

The background of the cover features several large, flowing, wavy lines. A prominent orange line starts from the top left and curves diagonally across the page. Another grey line starts from the bottom left and curves upwards. A third orange line is visible on the right side, curving downwards. These lines are composed of many thin, parallel lines, giving them a sense of motion and depth.

**InCred!**

# **INCRED HOLDINGS LIMITED**

(erstwhile known as  
KKR Capital Markets India Limited)

**ANNUAL  
REPORT  
2022-23**

## DIRECTOR'S REPORT

To  
The Members of  
**InCred Holdings Limited ("the Company")**  
**(Formerly "KKR CAPITAL MARKETS INDIA LIMITED")**

The Board of Directors of the Company presents the thirteenth Annual Report on the business and operations of the Company for the Financial Year ("FY") ended March 31, 2023.

### **COMPOSITE SCHEME OF ARRANGEMENT**

The Company has undergone a Composite Scheme of Amalgamation and Arrangement amongst itself, 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 Composite 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 Non-Convertible Debentures ("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 IFSL. Further as per the Scheme, the remaining NBFC business (i.e. after excluding the InCred Demerged Undertaking) shall continue to be carried out by IPFL. Pursuant to the Scheme, the name of the Company has been changed from 'KKR Capital Markets India Limited' to 'InCred Holdings Limited' w.e.f. August 18, 2022, the name of InCred Financial Services Limited has changed to InCred Prime Finance Limited w.e.f. August 01, 2022 and the name of 'KKR India Financial Services Limited' has changed to 'InCred Financial Services Limited' w.e.f. August 03, 2022.

The Scheme also entailed a change in control under SEBI (Merchant Bankers) Regulations, 1992 ("SEBI MB Regulations") and SEBI (Alternative Investment Funds) Regulations, 2012 ("SEBI AIF Regulations"). For further details, please refer to the section "statement of the company's affairs and financial performance", forming part of this Board Report.

### **FINANCIAL RESULTS**

The Company's financial results for the FY ended March 31, 2023, as compared to previous FY ended March 31, 2022, are summarized in the table below:

(Rupees in Lakhs)

Particulars	Consolidated		Standalone	
	FY 2022-23	FY 2021-22	FY 2022-23	FY 2021-22
Total Revenue from Operations	86,565.14	48,803.15	109.78	469.48
Other Income	1,505.48	3,624.09	83.92	87.78
<b>Total Income</b>	<b>88,070.62</b>	<b>52,427.24</b>	<b>193.70</b>	<b>557.26</b>
<b>Total Expenses</b>	<b>62,952.27</b>	<b>48,241.71</b>	<b>(525.53)</b>	<b>9,288.33</b>
<b>Profit / (Loss) before tax and exceptional items</b>	<b>25,118.35</b>	<b>4,185.54</b>	<b>719.23</b>	<b>(8,731.08)</b>
Exceptional Items	6,021.94	-	-	38.62
<b>Profit / (Loss) before Tax</b>	<b>19,096.41</b>	<b>4,185.54</b>	<b>719.23</b>	<b>(8,769.69)</b>
Total Tax Expense	8,189.99	1,102.78	1,760.55	(2,253.94)
<b>Profit / (Loss) after Tax</b>	<b>10,906.42</b>	<b>3,082.76</b>	<b>(1,041.32)</b>	<b>(6,515.76)</b>
Other Comprehensive Income	(3.89)	(83.36)	-	2.82
<b>Total comprehensive income</b>	<b>10,902.53</b>	<b>2,999.40</b>	<b>(1,041.32)</b>	<b>(6,512.94)</b>
<b>Earnings per equity share (EPS)</b>				
Basic (INR)	1.85	0.80	(0.18)	(3.23)
Diluted (INR)	1.81	0.79	(0.17)	(3.23)

**STATEMENT OF THE COMPANY'S AFFAIRS AND FINANCIAL PERFORMANCE**

The Company is registered with the Securities and Exchange Board of India ("SEBI") as a Merchant Banker under the SEBI (Merchant Bankers) Regulations, 1992 ("**SEBI MB Regulations**").

The Company had made an application to SEBI to obtain prior approval for change in control pursuant to requirements of SEBI (Merchant Bankers) Regulations, 1992 ("SEBI MB Regulations"). The SEBI vide its letter dated February 18, 2022, had granted its approval for change in control of your Company under SEBI MB Regulations.

The Company also acts as an investment manager and sponsor to alternative investment funds registered with SEBI under the SEBI (Alternative Investment Funds) Regulations, 2012 ("**SEBI AIF Regulations**") being:

- KKR India Debt Fund I (KIDOF I) - Intimation of proposed winding up of the KIDOF I was sent to SEBI and to the investors of the Fund in January 2022 owing to the tenure of KIDOF I concluding on February 11, 2022. which was approved by SEBI vide its letter dated July 14, 2022.
- KKR India Debt Opportunities Fund III (KIDOF III) - Intimation of proposed winding up of the KIDOF III was sent to SEBI and to the investors of the Fund in January 2022 owing to the

tenure of KIDOF III getting over on February 11, 2022. Which was approved by SEBI vide its letter dated July 14, 2022.

- KKR India Credit Trust (KICT) – Since KICT has no investor admitted and has not made any investment, the Company, in its capacity as Investment Manager, decided to wind up the Fund and had filed formal online application with the SEBI for surrender of registration certificate under the SEBI AIF Regulations which was approved by SEBI vide its letter dated June 21, 2022.
- KKR India Debt Opportunities Fund II (KIDOF II) - An in-principle approval from SEBI has been obtained on March 17, 2022 for the change in control of the Manager / Sponsor of the KIDOF II in accordance with SEBI AIF Regulations. Post NCLT approval, SEBI granted its final approval for the change in control of the Manager/Sponsor vide its letter dated June 27, 2022

The Audited Financial Statements both on standalone and consolidated basis have been prepared in accordance with the requirements of the Companies (Indian Accounting Standards) Rules, 2015 “Ind AS” read with Section 133 of the Companies Act 2013 (“Act”). The Consolidated Financial Statements have been prepared in accordance with Ind AS and relevant provisions of the Companies Act, 2013 based on the financial statements received from the subsidiaries as approved by its respective Board of Directors.

During FY 2022-23, revenue from operations of the Company on standalone basis has been INR 109.78 lakhs, as against INR 469.48 lakhs in the previous FY. The loss after tax during the FY 2022-23 is INR 1041.32 lakhs as against the loss after tax of INR 6515.76 lakhs in the previous FY.

The consolidated financial statements reflect the cumulative performance of the Company along with that of its subsidiaries. On a consolidated basis, during the year under review, the revenue from operations has been INR 86,565.14 lakhs and profit/(loss) after tax of INR 10,906.42 lakhs as compared to previous FY of INR 48,803.15 lakhs and INR 3,082.76 lakhs respectively.

### **CHANGE IN THE NATURE OF BUSINESS**

During the year under review, there has been no change in the nature of business of the Company.

### **CHANGE IN REGISTERED OFFICE OF THE COMPANY**

During the year, the registered office of the Company changed from 2<sup>nd</sup> Floor, Piramal Tower, Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai, Mumbai City, Maharashtra, 400013 to Unit No. 1203, 12th floor, B Wing, The Capital, Plot No. C-70, G Block, Bandra Kurla Complex, Bandra (East), Mumbai, Maharashtra – 400 051 w.e.f. July 26, 2022.

### **CHANGE IN REGISTRAR AND SHARE TRANSFER AGENT**

During the year, the Company has changed its RTA from ‘kfin Technologies Limited’ to ‘Link Intime India Private Limited’.



**SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES**

The Company has two direct subsidiaries viz InCred Financial Services Limited and InCred Prime Finance Limited as on March 31, 2023.

Further, the Company has four step down subsidiaries viz. InCred Management & Technology Services Private Limited, InCred.Ai Limited, Booth Fintech Private Limited and mValu Technology Services Private Limited as on March 31, 2023.

The Company does not have any Associate Companies as on March 31, 2023.

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

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

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

**ANNUAL RETURN AS PRESCRIBED UNDER THE COMPANIES ACT, 2013 AND RULES MADE THEREUNDER**

The Annual Return in Form MGT-7 as required under Section 92(3) of the Companies Act, 2013 shall be hosted on the website of the Company.

**TRANSFER TO RESERVES**

In the absence of profits, the Board has not recommended any amount for transfer to reserves for the year under review.

**DIVIDEND**

The Board has not recommended any dividend on the Equity Shares of the Company for the FY ended March 31, 2023.

**SHARE CAPITAL****Authorized Share Capital:**

As on March 31, 2023, the Authorised Share Capital ("ASC") stood at INR 20,00,00,00,000/- comprising of 1,00,00,00,000 preference shares and 1,00,00,00,000 equity shares of INR 10/- each.

During the year, the ASC was increased by the addition of INR 18,000,000,000/- comprising of 80,00,00,000 equity shares of INR 10/- each and 1,00,00,00,000 preference shares of INR 10/- each.

### **Issued, Subscribed and Paid-up Share Capital:**

As on March 31, 2023, the issued, subscribed, and paid-up share capital of the Company stood at INR 595,23,53,880/- comprising 59,52,35,388 equity shares of INR 10/- each.

### **Bonus Issue**

During the year under review, 91,77,664 fully paid-up equity shares were issued to shareholders whose names appeared in the Register of Members on October 14, 2022, through a bonus issuance. These shares were allotted on October 21, 2022.

### **Compulsorily Convertible Preference Shares (“CCPS”)**

As per the consideration clause of the Scheme, 75,58,46,578 Compulsorily Convertible Preference Shares (“CCPS”) were allotted to the shareholders of IPFL and BFL on November 01, 2022.

### **Equity Shares**

The aforementioned CCPS were converted into 38,96,11,599 equity shares on the basis of conversion ratio of 1:0.515464 on November 02, 2022.

### **Employee Stock Options**

Pursuant to the prevalent Employee Stock Options Scheme of the Company, 37,31,310 ESOPs were exercised by the employees and accordingly shares were allotted during FY 2022-23.

## **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

### **i. Change in Director, including Managing Director/ Whole-time Director**

On the implementation of the Scheme as mentioned above, the below mentioned changes in the Board of Directors and KMP's of the Company was approved at the meeting of the Board of Directors held on July 26, 2022, are as below:

<b>Sr. No.</b>	<b>Name of the Director</b>	<b>Designation</b>	<b>Change</b>
1	Mr. Bhupinder Singh	Whole Time Director & Chief Executive Officer	Appointment
2	Mr. Vivek Bansal	Whole Time Director & Chief Financial Officer	Appointment
3	Mrs. Rupa Vora	Independent director	Appointment
4	Mr. Karnam Sekar	Independent director	Appointment
5	Mr. Debashish Dutta Gupta	Independent director	Appointment
6	Mr. Vivek Anand PS	Non-Executive Director	Appointment
7	Mr. Gaurav Trehan	Non-Executive Director	Appointment
8	Mr. Sanjay Nayar	Non-Executive Director	Appointment
9	Mr. Gajendra Thakur	Company Secretary & Compliance Officer	Appointment

10	Mr. Anil Nagu	Whole-time Director & Chief Financial Officer	Resignation
11	Mr. Brian Dillard	Non-Executive Director	Resignation
12	Mr. Karthik Krishna	Non-Executive Director	Resignation
13	Mr. Richard Holden	Non-Executive Director	Resignation
14	Mr. Binoy Parikh	Company Secretary & Compliance Officer	Resignation

Mr. Sanjay Nayar, who was appointed as Director on the Board as a representative of KKR resigned with effect from March 21, 2023, due to his other commitments and in order to fill the vacancy, Mr. Rohan Suri was appointed in his place.

Further, Mr. Debashish Dutta Gupta resigned with effect from March 30, 2023, due to other commitments.

The Board places on record its sincere appreciation for the valuable contribution and guidance provided by Mr. Anil Nagu, Mr. Brian Dillard, Mr. Karthik Krishna, Mr. Richard Holden, Mr. Sanjay Nayar and Mr. Debashish Dutta Gupta during their association with the Company towards establishing and building the Company into a well-respected institution.

The Board comprises of the following directors as on March 31, 2023:

Sr. No.	Name of the Director	Designation
1	Mr. Bhupinder Singh	Whole Time Director & Chief Executive Officer
2	Mr. Vivek Bansal	Whole Time Director & Chief Financial Officer
3	Mrs. Rupa Vora	Independent director
4	Mr. Karnam Sekar	Independent director
5	Mr. Vivek Anand PS	Non-Executive Director
6	Mr. Gaurav Trehan	Non-Executive Director
7	Mr. Rohan Suri	Non-Executive Director

#### a) Key Managerial Personnel

The following officials are the Key Managerial Personnel of the Company as on March 31, 2023, as well as on the date of this report:

- Mr. Bhupinder Singh – Whole Time Director and Chief Executive Officer
- Mr. Vivek Bansal – Whole-time Director and Chief Financial Officer; and
- Mr. Gajendra Thakur - Company Secretary and Compliance Officer

#### b) Declaration by Directors

Based on the declarations and confirmations received, none of the Directors of the Company are disqualified from being appointed/ continuing as Directors in terms of section 164(2) of the Companies Act, 2013.

#### c) Declaration by Independent Directors

All Independent Directors have submitted the declaration of independence, pursuant to the provisions of Section 149(7) of the Companies Act, 2013, stating that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact his/her ability to discharge his/ her duties with an objective independent judgment and

without any external influence.

## **BOARD MEETINGS**

### **Number of meetings of the Board:**

During FY 2022-23, the Board met seven times on June 1, 2022, June 20, 2022, twice on July 26, 2022, October 15, 2022, November 2, 2022, and January 17, 2023. The necessary quorum was present for all the Meetings and the maximum interval between any two meetings did not exceed 120 days.

### **Attendance record of Directors:**

<b>Sr. No.</b>	<b>Name of the Director</b>	<b>Category</b>	<b>No. of Board Meeting Attended</b>	<b>Whether attended the AGM held during FY 2022-23</b>
1.	Mr. Bhupinder Singh	Whole-time Director & Chief Executive Officer	3	Not applicable
2.	Mr. Vivek Bansal	Whole-time Director & Chief Financial Officer	4	Not applicable
3.	Mrs. Rupa Vora	Independent Director	3	Not applicable
4.	Mr. Karnam Sekar	Independent Director	4	Not applicable
5.	Mr. Debashish Dutta Gupta	Independent Director	4	Not applicable
6.	Mr. Vivek Anand PS	Non-Executive Director	3	Not applicable
7.	Mr. Gaurav Trehan	Non-Executive Director	2	Not applicable
8.	Mr. Sanjay Nayar	Non-Executive Director	3	Not applicable
9.	Mr. Anil Nagu	Whole-time Director & Chief Financial Officer	3	YES
10.	Mr. Brian Dillard	Non-Executive Director	3	YES
11.	Mr. Karthik Krishna	Non-Executive Director	3	YES
12.	Mr. Richard Holden	Non-Executive Director	3	YES

**COMMITTEES OF THE BOARD**

The Board has constituted the following committees to support the Directors in discharging its responsibilities and ensure expedient resolution of diverse matters with the applicable provisions of the Companies Act, 2013:

1. Audit Committee
2. Nomination Remuneration Committee
3. CSR Committee; and

The Company Secretary acts as the Secretary of all the aforementioned Committees. The Board of Directors and the Committees also take decisions by circular resolutions, which are noted by the Board / respective Committees of the Board at their next meetings. The Board notes the minutes of meetings of all Committees at regular intervals.

**1. AUDIT COMMITTEE (“AC”):****Composition:**

The Audit Committee of the Board of Directors of the Company as on March 31, 2023, consists of the following Members:

1. Mrs. Rupa Vora, Chairperson
2. Mr. Karnam Sekar, Member
3. Mr. Vivek Anand P. S., Member

All the members of the AC are financially literate and have accounting or related financial management expertise.

**Terms of references:**

The role of the AC includes the following:

- a) Oversight of the Company’s financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- b) Providing recommendations for the appointment, remuneration and terms of appointment of auditors of the Company.
- c) Approval of payments to statutory auditors for any other services rendered by the statutory auditors.
- d) Reviewing with the management, the annual financial statements and the auditor’s report thereon, before submission to the Board for approval, with particular reference to:
  - i. matters required to be included in the director’s responsibility statement, to be included in the Board’s report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
  - ii. changes, if any, in the accounting policies and practices, and reasons for the same;
  - iii. major accounting entries involving estimates based on the exercise of judgment by management;



- iv. significant adjustments made in the financial statements arising out of audit findings;
  - v. compliance with Companies Act, 2013 and other legal requirements relating to financial statements;
  - vi. disclosure of any related party transactions; and
  - vii. modified opinion(s) in the draft audit report.
- e) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- f) Reviewing, with the management, the statement of uses/ application/ end use of funds raised through an issue (public issue, rights issue, preferential issue etc.); the statement of funds 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.
- g) Reviewing and monitoring the auditor's independence and performance, and effectiveness of the audit process.
- h) Approval of, or any subsequent modification of, the transactions of the Company with related parties.
- i) Scrutiny of inter-corporate loans and investments.
- j) Valuation of undertakings or assets of the Company, wherever necessary.
- k) Evaluation of the internal financial controls and risk management systems.
- l) Reviewing, with the management, performance of the statutory and the internal auditors, adequacy of the internal control systems.
- m) Reviewing the adequacy of the internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- n) Discussions with the internal auditors of any significant findings and follow-ups thereon.
- o) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- p) Discussions with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- q) To look into the reasons for substantial defaults in payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- r) To review the functioning of the whistle blower mechanism.

- s) Approval of the appointment of the chief financial officer after assessing the qualifications, experience and background etc. of the candidate.
- t) Reviewing the utilization of loans and/ or advances from/ investment by the Company in, its subsidiary exceeding INR 100 crore or 10% of the asset size of the subsidiary, whichever is lower, including existing loans/ advances extended or investments made by the Company in its subsidiary.
- u) To consider and comment on the rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders.
- v) Any other role/ function as may be specifically referred to the Committee by the Board, or as may be required under the Companies Act, 2013, Shareholders Agreement, Articles of Association or any other applicable law(s) for the time being in force.

The audit committee shall mandatorily review the following information:

- i. management discussion and analysis of financial condition and results of operations;
- ii. statement of significant related party transactions (as defined by the audit committee), submitted by management;
- iii. management letters / letters of internal control weaknesses issued by the statutory auditors;
- iv. internal audit reports relating to internal control weaknesses; and
- v. the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.

All the recommendations by the AC to the Board during the year were duly accepted.

## **2. NOMINATION AND REMUNERATION COMMITTEE (“NRC”):**

### **Composition:**

The Nomination and Remuneration Committee of the Board of Directors of the Company as on March 31, 2023, consists of the following Members:

1. Mrs. Rupa Vora, Member
2. Mr. Karnam Sekar, Member
3. Mr. Bhupinder Singh, Member
4. Mr. Gaurav Trehana, Member

### **Terms of references:**

The role of the NRC includes the following:

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

**Note:** As per Section 178 of the Companies Act, 2013, the term “Senior Management Personnel” of a company shall mean members of the core management team of the company (excluding the board of directors), comprising of all members of management one level below the executive directors, including the functional heads.

- c) Administration and superintendence of the Employee Stock Option Schemes of the Company (as may be applicable).
- d) Formulation, supervision and implementation of the following policies:
  - i. Appointment & Remuneration Policy for the Directors and Key Managerial Personnel;
  - ii. Employees Remuneration Policy; and
  - iii. Policy for Annual Performance Evaluation of the Directors.
- e) Formulation of the criteria for determining qualifications, positive attributes and independence of a director, and to recommend to the Board of Directors a policy relating to the remuneration of the directors, key managerial personnel and other employees. While formulating such policy the Committee shall ensure that:
  - i. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;
  - ii. the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
  - iii. the remuneration to directors, key managerial personnel and Senior Management Personnel involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.
- f) For the appointment of each independent director, the Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
  - i. use the services of external agencies, if required;
  - ii. consider candidates from a wide range of backgrounds, having due regard to diversity; and
  - iii. consider the time commitments of the candidates
- g) Formulation of criteria for evaluation of performance of independent directors and the Board of Directors.
- h) Devising a policy on diversity of the Board of Directors.

