly known as Incred Financial Services Limited)*

### **Notes to the Standalone Financial Statements**

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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.



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## InCred Prime Finance Limited

(formerly known as Incred Financial Services Limited)

### Notes to the Standalone Financial Statements

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

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

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract (i.e., the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts expected to have a similar response to changes in market factors.
- It is settled at a future date.

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

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.



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**InCred Prime Finance Limited**  
(formerly known as Incred Financial Services Limited)

**Notes to the Standalone Financial Statements**

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**3. Share capital**

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

**4. Investment in subsidiaries**

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

**5. Business Combination**

Business combinations of entities under common control are accounted using the "pooling of interests" method and assets and liabilities are reflected at the predecessor carrying values and the only adjustments that are made are to harmonise accounting policies. The figures for the previous periods are restated as if the business combination had occurred at the beginning of the preceding period irrespective of the actual date of the combination.

**6. Impairment of financial assets**

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

- 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:



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## **InCred Prime Finance Limited**

*(formerly known as Incred Financial Services Limited)*

### **Notes to the Standalone Financial Statements**

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#### **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 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:**

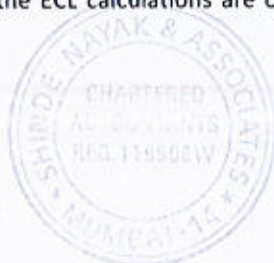
At each reporting period, the Company assesses whether financial assets carried at amortised cost and FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

- 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:



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## InCred Prime Finance Limited

(formerly known as Incred Financial Services Limited)

### Notes to the Standalone Financial Statements

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**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. 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 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



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

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

**Cash flow hedge**

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

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

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

**8. Cash and cash equivalents**

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

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



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#### 9. Share-based payment arrangements

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

#### 10. Lease Accounting

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

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

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

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

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



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**11. Income Tax**

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

**Current tax**

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



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Deferred tax assets and liabilities are offset only if:

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

#### 12. Property, plant and equipment

##### i. Recognition and measurement

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

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

- (i) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates,
- (ii) any directly attributable costs of bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

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

##### ii. Subsequent expenditure

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

##### iii. Depreciation

Depreciation is provided on 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



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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 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



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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 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.



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#### **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.



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**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.



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**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.

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.



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#### **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**

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standards) Amendment Rules, 2023 dated 31 March 2023 to amend the following Ind AS which are effective from 01 April 2023.

##### **(i) Definition of Accounting Estimates - Amendments to Ind AS 8**

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors.

##### **(ii) Disclosure of Accounting Policies - Amendments to Ind AS 1**

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

##### **(iii) Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to Ind AS 12**

The amendments narrow the scope of the initial recognition exception under Ind AS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments applies to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations. Consequential amendments have been made in Ind AS 101.

The above amendments are applicable for annual periods beginning on or after 1 April 2023. The Company is currently assessing the impact of the amendments.



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#### 2. Cash and cash equivalents

(Rs. in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Cash on hand	-	-
Balances with banks	8.27	4,953.13
Fixed deposit with bank with original maturity of less than 3 months	-	250.00
<b>Total</b>	<b>8.27</b>	<b>5,203.13</b>

#### 3. Bank balance other than cash and cash equivalents

(Rs. in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Earmarked fixed deposits with banks *	-	2,991.36
<b>Total</b>	<b>-</b>	<b>2,991.36</b>

\* Earmarked for borrowings, bank guarantee.

#### 4. Derivative financial instruments at Fair Value

(Rs. in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>(A) Derivative financial assets</b>		
(i) Cross Currency Interest Rate Swaps		
Cash flow hedge (Notional amount : Nil, PY : 5,110.00)*	-	299.22
(ii) Equity Linked Derivatives		
Options and futures (Notional amount : Nil, PY : 5,443.98) (Refer note 12)	-	881.83
<b>Total</b>	<b>-</b>	<b>1,181.05</b>
<b>(B) Derivative financial liabilities</b>		
Embedded Derivative on Market Linked Debentures (Notional amount : Nil, PY : 4,620.00) (Refer Note 12)	-	186.87
<b>Total</b>	<b>-</b>	<b>186.87</b>

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

#### 5. Loans

(Rs. in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
	<b>Amortised cost</b>	<b>Amortised cost</b>
(A) (i) Term loans	332.03	3,82,323.85
(ii) Loans repayable on demand	-	-
<b>Total - Gross (A)</b>	<b>332.03</b>	<b>3,82,323.85</b>
Less: Impairment loss allowance	(187.00)	(9,097.43)
<b>Total - Net of impairment loss allowance (A)</b>	<b>145.03</b>	<b>3,73,226.42</b>
(B) (i) Secured by tangible assets*	-	1,54,384.85
(ii) Covered by Bank and Government guarantees	-	4,778.52
(iii) Unsecured	332.03	2,23,160.48
<b>Total - Gross (B)</b>	<b>332.03</b>	<b>3,82,323.85</b>
Less: Impairment loss allowance	(187.00)	(9,097.43)
<b>Total - Net of impairment loss allowance (B)</b>	<b>145.03</b>	<b>3,73,226.42</b>
(C) Loans in India		
(i) Public sectors	-	-
(ii) Others	332.03	3,82,323.85
<b>Total - Gross (C)</b>	<b>332.03</b>	<b>3,82,323.85</b>
Less: Impairment loss allowance	(187.00)	(9,097.43)
<b>Total - Net of impairment loss allowance (C)</b>	<b>145.03</b>	<b>3,73,226.42</b>

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



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### Notes to the Standalone Financial Statements

#### 6. Investments

(Rs. in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
(A) At Amortised Cost		
- Debt securities	-	855.47
(B) At Fair Value Through Other Comprehensive Income (FVOCI)		
- Debt securities	-	2,909.12
(C) At Fair Value Through Profit or Loss (FVTPL)		
- Mutual funds	-	
(D) Others		
Equity instruments		
-Subsidiaries (Refer Note 31)	-	4,915.00
- Convertible Preference Shares	-	9.22
<b>Total - Gross (E= A+B+C+D)</b>	<b>-</b>	<b>8,688.81</b>
Investments in India (F)	-	8,688.81
<b>Total - Gross (G)</b>	<b>-</b>	<b>8,688.81</b>
Less: Allowance for impairment loss on amortised cost (H)	-	(0.03)
Less: Allowance for impairment loss FVOCI (I)	-	(9.25)
Less: Allowance for impairment loss others (J)	-	-
<b>Total - Net (G- H - J)</b>	<b>-</b>	<b>8,679.53</b>

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

\*\* Others are measured at cost

#### 7. Other financial assets

(Rs. in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
	Amortised cost	Amortised cost
Security Deposits (Unsecured, considered good)	-	304.83
Retained interest on loans derecognised	-	336.68
Receivable from related parties (Refer note 31)	-	521.35
Balances with partners/anchors	-	746.31
Margin money deposit	-	150.00
Receivable from Government	17.46	59.59
Interest Receivable on Income tax refund	130.96	-
Others	0.13	617.93
Less: Allowance for impairment loss	-	-
<b>Total</b>	<b>148.55</b>	<b>2,736.69</b>



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## Notes to the Standalone Financial Statements

### 8. Deferred tax

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

(Rs. in lakhs)

Particulars	Net balance April 01, 2022	Recognised in profit or loss	Demerger Adjustment	Recognised in OCI	Net balance as at March 31, 2023
<b>Deferred tax assets</b>					
Provision for impairment loss on financial instruments	2,282.81	(7.18)	(2,228.56)	-	47.07
Provision for retirement benefit plans	78.99	0.31	(78.99)	-	0.31
Disallowance of merger expenses	148.69	-	(148.69)	-	-
Lease liability	67.27	-	(67.27)	-	-
Fair value change on financial instruments	57.92	-	(57.92)	-	-
Difference between written down value of property plant and equipment and Intangible assets as per the books of accounts and income tax	98.51	-	(98.51)	-	-
<b>(A)</b>	<b>2,734.18</b>	<b>(6.87)</b>	<b>(2,679.93)</b>	<b>-</b>	<b>47.38</b>
<b>Deferred tax liabilities</b>					
Fair value change of investment valued at Fair value through OCI	(2.97)	-	2.97	-	-
EIR impact on financial instruments	(692.55)	(1.62)	694.17	-	(0.00)
Others	0.00	-	0.00	-	-
<b>(B)</b>	<b>(695.52)</b>	<b>(1.62)</b>	<b>697.14</b>	<b>-</b>	<b>(0.00)</b>
<b>Deferred tax asset (net) (A-B)</b>	<b>2,038.66</b>	<b>(8.49)</b>	<b>(1,982.79)</b>	<b>-</b>	<b>47.38</b>

(Rs. in lakhs)

Particulars	Net balance April 01, 2021	Recognised in profit or loss	Demerger Adjustment	Recognised in OCI	Net balance as at March 31, 2022
<b>Deferred tax assets</b>					
Provision for impairment loss on financial instruments	2,107.36	175.45	-	-	2,282.81
Provision for retirement benefit plans	39.89	15.23	-	23.87	78.99
Disallowance of merger expenses	119.56	29.13	-	-	148.69
Lease liability	54.18	13.09	-	-	67.27
Fair value change on financial instruments	-	53.75	-	4.17	57.92
Difference between written down value of property plant and equipment and Intangible assets as per the books of accounts and income tax	71.45	27.06	-	-	98.51
<b>(A)</b>	<b>2,392.44</b>	<b>313.72</b>	<b>-</b>	<b>28.04</b>	<b>2,734.19</b>
<b>Deferred tax liabilities</b>					
Fair value change of investment valued at Fair value through OCI	(29.96)	26.99	-	-	(2.97)
EIR impact on financial instruments	(504.81)	(187.74)	-	-	(692.55)
Others	(0.28)	0.28	-	-	0.00
<b>(B)</b>	<b>(535.05)</b>	<b>(160.47)</b>	<b>-</b>	<b>-</b>	<b>(695.52)</b>
<b>Deferred tax asset (net) (A-B)</b>	<b>1,857.39</b>	<b>153.25</b>	<b>-</b>	<b>28.04</b>	<b>2,038.67</b>



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# InCred Prime Finance Limited

(formerly known as InCred Financial Services Limited)

## Notes to the Standalone Financial Statements

### 9A. Property, plant and equipment

Particulars	Buildings*	Furniture and fixtures	Leasehold improvements	Office equipment	Computer & printer	Vehicles	Right-of-use assets**	Total
(Rs. in lakhs)								
<b>Year ended March 31, 2022</b>								
At carrying cost at the beginning of the year	22.71	157.60	1,081.18	186.78	730.68	124.28	2,318.53	4,621.76
Additions during the year	-	13.25	35.37	9.32	383.94	85.42	552.36	1,079.66
Disposals	-	(13.68)	(141.57)	(1.74)	(18.78)	(52.84)	-	(228.61)
<b>Gross carrying value as March 31, 2022</b>	<b>22.71</b>	<b>157.17</b>	<b>974.98</b>	<b>194.36</b>	<b>1,095.84</b>	<b>156.86</b>	<b>2,870.89</b>	<b>5,472.81</b>
Accumulated depreciation as at the beginning of the year	1.16	13.52	165.22	42.32	479.20	38.02	605.97	1,345.41
Depreciation for the year	0.38	33.61	212.33	45.89	208.75	15.01	414.08	930.05
Disposals	-	(13.68)	(135.81)	(0.65)	(18.28)	(19.03)	-	(187.45)
<b>Accumulated depreciation as at March 31, 2022</b>	<b>1.54</b>	<b>33.45</b>	<b>241.74</b>	<b>87.56</b>	<b>669.67</b>	<b>34.00</b>	<b>1,020.05</b>	<b>2,088.01</b>
<b>Net carrying value as at March 31, 2022</b>	<b>21.17</b>	<b>123.72</b>	<b>733.24</b>	<b>106.80</b>	<b>426.17</b>	<b>122.86</b>	<b>1,850.84</b>	<b>3,384.80</b>
<b>Year ended March 31, 2023</b>								
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	5,472.82
Additions during the year	-	-	-	-	-	-	-	-
Disposals	(22.71)	(157.17)	(974.98)	(192.65)	(1,095.84)	(156.86)	(2,870.89)	(5,471.10)
<b>Gross carrying value as March 31, 2023</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.72</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.72</b>
Accumulated depreciation as at the beginning of the year	1.54	33.45	241.74	87.56	669.67	34.00	1,020.05	2,087.99
Depreciation for the year	-	-	-	0.52	-	-	-	0.52
Disposals	(1.54)	(33.45)	(241.74)	(86.90)	(669.67)	(34.00)	(1,020.05)	(2,087.34)
<b>Accumulated depreciation as at March 31, 2023</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.17</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.17</b>
<b>Net carrying value as at March 31, 2023</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.54</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.54</b>

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

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

### 9B. Capital Work in progress

Capital work in progress (CWIP)	As at March 31, 2023				As at March 31, 2022			
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Less than 1 year	1-2 years	2-3 years	More than 3 years
Projects in progress	-	-	-	-	293.95	-	-	-
Projects temporarily suspended	-	-	-	-	293.95	-	-	-

(Rs. in lakhs)



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**InCred Prime Finance Limited***(formerly known as InCred Financial Services Limited)***Notes to the Standalone Financial Statements****10. Other intangible assets**

(Rs. in lakhs)

Particulars	Computer software
<b>Year ended March 31, 2022</b>	
At cost at the beginning of the year	762.12
Additions during the year	107.08
<b>Gross carrying value as March 31, 2022</b>	<b>869.20</b>
<b>Accumulated amortisation:</b>	
Accumulated amortisation as at the beginning of the year	539.63
Amortisation for the year	140.94
<b>Accumulated amortisation as at March 31, 2022</b>	<b>680.57</b>
<b>Net carrying value as at March 31, 2022</b>	<b>188.63</b>
<b>Year ended March 31, 2023</b>	
At cost at the beginning of the year	869.20
Additions during the year	
Transfer on account of Demerger	(869.20)
<b>Gross carrying value as March 31, 2023</b>	<b>-</b>
<b>Accumulated amortisation:</b>	
Accumulated amortisation as at the beginning of the year	680.57
Amortisation for the year	
Transfer on account of Demerger	(680.57)
<b>Accumulated amortisation as at March 31, 2023</b>	<b>-</b>
<b>Net carrying value as at March 31, 2023</b>	<b>-</b>

**11. Other non-financial assets**

(Rs. in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
	Amortised cost	Amortised cost
Prepaid expenses	-	294.29
Advances recoverable in kind (Unsecured, considered good)	0.43	94.73
GST receivable	895.87	891.53
<b>Total</b>	<b>896.30</b>	<b>1,280.55</b>



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**InCred Prime Finance Limited**  
(formerly known as InCred Financial Services Limited)

Notes to the Standalone Financial Statements

12. Debt Securities

(Rs. in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
	Amortised cost	Amortised cost
Debentures	-	95,683.00
Commercial Papers	-	10,840.77
<b>Total</b>	-	<b>1,06,523.77</b>
Debt securities in India	-	1,06,523.77
Debt securities outside India	-	-
<b>Total</b>	-	<b>1,06,523.77</b>

Terms and conditions

(Rs. in lakhs)