- i) Providing recommendation as to whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- j) Recommend to the Board, all remuneration, in whatever form, payable to the Senior Management Personnel.
- k) Any other role / functions as may be specifically 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, Shareholders Agreement or other applicable law(s), for the time being in force.

### **3. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (“CSR Committee”)**

#### **Composition:**

The Corporate Social Responsibility Committee of the Board of Directors of the Company as on March 31, 2023, consists of the following Members:

- 1. Mrs. Rupa Vora, Member
- 2. Mr. Karnam Sekar, Member
- 3. Mr. Vivek Bansal, Member

#### **Terms of references:**

The role of the CSR Committee includes the following:

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

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

As per section 178 of the Companies Act, 2013 requires the 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, as per section 134 of the Companies Act, 2013 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.

Accordingly, the Board of Directors has, 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.

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

### **DEPOSITS**

The Company has not accepted any deposits from public under provisions of 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014, as amended, during the FY 2022-2023.

### **AUDITORS AND THEIR AUDIT REPORT**

#### **Statutory Auditors:**

Pursuant to the provision of Section 139, 142, and other applicable provisions of the Companies Act, 2013 please note that to fill the casual vacancy occurred due to resignation of M/s. MSKA & Associates, Chartered Accountants and on the recommendation of the Audit Committee, the Board of Directors vide their resolution dated October 15, 2022, had approved the appointment of M/s S.R. Batliboi & Associates LLP, Chartered Accountants as the Statutory Auditors of the Company for the financial year 2022-23 to hold office till the conclusion of the annual general meeting. The said appointment was further approved by the members at their Extra-Ordinary General Meeting held on October 17, 2022.

Subject to approval of the members, the Board of Directors of the Company has recommended the appointment of M/s S.R. Batliboi & Associates LLP, Chartered Accountants (FRN 101049W/E300004) as the Statutory Auditors for a term of 5 (five) years from conclusion of the ensuing annual general meeting until the conclusion of the annual general meeting of the Company to be held for the financial year 2027-2028.

During the year under review, the statutory auditors confirmed that they had remained independent throughout the duration of the audit engagement, as required by the relevant ethical /independence requirements as enunciated in the Code of Ethics issued by the ICAI.

The Statutory Auditors' Report for the FY ended March 31, 2023, does not contain any qualifications, reservations or adverse remarks which require any clarifications/ explanations by the Board.



**Secretarial Auditor:**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Ashish Karodia & Co. to undertake the secretarial audit of the Company for the financial year 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.

**Internal Auditors**

The Company has in place a well-defined and robust internal audit plan, as agreed by the Audit Committee, and 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 Auditor, Ms. Nikita Mehra Mall periodically carries out audits on a test basis and reports her observations and recommendations to the Audit Committee for corrective and preventive actions.

**Reporting of frauds by auditors:**

During the year under review the Statutory Auditors, have not reported any instance of frauds committed in the Company by its officers or employees to the Board of Directors under Section 143(12) of the Companies Act, 2013, details of which needs to be mentioned in this Report.

**INTERNAL CONTROL/INTERNAL FINANCIAL CONTROLS SYSTEMS AND THEIR ADEQUACY**

The Company has in place adequate internal financial controls with reference to the financial statements commensurate with the size, scale, and complexity of the operations of the Company as on March 31, 2023.

During the year under review, the Internal Auditors of the Company evaluated the adequacy of all internal controls and processes and ensures strict adherence to clearly laid down processes and procedures as well as to the prescribed regulatory and legal framework and no material weaknesses in the design or operations were observed and reported by the Auditors.

**SECRETARIAL STANDARDS**

The Company complies with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India with respect to the Board Meetings & General Meetings.

**RELATED PARTY TRANSACTIONS**

Related party transactions (RPTs) entered into by a Company during the FY under review were on an arm's length basis and were in the ordinary course of business in compliance with the requirement of the Companies Act, 2013 and the Rules framed thereunder.

The particulars of such contracts or arrangements with related parties referred to Section 188(1), as prescribed in Form AOC – 2 under Rule 8(2) of the Companies (Accounts) Rules, 2014, are specified in the '**Annexure C**' annexed to this Report.

Further, a statement showing the disclosure of related party transactions as per Ind AS 24 is set out in Note No. 29 to the Standalone Audited Financial Statements.

### **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS**

There are no significant and material orders passed by the regulators or courts or tribunals that would impact the going concern status of the Company and its future operations.

### **CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

Basis the computation of the average net profit for the purpose of determining the spending on CSR activities in accordance with the provisions of section 198 of the Companies Act, 2013, the Company was not required to spend on the CSR activities for this financial year 2022-23 pursuant to Section 135 of the Companies Act, 2013 ("Act") and the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended from time to time.

### **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.

### **MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY**

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.

### **EMPLOYEE STOCK OPTION SCHEME**

The Scheme inter alia provided for the demerger of the InCred Demerged Undertaking of IPFL into IFSL, a wholly owned subsidiary of the Company. Pursuant to the Scheme, as part of the demerger, the permanent and contract employees of IPFL (identified by the board of directors of IPFL) engaged in the Retail NBFC Business (as defined in the Scheme) of IPFL became employees of IFSL.

Pursuant to the terms of the Scheme, the Company adopted the ESOP Plan & ESOP scheme in substitution of the existing employee stock option plan of the Company at the Extra Ordinary General meeting held on August 25, 2022. Accordingly, the Company had granted ESOPs to the employees & directors in place of old ESOPs of IPFL. All other terms and conditions of said options including exercise price & vesting period will remain same.

The ESOP Plan & Scheme for Employees of the Company including the Employees of its Subsidiary companies was adopted in accordance with Companies Act, 2013 and the applicable provisions, with the objective of rewarding the Employees for building up the value of the Company and for providing to the Employees a sense of ownership and participation in the Company and also to provide them with an opportunity to share in the value creation in its business.

The disclosure on Employee Stock Option Schemes as required under Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014 for the FY ended March 31, 2023 is annexed as 'Annexure D' of this Report.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 134(5) of the Companies Act, 2013 the Board to the best of its knowledge and ability, hereby confirms that:

- (i) In the preparation of the Audited Annual Accounts of the Company for the FY ended March 31, 2023, applicable accounting standards have been followed, with proper explanations provided for material departures (if any);
- (ii) The Board has selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the FY under review and of the loss of the Company for that period;
- (iii) Board has taken proper and sufficient care for the maintenance of adequate accounting records of the Company in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) The Board has prepared the accounts for the FY ended March 31, 2023, on a 'going concern' basis;
- (v) The Board has laid down internal financial controls for the Company and such internal financial controls are adequate and operating effectively; and
- (vi) The Board has devised proper systems to ensure compliance with the provisions of applicable laws and such systems were adequate and operating effectively.

**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013**

Pursuant to the provisions of the Section 186 of the Companies Act, 2013, disclosure on particulars, relating to Investments made by the Company are given in the notes to Financial Statements as applicable.

**PARTICULARS OF EMPLOYEES AND RELATED INFORMATION**

The Company being an unlisted company, the provisions of Section 197(12) are not applicable.

Further, all the Executive Directors and Key Managerial Personnel designated as per section 203 of Companies Act, 2013 receive remuneration from the subsidiary Company i.e. InCred Financial Services Limited.

**PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & EXCHANGE EARNINGS & OUTGO**

Information pursuant to Section 134(3) of the Companies Act, 2013 read with Rule 8(3) of Companies (Accounts) Rules 2014.

**A. CONSERVATION OF ENERGY**

Since the Company is engaged in the financial services industry, this disclosure is not applicable to the Company.

**B. TECHNOLOGY ABSORPTION**

Since the Company is engaged in the financial services industry, Rule 8(3)(B) of the Companies (Accounts) Rules, 2014 in relation to technology absorption is not applicable to the Company.

**C. FOREIGN EXCHANGE EARNING & OUTGO**

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

(Rupees in Lakhs)		
Particulars	2022-23	2021-22
Foreign exchange earning	-	-
Foreign exchange expenditure	545.71	-

**RISK MANAGEMENT**

The Company's business activities are exposed to a variety of financial risks and the Management has the overall responsibility for establishing and governing the Company's risk management framework. Accordingly, the Management has formulated a risk management framework which helps in identifying, assessing and prioritizing the risks and followed by coordinated efforts to minimize, monitor and mitigate/control the probability and/or impact of unfortunate events. The said framework enables the Management an ongoing tracking of the evolution of risks and ensures delivery of action plans to mitigate them.

**VIGIL MECHANISM**

The provisions of Section 177 of the Act in relation to establishing a vigil mechanism for Directors and Employees to report genuine concerns and allegations of misconduct is not applicable to the Company.

**DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The Company is not required to constitute an Internal Complaints Committee, as it does not fall under the purview of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

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

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

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

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

**ACKNOWLEDGEMENT**

Your Directors' commend the continued commitment, contribution and dedication of employees at all levels. The Directors also wish to acknowledge with thanks all other stakeholders, shareholders and regulatory authorities for their valuable sustained support and encouragement. Your Directors' also place on record their deep and sincere appreciation for the commitment and integrity shown and hard work/dedication put in by the Management and the Employees of the Company.

**FOR AND ON BEHALF OF THE BOARD  
OF INCRED HOLDINGS LIMITED  
(erstwhile known as KKR Capital Markets India Limited)**

**Sd/-  
Bhupinder Singh  
Whole-Time Director & CEO  
DIN : 07342318**

**Sd/-  
Vivek Bansal  
Whole-Time Director & CFO  
DIN : 07835456**



## Annexure A

## Form AOC-1

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

## Part "A": Subsidiaries

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures				
1	Sr. No.	1	2	3
2	Name of the Subsidiary	<b>InCred Financial Services Limited</b>	<b>InCred Prime Finance Limited</b>	<b>InCred Management and Technology Services Private Limited</b>
3	Registered Office	Mumbai	Mumbai	Mumbai
4	Nature of Business	NBFC	NBFC	Support services
5	No. of Branches	42	1	1
6	Reporting period	March 31, 2023	March 31, 2023	1st April, 2022 to 31st March, 2023
7	Reporting currency	INR	INR	INR
8	Exchange rate on the last day of the financial year	NA	NA	NA
9	Share Capital	46,022.65	3,880.26	2,290.00
10	Reserves and Surplus	2,02,638.41	(2,785.56)	(1,679.84)
11	Total assets (Fixed assets + Investments + Other assets)	6,60,838.97	2,429.75	647.64
12	Total liabilities (Deposits + Borrowings + Other liabilities + Provisions)	4,12,177.91	1,335.05	37.49
13	Investments	7,235.56	-	175.13
14	Turnover	87,745.39	211.50	15.64
15	Profit/ (Loss) Before Tax	20,317.01	16.64	(375.67)
16	Provision for tax	8,224.93	15.13	-
17	Profit/ (Loss)After Tax	12,092.08	1.51	(375.67)
18	Proposed dividend	-	-	-
19	% of shareholding	100%	59.37%	100%

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures				
1	Sr. No.	4	5	6
2	Name of the Subsidiary	<b>Booth Fintech Private Limited</b>	<b>InCred.AI Limited</b>	<b>mValu Technology Services Private Limited</b>
3	Registered Office	Mumbai	Mumbai	Mumbai
4	Nature of Business	Advisory and Consultancy services company	Advisory and Consultancy services company	Other services auxiliary to financial services
5	No. of Branches	1	1	1
6	Reporting period	1st April, 2022 to 31st March, 2023	1st April, 2022 to 31st March, 2023	1st April, 2022 to 31st March, 2023
7	Reporting currency	INR	INR	INR
8	Exchange rate on the last day of the financial year	NA	NA	NA
9	Share Capital	3.93	1.00	15.83
10	Reserves and Surplus	1,766.63	(0.20)	1,722.19
11	Total assets (Fixed assets + Investments + Other assets)	1,777.58	4.32	1,761.73
12	Total liabilities (Deposits + Borrowings + Other liabilities + Provisions)	7.02	3.52	23.71
13	Investments	1,738.01	-	1,205.30
14	Turnover	0.06	-	72.62
15	Profit/ (Loss) Before Tax	(1,484.92)	(1.08)	(308.08)
16	Provision for tax	-	-	-
17	Profit/ (Loss)After Tax	(1,484.92)	(1.08)	(308.08)
18	Proposed dividend	-	-	-
19	% of shareholding	100%	100%	75.82%*

\*Booth Fintech Pvt Limited acquired additional stake in mValu Technology Services Private Limited on 21st May 2022 thereby becoming the major shareholder resulting which the said company is now a subsidiary of the Company.

- Names of subsidiaries which are yet to commence operations : NIL
- Names of subsidiaries which have been liquidated or sold during the year : NIL

**Part “B”: Associates & Joint Ventures**

<b>Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate companies and Joint Ventures</b>		
1	Latest audited balance sheet date	NIL
2	Shares of Associate/joint Ventures held by the company on the year end	
	Number	
	Amount of investment in associates/ joint venture	
	Extent of holding %	
3	Description of how there are significant influence	
4	Reason why the associate/joint venture is not consolidated	
5	Net worth attributable to shareholding as per latest audited balance sheet	
6	Profit/ loss for the year	
i	Considered in consolidation	
ii	Not considered in consolidation	

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

**FOR AND ON BEHALF OF THE BOARD**  
**of INCRED HOLDINGS LIMITED**  
**(erstwhile known as KKR Capital Markets India Limited)**

**Sd/-**  
**Bhupinder Singh**  
**Whole Time Director & CEO**  
**DIN : 07342318**

**Sd/-**  
**Vivek Bansal**  
**Whole Time Director & CFO**  
**DIN : 07835456**

**Annexure B**

**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 HOLDINGS LIMITED  
(Previously known as KKR Capital Markets India Limited)  
U67190MH2011PLC211738  
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 HOLDINGS LIMITED (Previously known as KKR Capital Markets India Limited), having CIN: U67190MH2011PLC211738 (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 HOLDINGS LIMITED (Previously known as KKR Capital Markets India 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 INCRED HOLDINGS LIMITED (Previously known as KKR Capital Markets India Limited) ("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 thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws Framed there under;
- iv. SEBI (Merchant Bankers) Regulations, 1992
- v. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial borrowings
- vi. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

- Not applicable to the Company during the period under scrutiny
- b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - Not applicable to the Company during the period under scrutiny
- c) 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
- d) 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
- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - Not applicable to the Company during the period under scrutiny
- f) 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;
  - Not applicable to the Company during the period under scrutiny
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - Not applicable to the Company during the period under scrutiny
- h) 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. Applicable Direct and Indirect Tax Laws.
- b. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

We have also examined compliance with the applicable clauses of Secretarial Standards issued by The Institute of Company Secretaries of India.

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

We further report that: -



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

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

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:

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 (Previously known as 'KKR Capital Markets India Limited')("the Company"), Bee Finance Limited, InCred Financial Services Limited (Previously known as 'KKR India Financial Services Limited'), InCred Prime Finance Limited (Previously known as 'InCred Financial Services Limited') and their respective shareholders which got effective on July 26, 2022. This scheme involved the demerger of the InCred Prime Finance Limited (Previously known as 'InCred Financial Services Limited') non-banking financing business into InCred Financial Services Limited (Previously known as 'KKR India Financial Services Limited').

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) Shifting of registered office of the Company from 2nd Floor, Piramal Tower, Peninsula Corporate Park Ganpatrao Kadam Marg, Lower Parel, Mumbai 400013 to Unit No. 1203, 12th Floor, B Wing, The Capital, Plot No. C - 70, G Block, BKC, Mumbai – 400051.
- 4) Change in name of the Company from KKR Capital Markets India Limited to InCred Holdings 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.**

Sd/-

**CS Ashish Karodia**

**M No. 6549 CP 6375**

**On 17/05/2023**

**At Indore**

**UDIN: F006549E000319202**

**Annexure - A to the Secretarial Audit Report**

To,  
The Members,  
INCRED HOLDINGS LIMITED  
(Previously known as KKR Capital Markets India Limited)  
U67190MH2011PLC211738  
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.

**Sd/-**  
**CS Ashish Karodia**  
**M No. 6549 CP 6375**  
**On 17/05/2023**  
**At Indore**  
**UDIN: F006549E000319202**

## Annexure C

## Form No. AOC-2

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

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

1.	2.	3.	4.	5.	6.	7.	8.
Name(s) of the related party and nature of relationship	Nature of contracts /arrangements/transactions	Duration of contracts /arrangements/transactions	Salient terms of contracts /arrangements/transactions including the value, if any	Justification for entering into such contracts /arrangements/transactions	Date of approval by the board of directors	Amount paid as advances, if any	Date on which the special resolution was passed in general meeting
Not applicable since all the transactions have been entered at arm's length with related parties.							

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

1.	2.	3.	4.	5.	6.	7.
Name(s) of the related party and nature of relationship	Nature of contracts / arrangements / transactions	Duration of contracts / arrangements / transactions	Salient terms of Contracts /arrangements /transactions including the value, if any	Justification for entering into such contracts /arrangements /transactions	Date of approval by the board of directors	Amount paid as advance, if any
Not applicable since all the transactions are covered within the threshold limit defined by the Company.						

**FOR AND ON BEHALF OF THE BOARD**  
**Of INCRED HOLDINGS LIMITED**  
**(erstwhile known as KKR Capital Markets India Limited)**

**Sd/-**  
**Bhupinder Singh**  
**Whole Time Director & CEO**  
**DIN : 07342318**  
**Place: Mumbai**  
**Date: May 26, 2023**

**Sd/-**  
**Vivek Bansal**  
**Whole Time Director & CFO**  
**DIN : 07835456**

## Annexure D

**Disclosure under the Employee Incentive Scheme – 2022 pursuant to the provisions of Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 as on financial year ended March 31, 2023**

Particulars	Disclosures*
Number of options granted (in FY 2022-23)	27,47,500
Number of options vested (in FY 2022-23)	84,35,047
Number of options exercised (in FY 2022-23)	37,31,310
Total number of shares arising as a result of exercise of options	37,31,310
Number of options lapsed / cancelled (in FY 2022-23) – includes both vested and unvested	27,30,036
Exercise Price	Rs. 40 and Rs. 28 (For FY 2021-22 options)
Variation of terms of options	None
Money realised by the exercise of options	Rs. 13,53,72,144
Total number of options in force	3,21,01,616

*\*Pursuant to the terms of the Scheme, the Company has adopted the ESOP Plan & ESOP scheme in substitution of the existing employee stock option plan of the Company. Further, it is hereby clarified that the period during which the employee stock options (granted by IPFL under the InCred ESOP Scheme) were held by or deemed to have been held by the Eligible InCred Employees shall be taken into account for determining the minimum vesting period required under the applicable laws and the ESOP Plan.*

**Details of options granted to Key Managerial Personnel (“KMP”) during the Financial Year 2022-23:**

Sr. No.	Name	Designation	Options Granted
1.	Bhupinder Singh	Whole-time Director & Chief Executive Officer	-
2.	Vivek Bansal	Whole-time Director & Chief Financial Officer	-
3.	Gajendra Thakur	Head – Legal, Compliance & Company Secretary	55,000

**Details of employees who received a grant of options in any one year of options amounting to five per cent or more of options granted during that year:**

Sr. No.	Name	Designation	Options Granted
1.	Nishith Maheshwari	SVP - PARTNERSHIPS - SME	1,50,000

**Details of identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant: None.**



**InCred!**

**CONSOLIDATED  
FINANCIAL  
STATEMENTS**



## **INDEPENDENT AUDITOR'S REPORT**

To the Members of InCred Holdings Limited

### **Report on the Audit of the Consolidated Financial Statements**

#### **Opinion**

We have audited the accompanying consolidated financial statements of InCred Holdings Limited [formerly known as KKR Capital Markets India Limited] (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the consolidated Balance sheet as at March 31, 2023, the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditor on separate financial statement and on the other financial information of the subsidiary, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at March 31, 2023, their consolidated profit and their consolidated cash flows for the year ended on that date.

#### **Basis for Opinion**

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Financial Statements' section of our report. We are independent of the Group, associates and joint ventures in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

#### **Emphasis of Matter**

We draw attention to Note 42 of the consolidated financial statements describing the demerger during the year ended March 31, 2023. The Scheme of Arrangement ("the Scheme"), has been given effect to in the books of account from the appointed date in accordance with the Scheme instead of the acquisition date as per Ind AS 103 - Business Combinations (i.e. the date when actual control is obtained). The accounting treatment for demerger is as per Ind AS 103.

Our conclusion is not modified in respect of this matter.

#### **Other Information**

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the Director's Report, but does not include the consolidated financial statements and our auditor's report thereon.



**InCred Holdings Limited**

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

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

**Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the Companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and

**InCred Holdings Limited**

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

- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

**Other Matter**

- (a) We did not audit the financial statements and other financial information, in respect of one subsidiary, whose financial statements include total assets of Rs. 2,429.75 lakhs as at March 31, 2023, and total revenue of Rs. 211.50 lakhs, total net profit after tax of Rs. 1.51 lakhs, total comprehensive income of Rs. 1.51 lakhs and net cash inflows of Rs. 8.27 lakhs for the year ended on that date. These financial statement and other financial information have been audited by other auditor, whose financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far

**InCred Holdings Limited**

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as it relates to the amounts and disclosures included in respect of these subsidiary and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the report of such other auditors.

- (b) The consolidated financial statements of the Company for the year ended March 31, 2022, included in these consolidated financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on June 21, 2022.

Our opinion above on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditor.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3(xxi) of the Order.
2. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiary, as noted in the 'other matter' paragraph we report, to the extent applicable, that:
  - (a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
  - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;
  - (d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting standards) Rules, 2015, as amended;
  - (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2023 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, none of the directors of the Group's companies, its associates and joint ventures incorporated in India is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary companies, incorporated in India, and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
  - (g) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiary, the managerial remuneration for the year ended March 31, 2023 has been paid / provided by the Holding Company, its subsidiaries, incorporated in India to their respective directors in accordance with the provisions of section 197 read with Schedule V to the Act;

**InCred Holdings Limited**

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- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us [and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, as noted in the 'Other matter' paragraph:
- i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, its associates and joint ventures in its consolidated financial statements;
  - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 1 - D.23 to the consolidated financial statements in respect of such items as it relates to the Group;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiaries incorporated in India during the year ended March 31, 2023.
  - iv.
    - a) The respective managements of the Holding Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of its knowledge and belief, other than as disclosed in the note 47 to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiaries to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the respective Holding Company or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
    - b) The respective managements of the Holding Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of its knowledge and belief, other than as disclosed in the note 47 to the consolidated financial statements, no funds have been received by the respective Holding Company or any of such subsidiaries from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
    - c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries, which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.

**InCred Holdings Limited**

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- v. No dividend has been declared or paid during the year by the Holding Company and its subsidiaries companies, incorporated in India.
- vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable only w.e.f. April 1, 2023 for the Holding Company and its subsidiaries companies incorporated in India, hence reporting under this clause is not applicable.

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

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**per Sarvesh Warty**

Partner

Membership Number: 121411

UDIN: 23121411BGWEG13206

Place: Geiranger, Norway

Date: May 26, 2023

**InCred Holdings Limited**

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Annexure 1 referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date on the standalone financial statements of InCred Holdings Limited

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

Sr. No.	Name	CIN	Holding company/ Subsidiary	Clause number of the CARO report which is qualified or is adverse
1.	InCred Financial Services Limited	U67190MH1995PLC360817	Subsidiary	iii(c)
2.	InCred Prime Finance Limited	U74899MH1991PLC340312	Subsidiary	iii(c)

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

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**per Sarvesh Warty**

Partner

Membership Number: 121411

UDIN: 23121411BGWEGI3206

Place: Geiranger, Norway

Date: May 26, 2023



**InCred Holdings Limited**

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**Annexure 1 referred to in paragraph 2 (f) under the heading "Report on other legal and regulatory requirements" of our report of even date on the consolidated financial statements of InCred Holdings Limited**

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

In conjunction with our audit of the consolidated financial statements of InCred Holdings Limited (hereinafter referred to as the "Holding Company") as of and for the year ended March 31, 2023, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") which are companies incorporated in India, as of that date.

**Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the companies included in the Group which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

**Meaning of Internal Financial Controls With Reference to Consolidated Financial Statements**

A company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted

**InCred Holdings Limited**

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

**Inherent Limitations of Internal Financial Controls with Reference to Consolidated Financial Statements**

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

**Opinion**

In our opinion, the Group, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

**Other Matters**

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

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

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**per Sarvesh Warty**

Partner

Membership Number: 121411

UDIN: 23121411BGWEG13206

Place: Geiranger, Norway

Date: May 26, 2023

Consolidated Financial Statements

Consolidated 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	34,472.39	5,505.98
(b) Bank balance other than cash and cash equivalents	3	4,795.43	2,991.36
(c) Derivative financial instruments	4	1,388.54	1,181.05
(d) Receivables			
(I) Trade receivables	5	2.45	108.34
(II) Other receivables		-	-
(e) Loans	6	5,40,525.05	3,73,226.42
(f) Investments	7	7,034.28	8,119.65
(g) Other financial assets	8	7,953.30	2,754.80
		<b>5,96,171.44</b>	<b>3,93,887.60</b>
<b>(2) Non-financial assets</b>			
(a) Current tax assets (net)		5,039.07	1,209.98
(b) Deferred tax assets (net)	9	47,707.12	2,038.67
(c) Property, plant and equipment	10	4,359.35	3,479.68
(d) Capital work-in-progress	11	161.79	293.95
(e) Goodwill	43	6,778.74	652.65
(f) Other intangible assets	12	666.43	433.27
(g) Other non-financial assets	13	6,996.43	1,468.76
		<b>71,708.93</b>	<b>9,576.96</b>
<b>Total assets</b>		<b>6,67,880.37</b>	<b>4,03,464.56</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>(1) Financial liabilities</b>			
(a) Derivative financial liabilities	4	727.43	186.87
(b) Debt securities	14	1,15,190.08	1,06,523.77
(c) Borrowings (other than debt securities)	15	2,71,246.87	1,75,065.49
(d) Other financial liabilities	16	21,108.44	8,198.31
		<b>4,08,272.82</b>	<b>2,89,974.44</b>
<b>(2) Non-financial liabilities</b>			
(a) Provisions	17	2,766.29	324.46
(b) Deferred tax liabilities (net)	9	-	728.89
(c) Other non-financial liabilities	18	2,061.37	918.07
		<b>4,827.66</b>	<b>1,971.42</b>
<b>EQUITY</b>			
(a) Equity share capital	19	59,523.54	19,275.85
(b) Other equity	20	1,95,256.35	92,242.85
		<b>2,54,779.89</b>	<b>1,11,518.70</b>
<b>Total liabilities and equity</b>		<b>6,67,880.37</b>	<b>4,03,464.56</b>

Significant accounting policies and key accounting estimates and judgements

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

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As per our report of even date

For S. R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration No.: 101049W/E300004

For and on behalf of the Board of Directors of

InCred Holdings Limited

CIN: U67190MH2011PLC211738

per Sarvesh Warty

Partner

Membership No: 121411

Place: Geiranger, Norway

Date: May 26, 2023

Bhupinder Singh

Whole Time Director and CEO

DIN: 07342318

Vivek Bansal

Whole Time Director and CFO

DIN: 07835456

Gajendra Thakur

Company Secretary

Membership No: A19285

Place: Mumbai

Date: May 26, 2023

**InCred Holdings Limited**

(formerly known as KKR Capital Markets India Limited)

**Consolidated Financial Statements****Consolidated 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	21	82,296.77	47,340.06
(ii) Dividend income		25.18	-
(iii) Net gain on derecognition of financial instruments under amortised cost category		1,560.88	336.68
(iv) Fees and commission income	22	2,180.55	1,022.24
(v) Net (loss)/gain on fair value changes	23	501.76	104.17
<b>(I) Total revenue from operations</b>		<b>86,565.14</b>	<b>48,803.15</b>
<b>(II) Other income</b>	24	<b>1,505.48</b>	<b>3,624.09</b>
<b>(III) Total income (I + II)</b>		<b>88,070.62</b>	<b>52,427.24</b>
<b>Expenses</b>			
(i) Finance costs	25	35,601.91	21,946.81
(ii) Net loss on derecognition of financial instruments under amortised cost category		25.00	1,045.87
(iii) Impairment on financial instruments	26	(2,423.77)	4,352.02
(iv) Employee benefit expenses	27	19,222.80	13,921.43
(v) Depreciation and amortisation	10 & 12	1,326.78	1,227.80
(vi) Other expenses	28	9,189.41	5,326.87
<b>(IV) Total expenses</b>		<b>62,942.13</b>	<b>47,820.80</b>
<b>(V) Profit before share of loss of Associates (III - IV)</b>		<b>25,128.49</b>	<b>4,606.44</b>
<b>(VI) Share of loss of associates</b>		<b>10.14</b>	<b>420.90</b>
<b>(VII) Profit before exceptional items and tax (V - VI)</b>		<b>25,118.35</b>	<b>4,185.54</b>
(VIII) Exceptional item		6,021.94	-
<b>(IX) Profit before tax (VII - VIII)</b>		<b>19,096.41</b>	<b>4,185.54</b>
<b>Tax Expense:</b>			
(1) Current Tax		467.86	1,358.99
(2) Tax pertaining to previous years		-	-
(3) Deferred Tax		7,722.13	(256.21)
<b>(X) Total Tax Expense</b>	29	<b>8,189.99</b>	<b>1,102.78</b>
<b>(XI) Profit for the year (IX - X)</b>		<b>10,906.42</b>	<b>3,082.76</b>
<b>(XII) 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		(62.34)	(94.84)
(ii) Income tax relating to items that will not be reclassified to profit or loss		15.92	23.87
<b>Subtotal (A)</b>		<b>(46.42)</b>	<b>(70.97)</b>
<b>(B) Items that will be reclassified to profit or loss</b>			
(a) Debt instruments through other comprehensive income		(73.59)	(120.30)
(b) The effective portion of gains and loss on hedging instruments in a cash flow hedge		129.99	103.74
(ii) Income tax relating to items that will be reclassified to profit or loss		(13.87)	4.17
<b>Subtotal (B)</b>		<b>42.53</b>	<b>(12.39)</b>
<b>Other comprehensive income (A + B)</b>		<b>(3.89)</b>	<b>(83.36)</b>
<b>(XIII) Total comprehensive income for the year (XI + XII)</b>		<b>10,902.53</b>	<b>2,999.40</b>
<b>Profit is attributable to:</b>			
Owners of the Group		10,905.81	3,082.76
Non controlling interests		0.61	-
<b>Other Comprehensive Income is attributable to:</b>			
Owners of the Group		(3.89)	(83.36)
Non controlling interests		-	-
<b>Total Comprehensive Income is attributable to:</b>			
Owners of the Group		10,901.92	2,999.40
Non controlling interests		0.61	-
<b>(XIV) Earnings per equity share (Face Value : Rs. 10 per share)</b>	30		
Basic (Rs.)		1.85	0.80
Diluted (Rs.)		1.81	0.79

Significant accounting policies and key accounting estimates and judgements

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

As per our report of even date

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

Chartered Accountants

ICAI Firm Registration No.: 101049W/E300004

For and on behalf of the Board of Directors of

**InCred Holdings Limited**

CIN: U67190MH2011PLC211738

**per Sarvesh Warty**

Partner

Membership No: 121411

Place: Geiranger, Norway

Date: May 26, 2023

**Bhupinder Singh**

Whole Time Director and CEO

DIN: 07342318

**Vivek Bansal**

Whole Time Director and CFO

DIN: 07835456

**Gajendra Thakur**

Company Secretary

Membership No: A19285

Place: Mumbai

Date: May 26, 2023

**InCred Holdings Limited**

(formerly known as KKR Capital Markets India Limited)

**Consolidated Financial Statements****Consolidated 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 / (Loss) before tax	19,096.41	4,185.54
<b>Adjustments to reconcile net profit to net cash generated from / (used in) operating activities</b>		
Depreciation, amortization and impairment	1,326.78	813.72
Loss on sale of property, plant and equipment	10.40	3.40
Net (gain) on fair value changes	(499.12)	(104.17)
Impairment of Goodwill	16,585.12	-
Net gain on derecognition of financial instruments	(1,535.88)	-
Interest Income	(82,296.77)	(47,340.06)
Finance Cost	35,399.59	21,562.20
Impairment on financial instruments	(1,155.09)	4,350.54
Retirement Benefit expenses	139.30	60.92
Share based payment to employees	3,765.87	2,446.59
Share in loss of associate	10.14	420.90
<b>Operating cash flow before working capital changes</b>	<b>(9,153.25)</b>	<b>(13,600.42)</b>
<b>Working capital adjustments</b>		
(Increase) / decrease in other trade receivables	105.89	(99.87)
(Increase) in loans	(1,13,268.76)	(1,22,227.31)
(Increase) in other financial assets	(4,296.83)	(902.32)
(Increase) in other non financial assets	(1,952.74)	14.03
Increase in other financial liabilities	6,528.20	1,817.10
Increase in provisions	549.92	0.38
Increase in other non financial liabilities	401.16	401.47
<b>Cash (used in) / generated from operations</b>	<b>(1,21,086.41)</b>	<b>(1,34,596.94)</b>
Interest received on loans	80,643.89	45,746.63
Interest paid on borrowings and debt	(34,973.42)	(21,562.20)
Income taxes paid	2,811.54	(1,831.74)
<b>Net cash (used in) / generated from operating activities</b>	<b>(72,604.40)</b>	<b>(1,12,244.25)</b>
<b>Cash flow generated from investing activities</b>		
(Purchase) / Sale of property, plant and equipment	(1,940.49)	(496.34)
(Purchase) / Sale of intangibles assets	(466.95)	(107.08)
(Addition) / Deletion of Capital work-in-progress	132.16	(279.45)
Investment in associate	4,276.47	(999.40)
Proceeds from business combination	39,431.81	-
Purchase of investments	(46,211.16)	(61,273.28)
Proceeds from sale of investments	45,939.88	66,880.30
Investment in term deposits	(1,37,589.04)	(57,680.30)
Proceeds from maturity of term deposits earmarked with banks	1,35,784.97	55,277.40
<b>Net cash (used in) / generated from investing activities</b>	<b>39,357.65</b>	<b>1,321.85</b>
<b>Cash flow generated from financing activities</b>		
Issue of equity shares (including securities premium)	1,349.35	671.64
Reversal of rent expense	(604.40)	(441.55)
Proceeds / (Repayment) of borrowings (other than debt securities)	54,006.69	81,295.65
Proceeds / (Redemption) of debt securities	8,666.31	32,696.74
<b>Net cash (used in) / generated from financing activities</b>	<b>63,417.95</b>	<b>1,14,222.48</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>30,171.20</b>	<b>3,300.08</b>
Cash and cash equivalents at the beginning of the year	2,788.93	(511.15)
<b>Cash and cash equivalents at the end of the year</b>	<b>32,960.13</b>	<b>2,788.93</b>

**Notes:**

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

(b) Cash and cash equivalents comprises of

(Rs. in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Cash on hand	-	-
Balances with banks		
- Current Accounts	31,939.77	5,255.98
Deposit with bank with maturity less than 3 months	2,532.62	250.00
<b>Cash and cash equivalents (Refer note 2)</b>	<b>34,472.39</b>	<b>5,505.98</b>
Less: Bank overdraft and cash credit (Refer note 15)	(1,512.26)	(2,717.05)
<b>Cash and cash equivalents in cash flow statement</b>	<b>32,960.13</b>	<b>2,788.93</b>

As per our report of even date

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

Chartered Accountants

ICAI Firm Registration No.: 101049W/E300004

For and on behalf of the Board of Directors of

**InCred Holdings Limited**

CIN: U67190MH2011PLC211738

**per Sarvesh Warty**

Partner

Membership No: 121411

**Bhupinder Singh**

Whole Time Director and CEO

DIN: 07342318

**Vivek Bansal**

Whole Time Director and CFO

DIN: 07835456

Place: Geiranger, Norway

Date: May 26, 2023

**Gajendra Thakur**

Company Secretary

Membership No: A19285

Place: Mumbai

Date: May 26, 2023

**InCred Holdings Limited**  
(formerly known as KKR Capital Markets India Limited)

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

**A. Equity share capital** (Rs. in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Balance as at the beginning of the year	19,275.85	19,250.11
Changes in equity share capital during the year	40,247.69	25.74
Balance as at the end of the year	59,523.54	19,275.85

**B. Other equity** (Rs. in lakhs)

Particulars	Reserves and Surplus					Merger Reserve	Capital Redemption reserve	Debt instruments through OCI	Cash flow hedge reserve	Equity instruments through OCI	Loss on change in proportion held by NCI	Total
	Special reserve	Securities premium	Capital contribution from parent	Share based payment reserve	Retained earnings							
<b>Balance at March 31, 2021</b>	<b>656.72</b>	<b>61,729.95</b>	<b>62.28</b>	<b>1,751.33</b>	<b>3,088.92</b>	<b>19,522.35</b>	-	<b>89.03</b>	-	<b>15.36</b>	<b>(616.81)</b>	<b>86,299.13</b>
Profit for the year	-	-	-	-	3,082.76	-	-	-	-	-	-	3,082.76
Other comprehensive income for the year	-	-	-	-	(70.97)	-	-	(90.02)	77.63	-	-	(83.36)
<b>Total comprehensive income for the year (net of tax)</b>					<b>3,011.79</b>	<b>-</b>	<b>-</b>	<b>(90.02)</b>	<b>77.63</b>	<b>-</b>	<b>-</b>	<b>2,999.40</b>
<b>Transfer / utilisations</b>												
Additions during the year (cash premium)	-	497.86	-	-	-	-	-	-	-	-	-	497.86
Additions during the year (non-cash premium)	-	270.48	-	(270.48)	-	-	-	-	-	-	-	-
Utilized during the year	-	-	-	-	-	-	-	-	-	-	-	-
Transferred to special reserve from retained earnings	722.35	-	-	-	(722.35)	-	-	-	-	-	-	-
Share based payment expense	-	-	3.82	2,442.64	-	-	-	-	-	-	-	2,446.46
Transferred from share based payment reserve	-	-	-	(23.07)	23.07	-	-	-	-	-	-	-
<b>Balance at March 31, 2022</b>	<b>1,379.07</b>	<b>62,498.29</b>	<b>66.10</b>	<b>3,900.42</b>	<b>5,401.43</b>	<b>19,522.35</b>	-	<b>(0.99)</b>	<b>77.63</b>	<b>15.36</b>	<b>(616.81)</b>	<b>92,242.85</b>
Profit for the year	-	-	-	-	10,905.81	-	-	-	-	-	0.61	10,906.42
Other comprehensive income for the year	-	-	-	-	(46.42)	-	-	(54.74)	97.27	-	-	(3.89)
<b>Total comprehensive income for the year (net of tax)</b>	-	-	-	-	<b>10,859.39</b>	<b>-</b>	<b>-</b>	<b>(54.74)</b>	<b>97.27</b>	<b>-</b>	<b>0.61</b>	<b>10,902.53</b>
<b>Transfer / utilisations</b>												
Additions during the year (cash premium)	-	980.59	-	-	-	-	-	-	-	-	-	980.59
Additions during the year (non-cash premium)	-	907.85	-	(907.85)	-	-	-	-	-	-	-	-
Utilized during the year	-	(917.77)	-	-	-	-	-	-	-	-	-	(917.77)
Purchase consideration towards business combination (Refer Note No 42)	-	1,64,834.24	(66.10)	-	(1,36,820.60)	(28,171.34)	242.00	-	-	-	437.71	455.91
Transferred to special reserve from retained earnings	2,416.32	-	-	-	(2,416.32)	-	-	-	-	-	-	-
Share based payment expense	-	-	-	3,765.87	-	-	-	-	-	-	-	3,765.87
Transfer from share based payment reserve (Refer Note No 35)	-	-	-	(17.06)	17.06	-	-	-	-	-	-	-
Transfer of business (Refer Note No 42)	-	87,826.34	-	-	-	-	-	-	-	-	-	87,826.34
<b>Balance at March 31, 2023</b>	<b>3,795.39</b>	<b>3,16,129.54</b>	<b>-</b>	<b>6,741.38</b>	<b>(1,22,959.04)</b>	<b>(8,648.99)</b>	<b>242.00</b>	<b>(55.73)</b>	<b>174.90</b>	<b>15.36</b>	<b>(178.49)</b>	<b>1,95,256.32</b>

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

For and on behalf of the Board of Directors of  
**InCred Holdings Limited**  
CIN: U67190MH2011PLC211738

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

**Bhupinder Singh**  
Whole Time Director and CEO  
DIN: 07342318

**Vivek Bansal**  
Whole Time Director and CFO  
DIN: 07835456

**Gajendra Thakur**  
Company Secretary  
Membership No: A19285

Place: Geiranger, Norway  
Date: May 26, 2023

Place: Mumbai  
Date: May 26, 2023



# InCred Holdings Limited

*(formerly known as KKR Capital Markets India Limited)*

## Notes to the Consolidated Financial Statements

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

#### A. Corporate Information

InCred Holdings Limited (formerly known as “KKR Capital Markets India Limited”) (the ‘Parent’) was incorporated as a private limited company in India on January 03, 2011, under the provisions of the Companies Act, 1956. The Parent together with its subsidiaries (hereinafter collectively referred to as the ‘Group’) has a diversified lending portfolio across retail, SME and commercial customers with a significant presence in urban and rural India. The Parent is converted to public company on July 08, 2022.