Sr No	Particulars	Nature of security	Terms of repayment	Maturity date	As at March 31, 2023	As at March 31, 2022
1	750, 10.25% Secured Rated Listed Redeemable Non-Convertible Debentures of Rs. 10,00,000 each	1. Non-Convertible Debentures issued by the company are secured by way of a first pari-passu charge over the receivables of the Company to the extent they meet the stipulated security cover ("Hypothecated Receivables") created pursuant to the deed of hypothecation executed by the Company in favour of the Debenture Trustee.	Redeemable at par at the end of 1096 days from the date of allotment. Coupon to be paid annually.	26-Apr-21	-	-
2	1000, 9.50% 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 545 days from the date of allotment. Coupon to be paid annually and on maturity.	20-Dec-21	-	-
3	500, 9.75% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 10,00,000 each		Redeemable at par at the end of 1095 days from the date of allotment. Coupon to be paid annually.	22-Jun-23	-	5,313.88
4	1,000, 9.75% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 10,00,000 each		Redeemable at par at the end of 1095 days from the date of allotment. Coupon to be paid annually.	26-Jun-23	-	10,689.83
5	500, 9.50% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 10,00,000 each		Redeemable at par at the end of 546 days from the date of allotment. Coupon to be paid semi-annually.	28-Jan-22	-	-
6	500, 9.40% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 10,00,000 each		Redeemable at par at the end of 549 days from the date of allotment. Coupon to be paid annually and on maturity.	10-Feb-22	-	-
7	750, 9.40% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 10,00,000 each		Redeemable at par at the end of 549 days from the date of allotment. Coupon to be paid semi-annually.	14-Mar-22	-	-
8	250, 9.10% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 10,00,000 each	Non-Convertible Debentures issued by the company are secured by way of a first 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 547 days from the date of allotment. Coupon to be paid quarterly.	04-Jun-22	-	628.49
9	1150, 10.95% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 10,00,000 each		Redeemable with agreed coupon at the end of 2191 days from the date of allotment, subject to a Put Option or Call Option at the end of 1096 days.	27-Jul-24	-	12,128.60
10	5,21,273, 0% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 1,000 each	Non-Convertible Debentures issued by the company are secured by way of a first ranking exclusive and continuing charge created over identified book debts/loan receivables (the "Hypothecated Assets") pursuant to the deed of hypothecation executed by the Company in favour of the Debenture Trustee.	Redeemable with agreed coupon at the end of 366 days from the date of allotment.	17-Feb-23	-	5,203.54
11	4,15,484, 9.25% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 1,000 each		Redeemable with agreed coupon at the end of 730 days from the date of allotment.	17-Feb-24	-	4,146.15
12	53,836, 9.13% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 1,000 each		50% will be redeemed on the date at the end of 365 days and remaining 50% at the end of 730 days from the date of allotment.	17-Feb-24	-	1,074.31



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**InCred Prime Finance Limited**  
(formerly known as InCred Financial Services Limited)

**Notes to the Standalone Financial Statements**

**12. Debt Securities**

13	158, Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000	Redeemable with agreed coupon at the end of 730 days from the date of allotment.	30-Sep-21	-	-
14	348, Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000	Redeemable with agreed coupon at the end of 732 days from the date of allotment.	14-Dec-21	-	-
15	502, Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000	Redeemable with agreed coupon at the end of 729 days from the date of allotment.	18-Feb-22	-	-
16	550, Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000	Redeemable with agreed coupon at the end of 911 days from the date of allotment.	03-Mar-23	-	6,406.88
17	150, Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000	Redeemable with agreed coupon at the end of 910 days from the date of allotment.	28-Jul-23	-	1,657.03
18	372, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000	Redeemable with agreed coupon at the end of 545 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	20-Oct-22	-	4,056.95
19	154, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000	Redeemable with agreed coupon at the end of 723 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	26-May-23	-	1,658.75
20	139, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000	Redeemable with agreed coupon at the end of 1221 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	04-Oct-24	-	1,400.88
21	150, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000	Redeemable with agreed coupon at the end of 1011 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	26-Apr-24	-	1,527.53
22	200, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000	Redeemable with agreed coupon at the end of 518 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	29-Dec-22	-	2,132.32
23	200, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000	Redeemable with agreed coupon at the end of 761 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	29-Aug-23	-	2,139.44
24	320, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000	Redeemable with agreed coupon at the end of 942 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	12-Apr-24	-	3,309.36
25	750, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000	Redeemable with agreed coupon at the end of 912 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	29-Mar-24	-	7,707.02
26	400, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000	Redeemable with agreed coupon at the end of 547 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	23-Jun-23	-	4,062.03
27	178, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000	Redeemable with agreed coupon at the end of 1205 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	08-May-25	-	1,705.86
28	1,000, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000	Redeemable with agreed coupon at the end of 609 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	04-Jan-23	-	10,780.60
29	7,500, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000	Redeemable with agreed coupon at the end of 640 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	03-Apr-23	-	7,953.55
28	Commercial Paper	Unsecured	Issued at a discount and redeemable at par. The tenure is 32 days to 189 days with an average discount rate of 8.13% p.a.	NA	10,840.77
	<b>Total</b>			-	<b>1,06,523.77</b>



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**InCred Prime Finance Limited**  
(formerly known as InCred Financial Services Limited)

Notes to the Standalone Financial Statements

13. Borrowings (other than debt securities)

(Rs. in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
	Amortised cost	Amortised cost
(a) Term loans		
(i) from banks	-	1,42,452.01
(ii) from other parties	-	19,839.77
(b) Inter corporate borrowings from related parties	-	-
(c) Inter corporate borrowings from other parties	-	4,550.00
(d) Loans repayable on demand	-	-
(i) from banks	-	8,223.71
(e) Commercial Papers	-	-
<b>Total</b>	-	<b>1,75,065.49</b>
Borrowings in India	-	1,69,735.67
Borrowings outside India	-	5,329.82
<b>Total</b>	-	<b>1,75,065.49</b>

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

Terms and conditions

(Rs. in lakhs)

Particulars	Nature of security	Terms of repayment	As at March 31, 2023	As at March 31, 2022
<b>Borrowings</b>				
a) Banks	Term Loan from Banks are secured by way of a first pari passu charge over all the receivables, both present and future of the Company; to the extent they meet the requirement of each lender's asset cover stipulated in respect of the outstanding facilities.	Loans are repayable in monthly or quarterly installments with original tenure ranging from 11 to 60 months at an average rate of interest ("ROI") of 9.00% p.a.	-	1,42,452.01
b) Others	Term Loan from Others are secured by way of a first pari passu charge over all the receivables, both present and future of the Company; to the extent they meet the requirement of each lender's asset cover stipulated in respect of the outstanding facilities.	Loans are repayable in monthly or quarterly installments with original tenure ranging from 24 to 36 months at an average ROI of 10.94% p.a.	-	14,509.95
b) Others- External commercial borrowings	Term Loan from Others are secured by way of a first pari passu charge over all the receivables, both present and future of the Company; to the extent they meet the requirement of each lender's asset cover stipulated in respect of the outstanding facilities.	Loan is repayable on maturity at the end of 60 months. Interest linked to LIBOR and payable half yearly.	-	5,329.82
Inter corporate borrowings from related parties (Refer Note 31)	Unsecured	The tenure is 6 months. Interest is payable on a monthly basis at an average ROI of 9.90% p.a.	-	-
Inter corporate borrowings from other parties	Unsecured	The tenure is 1 month to 3 months. Interest is payable on a monthly basis at an average ROI of 9.14% p.a.	-	4,550.00
Loans repayable on demand (WCCL and CC)	Working Capital Demand Loans ("WCCL") and Cash Credit ("CC") from Banks are secured by way of a first pari passu charge over all the receivables, both present and future of the Company; to the extent they meet the requirement of each lender's asset cover stipulated in respect of the outstanding facilities.	CC / WCCL facilities are repayable on demand with renewal at the end of 1 year. Interest is payable on a monthly basis at an average ROI of 8.44% p.a.	-	8,223.71
Commercial Paper	Unsecured	The tenure is 364 days with discount rate of 9.00% p.a.	-	-
<b>Total</b>			-	<b>1,75,065.49</b>



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**InCred Prime Finance Limited***(formerly known as InCred Financial Services Limited)***Notes to the Standalone Financial Statements****14. Other financial liabilities****(Rs. in lakhs)**

Particulars	As at March 31, 2023	As at March 31, 2022
	Amortised cost	Amortised cost
Lease liability (Refer Note 34)	-	2,141.57
Collaterals from customers	-	3,098.48
Security deposits	-	55.35
Payable on servicing portfolio	-	106.13
Provision for expenses	2.09	2,734.66
Payable to Related parties	1,108.00	-
Others	0.21	21.74
<b>Total</b>	<b>1,110.30</b>	<b>8,157.93</b>

**15. Provisions****(Rs. in lakhs)**

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits (Refer Note 32)	1.27	313.84
Expected credit loss provision on undrawn commitments	-	9.42
<b>Total</b>	<b>1.27</b>	<b>323.27</b>

**16. Other non-financial liabilities****(Rs. in lakhs)**

Particulars	As at March 31, 2023	As at March 31, 2022
Statutory dues payable	223.48	900.48
<b>Total</b>	<b>223.48</b>	<b>900.48</b>



# InCred Prime Finance Limited

(Formerly known as InCred Financial Services Limited)

## Notes to the Standalone Financial Statements

### 17 (A). Equity share capital

(Rs. in lakhs)

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number	Amount	Number	Amount
Authorised Capital				
Equity shares of Re. 1/- each*	20,11,00,00,000	2,01,100.00	2,01,10,00,000	2,01,100.00
Total	20,11,00,00,000	2,01,100.00	2,01,10,00,000	2,01,100.00
Issued, subscribed and paid up capital				
Equity Shares of Re. 1/- each fully paid up*	38,80,25,963	3,880.26	35,45,02,651	35,450.27
Total	38,80,25,963	3,880.26	35,45,02,651	35,450.27

\*The face value of the Authorised share capital of the company was reduced from INR 20 To INR 1 vide order dated May 06, 2022 passed by NCLT, Mumbai bench sanctioning the Composite Scheme of Amalgamation and Arrangement among Bee Finance Limited, ("Transferor Company") and KKR Capital Markets India Private Limited, ("Transferee Company") and InCred Financial Services Limited, ("Demerged Company") or "Company") and KKR India Financial Services Limited, ("Resulting Company") and their respective shareholders under Sections 230 - 232 read with Sections 66 and 234 of the Companies Act, 2013 read with Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.

### Terms/rights attached to equity shares

The company has only one class of equity shares having par value of Re. 1 per share fully paid up. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian Rupees. The dividend if and when proposed by the Board of Directors will be subject to the approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

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

### Equity shares held by holding company

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

Name of shareholder	As at March 31, 2023		As at March 31, 2022	
	No. of shares held	Amount	No. of shares held	Amount
InCred Holdings Limited (formerly known as KKR Capital Markets India Limited)*	23,03,73,125	2,303.73	-	-
Bee Finance Limited (Mauritius), the holding company*	-	-	23,03,73,125	23,037.31
Total	23,03,73,125	2,303.73	23,03,73,125	23,037.31

\*Pursuant to Composite Scheme of Amalgamation and Arrangement, Bee Finance Limited has been merged into InCred Holdings Limited (formerly known as KKR Capital Markets India Limited).

### Equity shares held by promoters of the company

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

Name of shareholder	As at March 31, 2023		As at March 31, 2022	
	No. of shares held	% of shares held	No. of shares held	% of shares held
InCred Holdings Limited (formerly known as KKR Capital Markets India Limited)*	23,03,73,125	59.37%	-	-
Bee Finance Limited (Mauritius), the holding company*	-	-	-	0.00%
Bhupinder Singh	25,19,554	0.65%	25,19,554	0.65%
Total	23,28,92,679	60.02%	25,19,554	0.65%

\*Pursuant to Composite Scheme of Amalgamation and Arrangement, Bee Finance Limited has been merged into InCred Holdings Limited (erstwhile known as KKR Capital Markets India Limited) w.e.f. July 26, 2022.

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

Name of shareholder	As at March 31, 2023		As at March 31, 2022	
	No. of shares held	% Holding	No. of shares held	% Holding
InCred Holdings Limited (formerly known as KKR Capital Markets India Limited), the holding company*	23,03,73,125	59.37%	-	-
Bee Finance Limited (Mauritius), the holding company*	-	-	23,03,73,125	64.98%
Daks Asset Management Private Limited (formerly known as "Alpha Capital Advisors Private Limited A/C PMS")	2,58,81,506	6.67%	1,86,43,793	5.26%
Total	25,62,54,731	66.04%	24,90,16,918	70.24%

\*Pursuant to Composite Scheme of Amalgamation and Arrangement, Bee Finance Limited has been merged into InCred Holdings Limited (erstwhile known as KKR Capital Markets India Limited) w.e.f. July 26, 2022.

### 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

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number	Amount	Number	Amount
At the beginning of the year	35,45,02,651	35,450.26	30,77,27,936	30,772.79
Add: Issued during the year	-	-	-	-
Shares issued during the year	-	-	-	-
Stock options exercised during the year	43,688	4.37	17,38,050	173.81
Preference shares converted into equity shares	3,34,79,624	3,347.96	4,50,36,665	4,503.67
Less: Impact of reduction in face value per share from Rs. 10 to Re 1	-	(34,922.33)	-	-
At the end of the year	38,80,25,963	3,880.26	35,45,02,651.00	35,450.26

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



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## 17 (B). Preference share capital

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number	Amount	Number	Amount
Authorised Capital				
Preference Shares of Rs. 1/- each*	95,00,00,000	9,500.00	95,00,00,000	9,500.00
Total	95,00,00,000	9,500.00	95,00,00,000	9,500.00
Issued, subscribed and paid up capital				
Preference Shares of Rs. 1/- each fully paid*	-	-	3,34,79,624	3,347.96
Total	-	-	3,34,79,624	3,347.96

\* The Face value of the Authorised share capital of the company was reduced from INR 10 To INR 1 vide order dated May 06, 2022 passed by NCLT, Mumbai bench sanctioning the Composite Scheme of Amalgamation and Arrangement among Bee Finance Limited, ("Transferor Company") and KKR Capital Markets India Private Limited, ("Transferee Company") and InCred Financial Services Limited, ("Demerged Company") or "Company") and KKR India Financial Services Limited, ("Resulting Company") and their respective shareholders under Sections 230 - 232 read with Sections 66 and 234 of the Companies Act, 2013 read with Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.

## Terms/rights attached to preference shares

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

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

Preference shares held by holding company:

Nil (FY: Nil)

Preference shares held by promoters of the company:

Nil (FY: Nil)

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

Name of shareholder	As at March 31, 2023		As at March 31, 2022	
	No. of shares held	% Holding	No. of shares held	% Holding
Bee Finance Limited (Mauritius), the holding company	-	-	-	0.00%
Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.	-	-	-	0.00%
Oaks Asset Management Private Limited (formerly known as "Alpha Capital Advisors Private Limited A/C PMS")	-	-	72,37,813	21.62%
Total	-	-	72,37,813	21.62%

## Preference shares reconciliation

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number	Amount	Number	Amount
At the beginning of the year	3,34,79,624	3,347.96	7,85,16,289	7,851.63
Add: Issued during the year	-	-	-	-
Shares issued during the period	-	-	-	-
Preference shares converted into equity shares	(3,34,79,624)	(3,347.96)	(4,50,36,665)	(4,503.67)
At the end of the year	-	0.00	3,34,79,624	3,347.96

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

Name of shareholder	As at March 31, 2023		As at March 31, 2022	
	No. of shares held	% Holding	No. of shares held	% Holding
Bee Finance Limited (Mauritius), the holding company	-	-	-	0.00%
Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.	-	-	-	0.00%
Oaks Asset Management Private Limited (formerly known as "Alpha Capital Advisors Private Limited A/C PMS")	-	-	2,58,81,606	6.67%
Total	-	-	2,58,81,606	6.67%



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# InCred Prime Finance Limited

(formerly known as InCred Financial Services Limited)

## Notes to the Standalone Financial Statements

### 18. 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					
Balance at March 31, 2021	656.72	61,790.16	27.74	62.27	1,751.34	1,627.75	89.03	-	-	15.36	65,960.36
Profit for the year	-	-	-	-	-	3,611.77	-	-	-	-	3,611.77
Other comprehensive income for the year	-	-	-	-	-	(70.97)	(90.02)	-	-	-	(83.36)
Total comprehensive income for the year (net of tax)	-	-	-	-	-	3,540.80	(90.02)	-	-	-	3,528.41
Transfer / utilizations	-	-	-	-	-	-	-	-	-	-	-
Additions during the year (cash premium)	-	497.86	-	-	(270.48)	-	-	-	-	-	497.86
Additions during the year (non-cash premium)	-	270.48	-	-	-	-	-	-	-	-	-
Utilized during the year	-	-	-	-	-	(722.35)	-	-	-	-	-
Transferred to special reserve from retained earnings	722.35	-	-	-	-	-	-	-	-	-	-
Share based payment expense	-	-	-	-	-	-	-	-	-	-	-
Transfer from share based payment reserve	-	-	-	3.82	2,442.76	-	-	-	-	-	2,446.58
Balance at March 31, 2022	1,379.07	62,498.49	27.74	66.09	3,900.55	4,460.27	(0.99)	77.63	-	15.36	72,413.21
Transfer on account of Demerger	(1,379.07)	(27,576.10)	(27.74)	(66.09)	(3,900.55)	(7,267.86)	0.99	(77.63)	-	(15.36)	(40,309.46)
Profit for the year	-	-	-	-	-	1.51	-	-	-	-	1.51
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year (net of tax)	-	-	-	-	-	1.51	-	-	-	-	1.51
Transfer / utilizations	-	-	-	-	-	-	-	-	-	-	-
Additions during the year (cash premium)	-	11.52	-	-	-	-	-	-	-	-	11.52
Additions during the year (non-cash premium)	-	-	-	-	-	-	-	-	-	-	-
Utilized during the year	-	(34,922.33)	-	-	-	-	-	-	-	-	(34,922.33)
Transferred to special reserve from retained earnings	0.30	-	-	-	-	(0.30)	-	-	-	-	-
Share based payment expense	-	-	-	-	-	-	-	-	-	-	-
Transfer from share based payment reserve	-	-	-	-	-	-	-	-	-	-	-
Balance at March 31, 2023	0.30	11.52	-	-	-	(2,797.38)	-	-	-	-	(2,785.56)

### Nature and purpose of each reserve:

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

**Securities premium** - The securities premium account is used to record the premium received on issue of shares including non-cash component arising on exercise of stock options. The reserve is utilised in accordance with the provisions of the Act.