The Parent is registered with the Securities and Exchange Board of India as a 'Category I Merchant Banker' and the Company is engaged in providing investment advisory, investment management and finance arrangement services.

The registered office of the Group is Unit No. 1203, 12th floor, B Wing, The Capital, Plot No. C - 70, G Block, Bandra - Kurla Complex, Bandra East, Mumbai – 400051.

The consolidated financial statements are authorized for issue by the Parent’s Board of Directors on May 26, 2023.

#### B. Basis of preparation

- (BA) The consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS 34) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and notified under section 133 of the Companies Act, 2013 (the Act) along with other relevant provisions of the Act. The Company uses accrual basis of accounting except as explained in Note D15.
- (BB) The financial statements of mValu Technology Services Private Limited, a step-down subsidiary have been prepared on a liquidation basis pursuant to the mValu’s management’s decision to exit the cards business and consequently wound up its business. Accordingly, its assets are recorded at their expected realisable values and its liabilities are recorded at their expected settlement values. The actual realisation / settlement values could be different from the expected realisable / settlement values.

#### i. Functional and presentation currency

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

# InCred Holdings Limited

(formerly known as KKR Capital Markets India Limited)

## Notes to the Consolidated Financial Statements

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### ii. Basis of measurement

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

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

### iii. Use of estimates and judgements

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

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

#### Significant accounting estimates and judgements:

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

### iv. Basis of consolidation

#### a. Subsidiaries

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

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

# InCred Holdings Limited

(formerly known as KKR Capital Markets India Limited)

## Notes to the Consolidated Financial Statements

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

### b. Associates

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

- **Equity method**

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

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

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

### c. Change in ownership interests

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

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

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

# InCred Holdings Limited

(formerly known as KKR Capital Markets India Limited)

## Notes to the Consolidated Financial Statements

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### d. Business Combination

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

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

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at acquisition date. The Group recognizes any non-controlling interests in the acquired entity on acquisition-by-acquisition basis either at fair value or by non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

The excess of:

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

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

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

### C. Presentation of financial statements

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

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

# InCred Holdings Limited

(formerly known as KKR Capital Markets India Limited)

## Notes to the Consolidated Financial Statements

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

#### 1. Measurement of fair values

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

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

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

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

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

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

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

#### 2. Financial instruments

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

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

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

# InCred Holdings Limited

(formerly known as KKR Capital Markets India Limited)

## Notes to the Consolidated Financial Statements

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### i. Financial assets

#### Initial measurement

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

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

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

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

#### Financial assets measured at amortised cost

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

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

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

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

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

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

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

# **InCred Holdings Limited**

*(formerly known as KKR Capital Markets India Limited)*

## **Notes to the Consolidated Financial Statements**

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### **Subsequent measurement**

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

#### **Financial assets at Amortised cost**

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

#### **Debt investments at FVOCI**

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

#### **Equity investments designated at FVOCI**

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

#### **Financial assets at FVTPL**

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

### **ii. Financial liabilities**

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

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

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

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

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



# **InCred Holdings Limited**

*(formerly known as KKR Capital Markets India Limited)*

## **Notes to the Consolidated Financial Statements**

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### **iii. Derecognition**

#### **Financial assets**

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

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

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

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

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

#### **Financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of Profit and Loss.

### **iv. Offsetting of financial instruments**

A financial asset and a financial liability is offset and presented on net basis in the balance sheet when there is a current legally enforceable right to set-off the recognised amounts and it is intended to either settle on net basis or to realise the asset and settle the liability simultaneously.

# InCred Holdings Limited

(formerly known as KKR Capital Markets India Limited)

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

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

### vi. **Embedded derivatives**

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

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

Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value 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.

# InCred Holdings Limited

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## Notes to the Consolidated 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 consolidated financial statements.

### 5. Business Combination

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

### 6. Impairment of financial assets

#### Overview of the Expected Credit Losses (‘ECL’) principles

- The Group records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL, together with financial guarantee contracts, in this section all referred to as ‘financial instruments’. Equity instruments are not subject to impairment under Ind AS 109.
- The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months’ expected credit loss)
- Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is the portion of Lifetime ECL that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

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

#### Stage 1

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

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and advances upto 30 days default under this category. 12'month ECL is recognized on stage 1 exposures.

### Stage 2

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

### Stage 3

All exposures assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred are classified in this stage.

W.e.f October 1, 2022, a financial instrument is considered as Stage 3 if the asset crosses 90 days pass due and remains in overdue category. This is aligned to the definition of default for loan assets stipulated in RBI circular dated November 12, 2021 – "Prudential Norms on Income Recognition, Asset classification and Provisioning pertaining to Advances – Clarifications" (the "RBI circular"). For exposures that have become credit impaired, a lifetime ECL is recognized. Stage 3 exposures represent Non-Performing Assets (NPA).

### Credit-impaired financial assets:

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

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

### The mechanics of ECL:

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

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

**Probability of Default (PD)** - The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the

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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.

### Forward looking information

In absence of enough historical data, LGD rates are adopted from RBI circular "Implementation of the Internal Rating Based (IRB) Approaches for Calculation of Capital Charge for Credit Risk" by RBI dated December 22, 2011.- (RBI/2011-12/311 DBOD.No.BP.BC.67/21.06.202/2011-12) .

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

### Write-offs

The Group writes off Retail secured and unsecured loans which have a days past due (DPD) for more than 18 months and 15 months respectively. However, Small and Medium Enterprises (SME) Secured and Unsecured Loans, are written off on a case-to-case basis, based on the probability of recoverability. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

## 7. Hedge accounting

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

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Group's risk management objective and strategy for undertaking hedge, the

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

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

### **Cash flow hedge**

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

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

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

## **8. Cash and cash equivalents**

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

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

## **9. Share-based payment arrangements**

- a. The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.
- b. That cost is recognised, together with a corresponding increase in share-based payment reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has

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expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

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

### 10. Lease Accounting

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

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

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

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

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

### 11. Income Tax

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



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### Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the period and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if, the Group:

- a) has a legally enforceable right to set off the recognised amounts; and
- b) intends to realise the asset or settle the liability on a net basis or simultaneously.

### Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- ii temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit and loss; and
- iii temporary differences related to investments in subsidiaries and associates to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

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

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

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

Deferred tax assets and liabilities are offset only if:

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

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### 12. Property, plant and equipment

#### i. Recognition and measurement

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

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

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

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

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

#### ii. Subsequent expenditure

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

#### iii. Depreciation

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

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

The useful life as per Schedule II are as follows:

Asset	Useful life as per Schedule II
Buildings	60 years
Furniture & fixtures	10 years
Office equipment	5 years
Computers and printers	3 years
Vehicles	8 years

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

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### 13. Intangible assets

#### i. Recognition and measurement

Intangible assets (computer software) are stated at cost of acquisition less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates.

#### ii. Subsequent expenditure

Subsequent expenditure on an intangible asset is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognised in the Statement Profit and Loss as incurred.

#### iii. Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful life using the straight-line method, and is included in depreciation, amortisation and impairment in the Consolidated Statement of Profit and Loss.

The intangible assets are amortised over the estimated useful life of 3 years.

Amortisation methods, useful life and residual values are reviewed at each reporting date and adjusted if appropriate.

#### iv. Goodwill

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

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

### 14. Impairment of non-financial assets

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

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

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

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

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

### **15. Revenue from operations**

#### **Recognition of interest and fee income or expense**

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

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

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

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

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is recognised by applying the effective interest rate to the recoverable amount of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

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### **Fee and commission income:**

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

Loan related charges such as cheque bounce charges, foreclosure charges are recognised only on receipt basis.

### **16. Income from de-recognition of assets:**

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

### **17. Finance Cost**

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

### **18. Employee benefits**

#### **i. Short-term employee benefits**

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

#### **ii. Contribution to provident fund and ESIC**

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

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### iii. Gratuity

The Group's liability towards gratuity scheme is determined by independent actuaries, using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included in employee benefit expense in the Statement of profit and loss.

Remeasurement of defined benefit plans, comprising of actuarial gains / losses, return on plan assets excluding interest income are recognised immediately in the balance sheet with corresponding debit or credit to Other Comprehensive Income (OCI). Remeasurements are not reclassified to Statement of profit and loss in the subsequent period.

### iv. Compensated absence

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

## 19. Foreign currency

### Transaction and balances

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

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

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

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

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### **20. Earnings per share**

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

For the purpose of calculating diluted earnings per share, net profit / (loss) after tax for the period attributable to the equity shareholders and the weighted average number of equity shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

### **21. Statement of Cash flows**

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

### **22. Segment Reporting**

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

### **23. Provisions, contingent liabilities and contingent assets**

#### **a. Provisions**

Provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The expenses relating to a provision is presented in the Consolidated Statement of Profit and Loss.

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



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### **b. Onerous contracts**

Provisions for onerous contracts are recognized when the expected benefits to be derived from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

### **c. Contingent liabilities**

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but will probably not, require an outflow of resources. When there is a possible obligation of a present obligation in respect of which the likelihood of outflow of resources is remote, no disclosure is made.

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

### **d. Contingent assets**

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognised in the period in which the change occurs.

Provisions, contingent assets, contingent liabilities and commitments are reviewed at each reporting date.

## **24. Exceptional items**

When items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such items is disclosed separately as exceptional items.

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## **Notes to the Consolidated Financial Statements**

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### **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 March 31, 2023 to amend the following Ind AS which are effective from April 01, 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 April 01, 2023. The Group is currently assessing the impact of the amendments.

**InCred Holdings Limited***(formerly known as KKR Capital Markets India Limited)***Notes to the Consolidated Financial Statements****2. Cash and cash equivalents**

(Rs. in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Balances with banks	31,939.77	5,255.98
Fixed Deposit with banks with original maturity of less than 3 months	2,532.62	250.00
<b>Total</b>	<b>34,472.39</b>	<b>5,505.98</b>

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

(Rs. in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Fixed deposit with bank with original maturity of more than 3 months*	4,795.43	2,991.36
<b>Total</b>	<b>4,795.43</b>	<b>2,991.36</b>

\*Includes lien marked fixed deposits for borrowings amounting to Rs. 4,121.04 lakhs (Previous Year Rs. 2,946.04 lakhs)

**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>		
<b>(i) Cross Currency Interest Rate Swaps</b>		
Cash flow hedge (Notional amount : 5,110.00 , PY : 5,110.00)*	875.63	299.22
<b>(ii) Equity Linked Derivatives</b>		
Options and futures (Notional amount : 5,718.00, PY : 5,443.98) (Refer note 14)	512.91	881.83
<b>Total</b>	<b>1,388.54</b>	<b>1,181.05</b>
<b>(B) Derivative financial liabilities</b>		
Embedded Derivative on Market Linked Debentures (Notional amount : 5,790.00, PY : 4,620.00) (Refer Note 14)	727.43	186.87
<b>Total</b>	<b>727.43</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. Trade Receivables**

(Rs. in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
	<b>Amortised cost</b>	<b>Amortised cost</b>
Unsecured, considered good	2.46	108.74
Allowance for impairment loss	(0.01)	(0.40)
<b>Total</b>	<b>2.45</b>	<b>108.34</b>

Refer Note 51 for ageing of the outstanding balance

**6. Loans**

(Rs. in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
	<b>Amortised cost</b>	<b>Amortised cost</b>
<b>(A) (i) Term loans*</b>	5,55,563.58	3,82,323.85
(ii) Loans repayable on demand	-	-
<b>Total - Gross</b>	<b>5,55,563.58</b>	<b>3,82,323.85</b>
Less: Impairment loss allowance	(15,038.53)	(9,097.43)
<b>Total - Net of impairment loss allowance (A)</b>	<b>5,40,525.05</b>	<b>3,73,226.42</b>
<b>(B) (i) Secured by tangible assets**</b>	1,92,715.85	1,54,384.85
(ii) Covered by Bank and Government guarantees	2,833.05	4,778.52
(iii) Unsecured	3,60,014.68	2,23,160.48
<b>Total - Gross</b>	<b>5,55,563.58</b>	<b>3,82,323.85</b>
Less: Impairment loss allowance	(15,038.53)	(9,097.43)
<b>Total - Net of impairment loss allowance (B)</b>	<b>5,40,525.05</b>	<b>3,73,226.42</b>
<b>(C) Loans in India</b>		
(i) Public sectors	-	-
(ii) Others	5,55,563.58	3,82,323.85
<b>Total - Gross</b>	<b>5,55,563.58</b>	<b>3,82,323.85</b>
Less: Impairment loss allowance	(15,038.53)	(9,097.43)
<b>Total - Net of impairment loss allowance (C)</b>	<b>5,40,525.05</b>	<b>3,73,226.42</b>

\* Does not include outstanding of Rs.51,045.20 lakhs (PY : 2,085.00 lakhs) derecognised on account of Co-Lending transaction.

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

**InCred Holdings Limited***(formerly known as KKR Capital Markets India Limited)***Notes to the Consolidated Financial Statements****7. 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		
- Debt securities	4,617.81	2,909.12
(C) At Fair Value Through Profit or Loss (FVTPL)		
- Liquid funds	2,017.78	78.65
- investment in Alternative Investment Fund (AIF)	397.07	-
(D) Others		
<b>Equity instruments</b>		
- Associates (Refer Note 33 and note 49)	-	4,276.47
- Convertible Preference Shares	9.66	9.22
<b>Total - Gross (E= A+B+C+D)</b>	<b>7,042.32</b>	<b>8,128.93</b>
Investments in India (F)	7,042.32	8,128.93
<b>Total - Gross (G)</b>	<b>7,042.32</b>	<b>8,128.93</b>
Less: Allowance for impairment loss on amortised cost (H)	-	(0.03)
Less: Allowance for impairment loss FVOCI (I)	(8.04)	(9.25)
<b>Total - Net (G- H - I)</b>	<b>7,034.28</b>	<b>8,119.65</b>

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

\*\* Others are measured as per Equity method

**8. Other financial assets**

(Rs. in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
	Amortised cost	Amortised cost
Security Deposits (Unsecured, considered good)	759.71	340.08
Retained interest on Loans derecognised	2,775.31	336.68
Receivables from related parties (Refer Note 33)	27.05	504.35
Balances with Partners/Anchors	570.51	746.31
Margin money deposit	-	150.00
Others	302.77	677.52
Receivable from Co-lending assignment	3,580.24	-
Interest Receivable tax refund	130.97	-
Less: Allowance for impairment loss	(193.26)	(0.14)
<b>Total</b>	<b>7,953.30</b>	<b>2,754.80</b>

## InCred Holdings Limited

(formerly known as KKR Capital Markets India Limited)

### Notes to the Consolidated Financial Statements

#### 9. Deferred tax

The major components of Deferred Tax Assets ('DTA') / Deferred Tax Liabilities ('DTL') arising on account of timing differences for the year ended March 31, 2023:

(Rs. in lakhs)

Particulars	As at April 1, 2022	Merger Adjustment	Demerger Adjustment	Recognised in profit and loss	Recognised in OCI	As at March 31, 2023
<b>Deferred tax assets</b>						
Provision for impairment loss on financial instruments	2,282.81	4,975.54	-	4,996.21	-	12,254.56
Provision for employee benefit plans	78.99	253.30	-	327.65	15.92	675.86
Disallowance of merger expenses	148.69	248.50	-	(182.41)	-	214.78
Lease liability	67.27	-	-	18.25	-	85.52
Fair value change on financial instruments	57.92	3,379.83	-	(3,401.24)	-	36.51
Unabsorbed business loss/capital loss	-	46,439.90	-	(11,437.85)	-	35,002.05
Difference between written down value of property plant and equipment and Intangible assets as per the books of accounts and income tax	98.51	20.84	-	(3.54)	-	115.81
Fair value change of investment valued at Fair value through OCI	(2.97)	-	-	30.87	(13.87)	14.03
Disallowance under section 40(a) of Income-tax Act, 1961	-	97.82	-	(97.82)	-	-
Others	-	285.31	-	(54.39)	-	230.92
<b>Total (A)</b>	<b>2,731.22</b>	<b>55,701.04</b>	<b>-</b>	<b>(9,804.27)</b>	<b>2.05</b>	<b>48,630.04</b>
<b>Deferred tax liabilities</b>						
EIR impact on financial instruments	(692.55)	(85.05)	-	197.88	-	(579.72)
Fair valuation of investments in associate	(728.89)	-	-	728.89	-	-
Others	-	311.97	-	(655.28)	-	(343.31)
<b>Total (B)</b>	<b>(1,421.44)</b>	<b>226.92</b>	<b>-</b>	<b>271.49</b>	<b>-</b>	<b>(923.03)</b>
<b>Deferred tax assets (net) (A+B)</b>	<b>1,309.78</b>	<b>55,927.96</b>	<b>-</b>	<b>(9,532.78)</b>	<b>2.05</b>	<b>47,707.01</b>

The major components of Deferred Tax Assets ('DTA') / Deferred Tax Liabilities ('DTL') arising on account of timing differences for the year ended March 31, 2022:

(Rs. in lakhs)

Particulars	As at April 1, 2021	Merger Adjustment	Demerger Adjustment	Recognised in profit and loss	Recognised in OCI	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>Total (A)</b>	<b>2,392.44</b>	<b>-</b>	<b>-</b>	<b>313.71</b>	<b>28.04</b>	<b>2,734.19</b>
<b>Deferred tax liabilities</b>						
Revaluation of investment valued at Fair value through OCI	(29.96)	-	-	26.99	-	(2.97)
EIR impact on financial instruments	(504.81)	-	-	(187.74)	-	(692.55)
Fair valuation of investments in associate	(832.26)	-	-	103.37	-	(728.89)
Others	(0.28)	-	-	0.28	-	-
<b>Total (B)</b>	<b>(1,367.31)</b>	<b>-</b>	<b>-</b>	<b>(57.10)</b>	<b>-</b>	<b>(1,424.41)</b>
<b>Deferred tax assets (net) (A+B) *</b>	<b>1,025.13</b>	<b>-</b>	<b>-</b>	<b>256.61</b>	<b>28.04</b>	<b>1,309.78</b>

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

# InCred Holdings Limited

(formerly known as KKR Capital Markets India Limited)

## Notes to the Consolidated Financial Statements

### 10. Property, plant and equipment

(Rs. in lakhs)