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

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

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

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

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

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

**Equity Instruments through other comprehensive income** - This represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income.



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**InCred Prime Finance Limited***(formerly known as InCred Financial Services Limited)***Notes to the Standalone Financial Statements****19. Interest income**

(Rs. in lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
<b>On financial assets measured at amortised cost:</b>		
-Interest on loans	74.85	45,746.65
-Interest income from investments	-	856.75
-Interest on deposits with banks	-	122.17
<b>On Financial Assets measured at fair value through profit or loss:</b>		
-Interest on loans	-	-
<b>On Financial Assets measured at fair value through Other Comprehensive Income:</b>		
-Interest income from investments	-	608.88
<b>Total</b>	<b>74.85</b>	<b>47,334.45</b>

Note - No revenue from transactions with a single customer amounted to 10% or more of the Company's total revenue for the year ended 31 March 2023 and 31 March 2022.

**20. Fees and commission income**

(Rs. in lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Loan servicing and administration charges	2.61	966.24
Service fees (Refer Note 31)	-	56.00
<b>Total</b>	<b>2.61</b>	<b>1,022.24</b>
<b>Geographical Markets</b>		
Within India	2.61	1,022.24
Outside India	-	-
<b>Total</b>	<b>2.61</b>	<b>1,022.24</b>
<b>Timing of revenue recognition</b>		
Services transferred at a point in time	2.61	1,022.24
Services transferred over time	-	-
<b>Total</b>	<b>2.61</b>	<b>1,022.24</b>

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

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

(Rs. in lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
<b>Net gain/ (loss) on financial instruments at fair value through profit or loss</b>		
-Investments	-	132.93
-Derivatives	-	(34.64)
<b>Total</b>	<b>-</b>	<b>98.29</b>
<b>Fair value changes:</b>		
-Realised	-	132.93
-Unrealised	-	(34.64)

**22. Other income**

(Rs. in lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Marketing income	-	1,764.00
Business support charges (Refer Note 31)	-	1,349.32
Interest on Income tax refund	130.97	1.50
Other income	3.07	215.22
<b>Total</b>	<b>134.04</b>	<b>3,330.04</b>



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## InCred Prime Finance Limited

(formerly known as InCred Financial Services Limited)

### Notes to the Standalone Financial Statements

#### 23. Finance costs

(Rs. in lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
On financial liabilities measured at amortised cost:		
(i) Interest on borrowings	-	10,593.94
(ii) Discount on Commercial Paper	-	487.26
(iii) Interest on Debentures	-	10,206.40
(iv) Interest on Inter Corporate Debts ("ICD")	18.00	280.46
(v) Interest on lease liability (Refer Note 34)	-	198.43
(vi) Other finance cost	-	185.43
<b>Total</b>	<b>18.00</b>	<b>21,951.92</b>

#### 24. Impairment on financial instruments

(Rs. in lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
On Financial instruments measured at amortised cost:		
(i) Loans (including amount written off, net of recovery)	23.51	4,360.72
(ii) Investments	-	(3.90)
(iii) Others	-	(5.18)
<b>Total</b>	<b>23.51</b>	<b>4,351.64</b>

#### 25. Employee benefits expenses

(Rs. in lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Salaries and wages	50.88	10,685.21
Contribution to provident and other funds	0.88	270.31
Share based payment to employees (Refer Note 33)	-	2,443.68
Staff welfare expenses	0.62	225.32
Retirement Benefit expenses (Refer Note 32)	0.16	60.52
Others	-	2.22
<b>Total</b>	<b>52.54</b>	<b>13,687.26</b>



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## InCred Prime Finance Limited

(formerly known as InCred Financial Services Limited)

### Notes to the Standalone Financial Statements

#### 26. Other expenses

(Rs. in lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Information Technology expenses	-	1,312.43
Collection expenses	11.98	1,150.94
Legal, professional and consultancy charges	12.04	1,137.49
Office Expense	-	442.45
Travelling and conveyance	1.53	260.31
Advertisement, publicity and sales promotion expenses	-	226.59
Rating fees	-	189.75
Payment to auditors	1.00	111.83
Directors' sitting fees (Refer Note 31)	29.78	45.35
Stamp Duty & Filing fees	-	29.68
Bank charges	0.55	26.64
Repairs and maintenance	-	21.22
Corporate Social responsibility (Refer Note 38)	43.43	16.35
Rent (Refer Note 34)	-	10.51
Membership and Subscription	-	4.70
Miscellaneous expenses	-	210.59
<b>Total</b>	<b>100.31</b>	<b>5,196.83</b>

#### Payment to the auditors:

(Rs. in lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Auditor's remuneration		
- Audit fees	1.00	68.33
- Limited review	-	18.97
In other capacity		
- Certification services	-	24.53
- Taxation	-	-
<b>Total</b>	<b>1.01</b>	<b>111.83</b>



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Notes to the Standalone Financial Statements

27. Tax expense

(a) Amounts recognised in profit and loss

(Rs. in lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Current tax expense		
Current year	6.64	1,358.68
Tax pertaining to previous years	-	-
Current tax expense	6.64	1,358.68
Deferred tax expense		
Origination and reversal of temporary differences	8.49	(153.25)
Deferred tax expense	8.49	(153.25)
Tax expense for the year	15.13	1,205.43

(b) Amounts recognised in other comprehensive income

(Rs. in lakhs)

Particulars	Year ended March 31, 2023			Year ended March 31, 2022		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Items that will not be reclassified to profit or loss						
(a) Remeasurements of defined benefit liability (asset)	-	-	-	(94.84)	23.87	(70.97)
(b) Equity instruments through other comprehensive income	-	-	-	-	-	-
Items that will be reclassified to profit or loss						
(a) Debt instruments through other comprehensive income	-	-	-	(120.30)	30.28	(90.03)
	-	-	-	(215.14)	54.15	(160.99)

(c) Amounts recognised directly in equity

There are no temporary difference recognised directly in equity for the year ended March 31, 2023 (Previous Year: Nil)

(d) Reconciliation of effective tax rate

(Rs. in lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Profit before tax as per Statement of profit and loss (A)	16.64	4,817.20
Statutory tax rate	25.17%	25.17%
Tax using the Company's domestic tax rate (B)	4.19	1,212.49
Tax effect of:		
Tax effect of amounts which are not deductible in calculating taxable income	10.94	4.15
Effect of income exempt from income tax	-	(25.17)
Tax pertaining to prior year	-	-
Other adjustments	-	13.96
Effective tax amount	15.13	1,205.43
Effective tax rate	90.92%	25.02%



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**InCred Prime Finance Limited**  
(formerly known as InCred Financial Services Limited)

**Notes to the Standalone Financial Statements**

**28. Earnings per share**

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

**i. Profit attributable to Equity shareholders:**

(Rs. in lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Profit attributable to equity holders of the Company used in calculating basic earnings per share	1.51	3,611.77
Profit attributable to equity holders of the Company used in calculating diluted earnings per share	1.51	3,611.77

**ii. Weighted average number of ordinary shares**

Particulars	As at March 31, 2023	As at March 31, 2022
Weighted average number of equity shares used as the denominator in calculating basic earnings per share (A)	38,80,26,000	38,60,17,437
Adjustments for calculation of diluted earnings per share (B)	-	21,16,274
Weighted average number of equity shares and potential equity shares used as the denominator in calculating diluted earnings per share (A+B)	38,80,26,000	38,81,33,711
Basic earnings per share)*	0.00	0.94
Diluted earnings per share)*	0.00	0.93

\*EPS for FY 2022-23 is beyond two decimal point



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Notes to the Standalone Financial Statements

29. Fair Value Measurements

A. Accounting classification

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

Particulars	As at March 31, 2023			As at March 31, 2022			Total
	FVTPL	FVOCI	Amortised Cost	Total	FVTPL	FVOCI	
Financial assets							
Cash and cash equivalents	-	-	8.27	8.27	-	-	5,203.13
Bank balance other than cash and cash equivalents	-	-	-	-	-	-	2,991.36
Derivative financial instruments	-	-	-	-	1,181.05	-	-
Loans	-	-	145.03	145.03	-	-	3,73,226.42
Investments							
-Debt securities	-	-	-	-	-	2,899.87	855.44
-Convertible Preference Shares	-	-	-	-	9.22	-	-
Other financial assets	-	-	148.55	148.55	-	-	2,736.69
Total financial assets	-	-	301.85	301.85	1,190.27	2,899.87	3,85,013.04
Financial liabilities							
Derivative financial instruments	-	-	-	-	186.87	-	-
Debt securities	-	-	-	-	-	-	1,06,523.77
Borrowings (other than debt securities)	-	-	-	-	-	-	1,75,065.49
Other financial liabilities	-	-	1,110.30	1,110.30	-	-	8,157.93
Total financial liabilities	-	-	1,110.30	1,110.30	186.87	-	2,89,747.19
(Rs. in lakhs)							

Note: Investment in subsidiaries amounting to Rs. Nil lakhs (Previous year: Rs. 4,915.00 lakhs) is carried at cost in accordance with Ind AS 27 and does not form part of the above.

Note: Investment in subsidiaries amounting to Rs. Nil lakhs (Previous year: Rs. 4,915.00 lakhs) is carried at cost in accordance with Ind AS 27 and does not form part of the above.

B. Fair Value

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

Particulars	Fair value								(Rs. in lakhs)
	As at March 31, 2023			As at March 31, 2022					
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	
Financial assets									
Convertible preference shares	-	-	-	-	-	9.22	-	9.22	9.22
Derivative Financial Instruments	-	-	-	-	-	-	1,181.05	1,181.05	1,181.05
Investment in debt securities	-	-	-	-	-	-	2,899.87	2,899.87	2,899.87
Total	-	-	-	-	-	9.22	4,080.92	4,090.14	
Financial liabilities									
Derivative Financial Instruments	-	-	-	-	-	-	186.87	186.87	186.87
total	-	-	-	-	-	-	186.87	186.87	186.87



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Notes to the Standalone Financial Statements

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

(Rs. in lakhs)

Particulars	Fair value				
	As at March 31, 2023			As at March 31, 2022	
	Level 1	Level 2	Level 3	Total	Total
<b>Financial assets</b>					
Cash and cash equivalents	8.27	-	-	8.27	5,203.13
Bank balance other than cash and cash equivalents	-	-	-	-	2,991.36
Investments	-	-	-	-	-
- Debt securities	-	-	-	-	-
Loans	-	-	-	-	855.44
Other financial assets	148.55	-	145.03	145.03	3,96,023.64
<b>Total</b>	<b>156.82</b>	<b>-</b>	<b>145.03</b>	<b>301.85</b>	<b>4,07,810.25</b>
<b>Financial liabilities</b>					
Debt securities	-	-	-	-	1,07,546.28
Borrowings (other than debt securities)	-	-	-	-	1,75,643.96
Other financial liabilities	1,110.30	-	-	1,110.30	8,157.93
<b>Total</b>	<b>1,110.30</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,91,348.18</b>

(Rs. in lakhs)

Particulars	As at March 31, 2023			As at March 31, 2022	
	Carrying Value	Fair Value	Carrying Value	Carrying Value	Fair Value
<b>Financial assets</b>					
Cash and cash equivalents	8.27	8.27	5,203.13	5,203.13	5,203.13
Bank balance other than cash and cash equivalents	-	-	2,991.36	2,991.36	2,991.36
Derivative Financial Instruments	-	-	1,181.05	1,181.05	1,181.05
Loans	145.03	145.03	3,73,226.42	3,73,226.42	3,96,023.64
<b>Investments</b>					
-Debt securities at Other comprehensive income	-	-	2,899.87	2,899.87	2,899.87
-Debt securities at amortised cost	-	-	855.44	855.44	855.44
Other financial assets	148.55	148.55	2,736.69	2,736.69	2,736.69
<b>Total</b>	<b>301.85</b>	<b>301.85</b>	<b>3,89,093.96</b>	<b>4,11,891.18</b>	<b>4,11,891.18</b>
<b>Financial liabilities</b>					
Derivative Financial Instruments	-	-	186.87	186.87	186.87
Debt securities	-	-	1,06,523.77	1,06,523.77	1,07,546.28
Borrowings (other than debt securities)	-	-	1,75,065.49	1,75,065.49	1,75,643.96
Other financial liabilities	1,110.30	1,110.30	8,157.93	8,157.93	8,157.93
<b>Total</b>	<b>1,110.30</b>	<b>1,110.30</b>	<b>2,89,934.06</b>	<b>2,91,535.04</b>	<b>2,91,535.04</b>



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## Notes to the Standalone Financial Statements

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

### C. Measurement of fair values

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

#### Financial instruments held at amortised cost

##### i. Cash and bank balance:

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

##### ii. Loans and advances to customers:

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

##### iii. Other financial assets:

The carrying amount of these financial instruments is considered to be a reasonable approximation of fair value as they are short term in nature.

##### iv. Investment in debt securities:

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

##### v. Debt securities and borrowings:

The estimated fair value of fixed interest bearing borrowings without quoted market prices is based on discounted cash flows using the prevailing rates at which Company has borrowed for debts with a similar credit risk and remaining maturity. For market linked debentures, the fair value published by CARE Rating Agency as at March 31, 2022 has been considered for fair valuation. For floating rate borrowings, the carrying value is a reasonable approximation to the fair value.

##### vi. Other financial liabilities:

The carrying amount of these financial instruments is considered to be a reasonable approximation of fair value as they are either short term in nature.





**Notes to the Standalone Financial Statements**

**Financial instruments held at fair value**

**i. Investment in mutual fund:**

The investment in mutual funds are valued using the closing NAV in the market.

**ii. Investment in debt securities:**

Fair value is based on market-observable data such as secondary market prices for its traded debt and where no data is available, it is estimated using market 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, 2023 and March 31, 2022.