Particulars	Buildings*	Furniture and fixtures	Leasehold Improvements	Office equipment	Computers & Printers	Vehicles	Right-of-use assets**	Total
<b>Year ended March 31, 2022</b>								
At carrying cost at the beginning of the year	22.71	161.16	1,081.18	193.89	760.09	351.20	2,390.04	4,960.27
Additions during the year	-	13.25	35.37	10.44	389.64	85.42	552.36	1,086.48
Disposals	-	(13.68)	(141.57)	(1.74)	(36.02)	(52.84)	-	(245.85)
<b>Gross carrying value as March 31, 2022</b>	<b>22.71</b>	<b>160.73</b>	<b>974.98</b>	<b>202.59</b>	<b>1,113.71</b>	<b>383.78</b>	<b>2,942.40</b>	<b>5,800.90</b>
Accumulated depreciation as at the beginning of the year	1.16	14.74	165.22	47.15	505.36	135.40	650.30	1,519.33
Depreciation for the year	0.38	33.97	212.33	47.19	212.04	59.42	441.27	1,006.60
Disposals	-	(13.68)	(135.81)	(0.65)	(35.53)	(19.04)	-	(204.71)
<b>Accumulated depreciation as at March 31, 2022</b>	<b>1.54</b>	<b>35.03</b>	<b>241.74</b>	<b>93.69</b>	<b>681.87</b>	<b>175.78</b>	<b>1,091.57</b>	<b>2,321.22</b>
<b>Net carrying value as at March 31, 2022</b>	<b>21.17</b>	<b>125.70</b>	<b>733.24</b>	<b>108.90</b>	<b>431.84</b>	<b>208.00</b>	<b>1,850.83</b>	<b>3,479.68</b>
<b>Year ended March 31, 2023</b>								
At carrying cost at the beginning of the year	22.71	160.73	974.98	202.59	1,113.71	383.78	2,942.40	5,800.90
Additions during the year	-	132.37	415.57	138.17	448.56	37.53	863.49	2,035.69
Acquisition of subsidiary	-	-	-	-	21.31	-	-	21.31
Disposals	-	(28.99)	(11.02)	(19.19)	-	-	(313.90)	(373.10)
<b>Gross carrying value as March 31, 2023</b>	<b>22.71</b>	<b>264.11</b>	<b>1,379.53</b>	<b>321.57</b>	<b>1,583.58</b>	<b>421.31</b>	<b>3,491.99</b>	<b>7,484.80</b>
Accumulated depreciation as at the beginning of the year	1.54	35.03	241.74	93.69	681.87	175.78	1,091.57	2,321.22
Depreciation for the year	0.38	25.27	197.54	53.58	281.54	40.75	451.17	1,050.23
Acquisition of subsidiary	-	-	-	-	17.29	-	-	17.29
Disposals	-	(10.38)	(3.77)	(16.19)	-	-	(232.95)	(263.29)
<b>Accumulated depreciation as at March 31, 2023</b>	<b>1.92</b>	<b>49.92</b>	<b>435.51</b>	<b>131.08</b>	<b>980.70</b>	<b>216.53</b>	<b>1,309.79</b>	<b>3,125.45</b>
<b>Net carrying value as at March 31, 2023</b>	<b>20.79</b>	<b>214.19</b>	<b>944.02</b>	<b>190.49</b>	<b>602.88</b>	<b>204.78</b>	<b>2,182.20</b>	<b>4,359.35</b>

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

\*\* Refer Note 36 for recognition of right-of-use assets

### 11. Capital Work in progress

(Rs. in lakhs)

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	161.79	-	-	-	293.95	-	-	-
Projects temporarily suspended	-	-	-	-	-	-	-	-
	<b>161.79</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>293.95</b>	<b>-</b>	<b>-</b>	<b>-</b>

## InCred Holdings Limited

(formerly known as KKR Capital Markets India Limited)

### Notes to the Consolidated Financial Statements

#### 12. Other intangible assets

(Rs. in lakhs)

Particulars	Computer software
<b>Year ended March 31, 2022</b>	
At cost at the beginning of the year	1,279.03
Additions during the year	107.08
<b>Gross carrying value as March 31, 2022 (A)</b>	<b>1,386.11</b>
<b>Accumulated amortisation:</b>	
Accumulated amortisation at the beginning of the year	731.60
Amortisation for the year	221.24
<b>Accumulated amortisation as at March 31, 2022 (B)</b>	<b>952.84</b>
<b>Net carrying value as at March 31, 2022 (A-B)</b>	<b>433.27</b>
<b>Year ended March 31, 2023</b>	
At cost at the beginning of the year	1,386.11
Additions during the year	466.95
<b>Gross carrying value as March 31, 2023 (A)</b>	<b>1,853.06</b>
<b>Accumulated amortisation:</b>	
Accumulated amortisation at the beginning of the year	952.84
Amortisation for the year	233.79
<b>Accumulated amortisation as at March 31, 2023 (B)</b>	<b>1,186.63</b>
<b>Net carrying value as at March 31, 2023 (A-B)</b>	<b>666.43</b>

#### 13. Other non-financial assets

(Rs. in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Prepaid expenses	374.42	298.63
Advances to vendors	135.08	94.73
Advance for purchase of property	3,000.00	-
GST receivable	3,486.93	1,075.40
<b>Total</b>	<b>6,996.43</b>	<b>1,468.76</b>

**InCred Holdings Limited**
*(formerly known as KKR Capital Markets India Limited)*
**Notes to the Consolidated Financial Statements**
**14. Debt Securities**

(Rs. in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
	Amortised cost	Amortised cost
Debentures	1,14,207.24	95,683.00
Commercial Paper	982.84	10,840.77
<b>Total</b>	<b>1,15,190.08</b>	<b>1,06,523.77</b>
Debts securities in India	1,15,190.08	1,06,523.77
Debt securities outside India	-	-
<b>Total</b>	<b>1,15,190.08</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	500, 9.75% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 10,00,000 each	1. Non- Convertible Debentures issued by the company are secured by way of a first pari- passu charge over the receivables of the Company to the extent they meet the stipulated security cover ("Hypothecated Receivables") created pursuant to the deed of hypothecation executed by the Company in favour of the Debenture Trustee.	Redeemable at par at the end of 1095 days from the date of allotment. Coupon to be paid annually.	22-Jun-23	5,364.39	5,313.88
2	1,000, 9.75% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 10,00,000 each	2. Additionally secured by way of a pari- passu charge with other debenture holders over the identified immovable property owned by the Company.	Redeemable at par at the end of 1095 days from the date of allotment. Coupon to be paid annually.	26-Jun-23	10,729.18	10,689.83
3	350, 9.50% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 7,50,000 each	Non- Convertible Debentures issued by the company are secured by way of a first pari- passu charge over the receivables of the Company to the extent they meet the stipulated security cover ("Hypothecated Receivables") created pursuant to the deed of hypothecation executed by the Company in favour of the Debenture Trustee.	Principal & Coupon Payment to be paid quarterly	30-Aug-24	2,626.94	-
4	250, 9.10% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 10,00,000 each		Redeemable at par at the end of 547 days from the date of allotment. Coupon to be paid quarterly.	04-Jun-22	-	628.49
5	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	12,293.76	12,128.60
6	5,21,273, 0% Secured Rated Listed Redeemable Non-Convertible Debentures issued at INR 1,000	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
7	4,15,484, 9.25% Secured Rated Listed Redeemable Non-Convertible Debentures issued at INR 1,000 each		Redeemable with agreed coupon at the end of 730 days from the date of allotment.	17-Feb-24	4,175.32	4,146.15
8	53,836, 9.13% Secured Rated Listed Redeemable Non-Convertible Debentures issued at INR 1,000 each		50% will be redeemed on the date at the end of 365 days and remaining 50% at the end of 730 days from the date of allotment.	17-Feb-24	537.61	1,074.31
9	17,38,325, 9.45% Secured Rated Listed Redeemable Non-Convertible issued at INR 1,000 each		Redeemable at par at the end of 820 days from the date of allotment. Coupon to be paid quarterly.	02-May-25	17,347.01	-
10	2,54,599, 9.80% Secured Rated Listed Redeemable Non-Convertible Debentures issued at INR 1,000 each		Redeemable at par at the end of 820 days from the date of allotment. Coupon to be paid annually.	02-May-25	2,543.63	-
11	1,47,712, 9.65% Secured Rated Listed Redeemable Non-Convertible Debentures issued at INR 1,000 each		Redeemable at par at the end of 1185 days from the date of allotment. Coupon to be paid quarterly.	02-May-26	1,466.09	-
12	1,69,758, 10.00% Secured Rated Listed Redeemable Non-Convertible Debentures issued at INR 1,000 each		Redeemable at par at the end of 1185 days from the date of allotment. Coupon to be paid annually.	02-May-26	1,684.95	-



13	550, 0% Secured Redeemable Principal Protected Market Linked Non-Convertible Debenture of INR 10,00,000	Non- Convertible Market- Linked Debentures issued by the company are secured by way of a first pari passu charge over the receivables of the Company to the extent they meet the stipulated security cover ("Hypothecated Receivables") created pursuant to the deed of hypothecation executed by the Company in favour of the Debenture Trustee.	Redeemable with agreed coupon at the end of 911 days from the date of allotment.	03-Mar-23	-	6,406.88
14	370, 0% 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	4,491.65	1,657.03
15	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
16	154, 0% Secured Redeemable Principal Protected Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 729 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	26-May-23	1,828.81	1,658.75
17	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	1,387.36	1,400.88
18	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	1,359.24	1,527.53
19	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
20	389, 0% Secured Redeemable Principal Protected Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 761 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	29-Aug-23	4,529.57	2,139.44
21	1330, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 942 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	22-Apr-24	15,163.88	3,309.36
22	7500, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 1,00,000		Redeemable with agreed coupon at the end of 912 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	03-Apr-23	8,739.96	7,707.02
23	400, 0% Secured Redeemable Principal Protected Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 547 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	23-Jun-23	4,460.70	4,062.03
24	173, 0% Secured Redeemable Principal Protected Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 1205 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	08-May-25	1,369.88	1,705.86
25	117, 0% Secured Redeemable Principal Protected Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 1229 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	05-Dec-25	975.69	-
26	250, 0% Secured Redeemable Principal Protected Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 929 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	08-Apr-25	2,598.43	-
27	1,000, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000	1. First ranking and exclusive charge over the Identified Receivables together with all right, title and interest in relation thereto including the rights in relation to the security interests created in connection therewith: 2. A first ranking and exclusive charge over the Cash Collateral;	Redeemable with agreed coupon at the end of 1279 days from the date of allotment (or on the call option exercise date of January 04, 2023) if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	04-Nov-24	-	10,780.60
28	750, 0% Secured Redeemable Principal Protected Market Linked Non-Convertible Debenture of INR 10,00,000	3. A first ranking and exclusive charge over all right, title and interest of the Company in the SPV Trust, whether as residual beneficiary or in connection with the contribution undertaken to be made available by the Company to the SPV Trust in terms of the Assignment Documents.	Redeemable with agreed coupon at the end of 912 days from the date of allotment (or on the call option exercise date of April 03, 2023) if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	29-Mar-24	8,533.19	7,953.55
29	Commercial Paper	Unsecured	Issued at a discount and redeemable at par. The tenure is 32 days to 189 days with an average discount rate of 8.13% p.a.	NA	982.84	10,840.77
Total					1,15,190.08	1,06,523.77

**InCred Holdings Limited**

(formerly known as KKR Capital Markets India Limited)

**Notes to the Consolidated Financial Statements**
**15. 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	2,13,635.31	1,42,452.01
(ii) from other parties	41,108.05	19,839.77
(b) Inter corporate borrowings from other parties	-	4,550.00
(c) Loans repayable on demand (Net)		
(i) from banks	16,503.51	8,223.71
<b>Total</b>	<b>2,71,246.87</b>	<b>1,75,065.49</b>
Borrowings in India	2,65,470.63	1,69,735.67
Borrowings outside India	5,776.24	5,329.82
<b>Total</b>	<b>2,71,246.87</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 borrowed.

**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 asset cover requirement of each lender, stipulated in respect of the outstanding facilities.	Loans are repayable in monthly or quarterly installments with original tenure ranging from 11 to 60 months at an average rate of interest ("ROI") of 9.61% p.a.	2,13,635.31	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 asset cover requirement of each lender, stipulated in respect of the outstanding facilities.	Loans are repayable in monthly or quarterly installments with original tenure ranging from 24 to 39 months at an average ROI of 10.55% p.a.	35,331.81	14,509.95
b) Others- External commercial borrowings	Term Loan from Others (External Commercial Borrowings) are secured by way of a first pari passu charge over all the receivables; both present and future of the Company; to the extent they meet the asset cover requirement of each lender, stipulated in respect of the outstanding facilities.	Loan is repayable on maturity at the end of 60 months. Interest linked to LIBOR and payable half yearly.	5,776.24	5,329.82
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 7.98% p.a.	-	4,550.00
Loans repayable on demand (WCDL and CC)	Working Capital Demand Loans ("WCDL") and Cash Credit ("CC") from Banks are secured by way of a first pari passu charge over all the receivables; both present and future of the Company; to the extent they meet the asset cover requirement of each lender, stipulated in respect of the outstanding facilities.	CC / WCDL facilities (Net amount) are repayable on demand with renewal at the end of 1 year. Interest is payable on a monthly basis at an average ROI of 9.32% p.a.	16,503.51	8,223.71
<b>Total</b>			<b>2,71,246.87</b>	<b>1,75,065.49</b>

## InCred Holdings Limited

(formerly known as KKR Capital Markets India Limited)

### Notes to the Consolidated Financial Statements

#### 16. Other financial liabilities

(Rs. in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Lease liability (Refer Note 36)	2,522.02	2,141.57
Collaterals received towards loans	7,201.54	3,098.48
Reserve - KIDF I & KIDOF III	181.25	-
Security deposits	69.92	55.35
Payable on servicing portfolio	2,351.39	106.13
Provision for expenses	4,476.13	2,769.74
Payable to customers	3,431.01	-
Servicing liability on loans derecognised	610.00	-
Others	265.18	27.04
<b>Total</b>	<b>21,108.44</b>	<b>8,198.31</b>

#### 17. Provisions

(Rs. in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits	2,746.13	315.04
Expected credit loss provision on undrawn commitments	20.16	9.42
<b>Total</b>	<b>2,766.29</b>	<b>324.46</b>

#### 18. Other non-financial liabilities

(Rs. in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Statutory dues payable	2,061.37	918.07
<b>Total</b>	<b>2,061.37</b>	<b>918.07</b>

**InCred Holdings Limited***(formerly known as KKR Capital Markets India Limited)***Notes to the Consolidated Financial Statements****19. Equity share capital**

(Rs. in lakhs)

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number	Amount	Number	Amount
<b>Authorised Capital</b>				
Equity shares of Rs. 10/- each	1,00,00,00,000	1,00,000	20,00,00,000	20,000.00
<b>Total</b>	<b>1,00,00,00,000</b>	<b>1,00,000</b>	<b>50,00,00,000</b>	<b>50,000.00</b>
<b>Issued, subscribed and paid up capital</b>				
Equity Shares of Rs. 10/- each fully paid up	59,52,35,388	59,523.54	19,27,58,503	19,275.85
<b>Total</b>	<b>59,52,35,388</b>	<b>59,523.54</b>	<b>19,27,58,503</b>	<b>19,275.85</b>

*\*Refer Note No 1 and 42 for details of the Scheme of Arrangement.***Terms/rights attached to equity shares**

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

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

**Equity shares held by holding company**

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

(Rs. in lakhs)

Name of shareholder	As at March 31, 2023		As at March 31, 2022	
	No. of shares held	Amount	No. of shares held	Amount
KKR India Financial Investments Pte. Ltd*	NA	NA	19,14,66,963	99.33%
<b>Total</b>			<b>19,14,66,963</b>	<b>99.33%</b>

*\*Refer note 42 for scheme of Amalgamation***Equity shares held by promoters of the group**

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

(Rs. in lakhs)

Name of shareholder	As at March 31, 2023		As at March 31, 2022	
	No. of shares held	% of shares held	No. of shares held	% of shares held
KKR India Financial Investments Pte. Ltd	-	0.00%	19,14,66,963	99.33%
B Singh Holdings	10,95,05,412	18.40%	-	-
Bhupinder Singh	13,69,554	0.23%	-	-
<b>Total</b>	<b>11,08,74,966</b>	<b>18.63%</b>	<b>19,14,66,963</b>	<b>99.33%</b>

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

Name of shareholder	As at March 31, 2023		As at March 31, 2022	
	No. of shares held	% Holding	No. of shares held	% Holding
KKR India Financial Investments Pte. Ltd	20,05,83,134	33.70%	19,14,66,963	99.33%
B Singh Holdings	10,95,05,412	18.40%	-	0.00%
MNI Ventures	6,30,13,917	10.59%	-	0.00%
<b>Total</b>	<b>37,31,02,463</b>	<b>62.69%</b>	<b>19,14,66,963</b>	<b>99.33%</b>

**Aggregate number of shares issued for consideration other than cash during the period for a period of five years immediately preceding**

During the current financial year the Group has issued following equity shares for consideration other than cash (Previous year: Nil).

Particulars	As at March 31, 2023	
	Number	Amount
Bonus Shares issued during the year	91,77,664	917.77
Preference shares converted into equity shares*	38,96,11,599	38,961.16
<b>Total</b>	<b>39,87,89,263</b>	<b>39,878.93</b>

*\*As per the consideration clause of the Scheme, 75,58,46,578 compulsorily convertible preference shares ("CCPS") were allotted to the shareholders of InCred Prime Finance Limited (formerly known as InCred Financial Services Limited) ("IPFL") and Bee Finance Limited ("BFL") on November 1, 2022. These CCPS were converted into 38,96,11,599 equity shares on the basis of conversion ratio of 1:0.515464. on November 02, 2022- Refer note 42 for details of scheme.*

**Equity shares reconciliation**

(Rs. in lakhs)

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number	Amount	Number	Amount
At the beginning of the year	19,27,58,503	19,275.85	19,25,01,144	19,250.11
Add: Issued during the year				
Shares issued during the year	91,77,664	917.77	2,57,359	25.74
Stock options exercised during the year	36,87,622	368.76	-	-
Preference shares converted into equity shares	38,96,11,599	38,961.16	-	-
<b>At the end of the year</b>	<b>59,52,35,388</b>	<b>59,523.54</b>	<b>19,27,58,503</b>	<b>19,275.85</b>

Notes to the Consolidated Financial Statements

20. Other equity

(Rs. in lakhs)

Particulars	Reserves and Surplus					Merger Reserve	Capital Redemption Reserve	Debt instruments through OCI	Cash flow hedge reserve	Equity instruments through OCI	Loss on change in proportion held by NCI	Total
	Special reserve	Securities premium	Capital contribution from parent	Share based payment reserve	Retained earnings							
<b>Balance at March 31, 2021</b>	<b>656.72</b>	<b>61,729.95</b>	<b>62.28</b>	<b>1,751.33</b>	<b>3,088.92</b>	<b>19,522.35</b>	-	<b>89.03</b>	-	<b>15.36</b>	<b>(616.81)</b>	<b>86,299.13</b>
Profit for the year	-	-	-	-	3,082.76	-	-	-	-	-	-	3,082.76
Other comprehensive income for the year	-	-	-	-	(70.97)	-	-	(90.02)	77.63	-	-	(83.36)
<b>Total comprehensive income for the year (net of tax)</b>	-	-	-	-	<b>3,011.79</b>	-	-	<b>(90.02)</b>	<b>77.63</b>	-	-	<b>2,999.40</b>
<b>Transfer / utilisations</b>												
Additions during the year (cash premium)	-	497.86	-	-	-	-	-	-	-	-	-	497.86
Additions during the year (non-cash premium)	-	270.48	-	(270.48)	-	-	-	-	-	-	-	-
Transferred to special reserve from retained earnings	722.35	-	-	-	(722.35)	-	-	-	-	-	-	-
Share based payment expense	-	-	3.82	2,442.64	-	-	-	-	-	-	-	2,446.46
Transferred from share based payment reserve	-	-	-	(23.07)	23.07	-	-	-	-	-	-	-
<b>Balance at March 31, 2022</b>	<b>1,379.07</b>	<b>62,498.29</b>	<b>66.10</b>	<b>3,900.42</b>	<b>5,401.43</b>	<b>19,522.35</b>	-	<b>(0.99)</b>	<b>77.63</b>	<b>15.36</b>	<b>(616.81)</b>	<b>92,242.85</b>
Profit for the year	-	-	-	-	10,905.81	-	-	-	-	-	0.61	10,906.42
Other comprehensive income for the year	-	-	-	-	(46.42)	-	-	(54.74)	97.27	-	-	(3.89)
<b>Total comprehensive income for the year (net of tax)</b>	-	-	-	-	<b>10,859.39</b>	-	-	<b>(54.74)</b>	<b>97.27</b>	-	<b>0.61</b>	<b>10,902.53</b>
<b>Transfer / utilisations</b>												
Additions during the year (cash premium)	-	980.59	-	-	-	-	-	-	-	-	-	980.59
Additions during the year (non-cash premium)	-	907.85	-	(907.85)	-	-	-	-	-	-	-	-
Utilized during the year	-	(917.77)	-	-	-	-	-	-	-	-	-	(917.77)
Purchase consideration towards business combination (Refer Note No 42)	-	1,64,834.24	(66.10)	-	(1,36,820.60)	(28,171.34)	242.00	-	-	-	437.71	455.91
Transferred to special reserve from retained earnings	2,416.32	-	-	-	(2,416.32)	-	-	-	-	-	-	-
Share based payment expense	-	-	-	3,765.87	-	-	-	-	-	-	-	3,765.87
Transfer from share based payment reserve	-	-	-	-	-	-	-	-	-	-	-	-
(Refer Note No 35)	-	-	-	(17.06)	17.06	-	-	-	-	-	-	-
Transfer of business (Refer Note No 42)	-	87,826.34	-	-	-	-	-	-	-	-	-	87,826.34
<b>Balance at March 31, 2023</b>	<b>3,795.39</b>	<b>3,16,129.54</b>	-	<b>6,741.38</b>	<b>(1,22,959.04)</b>	<b>(8,648.99)</b>	<b>242.00</b>	<b>(55.73)</b>	<b>174.90</b>	<b>15.36</b>	<b>(178.49)</b>	<b>1,95,256.32</b>

Description of nature and purpose of each reserve

**Special reserve** - Reserves created under Section 451C of Reserve Bank of India Act, 1934.

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

**Capital contribution from parent** -The capital contribution from parent is the outcome of share issued by InCred Holdings Limited (formerly known as KKR Capital Markets Pvt Ltd) to shareholders of InCred Prime Limited (formerly known as "InCred Financial Services Limited") as a part of purchase consideration in lieu of demerger of identified NBFC business. Refer Note No 42. The reserves also includes share based arrangement where the Holding Company has granted equity settled options to the employees of the Group. Refer Note No 35.