**D. Sensitivity analysis of financial instruments at Level 3**

Particulars	Input name	As at March 31, 2023		As at March 31, 2022	
		Delta effect of		Delta effect of	
		+ 1% change	- 1% change	+ 1% change	- 1% change
<b>Financial Assets:</b>					
Loans	Discount rate	-	-	(2,035.95)	2,077.02
Investment in debt securities	Gsec rate	-	-	(9.46)	9.58
Investment in debt securities	FIMMDA rate	-	-	(9.46)	9.58
Derivative Financial Instruments	Volatility rate	-	-	25.11	(33.00)
<b>Financial Liabilities:</b>					
Debt securities	Discount rate	-	-	146.99	(149.14)
Borrowings (other than debt securities)	Discount rate	-	-	(663.65)	678.98
Derivative Financial Instruments	Volatility rate	-	-	29.55	(29.42)

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

The following table presents the change in level 3 items for the year ended March 31, 2023 and March 31, 2022  
(Rs. in lakhs)

Particulars	Derivative	Debt Instruments
<b>As at March 31, 2021</b>		<b>6,652.06</b>
Net Acquisitions/(Disposal)	-	(3,622.64)
Gains recognised in other comprehensive income	299.22	(120.30)
<b>As at March 31, 2022</b>		<b>2,909.12</b>
Transfer on Account of Demerger	(299.22)	(2,909.12)
Net Acquisitions/(Disposal)	-	-
Gains/(Loss) recognised in other comprehensive income	-	-
<b>As at March 31, 2023</b>		<b>-</b>



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## Notes to the Standalone Financial Statements

### 30. Financial risk management

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

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

#### A. Credit risk

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

#### 1) Credit risk management

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

The key factors considered include:

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

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

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

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

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

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

#### Measurement of Expected Credit Losses (ECL)

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

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

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

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

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

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

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



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InCred Prime Finance Limited  
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Notes to the Standalone Financial Statements  
As at March 31, 2023

(Rs. in lakhs)

Particulars	Asset group	Gross carrying amount	Expected credit losses	Net carrying amount
Stage 1	Term Loans	69.75	0.02	69.73
Stage 2	Term Loans	-	-	-
Stage 3	Term Loans	262.28	186.98	75.30

As at March 31, 2022

(Rs. in lakhs)

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

#### 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:

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

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



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

For Loan exposure

The below table signifies movement of gross carrying amount:

	(Rs. in lakhs)		
Reconciliation of Loan exposure	Stage 1	Stage 2	Stage 3
Loan exposure on March 31, 2021	2,32,999.00	24,066.63	9,052.53
Change in opening credit exposure	(1,24,612.06)	(7,159.92)	(2,629.64)
New credit exposures during the year, net of repayment*	2,50,658.03	2,454.79	493.14
Transferred to 12-month ECL	2,000.14	(1,971.06)	(29.08)
Transferred to Lifetime ECL not credit impaired	(7,580.59)	7,921.29	(340.70)
Transferred to Lifetime ECL credit impaired	(3,923.49)	(3,340.27)	7,263.75
Write-offs	-	-	(2,998.64)
Loan exposure on March 31, 2022	3,49,541.03	21,971.46	10,811.36
Transfer of Credit exposure on account of Demerger	(3,48,743.26)	(21,899.46)	(10,432.03)
Loan exposure on April 01, 2022	797.77	72.00	379.33
Change in opening credit exposure	(725.84)	(70.44)	(120.78)
New credit exposures during the year, net of repayment*	-	-	-
Transferred to 12-month ECL	0.47	(0.42)	(0.06)
Transferred to Lifetime ECL not credit impaired	-	-	-
Transferred to Lifetime ECL credit impaired	(2.65)	(1.15)	3.80
Write-offs	-	-	-
Loan exposure on March 31, 2023	69.75	0.00	262.28

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

For Loan loss allowance:

	(Rs. in lakhs)		
Reconciliation of loss allowance	Stage 1	Stage 2	Stage 3
Loss allowance on March 31, 2021	1,865.67	2,009.41	5,229.81
Change in opening credit exposure	(1,342.22)	(640.79)	(54.68)
New credit exposures during the year, net of repayment*	1,973.46	178.72	249.06
Transferred to 12-month ECL	63.41	(265.29)	(15.65)
Transferred to Lifetime ECL not credit impaired	(49.40)	290.43	(171.57)
Transferred to Lifetime ECL credit impaired	(49.47)	(343.39)	3,168.56
Write-offs	-	-	(2,998.64)
Loss allowance on March 31, 2022	2,461.45	1,229.09	5,406.89
Transfer of Credit exposure on account of Demerger	(2,445.88)	(1,213.24)	(5,222.84)
Loss allowance on April 01, 2022	15.57	15.84	184.05
Change in opening credit exposure	(15.69)	(17.81)	4.99
New credit exposures during the year, net of repayment*	-	-	-
Transferred to 12-month ECL	0.20	(0.16)	(0.04)
Transferred to Lifetime ECL not credit impaired	-	-	-
Transferred to Lifetime ECL credit impaired	(0.08)	2.13	(2.05)
Write-offs	-	-	-
Loss allowance on March 31, 2023	(0.00)	(0.00)	186.96

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

For Investments

	(Rs. in lakhs)
Reconciliation of loss allowance	Stage 1
Loss allowance on March 31, 2021	13.17
Changes in loss allowances due to Assets used or released	(3.89)
Loss allowance on March 31, 2022	9.28
Transfer on account of Demerger	(9.28)
Loss allowance on March 31, 2023	-

For loan commitments

	(Rs. in lakhs)
Reconciliation of loss allowance	Stage 1
Loss allowance on 31 March 2021	11.00
Changes in loss allowances due to Assets used or released	(1.58)
Loss allowance on 31 March 2022	9.42
Transfer on account of Demerger	(9.42)
Loss allowance on 31 March 2023	-

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 'COVID-19 Regulatory Package', the Company had granted moratorium up to six months on the payment of instalments which became due between 1 March, 2020 and 31 August, 2020 to all eligible borrowers. During the current and previous year, the Company had provided loan moratorium in respect of certain loan accounts pursuant to RBI's Resolution Framework 1.0 dated August 6, 2020 and Resolution Framework 2.0 dated May 5, 2021 for COVID-19 induced stress. As at March 31, 2023 and March 31, 2022, the Company holds adequate impairment allowance on the loan portfolio as per requirements of Ind AS 109.

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



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Notes to the Standalone Financial Statements

30. Financial risk management (continued)

B. Liquidity risk

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

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

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

Particulars	(Rs. in lakhs)	
	As at March 31, 2023	As at March 31, 2022
- Expiring within one year	-	17,010.00
- Expiring beyond one year	-	-
<b>Total</b>	<b>-</b>	<b>17,010.00</b>

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.

Particulars	Note No	(Rs. in lakhs)				
		Carrying amount	Gross nominal inflow/(outflow)	Contractual cash flows		
				Less than 1 year	1-3 years	3-5 years
						After 5 years
<b>Maturities of financial liabilities</b>						
Derivative financial instruments	4	-	-	-	-	-
Debt securities	12	-	-	-	-	-
Borrowings (other than debt securities)	13	-	-	-	-	-
Other financial liabilities	14	1,110.30	(1,110.30)	(1,110.30)	-	-
Loan commitments	35	-	-	-	-	-
<b>Total</b>		<b>1,110.30</b>	<b>(1,110.31)</b>	<b>(1,110.30)</b>	<b>-</b>	<b>-</b>



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Notes to the Standalone Financial Statements

As at March 31, 2022

Particulars	Note No	Contractual cash flows					(Rs. in lakhs)
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	
Maturities of financial liabilities							
Derivative financial instruments	4	186.87	(186.87)	-	(186.87)	-	-
Debt securities	12	1,06,523.77	(1,23,335.86)	(48,013.55)	(60,046.05)	(2,517.01)	(12,759.25)
Borrowings (other than debt securities)	13	1,75,065.49	(2,13,959.44)	(92,103.90)	(88,864.92)	(32,990.62)	-
Other financial liabilities	14	8,157.93	(8,157.93)	(8,157.93)	-	-	-
Loan commitments	35	14,248.30	(14,248.30)	(11,907.93)	(2,340.37)	-	-
<b>Total</b>		<b>3,04,182.36</b>	<b>(3,59,888.41)</b>	<b>(1,60,183.31)</b>	<b>(1,51,436.21)</b>	<b>(35,507.63)</b>	<b>(12,759.25)</b>

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, 2023

Particulars	Note No	Contractual cash flows					(Rs. in lakhs)
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	
Maturities of financial assets							
Cash and cash equivalents	2	8.27	8.27	8.27	-	-	-
Bank deposits	3	-	-	-	-	-	-
Derivative financial instruments	4	-	-	-	-	-	-
Loans	5	145.03	332.03	332.03	-	-	-
Investments (other than subsidiaries)	6	-	-	-	-	-	-
Other financial assets	7	148.55	148.55	148.55	-	-	-
<b>Total</b>		<b>301.86</b>	<b>488.86</b>	<b>488.85</b>	<b>-</b>	<b>-</b>	<b>-</b>

As at March 31, 2022

Particulars	Note No	Contractual cash flows					(Rs. in lakhs)
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	
Maturities of financial assets							
Cash and cash equivalents	2	5,203.13	5,203.13	5,203.13	-	-	-
Bank deposits	3	2,991.36	3,064.90	3,064.90	-	-	-
Derivative financial instruments	4	1,181.05	1,181.05	-	1,181.05	-	-
Loans	5	3,73,226.42	5,17,087.67	2,21,380.60	1,48,771.24	55,625.27	91,310.56
Investments (other than subsidiaries)	6	3,755.31	3,946.47	3,393.46	553.01	-	-
Other financial assets	7	2,736.69	2,736.69	2,736.69	-	-	-
<b>Total</b>		<b>3,89,093.97</b>	<b>5,33,219.91</b>	<b>2,35,778.78</b>	<b>1,50,505.30</b>	<b>55,625.27</b>	<b>91,310.56</b>



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Notes to the Standalone Financial Statements

30. Financial risk management (continued)

C. Market risk

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

Exposure to interest rate risk

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

(Rs. in lakhs)

Particulars	Nominal amount	
	As at March 31, 2023	As at March 31, 2022
<b>Loans</b>		
Fixed rate loans	296.65	2,22,062.75
Variable rate loans	-	1,58,346.89
Bank balance other than cash and cash equivalents	-	2,991.36
Fixed rate investments in debt securities at amortised cost	-	855.47
Fixed rate investments in debt securities at other comprehensive income	-	2,909.12
<b>Total</b>	<b>296.65</b>	<b>3,87,165.59</b>
<b>Debt and Borrowings</b>		
Fixed rate Debt and Borrowings	-	(1,56,641.86)
Variable rate Debt and Borrowings	-	(1,21,500.62)
<b>Total</b>	<b>-</b>	<b>(2,78,142.48)</b>

Fair value sensitivity analysis for fixed-rate instruments

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

Cash flow sensitivity analysis for variable-rate instruments

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

If interest rates related to loans and borrowings had been 100 bps higher/ lower and all other variables were held constant, the Company's Profit before tax for the year ended/ Other Equity (pre-tax) as on March 31, 2023 and March 31, 2022 would increase/ (decrease) by the following amounts:

(Rs. in lakhs)

Particulars	Profit or (loss)		Equity (before of tax)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
<b>March 31, 2023</b>				
Variable-rate instruments	-	-	-	-
<b>Cash flow sensitivity (net)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>March 31, 2022</b>				
Variable-rate instruments	397.55	(397.55)	397.55	(397.55)
<b>Cash flow sensitivity (net)</b>	<b>397.55</b>	<b>(397.55)</b>	<b>397.55</b>	<b>(397.55)</b>

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

D. Other Price risk

The Company is not exposed to any other price risk.

E. Foreign Currency Risk

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

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Notes to the Standalone Financial Statements

31. Related party disclosures

Key managerial personnel ("KMP")

Name of the KMP	Designation
Mr. Bhupinder Singh	Director*
Mr. Vivek Bansal	Director**
Mr. Gajendra Thakur	Company Secretary (upto July 26, 2022)
Mrs. Rupa Rajul Vora	Independent Director
Mr. Debashish Dutta Gupta	Independent Director (upto March 30, 2023)
Mr. Karnam Sekar	Independent Director***
Mr. Vivek Anand PS	Non-Executive Director (upto July 26, 2022)
Ms. Krishi Jain	Company Secretary (w.e.f. July 26, 2022 upto December 31, 2022)
Ms. Nikita Vora	Company Secretary (w.e.f. January 01, 2023)
Mr. Sunil Harlaka	Manager (w.e.f. December 19, 2022)
Mr. Shailesh Kumar	Chief Financial Officer (w.e.f. July 26, 2022)

\*Designation of Mr. Bhupinder Singh changed pursuant to the Scheme of Arrangement referred in Note 42 from Whole-time Director and CEO to Director.

\*\*Designation of Mr. Vivek Bansal changed pursuant to the Scheme of Arrangement referred in Note 42 from Whole-time Director and CFO to Director.

\*\*\*Mr. Karnam Sekar, Independent Director of the Company resigned on July 26, 2022 and was further reappointed on March 31, 2023

Enterprises where key management personnel exercises significant influence

1. InCred Holdings Limited (erstwhile known as KKR Capital Markets India Limited) w.e.f. July 26, 2022
2. InCred Capital Financial Services Private Limited
3. InCred Wealth Private Limited (Formerly known as InCred Capital Inclusion Advisory Private Limited)
4. InCred Asset Management Private Limited (Formerly known as InCred Capital Investment Advisors and Managers Private Limited)
5. InCred Capital Wealth Portfolio Managers Private Limited (Formerly known as BSH Corporate Advisors and Consultants Private Limited)
6. InCred Research Services Private Limited (Formerly known as Earnest Innovation Partners Private Limited)
7. InCred Alternative Investments Private Limited
8. InCred Wealth and Investment Private Limited

Fellow subsidiaries:

1. InCred Financial Services Limited (erstwhile known as KKR India Financial Services Limited) w.e.f. July 26, 2022
2. InCred Management and Technology Services Private Limited w.e.f. July 26, 2022
3. Booth Fintech Private Limited w.e.f. July 26, 2022
4. InCred.AI Limited w.e.f. July 26, 2022
5. mValu Technology Services Private Limited w.e.f. July 26, 2022

A. Names of related parties and nature of relationship

Holding Company	Country of Incorporation	Proportion of ownership interest (% holding)	
		As at March 31, 2023	As at March 31, 2022
Bee Finance Limited (Mauritius), Holding Co.	Mauritius	0.00%	59.38%
InCred Holdings Limited (formerly known as KKR Capital Markets Pvt Ltd)*	India	59.37%	0.00%

\*Pursuant to Composite Scheme of Amalgamation and Arrangement, Bee Finance Limited has been merged into InCred Holdings Limited (erstwhile known as KKR Capital Markets India Limited) w.e.f. July 26, 2022

Direct subsidiaries:

Name of subsidiaries	Country of Incorporation	Principal place of business	Proportion of ownership interest (% holding)	
			As at March 31, 2023	As at March 31, 2022
InCred Management and Technology Services Private Limited	India	Mumbai	-	100.00%
Booth Fintech Private Limited	India	Mumbai	-	100.00%
InCred.AI Limited	India	Mumbai	-	100.00%

\*Pursuant to Composite Scheme of Amalgamation and Arrangement, Subsidiaries have been transferred to InCred Financial Services Limited (erstwhile known as KKR India Financial Services Limited) w.e.f. July 26, 2022

Associate of Booth Fintech Private Limited (upto May 17, 2022)

Name of subsidiaries	Country of Incorporation	Principal place of business	Proportion of ownership interest	
			As at March 31, 2023	As at March 31, 2022
mValu Technology Services Private Limited	India	Mumbai	NA	47.35%

Subsidiary of Booth Fintech Private Limited (w.e.f. May 18, 2022)

Name of subsidiaries	Country of Incorporation	Principal place of business	Proportion of ownership interest	
			As at March 31, 2023	As at March 31, 2022
mValu Technology Services Private Limited	India	Mumbai	75.82%	47.35%

Note: Information in respect of comparative period represent of related parties of erstwhile IFSL as required in Ind AS 103

Transactions with key management personnel

I. Key management personnel compensation

(Rs. in lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Employee benefit expenses	40.08	692.35
Directors' sitting fees*	29.78	45.35

\* Includes accrual for current year

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



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**InCred Prime Finance Limited**  
(formerly known as InCred Financial Services Limited)

Notes to the Standalone Financial Statements

31. Related party disclosures (continued)

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

(Rs. in lakhs)

Nature of transactions	Holding Company		Subsidiaries		KMP/ KMP exercising influence/ close member of KMP		Enterprises owned or controlled by KMP		Associate of subsidiary	
	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2023	For the year ended March 31, 2022
Balance Sheet transactions										
Investment in equity shares	-	-	-	1,000.87	-	-	-	-	-	-
ICD taken	-	-	-	2,500.00	-	-	-	8,500.00	-	1,700.00
Repayment of ICD taken (including interest)	-	-	-	2,924.17	-	-	-	13,100.89	-	3,071.29
Refund of Security Deposit	-	-	-	-	-	-	-	-	-	-
Payment against expenses	-	-	-	-	-	-	-	-	-	-
Refund of amount given for expenses	-	-	-	-	-	-	-	-	-	-
Purchase of Loan Portfolio	-	-	-	-	-	-	-	-	-	-
Proceeds from sale of Fixed Assets	-	-	-	-	-	-	-	-	-	-
Issue of Market Linked Debentures ("MLD")	-	-	-	-	-	-	-	9,910.00	-	-
Proceeds from redemption of MLDs	-	-	-	61.70	-	-	-	-	-	1.85
Reimbursement of credit loss	-	-	-	-	-	-	-	-	-	-
Proceeds from sale of Debentures	-	-	-	-	-	-	-	-	-	-
Stock options exercised	-	-	-	-	-	3.85	-	-	-	-
Income transactions										
License fees	-	-	-	-	-	-	-	-	-	-
Service fee	-	-	-	17.86	-	-	-	-	-	56.00
Profit on sale of Debentures	-	-	-	-	-	-	-	977.89	-	300.60
Expense transactions										
License fees	-	-	-	5.45	-	-	-	-	-	-
Interest on ICD	-	-	-	24.17	-	-	-	-	-	71.29
Expenses on account of reimbursement	-	-	-	0.01	-	-	-	100.89	-	-
Fee and commission	-	-	-	-	-	-	-	78.69	-	-
	-	-	-	-	-	-	-	569.56	-	-

Note: During the current year the Company and the Holding Company has issued employee stock options to its own and subsidiary employees (Refer Note 33 for further details).



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31. Related party disclosures (continued)

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

(Rs. in lakhs)

Sr. No.	Balance outstanding	Holding Company		Subsidiaries		KMP / KMP exercising influence / close member of KMP			Enterprises owned or controlled by Key Managerial Personnel*			Fellow subsidiary		Associate of subsidiary	
		For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2023	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2022	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2023	For the year ended March 31, 2022
1	Advances/Receivables	-	-	-	17.00	-	-	-	-	-	489.06	-	-	-	15.17
2	Investments (at cost)	-	-	-	4,910.56	-	-	-	-	-	-	-	-	-	-
3	ICD Payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Other Payables	-	-	-	-	-	-	-	-	-	-	1,108.00	-	-	-
5	Security deposit payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
b	Number of options outstanding	-	-	-	32,000	-	-	-	-	-	-	-	-	-	-

Notes:

For terms and conditions of ICD payable to related parties, refer Note No 13

\* Other than those mentioned, there are no debts due by directors or other officers of the company or any of them either severally or jointly with any other person or debts due by firms or private companies respectively in which any director is a partner or a director or a member.

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



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Notes to the Standalone Financial Statements

32. Employee benefits

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

(Rs. in lakhs)		
Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Provident fund	0.88	270.31

2. Gratuity

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

Table showing change in the present value of projected benefit obligation

(Rs. in lakhs)		
Particulars	As at March 31, 2023	As at March 31, 2022
Change in benefit obligations		
Present value of benefit obligation at the beginning of the year	313.85	158.48
Transfer on account of Demerger	(312.74)	-
Interest cost	-	6.74
Current Service cost	0.16	53.78
Liability Transferred In/Acquisition	-	-
Actuarial Loss / (Gains) on Obligations - Due to Change in Demographic Assumptions	-	(0.02)
Actuarial Loss / (Gains) on Obligations - Due to Change in Financial Assumptions	-	(0.57)
Actuarial Losses on Obligations - Due to Experience	-	95.44
Liability at the end of the year	1.27	313.85

Amount recognized in the Balance Sheet

(Rs. in lakhs)		
Particulars	As at March 31, 2023	As at March 31, 2022
Present value of benefit obligation at the end of the year	(1.27)	(313.85)
Fair value of plan assets at the end of the year		
Funded Status (Deficit)	(1.27)	(313.85)
Net (Liability)/Asset Recognized in the Balance Sheet	(1.27)	(313.85)

Expenses recognized in the Statement of Profit and Loss

(Rs. in lakhs)		
Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Current service cost	0.16	53.78
Interest cost	-	6.74
Expenses recognised	0.16	60.52

Expenses recognized in the Other comprehensive income (OCI)

(Rs. in lakhs)		
Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Actuarial Loss / (Gains) on obligation for the year	-	94.86
Net Loss / (Income) for the year recognized in OCI	-	94.86

The actuarial assumptions used to determine benefit obligations as at March 31, 2023 and March 31, 2022 are as follows:

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Discount Rate	7.20%	5.15%
Salary escalation rate	8.00%	8.00%
Expected Rate of return on Plan Assets	N.A	N.A
Rate of Employee Turnover	35%	35%
Weighted Average Duration of Projected Benefit Obligation	5 years	5 years
Mortality Rate during employment	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2012-14)



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Notes to the Standalone Financial Statements

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

Balance sheet reconciliation

(Rs. in lakhs)		
Particulars	As at March 31, 2023	As at March 31, 2022
Opening net liability	313.83	158.48
Transfer on account of Demerger	(312.74)	-
Expenses recognized in Statement of Profit and Loss	0.16	60.52
Expenses recognized in OCI	-	94.85
Net (Asset) Transfer In	-	-
Net liability recognized in the Balance Sheet	1.25	313.85

Cash Flow Projection

Maturity analysis of the benefit payments: from the employer

(Rs. in lakhs)		
Particulars	As at March 31, 2023	As at March 31, 2022
Projected benefits payable in future years from the date of reporting		
1st following year	0.00	59.12
2nd following year	0.22	71.58
3rd following year	0.36	63.25
4th following year	0.32	48.49
5th following year	0.22	36.75
Sum of years 6 to 10	0.44	69.81
Sum of years 11 and above	0.09	12.11

Sensitivity analysis

(Rs. in lakhs)		
Particulars	As at March 31, 2023	As at March 31, 2022
Projected benefit obligation on current assumptions	1.25	313.85
Delta effect of +1% change in rate of discounting	(0.04)	(7.61)
Delta effect of -1% change in rate of discounting	0.04	8.06
Delta effect of +1% change in rate of salary increase	0.05	6.57
Delta effect of -1% change in rate of salary increase	(0.05)	(6.38)
Delta effect of +1% change in rate of employee turnover	(0.03)	(3.85)
Delta effect of -1% change in rate of employee turnover	0.03	3.95

Qualitative disclosures

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

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

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

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

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



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Notes to the Standalone Financial Statements

33. Share-based payment arrangements

A. Description of share-based payment arrangements

I. Share option plans (equity-settled)

During the previous year the Company had Employee Incentive Plan under which options had been granted to eligible employees to be vested from time to time. The Company has established share option plans that entitle the employees of the Company and its subsidiary companies to purchase the shares of the Company. Under these plans, holders of the vested options are entitled to purchase shares at the exercise price of the shares determined at the respective date of grant of options. The key terms and conditions related to the vesting of grants under these plans are continued employment with the company from the date of grant of option till the date of vesting (25% each year); all options are to be settled by the delivery of shares.

A. Measurement of fair values

Equity-settled share-based payment arrangements

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

The model inputs for options granted during

Particulars / Grant date	For the year ended March 31, 2023	For the year ended March 31, 2022
Fair value as on grant date (weighted average)	NA	24.91 to 42.17
Share prices during the year, on grant dates	NA	55.00 to 65.00
Exercise price	NA	40.00
Expected volatility (weighted average volatility)	NA	40%
Rate of Employee Turnover	NA	35%
Expected life (expected weighted average life)	NA	8.5 years
Risk-free interest rate (based on government bonds)	NA	4.89% to 6.85%
Method used to determine expected volatility	NA	The expected volatility is based on price volatility

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, 2023	As at March 31, 2022
Opening balance	37.26	3,42,48,588	1,80,44,938
Add: Options granted during the year	NA		1,88,51,500
Less: Options exercised during the year	NA	(43,676)	(17,38,050)
Less: Options lapsed during the year	NA		(9,09,800)
Less: Transfer on account of Demerger		(3,42,04,912)	-
Options outstanding as at the year end	NA	-	3,42,48,588
Option exercisable of the above		NA	1,20,39,181



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**Notes to the Standalone Financial Statements**

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

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

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

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

**A. Measurement of fair values**

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

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

**The model inputs for options granted during the year ended March 31, 2023:**

No fresh grants have been given during the year ended March 31, 2023 and year ended March 31, 2022

**B. Reconciliation of outstanding share options**

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

Particulars	As at March 31, 2023		As at March 31, 2022	
	Average exercise price per option	Number of options	Average exercise price per option	Number of options
Opening balance	-	-	47,728.27	241.00
Add: Options granted during the year	-	-	-	-
Less: Options lapsed during the year	-	-	(47,728.27)	(241.00)
Options outstanding as at the year end	-	-	-	-



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Notes to the Standalone Financial Statements

34. Lease accounting

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

i. Following are the changes in the carrying value of right of use assets (ROU):

Particulars	(Rs. in lakhs)	
	As at March 31, 2023	As at March 31, 2022
Balance at the beginning of the year	1,850.84	1,712.56
Addition during the year	-	552.36
Transfer on account of Demerger	(1,850.84)	-
Disposals during the year	-	-
Depreciation for the year	-	(414.08)
Balance as at the end of the year	-	1,850.84

ii. The following is the movement in lease liabilities:

Particulars	(Rs. in lakhs)	
	As at March 31, 2023	As at March 31, 2022
Balance at the beginning of the year	2,141.57	1,927.82
Addition during the year	-	552.36
Transfer on account of Demerger	(2,141.57)	-
Finance cost accrued during the year	-	198.43
Payment of Lease liabilities made during the year	-	(537.04)
Balance as at the end of the year	-	2,141.57

iii. The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

Particulars	(Rs. in lakhs)	
	As at March 31, 2023	As at March 31, 2022
Less than one year	-	369.50
Between one and five years	-	1,674.34
More than five years	-	97.72
Total	-	2,141.56

iv. Expenses recognised in the statement of Profit and Loss

Particulars	(Rs. in lakhs)	
	As at March 31, 2023	As at March 31, 2022
Depreciation expense on right-of-use assets (Refer Note 9A)	-	414.08
Interest expense on lease liabilities (Refer Note 23)	-	198.43
Expense relating to short-term leases (Refer Note 26)	-	10.51
Expense relating to leases of low value assets	-	-

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

35. Contingent liabilities and commitments

Particulars	(Rs. in lakhs)	
	As at March 31, 2023	As at March 31, 2022
Commitments	-	-
Undrawn committed credit lines	-	14,248.30
Obligation on investments in partly paid up preference shares	-	181.81
Total	-	14,430.11

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



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Notes to the Standalone Financial Statements

36. Current and Non-current maturity

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

Particulars	As at March 31, 2023			As at March 31, 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>ASSETS</b>						
<b>Financial assets</b>						
Cash and cash equivalents	8.27	-	8.27	5,203.13	-	5,203.13
Bank balance other than cash and cash equivalents	-	-	-	2,991.36	-	2,991.36
Derivative financial instruments	-	-	-	451.45	729.60	1,181.05
Loans	145.03	-	145.03	1,74,340.33	1,98,886.09	3,73,226.42
Investments	-	-	-	3,198.35	5,481.18	8,679.53
Other financial assets	148.55	-	148.55	1,473.59	1,263.10	2,736.69
<b>Sub total</b>	<b>301.85</b>	<b>-</b>	<b>301.85</b>	<b>1,87,658.21</b>	<b>2,06,359.97</b>	<b>3,94,018.18</b>
<b>Non-financial assets</b>						
Current Tax assets (Net of provision for tax)	1,183.68	-	1,183.68	-	1,184.47	1,184.47
Deferred Tax assets (Net of deferred tax liabilities)	-	47.38	47.38	-	2,038.67	2,038.67
Property, plant and equipment	-	0.54	0.54	-	3,384.80	3,384.80
Capital Work-in-progress	-	-	-	-	293.95	293.95
Goodwill	-	-	-	-	-	-
Other intangible assets	-	-	-	-	188.63	188.63
Other non-financial assets	896.30	-	896.30	480.00	800.55	1,280.55
<b>Sub total</b>	<b>2,079.98</b>	<b>47.91</b>	<b>2,127.89</b>	<b>480.00</b>	<b>7,891.07</b>	<b>8,371.07</b>
<b>Total assets</b>	<b>2,381.83</b>	<b>47.90</b>	<b>2,429.73</b>	<b>1,88,138.21</b>	<b>2,14,251.04</b>	<b>4,02,389.25</b>
<b>LIABILITIES</b>						
<b>Financial liabilities</b>						
Debt securities	-	-	-	40,463.06	66,060.71	1,06,523.77
Borrowings (other than debt securities)	-	-	-	69,333.94	1,05,731.55	1,75,065.49
Other financial liabilities	1,110.30	-	1,110.30	3,094.13	5,063.80	8,157.93
Derivative financial instruments	-	-	-	186.87	-	186.87
<b>Sub total</b>	<b>1,110.30</b>	<b>-</b>	<b>1,110.31</b>	<b>1,13,078.00</b>	<b>1,76,856.06</b>	<b>2,89,934.06</b>
<b>Non-Financial liabilities</b>						
Provisions	1.27	-	1.27	59.12	264.15	323.27
Other non-financial liabilities	223.48	-	223.48	900.48	-	900.48
<b>Sub total</b>	<b>224.75</b>	<b>-</b>	<b>224.76</b>	<b>959.60</b>	<b>264.15</b>	<b>1,223.75</b>
<b>Total liabilities</b>	<b>1,335.05</b>	<b>-</b>	<b>1,335.07</b>	<b>1,14,037.60</b>	<b>1,77,120.21</b>	<b>2,91,157.81</b>





**InCred Prime Finance Limited**  
(formerly known as InCred Financial Services Limited)

**Notes to the Standalone Financial Statements**

**37. Foreign currency transactions**

(Rs. in lakhs)

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
<b>Expenditure in foreign currency</b>		
Directors' sitting fees	-	9.20
Legal, professional and consultancy charges	-	165.65
Information Technology expenses	-	14.27
Miscellaneous expenses	-	8.18
Interest on External Commercial Borrowings	-	215.69
<b>Total</b>	<b>-</b>	<b>412.99</b>

**38. Corporate social responsibility**

The Company Demerged and transferred majority of asset to new IFSL. However since the company had profit for the last 3 year the CSR liability is recorded in its books.

(Rs. in lakhs)

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
Amount required to be spent as per section 135 of the Companies Act, 2013:		
Amount spent during the year	44.70	16.12
(i) Construction/ acquisition of any asset	-	-
(ii) On purposes other than (i) above		
In cash	43.43	16.35
Yet to be paid in cash	-	-
<b>Total</b>	<b>43.43</b>	<b>16.35</b>
Details related to spent obligations:		
i) Contribution to Public Trust	43.43	-
ii) Contribution to Charitable Trust	-	11.68
iii) Covid vaccination other than employees and family members	-	4.67
iv) Unspent amount in relation to:		
- Ongoing project	-	-
- Other than ongoing project	1.27	-
<b>Total</b>	<b>44.70</b>	<b>16.35</b>

**39. Micro, Small and Medium Enterprises Development**

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Based on the information available with the management, as at 31 March 2023, no dues were outstanding to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006. Further, the Company has not received any claim for interest from any supplier under the said Act till 31 March 2023.



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## Notes to the Standalone Financial Statements

### 40. Capital Management

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

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

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

(Rs. in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Common Equity Tier1 (CET1) capital	1,047.32	1,08,442.86
Other Tier 2 capital	0.02	2,461.45
<b>Total capital</b>	<b>1,047.34</b>	<b>1,10,904.31</b>

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

Refer Note 48 (2) for further details.

### 41. Ratio Analysis and its elements

Ratio	As at March 31, 2023	As at March 31, 2022	% change
CRAR (%)	87.98%	28.05%	213.64%
CRAR - Tier I Capital (%)	87.98%	27.43%	220.75%
CRAR - Tier II Capital (%)	0.00%	0.62%	-99.74%
Liquidity Coverage Ratio*	Not Applicable	Not Applicable	Not Applicable

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

CRAR : (Tier I 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



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Notes to the Standalone Financial Statements

42. 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 results 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.

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 Rs. 1,077.31 lakhs pertaining to the remaining NBFC business will continue to remain in the erstwhile IFSL.