**Share based payment reserve** - The employee stock option outstanding reserve is used to recognise the grant date fair value of options issued to employees of the Group under stock option schemes of the Group. During the current year, the Holding Company has adopted new ESOP Scheme. Refer Note no 35.

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

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

**Merger Reserve** - As per Ind AS 103, on account of reverse acquisition, the share capital to be presented will be as per legal share capital of new IFSL. The merger reserve is created on account of difference in the share capital. Refer Note No 42.

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

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

**Capital Redemption reserve** - Reserve created on buy back of Equity shares as per Companies Act, 2013.

**InCred Holdings Limited***(formerly known as KKR Capital Markets India Limited)***Notes to the Consolidated Financial Statements****21. 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	80,280.29	45,746.63
-Interest income from investments	339.10	862.39
-Interest on deposits with banks	874.07	122.17
<b>On Financial Assets measured at fair value through profit or loss:</b>		
-Interest on loans	363.60	-
<b>On Financial Assets measured at fair value through Other Comprehensive Income:</b>		
-Interest income from investments	439.71	608.87
<b>Total</b>	<b>82,296.77</b>	<b>47,340.06</b>

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

**22. Fees and commission income**

(Rs. in lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Loan servicing and administration charges	2,091.50	966.24
Service fees (Refer Note 33)	89.05	56.00
<b>Total</b>	<b>2,180.55</b>	<b>1,022.24</b>
<b>Geographical Markets</b>		
Within India	2,180.55	1,022.24
Outside India	-	-
<b>Total</b>	<b>2,180.55</b>	<b>1,022.24</b>
<b>Timing of revenue recognition</b>		
Services transferred at a point in time	2,180.55	1,022.24
Services transferred over time	-	-
<b>Total</b>	<b>2,180.55</b>	<b>1,022.24</b>

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

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

(Rs. in lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Net (loss)/ gain on financial instruments at fair value through profit or loss		
- Investments	500.44	138.81
- Derivatives	1.32	(34.64)
<b>Total</b>	<b>501.76</b>	<b>104.17</b>
Fair value changes:		
- Realised	500.44	(34.64)
- Unrealised	1.32	138.81

**24. Other income**

(Rs. in lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Marketing fees	510.00	1,331.47
Business support charges	273.26	2,055.20
Other income	722.22	237.42
<b>Total</b>	<b>1,505.48</b>	<b>3,624.09</b>

**InCred Holdings Limited***(formerly known as KKR Capital Markets India Limited)***Notes to the Consolidated Financial Statements****25. Finance costs**

(Rs. in lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
<b>On financial liabilities measured at amortised cost:</b>		
(i) Interest on borrowings	23,131.97	10,593.94
(ii) Discount on Commercial Paper	749.41	487.26
(iii) Interest on Debentures	10,968.39	10,206.40
(iv) Interest on Inter Corporate Debts ("ICD")	123.65	274.60
(v) Interest on lease liability (Refer Note 36)	202.32	199.18
(vi) Other finance cost	426.17	185.43
<b>Total</b>	<b>35,601.91</b>	<b>21,946.81</b>

**26. 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		
- Loans (including amount written off, net of recovery)	(1,163.67)	4,360.72
- Investments	(8.58)	(3.90)
- Others	(1,251.52)	(4.80)
<b>Total</b>	<b>(2,423.77)</b>	<b>4,352.02</b>

**27. Employee benefit expenses**

(Rs. in lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Salaries and wages	14,403.87	10,897.47
Contribution to provident and other funds	391.27	280.21
Share based payment to employees (Refer Note 35)	3,765.87	2,446.48
Staff welfare expenses	520.27	234.13
Retirement Benefit expenses (Refer Note 34)	139.30	60.92
Others	2.22	2.22
<b>Total</b>	<b>19,222.80</b>	<b>13,921.43</b>

**InCred Holdings Limited***(formerly known as KKR Capital Markets India Limited)***Notes to the Consolidated Financial Statements****28. Other expenses**

(Rs. in lakhs)

<b>Particulars</b>	<b>Year ended March 31, 2023</b>	<b>Year ended March 31, 2022</b>
Information Technology expenses	1,748.41	1,360.83
Cost of collection	1,571.79	1,150.94
Legal, professional and consultancy charges	2,425.79	1,144.55
Office Expense	642.41	469.16
Travelling and conveyance	456.28	260.73
Advertisement, publicity and sales promotion expenses	407.57	226.59
Rating fees	199.59	189.75
Payment to auditors	156.28	122.83
Directors' sitting fees (Refer Note 33)	90.54	45.35
Stamp Duty & Filing fees	41.48	30.81
Bank charges	37.25	26.68
Repairs and maintenance	20.74	28.06
Corporate Social responsibility (Refer Note 40)	43.43	16.35
Rent (Refer Note 36)	166.91	27.31
Membership and Subscription	6.19	4.70
Miscellaneous expenses	1,174.75	222.23
<b>Total</b>	<b>9,189.41</b>	<b>5,326.87</b>

**Payment to the auditors:**

(Rs. in lakhs)

<b>Particulars</b>	<b>Year ended March 31, 2023</b>	<b>Year ended March 31, 2022</b>
Auditor's remuneration		
- Audit fees	110.15	79.33
- Limited review	29.71	18.97
In other capacity		
- Certification services	16.42	24.53
<b>Total</b>	<b>156.28</b>	<b>122.83</b>

*Excludes fees of Rs. 47.43 lakhs (exlcuding GST) (Previous year Rs. 15.00 lakhs) incurred during the year in respect of services provided in connection with public issue of non-convertible debentures which is considered as a part of finance costs for the issue.*



**InCred Holdings Limited***(formerly known as KKR Capital Markets India Limited)***Notes to the Consolidated Financial Statements****29. Tax expense****(a) Amounts recognised in profit and loss**

(Rs. in lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
<b>Current tax expense</b>		
Current year	467.86	1,358.99
<b>Current tax expense</b>	<b>467.86</b>	<b>1,358.99</b>
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	7,722.13	(256.21)
<b>Current tax expense</b>	<b>7,722.13</b>	<b>(256.21)</b>
<b>Tax expense for the year</b>	<b>8,189.99</b>	<b>1,102.79</b>

**(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)	Net of tax	Before tax	Tax (expense)	Net of tax
<b>Items that will not be reclassified to profit or loss</b>						
(a) Remeasurements of defined benefit liability (asset)	(62.34)	15.92	(46.42)	(94.84)	23.87	(70.97)
<b>Items that will be reclassified to profit or loss</b>						
(a) Debt instruments through other comprehensive income	(73.59)	18.85	(54.74)	(120.30)	30.28	(90.02)
(b) The effective portion of gains and loss on hedging instruments in a cash flow hedge	129.99	(32.72)	97.27	103.74	(26.11)	77.63
<b>Total</b>	<b>(5.94)</b>	<b>2.05</b>	<b>(3.89)</b>	<b>(111.40)</b>	<b>28.04</b>	<b>(83.36)</b>

**(c) Reconciliation of effective tax rate**

(Rs. in lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
<b>Profit before tax as per Statement of profit and loss</b>	19,096.41	4,185.54
<b>Statutory tax rate</b>	25.17%	25.17%
<b>Tax using the Company's domestic tax rate</b>	4,806.57	1,053.50
<b>Tax effect of:</b>		
Tax effect of amounts which are not deductible in calculating taxable income	3,388.17	60.49
Effect of income exempt from income tax	-	(25.17)
Tax on temporary differences on which deferred tax is either not created or reversed due to no reasonable certainty of future profits	-	-
Tax pertaining to prior year	-	-
Other adjustments	(4.75)	13.96
<b>Total income tax expense</b>	<b>8,189.99</b>	<b>1,102.78</b>
<b>Effective tax rate</b>	<b>42.89%</b>	<b>26.35%</b>

# InCred Holdings Limited

(formerly known as KKR Capital Markets India Limited)

## Notes to the Consolidated Financial Statements

### 30. 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	10,906.42	3,082.76
Profit attributable to equity holders of the Company used in calculating diluted earnings per share	10,906.42	3,082.76

#### 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	59,09,17,857	38,60,17,437
Add: Adjustments for calculation of diluted earnings per share	99,97,268	21,16,274
Weighted average number of equity shares and potential equity shares used as the denominator in calculating diluted earnings per share	60,09,15,125	38,81,33,711
<b>Basic earnings per share</b>	<b>1.85</b>	<b>0.80</b>
<b>Diluted earnings per share</b>	<b>1.81</b>	<b>0.79</b>

Refer Note No 42 - Composite Scheme of Arrangement

**Notes to the Consolidated Financial Statements**

**31. Fair value measurements**

**A. Accounting classification**

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

(Rs. in lakhs)

Particulars	As at March 31, 2023			As at March 31, 2022		
	FVTPL	FVOCI	Amortised Cost	FVTPL	FVOCI	Amortised Cost
<b>Financial assets</b>						
Cash and cash equivalents	-	-	34,472.39	-	-	5,505.98
Bank balance other than cash and cash equivalents	-	-	4,795.43	-	-	2,991.36
Derivative financial instruments	1,388.54	-	-	1,181.05	-	-
Receivables						
(I) Trade receivables	-	-	2.45	-	-	108.34
(II) Other receivables	-	-	-	-	-	-
Loans	-	-	5,40,525.05	-	-	3,73,226.42
<b>Investments</b>						
- Liquid funds	2,017.78	-	-	78.65	-	-
- Debt securities	-	4,609.77	-	-	2,899.87	855.44
- Convertible preference shares	9.66	-	-	9.22	-	-
- Alternative investment fund	397.07	-	-	-	-	-
Other financial assets	-	-	7,953.30	-	-	2,754.80
<b>Total financial assets</b>	<b>3,813.05</b>	<b>4,609.77</b>	<b>5,87,748.62</b>	<b>1,268.92</b>	<b>2,899.87</b>	<b>3,85,442.34</b>
<b>Financial liabilities</b>						
Derivative financial instruments	727.43	-	-	186.87	-	-
Debt securities	-	-	1,15,190.08	-	-	1,06,523.77
Borrowings (other than debt securities)	-	-	2,71,246.87	-	-	1,75,065.49
Other financial liabilities	-	-	21,108.44	-	-	8,198.31
<b>Total financial liabilities</b>	<b>727.43</b>	<b>-</b>	<b>4,07,545.39</b>	<b>186.87</b>	<b>-</b>	<b>2,89,787.57</b>

**B. Fair Value**

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

(Rs. in lakhs)

Particulars	Fair value							
	As at March 31, 2023				As at March 31, 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Convertible preference shares	-	9.66	-	9.66	-	9.22	-	9.22
Investment in liquid funds	2,017.78	-	-	2,017.78	78.65	-	-	78.65
Derivative financial instruments	-	-	1,388.54	1,388.54	-	-	1,181.05	1,181.05
Investment in debt securities	-	-	4,609.77	4,609.77	-	-	2,899.87	2,899.87
Investment in Alternative Investment Fund	397.07	-	-	397.07	-	-	-	-
<b>Total</b>	<b>2,414.85</b>	<b>9.66</b>	<b>5,998.31</b>	<b>8,422.82</b>	<b>78.65</b>	<b>9.22</b>	<b>4,080.92</b>	<b>4,168.79</b>
<b>Financial liabilities</b>								
Derivative financial instruments	-	-	727.43	727.43	-	-	186.87	186.87
<b>Total</b>	<b>-</b>	<b>-</b>	<b>727.43</b>	<b>727.43</b>	<b>-</b>	<b>-</b>	<b>186.87</b>	<b>186.87</b>

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

(Rs. in lakhs)

Particulars	Fair value							
	As at March 31, 2023				As at March 31, 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Cash and cash equivalents	34,472.39	-	-	34,472.39	5,505.98	-	-	5,505.98
Bank balance other than cash and cash equivalents	4,795.43	-	-	4,795.43	2,991.36	-	-	2,991.36
Receivables								
(I) Trade receivables	2.45	-	-	2.45	108.34	-	-	108.34
(ii) Other receivables	-	-	-	-	-	-	-	-
<b>Investments</b>								
-Debt securities	-	-	-	-	-	-	855.44	855.44
Loans	-	-	6,01,886.03	6,01,886.03	-	-	3,96,023.64	3,96,023.64
Other financial assets	7,953.30	-	-	7,953.30	2,754.80	-	-	2,754.80
<b>Total</b>	<b>47,223.57</b>	<b>-</b>	<b>6,01,886.03</b>	<b>6,49,109.60</b>	<b>11,360.48</b>	<b>-</b>	<b>3,96,879.08</b>	<b>4,08,239.56</b>
<b>Financial Liabilities</b>								
Debt securities	-	-	1,17,566.27	1,17,566.27	-	-	1,07,546.28	1,07,546.28
Borrowings (other than debt securities)	-	-	2,71,156.72	2,71,156.72	-	-	1,75,643.97	1,75,643.97
Other financial liabilities	21,108.44	-	-	21,108.44	8,198.31	-	-	8,198.31
<b>Total</b>	<b>21,108.44</b>	<b>-</b>	<b>3,88,722.99</b>	<b>4,09,831.43</b>	<b>8,198.31</b>	<b>-</b>	<b>2,83,190.25</b>	<b>2,91,388.56</b>

**Notes to the Consolidated Financial Statements**

(Rs. in lakhs)

Particulars	As at March 31, 2023		As at March 31, 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<b>Financial assets</b>				
Cash and cash equivalents	34,472.39	34,472.39	5,505.98	5,505.98
Bank balance other than cash and cash equivalents	4,795.43	4,795.43	2,991.36	2,991.36
Derivative financial instruments	1,388.54	1,388.54	1,181.05	1,181.05
Receivables				
(I) Trade receivables	2.45	2.45	108.34	108.34
(II) Other receivables	-	-	-	-
Loans	5,40,525.05	6,01,886.03	3,73,226.42	3,96,023.64
<b>Investments</b>				
- Liquid funds	2,017.78	2,017.78	78.65	78.65
- Debt securities at Other comprehensive income	4,609.77	4,609.77	855.44	855.44
- Debt securities at amortised cost	-	-	2,899.87	2,899.87
- Alternative investment fund	397.07	397.07	-	-
Convertible preference shares	9.66	9.66	9.22	9.22
Other financial assets	7,953.30	7,953.30	2,754.80	2,754.80
<b>Total</b>	<b>5,96,171.44</b>	<b>6,57,532.42</b>	<b>3,89,611.13</b>	<b>4,12,408.35</b>
<b>Financial liabilities</b>				
Derivative financial instruments	727.43	727.43	186.87	186.87
Debt securities	1,15,190.08	1,17,566.27	1,06,523.77	1,07,546.28
Borrowings (other than debt securities)	2,71,246.87	2,71,156.72	1,75,065.49	1,75,643.97
Other financial liabilities	21,108.44	21,108.44	8,198.31	8,198.31
<b>Total</b>	<b>4,08,272.82</b>	<b>4,10,558.86</b>	<b>2,89,974.44</b>	<b>2,91,575.43</b>

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

**C. Measurement of fair values**

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

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

**i. Cash and bank balance:**

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

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

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

**iii. Other financial assets:**

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

**iv. Investment in debt securities:**

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

**v. Debt securities and borrowings:**

The estimated fair value of fixed interest bearing borrowings without quoted market prices is based on discounted cash flows using the prevailing rates at which Company has borrowed for debts with a similar credit risk and remaining maturity. For market linked debentures, the fair value published by CARE Rating Agency as at March 31, 2023 has been considered for fair valuation. For floating rate borrowings, the carrying value is a reasonable approximation to the fair value.

**vi. Other financial liabilities:**

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

**Financial instruments held at fair value**

**i. Investment in liquid fund:**

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

**ii. Investment in debt securities:**

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

**Gains or losses on transfers amongst categories**

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

**Inter-level transfers**

There are no transfers of financial assets and liabilities measured at fair value between Levels 1 and 2 and Level 2 and 3 during the financial years ended March 31, 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	(3,639.93)	3,719.65	(2,035.95)	2,077.02
Investment in debt securities	Gsec rate	(10.53)	10.69	(9.46)	9.58
Derivative Financial Instruments	Volatility rate	21.56	(21.91)	25.11	(33.00)
<b>Financial Liabilities:</b>					
Debt securities	Discount rate	(22.16)	19.43	146.99	(149.14)
Borrowings (other than debt securities)	Discount rate	(336.15)	344.16	(663.65)	678.98
Derivative Financial Instruments	Volatility rate	21.87	(25.12)	29.55	(29.42)

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

The following table presents the change in level 3 items for the year ended March 31, 2023 and March 31, 2022

Particulars	(Rs. in lakhs)	
	Derivative	Debt
<b>As at March 31, 2021</b>	-	<b>6,652.06</b>
Acquisitions/(Disposal)	-	(3,622.64)
Gains recognised in other comprehensive income	299.22	(120.30)
<b>As at March 31, 2022</b>	<b>299.22</b>	<b>2,909.12</b>
Acquisitions/(Disposal)	-	1,782.28
Gains recognised in other comprehensive income	576.41	(73.59)
<b>As at March 31, 2023</b>	<b>875.63</b>	<b>4,617.81</b>

## InCred Holdings Limited

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### Notes to the Consolidated Financial Statements

#### 32. Financial risk management

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

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

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

##### A. Credit risk

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

##### i) Credit risk management

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

The key factors considered include:

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

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

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

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

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

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

Measurement of Expected Credit Losses ('ECL')

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

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

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

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

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

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

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**Notes to the Consolidated Financial Statements**

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

As at March 31, 2023

(Rs. in lakhs)

Particulars	Asset group	Gross carrying amount	Expected credit losses	Net carrying amount
Stage 1	Term Loans*	5,17,734.29	2,959.89	5,14,774.40
	Loan commitments	34,555.27	20.16	34,535.11
Stage 2	Term Loans	26,125.43	5,463.35	20,662.08
Stage 3	Term Loans	11,703.86	6,615.28	5,088.58

\* Out of the above GCA of 5,17,734.29 from 3,90,161 loan accounts, 3,72,403 loan accounts with GCA of Rs. 4,95,604.55 lakhs are zero days past due.