Particulars	INR in lakhs	INR in lakhs
(i) Assets		
Loans	1,033.58	
Other assets	2,213.71	
(ii) Liabilities		
Borrowings (Other than Debt Securities)	1,000.00	
Other liabilities	1169.98	
Net Assets retained (i-ii)		1,077.31



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**InCred Prime Finance Limited**  
(formerly known as InCred Financial Services Limited)  
**Notes to the Standalone Financial Statements**

**43 .Other Statutory Information**

**During the current year and previous year:**

- (i) The Company do not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- (ii) The Company do not have any transactions with companies struck off.
- (iii) The Company do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- (iv) The Company has not traded or invested in Crypto currency or Virtual Currency.
- (v) The quarterly statement of current assets submitted to banks / financial institutions which are provided as security against the borrowings are in agreement with the books of accounts.
- (vi) Funding Transactions:
  - (vi) (a) On 20 September 2021, the Board of Directors had approved investment in equity for an aggregate amount of upto Rs. 999.87 lakhs in Booth Fintech Private Limited ("BFPL") (a wholly owned subsidiary of the Company). Subsequently, BFPL subscribed to 17,240 equity shares of mValu Technology Services Private Limited (an Associate Company of BFPL) on 20 September 2021 at a price of Rs. 5,797 (including premium of Rs. 5,787) per share aggregating to Rs. 999.40 lakhs. The transactions are in compliance with the relevant provisions of the Companies Act, 2013 and are not violative of the Prevention of Money-Laundering Act, 2002 (15 of 2003). Further the provisions of Foreign Exchange Management Act, 1999 (42 of 1999) are not applicable to the transactions.
  - (vi)(b) Except as disclosed above, the Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall :
    - (I) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
    - (II) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
  - (vii) The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
    - (I) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
    - (II) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries
  - (viii) The Company have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.
  - (ix) There are no scheme of arrangements which have been filed by the Company under the Act and which have been approved by the competent authority u/s 232 to 237 of the Act. For details of Scheme of arrangement filed by the Company with NCLT refer Note no 41.
  - (x) The Company, being a Non-Banking Financial Company ("NBFC") registered with the Reserve Bank of India as a systematically important NBFC, the provisions of sec 2(87) read with Companies (Restriction on number of Layers) Rules, 2017 are not applicable.
  - (xi) The Company has not been declared as wilful defaulter by any bank or financial institution or any other lender.
  - (xii) The Company has not revalued any property plant and equipment and intangible assets.



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**InCred Prime Finance Limited**  
(formerly known as InCred Financial Services Limited)

**Notes to the Standalone Financial Statements**

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

Pursuant to RBI regulation referred to above, no loans of the Company post business combination were subject to resolution plan due to covid stress.

45. Disclosure as per RBI Notification RBI/2018-19/100 DBR.No.BP.BC.18/21.04.048/2018-19 dated January 1, 2019 extended via RBI notification RBI/2019-20/160 DOR.No.BP.BC.34/21.04.048/2019-20 dated February 11, 2020 extended further via RBI Notification RBI/2020-21/17 DOR.No.BP.BC/4/21.04.048/2020-21 dated August 6, 2020 extended further via RBI/2021-22/32 DOR.STR.REC.12/21.04.048/2021-22 dated May 5, 2021 - Micro, Small and Medium Enterprises (MSME) sector - Restructuring of Advances

(Rs. in lakhs)

For the year ended March 31, 2023		For the year ended March 31, 2022	
No. of accounts restructured	Amount	No. of accounts restructured	Amount
		13	1,222.00



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**InCred Prime Finance Limited***(formerly known as InCred Financial Services Limited)***Notes to the Standalone Financial Statements****46. Additional disclosures required by Reserve Bank of India ('RBI')****1 Fraud reported during the year**

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

**2 Capital to Risk Assets Ratio (CRAR)**

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

Particulars	As at March 31, 2023	As at March 31, 2022
i) CRAR (%)	87.98%	28.05%
ii) CRAR - Tier I Capital (%)	87.98%	27.43%
iii) CRAR - Tier II Capital (%)	0.00%	0.62%
iv) Amount of subordinated debt raised as Tier-II capital	-	-
v) Amount raised by issue of Perpetual Debt Instruments	-	-
vi) Risk weighted asset	1,190.44	3,95,365.69

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Notes to the Standalone Financial Statements

3 Investments

(Rs. in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>(1) Value of investments</b>		
(i) Gross value of investments		
(a) In India	-	8,688.81
(b) Outside India	-	-
(ii) Provisions for depreciation		
(a) In India	-	9.28
(b) Outside India	-	-
(iii) Net value of investments		
(a) In India	-	8,679.54
(b) Outside India	-	-
<b>(2) Movement of provisions held towards depreciation on investments</b>		
(i) Opening balance	9.28	13.17
(ii) Add : Provisions made during the year	-	9.28
(iii) Less : Write-off/(write-back) of excess provisions during the year	(9.28)	(13.17)
(iv) Closing balance	-	9.28

4 Derivatives

(a) Forward rate agreement/interest rate swap

(Rs. in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
(i) The notional principal of swap agreements	-	5,100.00
(ii) Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	-	299.22
(iii) Collateral required by the applicable NBFC upon entering into swaps	-	-
(iv) Concentration of credit risk arising from the swaps	-	-
(v) The fair value of the swap book	-	299.22

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

(b) Exchange traded interest rate derivatives

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

(c) Disclosures on risk exposure in derivatives

Qualitative disclosure

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

Quantitative disclosure

Particulars	As at March 31, 2023	As at March 31, 2022
(i) Derivatives (notional principal amount) for hedging	-	5,100.00
(ii) Marked to market positions		
(a) Asset	-	299.22
(b) Liability	-	-
(iii) Credit exposure	-	299.22
(iv) Unhedged exposures	-	-



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**InCred Prime Finance Limited**  
(formerly known as InCred Financial Services Limited)

**Notes to the Standalone Financial Statements**

**5 Disclosures relating to securitisation**

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

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

**I) Details of transfer through co-lending in respect of loans not in default during the the year ended March 31, 2023**

(Rs. in lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
i) Amount of Loan accounts assigned	0.00	2,085.00
ii) Retention of Beneficial Economic Interest (in%)	0.00	68.01%
iii) Weighted Average Maturity (in Years)	0.00	10.75
iv) Weighted Average Holding Period (in Years)	NA	NA
v) Coverage of tangible security Coverage (in%)	NA	NA

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

**I)'Details of overdue loans (NPA and SMA) transferred during the year ended March 31, 2023: Nil**

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

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

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

(Rs. in lakhs)

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



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Notes to the Standalone Financial Statements

6 Asset liability management maturity pattern of certain items of assets and liabilities as at March 31, 2023

Particulars	Up to 30/31 days	Over 1 month up to 2 months	Over 2 months up to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-
Advances	16.63	16.17	9.97	19.44	82.82	-	-	-	145.03
Investments	-	-	-	-	-	-	-	-	-
Borrowings	-	-	-	-	-	-	-	-	-
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	0.00	-	0.00	-	0.00	-	-	-

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

Particulars	Up to 30/31 days	Over 1 month up to 2 months	Over 2 months up to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-
Advances	26,199.73	28,325.29	24,844.62	39,523.35	55,447.34	1,03,065.88	35,671.75	60,148.46	3,73,226.42
Investments	135.10	122.21	129.52	2,420.05	391.47	566.18	-	4,915.00	8,679.53
Borrowings	12,176.76	4,178.65	14,799.29	16,881.31	61,736.66	1,39,846.43	26,640.34	-	2,76,259.44
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	11.73	-	12.61	-	5,305.48	-	-	5,329.82



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Notes to the Standalone Financial Statements

7 Exposure to real estate sector

		(Rs. in lakhs)	
Particulars		As at March 31, 2023	As at March 31, 2022
a)(i)	<b>Direct Exposure</b>		
	<b>Residential Mortgages -</b>		
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	-	405.25
a)(ii)	<b>Commercial Real Estate -</b>		
	Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based limits	-	55,098.11
a)(iii)	Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
	a. Residential	-	-
	b. Commercial Real Estate	-	-
<b>Indirect Exposure</b>			
	Fund based and non based exposures on National housing Bank and Housing Finance Companies	-	-

8 Exposure to capital market

		(Rs. in lakhs)	
Particulars		As at March 31, 2023	As at March 31, 2022
(i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	-	4,924.22
(ii)	Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds 'does not fully cover the advances;	-	-
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi)	Loans sanctioned to corporates against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii)	Bridge loans to companies against expected equity flows/issues;	-	-
(viii)	All exposures to Venture Capital Funds (both registered and unregistered)	-	-
<b>Total exposure to capital market</b>		-	<b>4,924.22</b>

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

9 Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC

The Company has not exceeded the prudential exposure limits for Single Borrower Limit (SGL) / Group Borrower Limit (GBL) in the current year and previous 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



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Notes to the Standalone Financial Statements

11 Miscellaneous

(a) Registration obtained from other financial sector regulators

Particulars	Reg. Number
RBI Registration Number (COR)	B-13 02395
Corporate Identification number (CIN)	U74899MH1991PLC340312

(b) Disclosure of Penalties imposed by RBI and other regulators: NIL (FY NIL)

(c) Related Party Transactions

Refer Note 31 to the Financial statements for the transaction with the related parties.

(d) Credit rating

Particulars	As at March 31, 2023	As at March 31, 2022
Long term bank facilities	NA	CRISIL A / CARE A (Under Credit watch with Positive Implication)
Secured Non-Convertible Debenture	NA	CRISIL A / CARE A (Under Credit watch with Positive Implication)
Secured Non-Convertible Debenture (Public Issue)	NA	CRISIL A (Under Credit watch with Positive Implication)
Secured Market Linked Debentures	NA	CRISIL PP - MLD A+ CARE PP - MLD A (Under Credit watch with Positive Implication) CRISIL PP - MLD AA+ (CE) / Stable
Short term bank facilities	NA	NA
Commercial Paper	NA	CRISIL A1 (Under Credit watch with Positive Implication)

12 Additional disclosures

(a) Provisions and contingencies

(Rs. in lakhs)

Break up of "Provisions and contingencies" shown under the head expenditure in Profit and Loss account	Year ended March 31, 2023	Year ended March 31, 2022
Provisions for depreciation on investment	-	(3.89)
Provision towards NPA/ Write off	2.91	3,786.02
Provision made towards income tax	-	1,205.43
Provision for Standard Assets	(31.42)	(186.14)

(b) Draw down from reserves

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

(c) Concentration of Advances, Exposures and NPAs

(c) (i) Concentration of advances

(Rs. in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Total advances to twenty largest borrowers	187.41	26,183.49
Percentage of advances to twenty largest borrowers to total advances of the NBFC	56.44%	6.85%

(c) (ii) Concentration of exposures

(Rs. in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Total exposure to twenty largest borrowers/customers	187.41	26,183.49
Percentage of exposures to twenty largest borrowers/customers to total exposure of the NBFC on borrowers/customers	56.44%	6.60%

(c) (iii) Intragroup Exposures

Company does not have any Intragroup Exposure.

(c) (iv) Concentration of NPAs

(Rs. in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Total exposure to top four NPA accounts	53.04	2,040.57



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Notes to the Standalone Financial Statements

(c) (v) Sector-wise exposure and NPAs

(Rs. in lakhs)

Sector	As at March 31, 2023			As at March 31, 2022		
	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
<b>I. Bank Credit (II + III)</b>	<b>332.04</b>	<b>262.28</b>	<b>78.99%</b>	<b>3,96,572.15</b>	<b>10,811.36</b>	<b>2.73%</b>
<b>II. Food Credit</b>	-	-	-	-	-	-
<b>III. Non-food Credit</b>	<b>332.04</b>	<b>262.28</b>	<b>78.99%</b>	<b>3,96,572.15</b>	<b>10,811.36</b>	<b>2.73%</b>
<b>1. Agriculture and Allied Activities</b>	-	-	0.00%	<b>2,904.07</b>	<b>418.35</b>	<b>14.41%</b>
<b>2. Industry (Micro and Small, Medium and Large)</b>	-	-	0.00%	<b>206.27</b>	<b>3.50</b>	<b>3.29%</b>
2.1. Micro and Small	-	-	0.00%	106.27	3.50	3.29%
2.2. Medium	-	-	0.00%	100.00	-	0.00%
2.3. Large	-	-	0.00%	-	-	0.00%
<b>3. Services</b>	<b>332.04</b>	<b>262.28</b>	<b>78.99%</b>	<b>1,81,792.06</b>	<b>6,816.88</b>	<b>3.75%</b>
3.1. Transport Operators	-	-	0.00%	357.24	-	0.00%
3.2. Computer Software	-	-	0.00%	49.87	-	0.00%
3.3. Tourism, Hotels and Restaurants	-	-	0.00%	6,246.17	526.08	8.42%
3.4. Shipping	-	-	0.00%	-	-	-
3.5. Aviation	-	-	-	-	-	-
3.6. Professional Services	11.48	11.48	100.00%	3,631.50	40.29	1.11%
3.7. Trade	302.53	237.03	78.35%	44,590.54	720.63	1.62%
3.7.1. Wholesale Trade (other than food procurement)	-	-	0.00%	17,916.58	55.09	0.31%
3.7.2. Retail Trade	302.53	237.03	78.35%	26,673.96	665.54	2.50%
3.8. Commercial Real Estate	-	-	0.00%	-	-	-
3.9. Non-Banking Financial Companies (NBFCs) of which,	-	-	0.00%	52,635.52	7.99	0.02%
3.9.1. Housing Finance Companies (HFCs)	-	-	0.00%	1,502.91	-	0.00%
3.9.2. Public Financial Institutions (PFIs)	-	-	-	-	-	-
3.10. Other Services*	18.02	13.77	76.44%	74,281.22	5,521.89	7.43%
<b>4. Personal Loans</b>	-	-	0.00%	<b>2,11,669.76</b>	<b>3,572.64</b>	<b>1.69%</b>
4.1. Consumer Durables	-	-	-	-	-	-
4.2. Housing (Including Priority Sector Housing)	-	-	0.00%	407.94	95.70	23.46%
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	-	-	0.00%	60,872.92	40.06	0.07%
4.7. Vehicle Loans	-	-	0.00%	3,758.12	0.50	0.01%
4.8. Loans against gold jewellery	-	-	0.00%	-	-	-
4.9. Other Personal Loans	-	-	0.00%	1,46,630.79	3,436.39	2.34%

\* Other Services include services which are not indicated elsewhere.



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**InCred Prime Finance Limited**  
(formerly known as InCred Financial Services Limited)

**Notes to the Standalone Financial Statements**

**13 Movement of NPAs**

		(Rs. in lakhs)	
Particulars		Year ended March 31, 2023	Year ended March 31, 2022
(i) Net NPAs to net advances (%)		51.92%	1.43%
(ii) Movement of NPAs (Gross)			
(a) Opening balance		10,811.36	9,036.67
(b) Other adjustments		(10,432.03)	15.86
(c) Additions during the year		3.80	7,756.89
(d) Reductions during the year		120.84	5,998.06
(e) Closing balance		262.28	10,811.36
(iii) Movement of Net NPAs			
(a) Opening balance		5,404.46	4,424.55
(b) Other adjustments		(5,209.19)	(601.83)
(b) Additions during the year		5.85	4,339.27
(c) Reductions during the year		125.80	2,757.53
(d) Closing balance		75.31	5,404.46
(iv) Movement of provisions for NPAs			
(a) Opening balance		5,406.90	4,612.12
(b) Other adjustments		(5,222.84)	617.69
(c) Provisions made during the year		(2.05)	3,417.62
(d) Write-off of excess provisions		(4.96)	3,240.53
(e) Closing balance		186.97	5,406.90

**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.

- 15** In accordance with Master Direction Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, the Company has not lent against gold jewellery during the year ended 31 March 2023 (31 March 2022: NIL)



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Notes to the Standalone Financial Statements

16 Customer Complaints

(Rs. in lakhs)

Sr No	Particulars	Year ended March 31, 2023	Year ended March 31, 2022
	<b>Compliants received by the NBFC from its customers</b>		
1	Number of complaints pending at the beginning of the year	-	4
2	Number of complaints received during the year	7	2,710
3	Number of complaints disposed during the year	7	2,707
3.1	Of which, number of compliants rejected by the NBFC	-	-
4	Number of complaints pending at the end of the year	-	7
	<b>Maintainable complaints received by the NBFC from the Office of Ombudsman</b>		
5*	Number of complaints received by the NBFC from Office of Ombudsman	3	20
5.1	Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman	3	20
5.2	Of 5, number of complaints resolved through conciliation/ mediation/ advisories issued by Office of Ombudsman	-	-
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
<b>For the year ended March 31, 2023</b>					
Collections related	-	5	NA	-	-
Bureau Related	-	2	NA	-	-
<b>Total</b>	-	<b>7</b>	<b>NA</b>	<b>-</b>	<b>-</b>
<b>For the year ended March 31, 2022</b>					
Collections Related	-	1,714	195.52%	2	-
Disbursal Issue	-	316	100.00%	-	-
Mobile App Related	-	244	45.24%	-	-
Feedback On Sales	3	217	520.00%	4	-
EMI Related	-	162	-63.43%	-	-
Others	1	57	-24.00%	1	-
<b>Total</b>	<b>4</b>	<b>2,710</b>	<b>108.30%</b>	<b>7</b>	<b>-</b>



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17. Schedule to the Balance Sheet as per Master Directions

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

(Rs. in lakhs)

Sr. No.	Particulars	As at March 31, 2023		As at March 31, 2022	
		Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
(1)	Liabilities side:				
	Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:				
	(a) Debentures*				
	- Secured	-	-	95,683.00	-
	- Unsecured	-	-	-	-
	(b) Deferred Credits	-	-	-	-
	(c) Term Loans	-	-	1,62,291.78	-
	(d) Inter-corporate loans and borrowing	-	-	4,550.00	-
	(e) Commercial Paper	-	-	10,840.77	-
	(f) Public Deposits	-	-	-	-
	(g) Other Loans	-	-	8,223.71	-
	*other than falling within the meaning of public deposits				
(2)	Assets side:				
	Break-up of loans and advances including bills receivables:				
	(a) Secured	-	0.00	1,59,163.37	3,200.39
	(b) Unsecured	332.03	231.68	2,23,160.48	4,900.36

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

(Rs. in lakhs)

Sr. No.	Particulars	As at March 31, 2023	As at March 31, 2022
(i)	Lease assets including lease rentals under sundry debtors:		
	(a) Financial lease	-	-
	(b) Operating lease	-	-
(ii)	Stock on hire including hire charges under sundry debtors:		
	(a) Assets on hire	-	-
	(b) Repossessed Assets	-	-
(iii)	Other loans counting towards AFC activities:		
	(a) Loans where assets have been repossessed	-	-
	(b) Loans other than (a) above	-	-

c Break-up of investments:

(Rs. in lakhs)

Sr. No.	Particulars	As at March 31, 2023	As at March 31, 2022
	Current investments:		
1	Quoted:		
	(i) Shares: (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government securities	-	-
	(v) Others	-	-
2	Unquoted:		
	(i) Shares: (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and bonds	-	2,899.87
	(iii) Units of mutual funds	-	-
	(iv) Government securities	-	-
	(v) Others	-	855.44
	Non-current investments:		
1	Quoted:		
	(i) Shares: (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government securities	-	-
	(v) Others	-	-
2	Unquoted:		
	(i) Shares: (a) Equity	-	4,915.00
	(b) Preference	-	9.22
	(ii) Debentures and bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government securities	-	-
	(v) Others	-	-



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

(Rs. in lakhs)

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		-	145.03	145.03
	<b>Total</b>	-	145.03	145.03

(Rs. in lakhs)

Sr. No.	Category	As at March 31, 2022		
		Amount (Net of provisions)		
		Secured	Unsecured	Total
1. Related Parties				
(a) Subsidiaries		-	-	-
(b) Companies in the same group		-	-	-
(c) Other related parties		-	-	-
2. Other than related parties		1,55,424.71	2,17,801.72	3,73,226.42
	<b>Total</b>	1,55,424.71	2,17,801.72	3,73,226.42

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

(Rs. in lakhs)

Sr. No.	Category	As at March 31, 2023		As at March 31, 2022	
		Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties					
(a) Subsidiaries		-	-	4,315.00	4,915.00
(b) Companies in the same group		-	-	-	-
(c) Other related parties		-	-	-	-
2. Other than related parties		-	-	3,773.81	3,764.53
	<b>Total</b>	-	-	8,688.81	8,679.53

f Other information

(Rs. in lakhs)

Sr. No.	Particulars	As at March 31, 2023	As at March 31, 2022
(i) Gross non-performing assets			
(a) Related parties		-	-
(b) Other than related parties		262.28	10,811.36
(ii) Net non-performing assets			
(a) Related parties		-	-
(b) Other than related parties		75.31	5,404.46
(iii) Assets acquired in satisfaction of debt		-	-



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**InCred Prime Finance Limited***(formerly known as InCred Financial Services Limited)***Notes to the Standalone Financial Statements****18. Disclosure as per RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated 4th November, 2019 - Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies****a Funding Concentration based on significant counterparty**

(Rs. in lakhs)

Sr. No.	Number of Significant Counterparties	Amount	% of Total Deposits	% of Total liabilities
1	NA	0.00	NA	NA

**b Top 20 large deposits : NA****c Top 10 Borrowings**

(Rs. in lakhs)

Amount	% of Total borrowings
0.00	NA

**d Funding Concentration based on significant instrument/product**

(Rs. in lakhs)

Sr. No.	Name of Instrument	Amount	% of Total liabilities
1	Term Loan	0.00	NA
2	Market Linked Debentures	0.00	NA
3	Non Convertible Debentures	0.00	NA
4	Commercial paper	0.00	NA
5	Cash Credit / WCDL	0.00	NA
6	External Commercial Borrowings	0.00	NA
7	Inter Corporate borrowings	0.00	NA

**e Stock Ratios**

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



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Notes to the Standalone Financial Statements

19. Restructuring of Loans

(Rs. in lakhs)

Sr. No.	Type of Restructuring Asset Classification Details	Others				
		Standard	Sub-standard	Doubtful	Loss	Total
1	Restructured Accounts as on April 1, 2022					
	No. of borrowers	95.00	2,728.00	-	-	2,823.00
	Amount outstanding	10,117.32	1,524.73	-	-	11,642.06
	Provision thereon	428.05	843.66	-	-	1,271.71
2	Fresh Restructuring during the year					
	No. of borrowers	-	-	-	-	-
	Amount outstanding	-	-	-	-	-
	Provision thereon	-	-	-	-	-
3	Upgradations to restructured standard category during the FY*					
	No. of borrowers	95.00	2,728.00	-	-	2,823.00
	Amount outstanding	10,117.32	1,524.73	-	-	11,642.06
	Provision thereon	428.05	843.66	-	-	1,271.71
4	Restructured Standard Advances which cease to attract higher provisioning and/ or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY					
	No. of borrowers	-	-	-	-	-
	Amount outstanding	-	-	-	-	-
	Provision thereon	-	-	-	-	-
5	Down gradations of restructured accounts during the FY					
	No. of borrowers	-	-	-	-	-
	Amount outstanding	-	-	-	-	-
	Provision thereon	-	-	-	-	-
6	Write-offs of restructured accounts during the FY					
	No. of borrowers	-	-	-	-	-
	Amount outstanding	-	-	-	-	-
	Provision thereon	-	-	-	-	-
7	Restructured Accounts as on March 31, 2023					
	No. of borrowers	-	-	-	-	-
	Amount outstanding	-	-	-	-	-
	Provision thereon	-	-	-	-	-

\*Cases are transferred on account of Demerger

There are no cases restructured on account of EDR 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 DOR.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.



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InCred Prime Finance Limited  
(formerly known as InCred Financial Services Limited)

Notes to the Standalone Financial Statements

19. Restructuring of Loans (Continued)

(Rs. in lakhs)

Sr. No.	Type of Restructuring Asset Classification		Others				
	Details		Standard	Sub-standard	Doubtful	Loss	Total
1	Restructured Accounts as on April 1, 2021	No. of borrowers	138	3,816	-	-	3,954
		Amount outstanding	9,474.01	1,070.79	-	-	10,544.80
		Provision thereon	603.52	476.93	-	-	1,080.45
2	Fresh Restructuring during the year	No. of borrowers	15	17	-	-	32
		Amount outstanding	1,998.03	17.00	-	-	2,015.03
		Provision thereon	3.08	10.20	-	-	13.28
3	Upgradations to restructured standard category during the FY*	No. of borrowers	24	1,119	-	-	1,143
		Amount outstanding	626.38	297.57	-	-	923.95
		Provision thereon	89.38	115.66	-	-	205.04
4	Restructured Standard Advances which cease to attract higher provisioning and/ or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
5	Down gradations of restructured accounts during the FY	No. of borrowers	(34)	34	-	-	-
		Amount outstanding	(728.34)	765.32	-	-	36.98
		Provision thereon	(89.17)	492.21	-	-	403.04
6	Write-offs of restructured accounts during the FY	No. of borrowers	-	20	-	-	20
		Amount outstanding	-	(30.81)	-	-	(30.81)
		Provision thereon	-	20.02	-	-	20.02
7	Restructured Accounts as on March 31, 2022	No. of borrowers	35	2,728	-	-	2,823
		Amount outstanding	10,117.32	1,524.73	-	-	11,642.06
		Provision thereon	428.05	843.66	-	-	1,271.71



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## InCred Prime Finance Limited

(formerly known as InCred Financial Services Limited)

### Notes to the Standalone Financial Statements

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 the Board

Sl. No.	Name of Director	Director since	Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	DIN	Number of Board Meetings		No. of other Director ships	No. of shares held In and convertible instruments held in the NBFC as at March 31, 2023
					Held	Attended		
1	Mr. Bhupinder Singh <sup>1</sup>	13-12-2016	Non-Executive Director	07342318	6	5	11	25,19,554
2	Mr. Vivek Bansal <sup>2</sup>	12-06-2018	Non-Executive Director	07835456	6	5	4	22,50,000
3	Mr. Debashish Dutta Gupta <sup>3</sup>	01-12-2020	Independent Director	03572010	6	6	0	-
4	Mr. Vivek Anand PS <sup>4</sup>	19-03-2018	Non-Executive Director	02363239	3	2	3	-
5	Ms. Rupa Vora	27-10-2017	Independent Director	01831916	6	6	6	-
6	Mr. Karnam Sekar <sup>5</sup>	31-03-2023	Independent Director	07400094	3	3	3	-



<sup>1</sup> Pursuant to the composite scheme of arrangement, Mr. Bhupinder Singh has been redesignated as Non-Executive Director of the Company with effect from July 26, 2022.

<sup>2</sup> Pursuant to the composite scheme of arrangement, Mr. Vivek Bansal has been redesignated as Non-Executive Director of the Company with effect from July 26, 2022.

<sup>3</sup> Mr. Debashish Dutta Gupta, appointed as the Independent Director, ceased to be an Independent Director with effect from March 30, 2023 due to preoccupation with other assignments.

For Remuneration details, refer note No 31 - Related party

<sup>4</sup> Mr. Vivek Anand PS, appointed as the Nominee of Oaks Asset Management Limited pursuant to the provisions of the Shareholders Agreement entered between the Company, promoter and investors ceased to be a Director with effect from July 27, 2022 pursuant to the composite scheme of arrangement, since certain part of the business of the Company has demerged into the IFSL and he has been appointed in as director in the IFSL.

<sup>5</sup> Mr. Karnam Sekar who had ceased to be an Independent Director of the Company with effect from July 27, 2022 pursuant to the composite scheme of arrangement has been reappointed for his second term as the Independent Director of the Company with effect from March 31, 2023.

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## InCred Prime Finance Limited

(formerly known as InCred Financial Services Limited)

### Notes to the Standalone Financial Statements

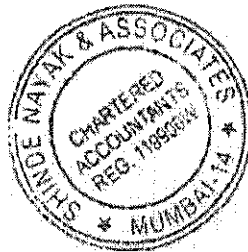
Details of change in composition of the Board during the current and previous financial year.

Sl. No.	Name of Director	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Nature of change (Resignation, appointment)	Effective date of change
1.	Mr. Deepak Narang	Independent Director	Resignation	11.06.2021
2.	Mr. Girish Dinanath Nadkarni	Non-Executive Director	Resignation	13.06.2021
3.	Mr. Antonius Bruijninx	Non-Executive Director	Resignation	15.12.2021
4.	Mr. Karnam Sekar	Independent Director	Appointment	17.12.2021
5.	Mr. Bhupinder Singh	Non-Executive Director	Redesignation	26.07.2022
6.	Mr. Vivek Bansal	Non-Executive Director	Redesignation	26.07.2022
7.	Mr. Debashish Dutta Gupta	Independent Director	Resignation	30.03.2023
8.	Mr. Vivek Anand PS	Independent Director	Resignation	27.07.2022
9.	Mr. Karnam Sekar	Independent Director	Resignation	27.07.2022
10.	Mr. Karnam Sekar	Independent Director	Appointment	31.03.2023

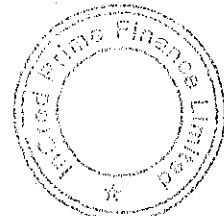
Where an independent director resigns before expiry of her/ his term, the reasons for resignation as given by her/him shall be disclosed.

1. Mr. Deepak Narang resigned as the Director due to his pre-occupation with other assignments & engagement in other personal work.
2. 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'), InCred Prime Finance Limited (formerly 'InCred Financial Services Limited') ('the Company'), 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. Karnam Sekar who was appointed as Independent Director of the Company, resigned before completion of their term.
3. Mr. Debashish Dutta Gupta who was appointed as an Independent Director of the Company, resigned before completion of his term on March 30, 2023, due to his pre-occupation with other assignments.

None of the directors of the Company are related to each other.



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## InCred Prime Finance Limited

(formerly known as InCred Financial Services Limited)

### Notes to the Standalone Financial Statements

Committees of the Board and their composition:

#### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE ("CSR")

The role of CSR Committee includes the following:

- To finalize and appraise to the Board a CSR policy for the Company.
- To recommend CSR activities and expenditure on the same; and
- To monitor implementation of the CSR policy of the Company from time to time.

Sl. No.	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC as at March 31, 2023
				Held	Attended	
1.	Ms. Rupa Vora	June 12, 2018	Independent Director	1	1	-
2.	Mr. Debashish Dutta Gupta <sup>6</sup>	July 26, 2022	Independent Director	-	-	-
3.	Mr. Karnam Sekar <sup>7</sup>	March 31, 2023	Independent Director	1	1	-
4.	Mr. Vivek Bansal	March 25, 2019	Non-Executive Director	1	1	22,50,000

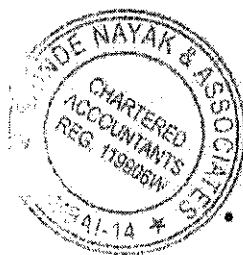
#### AUDIT COMMITTEE ("AC")

The role of the AC includes the following:

- Oversight of the entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommendation for appointment, remuneration and terms of appointment of auditors of the entity;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - a. 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;
  - b. changes, if any, in accounting policies and practices and reasons for the same;
  - c. major accounting entries involving estimates based on the exercise of judgment by management;
  - d. significant adjustments made in the financial statements arising out of audit findings;
  - e. compliance with legal requirements relating to financial statements;
  - f. disclosure of any related party transactions;
  - g. modified opinion(s) in the draft audit report;
- Reviewing, with the management, the financial statements before submission to the board for approval;

<sup>6</sup> Ceased to be a member of the Committee since March 30, 2023. No meeting was held during the tenure for which Mr. Debashish Dutta Gupta was the member of the Committee.

<sup>7</sup> Mr. Karnam Sekar who had ceased to be an Independent Director of the Company with effect from July 27, 2022 pursuant to the composite scheme of arrangement has been reappointed for his second term as the Independent Director of the Company with effect from March 31, 2023. Accordingly, Mr. Karnam Sekar was reappointed as a member of the Committee on March 31, 2023.



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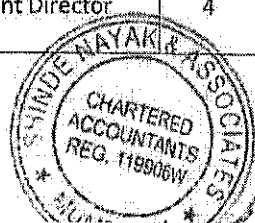
## InCred Prime Finance Limited

(formerly known as InCred Financial Services Limited)

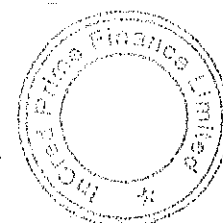
### Notes to the Standalone Financial Statements

- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized 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;
- Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the entity, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- Reviewing the adequacy of 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;
- Discussion with internal auditors of any significant findings and follow up there on;
- 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;
- Discussion with 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;
- To look into the reasons for substantial defaults in the payment to the debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- To review the functioning of the whistle blower mechanism;
- Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
- Carrying out any other function as is mentioned in the terms of reference of the audit committee;
- Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision;
- Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the entity and its shareholders;
- Any such other role/function as may be specifically referred to the Committee by the Board of Directors or as may be required under the Companies Act, 2013 or any other law for the time being in force.