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

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

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### Notes to the Consolidated 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
<b>Loan exposure on March 31, 2021</b>	<b>2,32,999.00</b>	<b>24,066.63</b>	<b>9,052.53</b>
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)
<b>Loan exposure on March 31, 2022</b>	<b>3,49,541.03</b>	<b>21,971.46</b>	<b>10,811.36</b>
New credit exposures due business Combination	48,520.59	4,400.87	-
Transfer of credit exposure due demerger	(0.00)	(0.00)	0.00
<b>Loan exposure on April 01, 2022</b>	<b>3,98,061.62</b>	<b>26,372.34</b>	<b>10,811.36</b>
Change in opening credit exposure	(2,52,758.55)	1,108.82	(4,288.25)
New credit exposures during the year, net of repayment*	3,76,402.96	3,283.46	1,239.05
Transferred to 12-month ECL	5,127.05	(5,104.24)	(22.81)
Transferred to Lifetime ECL not credit impaired	(4,103.52)	4,109.52	(5.99)
Transferred to Lifetime ECL credit impaired	(4,995.26)	(3,644.46)	8,639.72
Write – offs	-	-	(4,669.21)
<b>Loan exposure on March 31, 2023</b>	<b>5,17,734.29</b>	<b>26,125.43</b>	<b>11,703.87</b>

\*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
<b>Loss allowance on March 31, 2021</b>	<b>1,865.68</b>	<b>2,009.41</b>	<b>5,229.81</b>
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)
<b>Loss allowance on March 31, 2022</b>	<b>2,461.46</b>	<b>1,229.09</b>	<b>5,406.89</b>
Transfer of credit exposure due demerger	(0.00)	(0.00)	0.00
<b>Loss allowance on Apr 01, 2022</b>	<b>2,461.46</b>	<b>1,229.09</b>	<b>5,406.89</b>
Change in opening credit exposure	(1,930.72)	4,330.94	4,920.20
New credit exposures during the year, net of repayment*	2,254.94	438.44	596.51
Transferred to 12-month ECL	294.84	(283.38)	(11.46)
Transferred to Lifetime ECL not credit impaired	(35.68)	38.89	(3.20)
Transferred to Lifetime ECL credit impaired	(84.92)	(290.64)	375.55
Write – offs	-	-	(4,669.21)
<b>Loss allowance on March 31, 2023</b>	<b>2,959.91</b>	<b>5,463.34</b>	<b>6,615.28</b>

\*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
<b>Loss allowance on March 31, 2021</b>	<b>13.17</b>
Changes in loss allowances due to Assets used or released	(3.89)
<b>Loss allowance on March 31, 2022</b>	<b>9.28</b>
Changes in loss allowances due to Assets used or released	(1.24)
<b>Loss allowance on March 31, 2023</b>	<b>8.04</b>

##### For loan commitments:

(Rs. in lakhs)	
Reconciliation of loss allowance	Stage 1
<b>Loss allowance on 31 March 2021</b>	<b>11.00</b>
Changes in loss allowances due to Assets used or released	(1.58)
<b>Loss allowance on 31 March 2022</b>	<b>9.42</b>
Changes in loss allowances due to Assets used or released	10.74
<b>Loss allowance on 31 March 2023</b>	<b>20.16</b>

##### Offsetting financial assets and financial liabilities

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

##### Impact of COVID-19

(A) In accordance with the Board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated 27 March 2020, 17 April 2020 and 23 May 2020 relating to 'COVID19 -Regulatory Package', the Group had granted moratorium up to six months on the payment of instalments which became due between 1 March, 2020 and 31 August, 2020 to all eligible borrowers. During the financial year 2022 and 2021, the Group had provided loan moratorium in respect of certain loan accounts pursuant to RBI's Resolution Framework 1.0. dated August 6, 2020 and Resolution Framework 2.0. dated May 5, 2021 for COVID-19 induced stress. As at March 31, 2023, the Group holds adequate impairment allowance on the loan portfolio as per requirements of Ind AS 109.

(B) Pursuant to the RBI circular dated February 15, 2022, the Group has implemented necessary system in place w.e.f. October 01, 2022 to align its definition of default for loan assets with the guidelines stipulated in RBI circular dated November 12, 2021 – "Prudential Norms on Income Recognition, Asset classification and Provisioning pertaining to Advances – Clarifications" (the "RBI circular").



**InCred Holdings Limited***(formerly known as KKR Capital Markets India Limited)***Notes to the Consolidated Financial Statements****32. Financial risk management (continued)****B. Liquidity risk**

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

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

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

*(Rs. in lakhs)*

Particulars	As at March 31, 2023	As at March 31, 2022
Expiring within one year	26,137.00	17,010.00
<b>Total</b>	<b>26,137.00</b>	<b>17,010.00</b>

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

**As at March 31, 2023***(Rs. in lakhs)*

Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
<b>Maturities of financial liabilities</b>							
Derivative financial instruments	4	727.43	(727.43)	-	(727.43)	-	-
Debt securities	14	1,15,190.08	(1,26,757.59)	(62,752.34)	(60,789.16)	(3,216.09)	-
Borrowings	15	2,71,246.87	(3,10,752.75)	(1,32,467.48)	(1,55,086.12)	(23,199.15)	-
Other financial liabilities	16	21,109.03	(21,109.04)	(11,527.45)	(1,232.92)	(942.52)	(7,406.16)
Loan commitments	37	34,887.47	(34,887.46)	(34,555.27)	(332.20)	-	-
<b>Total</b>		<b>4,43,160.88</b>	<b>(4,94,234.27)</b>	<b>(2,41,302.55)</b>	<b>(2,18,167.83)</b>	<b>(27,357.76)</b>	<b>(7,406.16)</b>

**As at March 31, 2022***(Rs. in lakhs)*

Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
<b>Maturities of financial liabilities</b>							
Derivative financial instruments	4	186.87	(186.87)	-	(186.87)	-	-
Debt securities	14	1,06,523.77	(1,23,335.86)	(48,013.55)	(60,046.05)	(2,517.01)	(12,759.25)
Borrowings	15	1,75,065.49	(2,13,959.44)	(92,103.90)	(88,864.92)	(32,990.62)	-
Other financial liabilities	16	8,198.31	(8,198.31)	(8,198.31)	-	-	-
Loan commitments	37	14,248.30	(14,248.30)	(11,907.93)	(2,340.37)	-	-
<b>Total</b>		<b>3,04,222.74</b>	<b>(3,59,928.78)</b>	<b>(1,60,223.69)</b>	<b>(1,51,438.21)</b>	<b>(35,507.63)</b>	<b>(12,759.25)</b>

## InCred Holdings Limited

(formerly known as KKR Capital Markets India Limited)

### Notes to the Consolidated Financial Statements

#### 32. Financial risk management (continued)

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

As at March 31, 2023

(Rs. in lakhs)

Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
<b>Maturities of financial assets</b>							
Cash and cash equivalents	2	34,472.39	34,472.38	34,472.38	-	-	-
Bank deposits	3	4,795.43	4,975.17	4,140.87	834.30	-	-
Derivative financial instruments	4	1,388.54	1,388.54	226.82	1,161.72	-	-
Trade receivables	5	2.45	2.45	2.45	-	-	-
Loans	6	5,40,525.05	8,65,474.61	3,25,373.65	2,34,473.03	87,987.21	2,17,640.73
Investments (other than subsidiaries)	7	7,042.32	5,729.29	1,853.68	3,875.62	-	-
Other financial assets	8	7,953.30	7,110.71	6,828.87	137.78	43.90	100.16
<b>Total</b>		<b>5,96,179.48</b>	<b>9,19,153.15</b>	<b>3,72,898.72</b>	<b>2,40,482.45</b>	<b>88,031.11</b>	<b>2,17,740.89</b>

As at March 31, 2022

(Rs. in lakhs)

Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
<b>Maturities of financial assets</b>							
Cash and cash equivalents	2	5,505.98	5,505.98	5,505.98	-	-	-
Bank deposits	3	2,991.36	2,991.36	2,991.36	-	-	-
Derivative financial instruments	4	1,181.05	1,181.05	-	1,181.05	-	-
Trade receivables	5	108.34	108.34	108.34	-	-	-
Loans	6	3,73,226.42	5,17,087.67	2,21,380.60	1,48,771.24	55,625.27	91,310.56
Investments	7	3,833.96	4,025.12	3,472.11	553.01	-	-
Other financial assets	8	2,754.80	2,754.80	2,754.80	-	-	-
<b>Total</b>		<b>3,89,601.91</b>	<b>5,33,654.32</b>	<b>2,36,213.19</b>	<b>1,50,505.30</b>	<b>55,625.27</b>	<b>91,310.56</b>

## InCred Holdings Limited

(formerly known as KKR Capital Markets India Limited)

### Notes to the Consolidated Financial Statements

#### 32. Financial risk management (continued)

##### C. Market risk

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

##### Exposure to interest rate risk

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

Particulars	(Rs. in lakhs)	
	Nominal amount	
	As at March 31, 2023	As at March 31, 2022
<b>Loans</b>		
Fixed rate loans	3,43,666.12	2,22,062.75
Variable rate loans	2,15,879.21	1,58,346.89
Bank balance other than cash and cash equivalents	4,795.43	2,991.36
Fixed rate investments in debt securities at	-	855.47
Fixed rate investments in debt securities at other		
comprehensive income	4,617.81	2,909.12
<b>Total</b>	<b>5,68,958.57</b>	<b>3,87,165.59</b>
<b>Debt and Borrowings</b>		
Fixed rate Debt and Borrowings	(1,34,450.54)	(1,56,641.86)
Variable rate Debt and Borrowings	(2,44,713.90)	(1,21,500.62)
<b>Total</b>	<b>(3,79,164.44)</b>	<b>(2,78,142.48)</b>

##### Fair value sensitivity analysis for fixed-rate instruments

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

##### Cash flow sensitivity analysis for variable-rate instruments

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

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

Particulars	(Rs. in lakhs)			
	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	(288.35)	288.35	(288.35)	288.35
<b>Cash flow sensitivity (net)</b>	<b>(288.35)</b>	<b>288.35</b>	<b>(288.35)</b>	<b>288.35</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. Price risk

The Group is exposed to price risk arising from investment in mutual funds and classified in the balance sheet at fair value through profit & loss. If the NAV of the mutual fund had been higher/lower by 1% from market price existing as at March 31, 2023, profit or loss(pre-tax) for the year ended March 31, 2023 would increase/decrease by Rs. 0.18 lakhs (Previous Year: Rs. 0.74 lakhs) with a corresponding increase/decrease in the Total Equity of the Group as at March 31, 2023.

##### E. Foreign Currency Risk

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

**InCred Holdings Limited**  
(formerly known as KKR Capital Markets India Limited)

**Notes to the Consolidated Financial Statements**

**33. Related party disclosures**

**Key managerial personnel ("KMP")**

Name of the KMP	Designation	Nature of change (resignation, appointment)	Effective date
Mr. Anil Nagu	Wholetime Director & CFO	Resignation	26.07.2022
Mr. Brian Wesley Dillard	Non-Executive Director	Resignation	26.07.2022
Mr. Richard Holden	Non-Executive Director	Resignation	26.07.2022
Mr. Karthik Krishna	Non-Executive Director	Resignation	26.07.2022
Mr. Bhupinder Singh	Wholetime Director & CEO	Appointment	26.07.2022
Mr. Vivek Bansal	Wholetime Director & CFO	Appointment	26.07.2022
Mr. Gaurav Trehan	Non-Executive Director	Appointment	26.07.2022
Mr. Sanjay Nayar	Non-Executive Director	Appointment	26.07.2022
Mr. Vivek Anand PS	Non-Executive Director	Appointment	26.07.2022
Ms. Rupa Vora	Independent Director	Appointment	26.07.2022
Mr. Karnam Sekar	Independent Director	Appointment	26.07.2022
Mr. Debashish Dutta Gupta	Independent Director	Appointment	26.07.2022
Mr. Sanjay Nayar	Non-Executive Director	Resignation	21.03.2023
Mr. Debashish Dutta Gupta	Independent Director	Resignation	30.03.2023
Mr. Rohan Suri	Non-Executive Director	Appointment	30.03.2023
Mr. Binoy Parikh	Company Secretary	Resignation	26.07.2022
Mr. Gajendra Thakur	Company Secretary	Appointment	26.07.2022

On account of the effectiveness of the Composite Scheme of amalgamation and arrangement amongst InCred Holdings Limited (formerly 'KKR Capital Markets India Limited'), Bee Finance Limited, InCred Financial Services Limited (formerly 'KKR India Financial Services Limited') ("the Company"), InCred Prime Finance Limited (formerly 'InCred Financial Services Limited') and their respective shareholders on July 26, 2022, which was approved by the National Company Law Tribunal vide its order dated May 6, 2022, the Director and KMP of the Company has been changed.

**A. Names of related parties and nature of relationship**

Holding Company	Country of Incorporation	Proportion of ownership interest	
		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)	India	100.00%	0.00%

Refer Note No 42 for change in shareholding due to business combination

Names of related parties	Description of Relationship
Kohlberg Kravis Roberts & Co. L.P.	Ultimate Holding Company (upto July 25, 2022)
KKR India Financial Investments Pte Limited	Holding Company (upto July 25, 2022)
KKR India Finance Holding LLC	Company having significant influence over the Company (upto July 25, 2022)
KKR India Debt Fund I	Fund over which the Company is able to exercise significant influence (upto July 14, 2022)
KKR India Debt Opportunities Fund III	Fund over which the Company is able to exercise significant influence (upto July 14, 2022)
KKR India Debt Opportunities Fund II	Fund over which the Company is able to exercise significant influence
KKR Asia Limited	Fellow subsidiary (upto July 25, 2022)
KKR India Advisors Private Limited	Fellow subsidiary (upto July 25, 2022)
InCred Capital Financial Services Private Limited (Formerly known as Proud Securities Private Limited)	Enterprises where key management personnel exercises significant influence (w.e.f. July 26, 2022)
InCred Wealth Private Limited (Formerly known as InCred Capital Inclusion Advisory Private Limited)	Enterprises where key management personnel exercises significant influence (w.e.f. July 26, 2022)
InCred Alternative Investments Private Limited	Enterprises where key management personnel exercises significant influence (w.e.f. July 26, 2022)
InCred Wealth and Investment Private Limited	Enterprises where key management personnel exercises significant influence (w.e.f. July 26, 2022)

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

Name of associate	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	47.39%

**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	-	692.35
Directors' sitting fees	19.80	45.35

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.

## InCred Holdings Limited

(formerly known as KKR Capital Markets India Limited)

### Notes to the Consolidated Financial Statements

#### 33. 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	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
<b><u>Balance Sheet transactions</u></b>						
Investment in equity shares	-	-	-	-	-	-
ICD taken	-	-	3,500.00	11,000.00	-	1,700.00
Repayment of ICD taken (including interest)	-	-	3,503.72	15,619.20	-	3,071.29
ICD given	-	-	-	-	-	-
Refund of Security Deposit	-	-	-	-	-	-
Payment against expenses	-	-	-	-	-	-
Refund of amount given for expenses	-	-	-	-	-	-
Purchase of Loan Portfolio	-	-	-	-	-	-
Purchase of Property, Plant and Equipment ("PPE")	-	-	1.04	-	-	-
Proceeds from sale of PPE	-	-	1.95	-	-	-
Issue of Market Linked Debentures ("MLD")	-	-	6,899.36	9,910.00	-	-
Proceeds from redemption of MLDs	-	-	-	-	-	-
Reimbursement of credit loss	-	-	-	-	-	1.85
Proceeds from sale of Debentures	-	-	-	-	-	-
Stock options exercised	-	3.85	-	-	-	-
<b><u>Income transactions</u></b>						
License fees	-	-	-	-	-	56.00
Interest on ICD	-	-	-	-	-	-
Income on account of reimbursement	-	-	70.36	977.89	-	300.60
Profit on sale of Debentures	-	-	-	-	-	-
<b><u>Expense transactions</u></b>						
License fees	-	-	-	-	-	-
Interest on ICD	-	-	3.72	119.20	-	71.29
Expenses on account of reimbursement	-	-	-	78.69	-	-
Fee and commission	-	-	158.18	569.56	-	-

Note: During the current year the Holding Company has issued employee stock options to its own and subsidiary employees (Refer Note 35 for further details).

## InCred Holdings Limited

(formerly known as KKR Capital Markets India Limited)

### Notes to the Consolidated Financial Statements

#### 33. Related party disclosures (continued)

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

(Rs. in lakhs)

Sr. No.	Balance outstanding	Enterprises owned or controlled by Key Managerial Personnel		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
1	Advances/Receivables	27.05	489.18	-	15.17

#### Notes:

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

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

**InCred Holdings Limited***(formerly known as KKR Capital Markets India Limited)***Notes to the Consolidated Financial Statements****34. Employee benefits**

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

(Rs. in lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Provident fund and other funds	391.27	280.21

**2. Gratuity**

Every employee who will complete five years or more of service gets a gratuity on departure at 15 days salary (last drawn) for each completed year of service as per Payment of Gratuity Act, 1972.

**Table showing change in the present value of projected benefit obligation**

(Rs. in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Change in benefit obligations</b>		
Present value of benefit obligation at the beginning of the year	315.04	158.90
Liability acquired on account of business combination	21.15	
Interest cost	16.24	6.75
Acquisition of subsidiary (Refer Note 42)	0.56	-
Current Service cost	70.69	54.15
Past Service cost - incurred during the period	122.22	
Benefit Paid Directly by the Employer	(58.25)	-
Actuarial (Gains) / Loss on Obligations - Due to Change in Demographic Assumptions	-	(0.02)
Actuarial (Gains) / Loss on Obligations - Due to Change in Financial Assumptions	(24.55)	(0.56)
Actuarial (Gains) / Loss on Obligations - Due to Experience	86.14	95.82
<b>Liability at the end of the year</b>	<b>549.24</b>	<b>315.04</b>

**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	(549.24)	(315.04)
<b>Fair value of plan assets at the end of the year</b>		
Funded Status (Deficit)	(549.24)	(315.04)
<b>Net (Liability) Recognized in the Balance Sheet</b>	<b>(549.24)</b>	<b>(315.04)</b>

**Expenses recognized in the Statement of Profit and Loss**

(Rs. in lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Current service cost*	70.69	54.15
Interest cost	16.24	6.75
Benefit Paid Directly by the Employer	122.22	-
<b>Expenses recognised</b>	<b>209.15</b>	<b>60.90</b>

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

**Expenses recognized in the Other comprehensive income (OCI)**

(Rs. in lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Actuarial (Gains) on obligation for the year	61.59	95.24
<b>Net (Income) for the year recognized in OCI</b>	<b>61.59</b>	<b>95.24</b>

**InCred Holdings Limited***(formerly known as KKR Capital Markets India Limited)***Notes to the Consolidated Financial Statements**

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

Particulars	As at March 31, 2023	As at 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%
Retirement Age	60 years	60 years
Mortality Rate during employment	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2012-14)

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

**Balance sheet reconciliation**

(Rs. in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Opening net liability</b>	315.04	158.90
Liability acquired on account of business combination	21.71	
Expenses recognized in Statement of Profit and Loss	209.15	60.90
Expenses recognized in OCI	61.59	95.24
Benefit Paid Directly by the Employer	(58.25)	-
<b>Net liability recognized in the Balance Sheet</b>	<b>549.24</b>	<b>315.04</b>

**Maturity analysis of the benefit payments: from the employer**

(Rs. in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Projected benefits payable in future years from the date of reporting</b>		
1st following year	159.92	59.12
2nd following year	123.66	71.59
3rd following year	96.07	63.45
4th following year	75.86	48.84
5th following year	59.29	37.04
Sum of years 6 To 10	115.89	70.38
Sum of years 11 and above	20.23	12.23

**Sensitivity analysis**

(Rs. in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Projected benefit obligation on current assumptions</b>	549.24	315.04
Delta effect of +1% change in rate of discounting	(11.04)	(7.66)
Delta effect of -1% change in rate of discounting	11.66	8.11
Delta effect of +1% change in rate of salary increase	16.25	6.62
Delta effect of -1% change in rate of salary increase	(15.65)	(6.43)
Delta effect of +1% change in rate of employee turnover	(3.31)	(3.91)
Delta effect of -1% change in rate of employee turnover	3.41	4.01

**Qualitative disclosures**

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

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

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

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

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



## InCred Holdings Limited

(formerly known as KKR Capital Markets India Limited)

### Notes to the Consolidated Financial Statements

#### 35. Share-based payment arrangements

##### A. Description of share-based payment arrangements

###### i. Share option plans (equity-settled)

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

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

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

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

##### 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)	35.03 to 44.82	24.91 to 42.17
Share prices during the year , on grant dates	65.00 to 67.02	55.00 to 65.00
Exercise price	40.00	40.00
Expected volatility (weighted average volatility)	40%	40%
Rate of Employee Turnover	20%	35%
Expected life (expected weighted average life)	11.02 years	8.5 years
Risk- free interest rate (based on government bonds)	6.89% to 7.59%	4.89% to 6.85%
Method used to determine expected volatility	The expected volatility is based on price volatility of listed companies in same industry.	