Sl. No.	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC as at March 31, 2023
				Held	Attended	
1.	Ms. Rupa Vora	October 27, 2017	Chairperson	4	4	-
2.	Mr. Debashish	December 01, 2020	Independent Director	4	4	-



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## InCred Prime Finance Limited

(formerly known as InCred Financial Services Limited)

### Notes to the Standalone Financial Statements

	Dutta Gupta <sup>8</sup>					
3.	Mr. Karnam Sekar <sup>9</sup>	March 31, 2023	Independent Director	3	3	-
4.	Mr. Bhupinder Singh <sup>10</sup>	July 26, 2022	Non-Executive Director	1	1	25,19,554

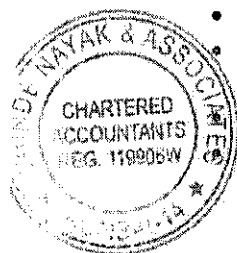
### NOMINATION AND REMUNERATION COMMITTEE ("NRC")

The role of the NRC includes the following:

- Identification of persons qualified to become director, recommendations to the Board for their appointment /removal or filling of vacancies on the Board;
- Identification of persons for appointment as the Senior Management Personnel of the Company.
- Note: As per Section 178(5), "senior management personnel" of a Company means members of the core management team of the Co (excluding Board of directors) comprising all members of management one level below the executive directors, including the functional heads.
- Administration and superintendence of the Employee Stock Option Schemes of the Company.
- Formulation, supervision and implementation of the following policies:
  - a. Appointment & Remuneration Policy for the Directors and Key Managerial Personnel's;
  - b. Employees Remuneration Policy;
  - c. Policy for Annual Performance Evaluation of the Directors.
- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;

For every appointment of an independent director, the Nomination and Remuneration 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:

- a. use the services of an external agencies, if required;
  - b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
  - c. consider the time commitments of the candidates
  - formulation of criteria for evaluation of performance of independent directors and the board of directors; 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.
- recommend to the board, all remuneration, in whatever form, payable to senior management.
- Any such 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 or any other law for the time being in force.



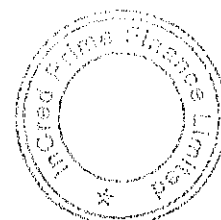
	Member of	Capacity	Number of Meetings of	No. of
--	-----------	----------	-----------------------	--------

<sup>8</sup> Ceased to be a member of the Committee since March 30, 2023.

<sup>9</sup> Mr. Karnam Sekar who had ceased to be an Independent Director of the Company with effect from July 27, 2022 pursuant to the composite scheme of arrangement has been reappointed for his second term as the Independent Director of the Company with effect from March 31, 2023. Accordingly, Mr. Karnam Sekar was not a member of the Committee for being eligible to attend the Meeting held on December 19, 2022.

<sup>10</sup> Mr. Bhupinder Singh was appointed as a member of the Committee on July 26, 2022.

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## InCred Prime Finance Limited

(formerly known as InCred Financial Services Limited)

### Notes to the Standalone Financial Statements

Sl. No.	Name of Director	Committee since	(i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	the Committee		shares held in the NBFC as at March 31, 2023
				Held	Attended	
1.	Ms. Rupa Vora	October 27, 2017	Chairperson	2	2	-
2.	Mr. Vivek Anand PS <sup>11</sup>	April 10, 2018	Non-Executive Director	1	1	-
3.	Mr. Debashish Dutta Gupta <sup>12</sup>	December 01, 2020	Independent Director	2	2	-
4.	Mr. Karnam Sekar <sup>13</sup>	March 31, 2023	Independent Director	-	-	-
5.	Mr. Bhupinder Singh	June 13, 2021	Non-Executive Director	2	2	25,19,554

#### RISK MANAGEMENT COMMITTEE ("RMC")

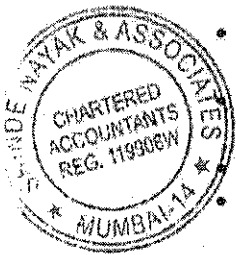
The role of the RMC includes the following:

- Review and manage the Risk Management framework and processes of the Company in compliance with the regulatory provisions and the best practices;
  - 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.
  - To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
  - To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
  - To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
  - To keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken;
  - The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.
- To review framework for monitoring and managing various types of risks including credit risk, market risk, fraud risk and status of compliance with the Anti-Money Laundering (AML) Standards;
- To review the various risk related aspects of the loan and asset portfolio.
- To review and approve the various policies pertaining to the following:
- a. Lending activities of the Company;
  - b. Know Your Customer (KYC) and AML;

<sup>11</sup> Ceased to be a member of the Committee since July 27, 2022.

<sup>12</sup> Ceased to be a member of the Committee since March 30, 2023.

<sup>13</sup> Mr. Karnam Sekar who had ceased to be an Independent Director of the Company with effect from July 27, 2022 pursuant to the composite scheme of arrangement has been reappointed for his second term as the Independent Director of the Company with effect from March 31, 2023. Accordingly, Mr. Karnam Sekar was reappointed as a member of the Committee on March 31, 2023. No meeting was held while Mr. Karnam Sekar was part of the Committee.



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## InCred Prime Finance Limited

(formerly known as InCred Financial Services Limited)

### Notes to the Standalone Financial Statements

- c. Recovery and Collections;
- Any such 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 or any other law for the time being in force.

Sl. No.	Name of Director & Member	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC as at March 31, 2023
				Held	Attended	
1.	Mr. Bhupinder Singh	March 28, 2017	Non-Executive Director	2	2	25,19,554
2.	Mr. Vivek Bansal	March 28, 2017	Non-Executive Director	2	2	22,50,000
3.	Ms. Rupa Vora <sup>14</sup>	October 13, 2021	Independent Director	-	-	-
4.	Mr. Saurabh Jhalaria <sup>15</sup>	March 28, 2017	Member	-	-	-
5.	Mr. Prithvi Chandrasekhar <sup>16</sup>	March 28, 2017	Member	-	-	-
6.	Mr. Shailesh Kumar <sup>17</sup>	July 27, 2022	Chief Financial Officer	2	2	2,000

### IT STRATEGY COMMITTEE ("ITSC")

#### Terms of Reference:

The role of ITSC includes the following:

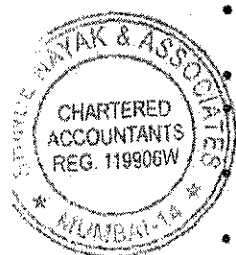
- Approving Information Technology ("IT") strategy and policy documents and ensuring that the management has put an effective strategic planning process in place;
- Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;
- Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
- 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;
- Ensuring proper balance of IT investments for sustaining NBFC's growth and becoming aware about exposure towards IT risks and controls;
- To settle any question, difficulty or doubt that may arise in regard to the above matters; and
- Any such other role/functions as may be specifically referred to the Committee by the Board of Directors

<sup>14</sup> Ceased to be a member of the Committee since July 27, 2022.

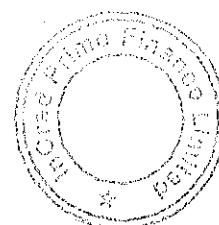
<sup>15</sup> Ceased to be a member of the Committee since July 27, 2022.

<sup>16</sup> Ceased to be a member of the Committee since July 27, 2022.

<sup>17</sup> Appointed as a member of the Committee with effect from July 27, 2022.



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## InCred Prime Finance Limited

(formerly known as InCred Financial Services Limited)

### Notes to the Standalone Financial Statements

Sl. No.	Name of Director & Member	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC as at March 31, 2023
				Held	Attended	
1	Mr. Vivek Bansal	June 12, 2018	Non-Executive Director	2	1	22,50,000
2	Mr. Karnam Sekar <sup>18</sup>	March 31, 2023	Independent Director	2	2	-
3	Mr. Debashish Dutta Gupta <sup>19</sup>	July 26, 2022	Independent Director	1	1	-
4	Ms. Rupa Vora	June 12, 2018	Independent Director	2	2	-
5	Mr. Ashwin Sekar <sup>20</sup>	April 29, 2022	Member	1	1	-
6	Mr. Selvan Mohan <sup>21</sup>	July 26, 2022	Member	1	1	-

### ASSETS LIABILITY MANAGEMENT COMMITTEE ("ALCO")

The role of the ALCO includes the following:

- 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:

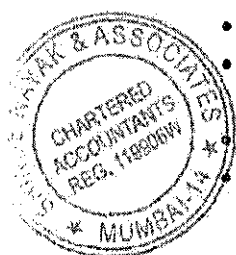
Liquidity Risk;

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;
- 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.



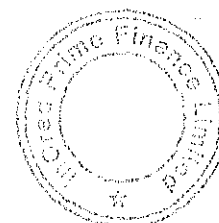
<sup>18</sup> Mr. Karnam Sekar who had ceased to be an Independent Director of the Company with effect from July 26, 2022 pursuant to the composite scheme of arrangement has been reappointed for his second term as the Independent Director of the Company with effect from March 31, 2023. Accordingly, Mr. Karnam Sekar was reappointed as a member of the Committee on March 31, 2023.

<sup>19</sup> Ceased to be a member of the Committee since March 30, 2023.

<sup>20</sup> Appointed as a member with effect from April 29, 2022 and ceased to be a member of the Committee since July 26, 2022.

<sup>21</sup> Appointed as a member of the Committee with effect from July 26, 2022.

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## InCred Prime Finance Limited

(formerly known as InCred Financial Services Limited)

### Notes to the Standalone Financial Statements

Sl. No.	Name of Director & Member	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC as at March 31, 2023
				Held	Attended	
1.	Mr. Vivek Bansal	June 12, 2018	Non-Executive Director	2	2	22,50,000
2.	Mr. Bhupinder Singh	March 28, 2017	Non-Executive Director	2	2	25,19,554
3.	Mr. Saurabh Jhalaria <sup>22</sup>	March 28, 2017	Member	-	-	-
4.	Mr. Shailesh Kumar <sup>23</sup>	July 27, 2022	Chief Financial Officer	2	2	2,000

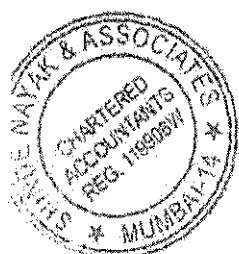
#### FINANCE COMMITTEE

The role of the Finance Committee includes the following:

- 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 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 our Company's business requirement and taking necessary actions connected therewith;
- To appoint security trustee(s) and/or create charge/mortgage in favour of the lenders of the company
- 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 account maintained with various banks and to revise signatories for operating various bank accounts of the company as and when necessary;
- To review and approve an Assignment/ Securitization transaction or a transaction relating to the transfer of Financial Assets or Cash Flows;
- To review and approve arrangements and tie-ups with the banks for various banking facilities and/ or cash management services;
- To consider and approve availing of bank guarantees from various banks;
- 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;
- 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, disinvestment thereof;
- To review and recommend the Investment Policy to the Board;
- 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;
- To decide on matters relating to the finalization 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 of Directors, decide the opening and closing Date for receiving application and date of allotment /deemed date of allotment,

<sup>22</sup> Ceased to be a member of the Committee since July 27, 2022.

<sup>23</sup> Appointed as a member of the Committee with effect from July 27, 2022.



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## InCred Prime Finance Limited

(formerly known as InCred Financial Services Limited)

### Notes to the Standalone Financial Statements

- apply with stock exchanges for listing of the NCDs;
- 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
- To approve, authorize 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 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.
- To delegate authorities from time to time to the executives/ authorized representatives to implement the decisions of the Committee from time to time.
- Any such other role/functions as may be specifically referred to the Committee by the Board of Directors

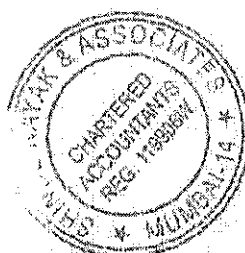
Sl. No.	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC as at March 31, 2023
				Held	Attended	
1.	Mr. Vivek Bansal	June 12, 2018	Non-Executive Director	11	11	22,50,000
2.	Mr. Bhupinder Singh	April 10, 2018	Non-Executive Director	11	11	25,19,554

#### 1) General Body Meetings

Sl. No.	Type of Meeting (Annual/ Extra-Ordinary)	Date and Place	Special resolutions passed
1.	Annual General Meeting	September 30, 2022 at Registered office of the Company	<ul style="list-style-type: none"><li>- Approval for adoption of restated Articles of Association of the Company.</li><li>- Approval for reappointment of Ms. Rupa Rajul Vora (DIN: 01831916) as an Independent Director of the Company</li></ul>

#### 2) Details of non-compliance with requirements of Companies Act, 2013

Not Applicable



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## InCred Prime Finance Limited

(formerly known as InCred Financial Services Limited)

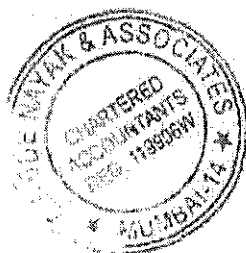
### Notes to the Standalone Financial Statements

#### 3) Details of penalties and strictures

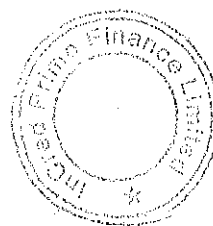
None

**B) Breach of Covenant-** There are no breach of Covenants in the current year and previous year.

**C) Divergence in Asset Classification and Provisioning-** Not Applicable



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Notes to the Standalone Financial Statements

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

(Rs. in lakhs)

Asset Classification as per RBI Norms for year ended 31st March 2022	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7)=(4)-(6)
<b>Performing Assets</b>						
	Stage 1	69.75	0.02	69.73	0.02	-
Standard	Stage 2	-	-	-	-	-
Subtotal		69.75	0.02	69.73	0.02	-
<b>Non-Performing Assets (NPA)</b>						
Substandard	Stage 3	262.28	186.98	75.30	0.14	186.84
Doubtful - up to 1 year	Stage 3	-	-	-	108.57	(108.57)
1 to 3 years	Stage 3	-	-	-	78.27	(78.27)
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		-	-	-	186.84	(186.84)
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		262.28	186.98	75.30	186.98	(0.00)
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	0.00	0.00	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	-	-	-	-
<b>Total</b>	Stage 1	69.75	0.02	69.73	0.02	-
	Stage 2	-	-	-	-	-
	Stage 3	262.28	186.98	75.30	186.98	(0.00)
	<b>Total</b>	<b>332.03</b>	<b>186.99</b>	<b>145.03</b>	<b>187.00</b>	<b>(0.00)</b>



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Notes to the Standalone Financial Statements

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)

(Rs. in lakhs)

Asset Classification as per RBI Norms for year ended 31st March 2021	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7)=(4)-(6)
<b>Performing Assets</b>						
	Stage 1	3,49,541.03	2,461.45	3,47,079.58	922.15	1,539.30
Standard	Stage 2	21,971.46	1,229.09	20,742.37	1,260.74	(31.65)
<b>Subtotal</b>		3,71,512.49	3,690.54	3,67,821.95	2,182.89	1,507.65
<b>Non-Performing Assets (NPA)</b>						
Substandard	Stage 3	10,811.36	5,406.89	5,404.47	829.56	4,577.33
Doubtful - up to 1 year	Stage 3	-	-	-	328.05	(328.05)
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
<b>Subtotal for doubtful</b>		-	-	-	328.05	(328.05)
Loss	Stage 3	-	-	-	-	-
<b>Subtotal for NPA</b>		10,811.36	5,406.89	5,404.47	1,157.61	4,249.28
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	14,248.30	9.42	14,238.88	-	9.42
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
<b>Subtotal</b>		14,248.30	9.42	14,238.88	-	9.42
<b>Total</b>	Stage 1	3,63,789.33	2,470.87	3,61,318.46	922.15	1,548.72
	Stage 2	21,971.46	1,229.09	20,742.37	1,260.74	(31.65)
	Stage 3	10,811.36	5,406.89	5,404.47	1,157.61	4,249.28
<b>Total</b>	<b>Total</b>	<b>3,96,572.14</b>	<b>9,106.85</b>	<b>3,87,465.29</b>	<b>3,340.50</b>	<b>5,766.35</b>



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

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

49. 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 Shinde Nayak and Associates  
Chartered Accountants  
ICAI Firm Registration No.: 119906W



  
D. V. Nayak  
Partner  
Membership No: 104221

Place: Mumbai  
Date: May 16, 2023

For and on behalf of the Board of Directors of  
InCred Prime Finance Limited  
CIN: U74899MH1991PLC340312

  
Bhupinder Singh  
Director  
DIN: 07342318

  
Shalish Kumar  
Chief Financial Officer

  
Vivek Bansal  
Director  
DIN: 07835456

  
Bhavyesh Jain  
Company Secretary  
Membership No: A30093

Place: Mumbai  
Date: May 16, 2023

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