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

##### B. Reconciliation of outstanding share options

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

Particulars	Average exercise price per option	Number of options	
		As at March 31, 2023	As at March 31, 2022
Opening balance	37.26	3,42,48,588	1,80,44,938
Add: Options granted during the year	40.00	27,47,500	1,88,51,500
Less: Options exercised during the year	36.28	(37,31,310)	(17,38,050)
Less: Options lapsed during the year	38.09	(13,07,124)	(9,09,800)
<b>Options outstanding as at the year end</b>	<b>37.32</b>	<b>3,19,57,654</b>	<b>3,42,48,588</b>
Option exercisable of the above		1,33,54,082	1,20,39,181

Weighted average remaining contractual life of options outstanding at end of the year: 1.96 years

## InCred Holdings Limited

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### Notes to the Consolidated Financial Statements

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

###### C. Expenses arising from share-based payment transactions

Refer Note 27 on employee benefit expense, for share based payment expense charged to Statement of Profit and Loss.

## InCred Holdings Limited

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### Notes to the Consolidated Financial Statements

#### 36. Lease accounting

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

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

(Rs. in lakhs)		
Particulars	As at March 31, 2023	As at March 31, 2022
Balance at the beginning of the year	1,850.83	1,739.74
Addition during the year	863.49	552.34
Disposals during the year	(80.95)	-
Depreciation for the year	(451.17)	(441.25)
Balance as at the end of the year	2,182.21	1,850.83

##### ii. The following is the movement in lease liabilities:

(Rs. in lakhs)		
Particulars	As at March 31, 2023	As at March 31, 2022
Balance at the beginning of the year	2,141.57	1,957.65
Addition during the year	782.53	552.36
Finance cost accrued during the year	202.32	199.16
Payment of Lease liabilities made during the year	(604.40)	(567.60)
Balance as at the end of the year	2,522.02	2,141.57

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

(Rs. in lakhs)		
Particulars	As at March 31, 2023	As at March 31, 2022
Less than one year	553.85	369.50
Between one and five years	1,950.12	1,674.34
More than five years	18.05	97.73
Total	2,522.02	2,141.57

##### iv. Expenses recognised in the statement of Profit and Loss

(Rs. in lakhs)		
Particulars	As at March 31, 2023	As at March 31, 2022
Depreciation expense on right-of-use assets (Refer Note 10)	451.17	441.27
Interest expense on lease liabilities (Refer Note 25)	202.32	198.43
Expense relating to short-term leases (Refer Note 28)	166.91	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.

#### 37. Contingent liabilities and commitments

(Rs. in lakhs)		
Particulars	As at March 31, 2023	As at March 31, 2022
Commitments		
Undrawn committed credit lines*	34,555.27	14,248.30
Obligation on investments in partly paid up preference shares	332.20	181.81
Capital commitments	85.00	-
Total	34,972.47	14,430.11

\*Does not include undrawn commitments which are unconditionally cancellable by the Company or improbable for future drawdowns. Such lines are not considered for impairment allowance testing.

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

# InCred Holdings Limited

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## Notes to the Consolidated Financial Statements

### 38. Current and Non-Current Maturity

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

(Rs. in lakhs)

Particulars	As at March 31, 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	34,472.39	-	34,472.39	5,505.98	-	5,505.98
Bank Balance other than cash and cash equivalents	4,019.85	775.58	4,795.43	2,991.36	-	2,991.36
Derivatives financial instruments	893.28	495.26	1,388.54	451.45	729.60	1,181.05
Receivables						
(I) Trade receivables	2.45	-	2.45	108.34	-	108.34
(II) Other receivables	-	-	-	-	-	-
Loans	2,35,901.98	3,04,623.07	5,40,525.05	1,74,340.33	1,98,886.09	3,73,226.42
Investments	4,970.37	2,063.91	7,034.28	3,277.00	4,842.65	8,119.65
Other Financial assets	5,877.91	2,075.39	7,953.30	1,456.58	1,298.22	2,754.80
<b>Sub total</b>	<b>2,86,138.23</b>	<b>3,10,033.21</b>	<b>5,96,171.44</b>	<b>1,88,131.04</b>	<b>2,05,756.56</b>	<b>3,93,887.60</b>
<b>Non-financial assets</b>						
Current Tax assets (Net)	1,183.68	3,855.39	5,039.07	-	1,209.98	1,209.98
Deferred Tax assets (Net)	-	47,707.12	47,707.12	-	2,038.67	2,038.67
Property, plant and equipment	-	4,359.35	4,359.35	-	3,479.68	3,479.68
Capital work-in-progress	-	161.79	161.79	-	293.95	293.95
Goodwill	-	6,778.74	6,778.74	-	652.65	652.65
Other intangible assets	-	666.43	666.43	-	433.27	433.27
Other non-financial assets	6,973.35	23.08	6,996.43	480.00	988.76	1,468.76
<b>Sub total</b>	<b>8,157.03</b>	<b>63,551.90</b>	<b>71,708.93</b>	<b>480.00</b>	<b>9,096.96</b>	<b>9,576.96</b>
<b>Total assets</b>	<b>2,94,295.26</b>	<b>3,73,585.11</b>	<b>6,67,880.37</b>	<b>1,88,611.04</b>	<b>2,14,853.52</b>	<b>4,03,464.56</b>
<b>LIABILITIES</b>						
<b>Financial liabilities</b>						
Derivatives financial instruments	-	727.43	727.43	186.87	-	186.87
Debt securities	55,950.22	59,239.86	1,15,190.08	40,463.06	66,060.71	1,06,523.77
Borrowings (Other than Debt Securities)	1,11,579.60	1,59,667.27	2,71,246.87	69,333.95	1,05,731.54	1,75,065.49
Other Financial liabilities	11,528.78	9,579.66	21,108.44	3,134.51	5,063.80	8,198.31
<b>Sub total</b>	<b>1,79,058.60</b>	<b>2,29,214.22</b>	<b>4,08,272.82</b>	<b>1,13,118.39</b>	<b>1,76,856.05</b>	<b>2,89,974.44</b>
<b>Non-Financial liabilities</b>						
Provisions	2,358.85	407.44	2,766.29	59.12	265.34	324.46
Deferred tax liabilities (Net)	-	-	-	-	728.89	728.89
Other non-financial liabilities	2,061.37	-	2,061.37	918.06	-	918.06
<b>Sub total</b>	<b>4,420.22</b>	<b>407.44</b>	<b>4,827.66</b>	<b>977.18</b>	<b>994.23</b>	<b>1,971.41</b>
<b>Total liabilities</b>	<b>1,83,478.82</b>	<b>2,29,621.66</b>	<b>4,13,100.48</b>	<b>1,14,095.57</b>	<b>1,77,850.28</b>	<b>2,91,945.85</b>

## InCred Holdings Limited

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### Notes to the Consolidated Financial Statements

#### 39. Foreign Currency Transactions

(Rs. in lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Expenditure in foreign currency</b>		
Directors' sitting fees	-	9.20
Legal, professional and consultancy charges	1,510.52	165.65
Information Technology expenses	66.42	14.27
Membership and subscription	0.42	-
Travelling and conveyance	1.10	-
Miscellaneous expenses	19.55	8.18
Interest on External Commercial Borrowings	418.26	215.69
Purchase of Software	83.32	-
<b>Total</b>	<b>2,099.59</b>	<b>412.99</b>

#### 40. Corporate social responsibility

(Rs. in lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Amount required to be spent as per section 135 of the Companies Act, 2013	44.70	16.12
Amount spent during the year		
(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
iii) Unspent amount in relation to:		
- Ongoing project	-	-
- Other than ongoing project	1.27	-
<b>Total</b>	<b>44.70</b>	<b>16.35</b>

#### 41. Micro, Small and Medium Enterprises Development

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Based on the information available with the management, as at March 31, 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 March 31, 2023.

**InCred Holdings Limited***(formerly known as KKR Capital Markets India Limited)***Notes to the Consolidated Financial Statements****42. Business Combination****A. 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 ('KCM'), 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.

Accordingly, the business combination has been treated as reverse acquisition for financial reporting purpose as per Ind AS 103 and erstwhile IFSL has been identified as the accounting acquirer and new IFSL and KCM being the accounting acquiree.

As per Ind AS 103, these financial results issued under the name of new IFSL represent the continuation of the financial results of erstwhile IFSL (including comparatives) except for share capital which is currently presented as per legal share capital of KCM. Accordingly the assets, liabilities and reserves of erstwhile IFSL have been continued at their pre-business combination carrying values and measured the fair value of identified assets and liabilities of new IFSL and KCM acquired as per requirements of Ind AS 103.

The accounting impact of the aforesaid Scheme in the books of new IFSL has been summarily presented as follows:

Business Combination of erstwhile KIFS:

Particulars	Rs. in lakhs	Rs. in lakhs
<b>(A) Deemed Purchase consideration (Equity instruments to be issued on reverse merger as per Ind AS 103)</b>		1,22,373.35
<b>(B) Assets and liabilities (Net Assets) recorded at fair value pursuant to reverse merger</b>		
<b>(i) Assets taken over at fair value:</b>		
Cash and cash equivalents	36,802.10	
Loans	52,921.51	
Other financial assets	105.87	
Current Tax Assets	3,622.84	
Deferred tax assets	53,648.13	
Other non-financial assets	650.89	
<b>(ii) Liabilities taken over at fair value:</b>		
Trade Payables	1,675.99	
Borrowings (Other than Debt Securities)	43,379.48	
Other financial liabilities	760.66	
Current tax liabilities (Net)	6.46	
Provisions	68.15	
Other non-financial liabilities	242.00	
<b>Net Assets Recognised Pursuant to the Scheme (i-ii)</b>		1,01,618.60
<b>Goodwill (A-B)</b>		20,754.75

## Business Combination of erstwhile KCM:

Particulars	Rs. in lakhs	Rs. in lakhs
<b>(A) Deemed Purchase consideration (Equity instruments to be issued on reverse merger as per Ind AS 103)</b>		4,873.33
<b>(B) Assets and liabilities (Net Assets) recorded at fair value pursuant to reverse merger</b>		
<b>(i) Assets taken over at fair value:</b>		
Cash and cash equivalents	3,492.66	
Trade Receivables	62.65	
Investments	397.07	
Other financial assets	26.67	
Current Tax Assets	2,411.12	
Deferred tax assets	469.26	
Other Intangible Asset	42.77	
Other non-financial assets	1,909.84	
<b>(ii) Liabilities taken over at fair value:</b>		
Trade Payables	1,502.71	
Other financial liabilities	4,324.12	
Provisions	68.34	
<b>Net Assets Recognised Pursuant to the Scheme (i-ii)</b>		2,916.87
<b>Goodwill (A-B)</b>		1,956.46

As per the terms of the Scheme, the shareholders of erstwhile IFSL have received compulsorily convertible preference shares ("CCPS") of M/s. InCred Holdings Limited (formerly known as "KKR Capital Markets Limited"), being the Holding Company, as a consideration for demerger of identified NBFC business. These CCPS have been converted into equity shares on November 2, 2022 as per the terms of the Scheme. The same is shown as capital contribution from parent.

As per Ind AS 103, the difference between legal capital of erstwhile IFSL (including purchase consideration determined above as per Ind AS 103) and new IFSL along with capital contribution from parent has been recorded as 'Merger Reserve'.

Further as per the Scheme, the remaining NBFC business (i.e after excluding identified NBFC business demerged under the Scheme) shall continue to be carried out by erstwhile IFSL. Accordingly, the net assets of Rs. 1,077.31 lakhs pertaining to the remaining NBFC business will continue to remain in the erstwhile IFSL.

Particulars	Rs. in lakhs	Rs. in lakhs
<b>(i) Assets</b>		
Loans	1,033.58	
Other assets	2,213.71	
<b>(ii) Liabilities</b>		
Borrowings (Other than Debt Securities)	1,000.00	
Other liabilities	1,169.98	
<b>Net Assets transferred (i-ii)</b>		1,077.31

## InCred Holdings Limited

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### Notes to the Consolidated Financial Statements

#### 42. Business Combination(Continued)

##### B. Acquisition of Subsidiary

On May 18, 2022, the Holding Company acquired incremental stake in its associate mValu Technology Services Private Ltd. (mValu) for Rs.1,819.80 lakhs from existing shareholders, thus acquiring control by holding 75.82% interest in mValu post such acquisition.

The Group recognises non-controlling interests in an acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. For the non-controlling interests in mValu, the Group has elected to recognise the non-controlling interests at fair value.

The acquired business contributed revenues of Rs. 25.74 lakhs and net profit of Rs. 310.86 lakhs to the Group for the period from 18 May 2022 to 30 September 2022. If the acquisition had occurred on 1 April 2022, consolidated pro-forma revenue and profit for the period ended September 30, 2022 would have been Rs. 29.75 lakhs and Rs. 332.25 lakhs respectively. These amounts have been calculated using the subsidiary's results and adjusting them for differences in the accounting policies between the group and the subsidiary.

##### Details of acquisition as follows:

Particulars	Rs. in lakhs	Rs. in lakhs
<b>(A) Purchase consideration</b>		4,852.40
Proceeds paid for incremental stake	1,819.80	
Fair value of existing interest in mValu (Net of charge of Rs 1,233.94 lakhs on remeasurement as per Ind AS)	3,032.60	
<b>(B) Assets and Liabilities as at May 18, 2022</b>		
<b>(i) Assets:</b>		
Property, plant and equipment	2.30	
Trade receivables	1.43	
Cash and cash equivalents	186.27	
Other bank balances	1,112.58	
Investments	261.90	
Other financial assets	204.80	
Other non-financial assets	280.59	
<b>(ii) Liabilities:</b>		
Provisions	1.83	
Trade payable	24.50	
Other financial liabilities	2.37	
Other non-financial liabilities	0.31	
<b>Net Assets Recognised Pursuant to the Scheme (i-ii)</b>		2,020.86
<b>Goodwill (A-B)</b>		2,831.54

#### 43. Goodwill

The carrying amount of goodwill acquired in business combination as follows:

Particulars	As at March 31 2023	As at March 31 2022
<b>Balance at the beginning of the year</b>	<b>652.65</b>	<b>652.65</b>
Goodwill arising on account of business combination	22,711.21	-
Impaired during the year	(16,585.12)	-
<b>Balance at the end of Period</b>	<b>6,778.74</b>	<b>652.65</b>

Above Goodwill represents the residual consideration attributable to unidentified intangible assets acquired by the acquirer as result of business combination. The Group has performed its impairment test for year ended 31 March 2023 and It is concluded that the fair value less costs of disposal exceeds the value in use. As a result of this analysis, management has recognised impairment charge of Rs. 16,585.12 lakhs against the goodwill.



**Notes to the Consolidated Financial Statements**

**44 .Other Statutory Information**

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

- (i) The Group do not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.
- (ii) The Group do not have any transactions with companies struck off.
- (iii) The Group do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- (iv) The Group has not traded or invested in Crypto currency or Virtual Currency.
- (v) The quarterly statement of current assets submitted to banks / financial institutions which are provided as security against the borrowings are in agreement with the books of accounts.

**Funding Transactions:**

- (vi) (a) On 20 September 2021, the Board of Directors had approved investment in equity for an aggregate amount of upto Rs. 999.87 lakhs in Booth Fintech Private Limited ("BFPL") (a wholly owned subsidiary of the Group). Subsequently, BFPL subscribed to 17,240 equity shares of mValu Technology Services Private Limited (an Associate Group of BFPL) on 20 September 2021 at a price of Rs. 5,797 (including premium of Rs. 5,787) per share aggregating to Rs. 999.40 lakhs. The transactions are in compliance with the relevant provisions of the Companies Act, 2013 and are not violative of the Prevention of Money-Laundering Act, 2002 (15 of 2003). Further the provisions of Foreign Exchange Management Act, 1999 (42 of 1999) are not applicable to the transactions.
- (vi) (b) On May 18, 2022, the Board of Directors of the InCred Financial Services Limited ("IFSL"), the Holding Company, had approved investment in equity for an aggregate amount of upto Rs. 1,819.99 lakhs in the Company. Subsequently, the Company purchased 45,000 equity shares of mValu Technology Services Private Limited (its Associate Company ) from external parties on May 18, 2022 at a price of Rs. 4,044 per share aggregating to Rs. 1,819.99 lakhs. The transactions are in compliance with the relevant provisions of the Companies Act, 2013 and are not violative of the Prevention of Money-Laundering Act, 2002 (15 of 2003). Further the provisions of Foreign Exchange Management Act, 1999 (42 of 1999) are not applicable to the transactions.
- (vi)(c) Except as disclosed above, the Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall :
  - (I) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or
  - (II) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- (vii) (a) On 28 April 2021, the InCred Management and Technology Services Private Limited ("IMTSPL") and Booth Fintech Private Limited ("BFPL") (wholly owned subsidiaries of the Group) had borrowed Inter Corporate Deposit from InCred Capital Financial Services Pvt Ltd ("ICFSL"), of Rs. 2000 lakhs. The amount was used to further invest as Inter Corporate Deposit to InCred Financial Services Limited ("IFSL"), the Parent. The transactions are in compliance with the relevant provisions of the Companies Act, 2013 and are not violative of the Prevention of Money-Laundering Act, 2002 (15 of 2003). Further the provisions of Foreign Exchange Management Act, 1999 (42 of 1999) are not applicable to the transactions.
- (vii)(b) Except as disclosed above, the Group have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:
  - (I) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
  - (II) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries
- (viii) The Group does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- (ix) There are no scheme of arrangements which have been filed by the Group under the Act and which have been approved by the competent authority u/s 232 to 237 of the Act. For details of Scheme of arrangement filed by the Group with NCLT refer Note no 42.
- (x) The company is in compliance with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.
- (xi) The Group has not been declared as willful defaulter by any bank or financial institution or any other lender.
- (xii) The Group has not revalued any property plant and equipment and intangible assets.

**InCred Holdings Limited**  
(formerly known as KKR Capital Markets India Limited)

**Notes to the Consolidated Financial Statements**

**45. Additional Information to the consolidated Financial Statements**

**Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013 for year ended March 31, 2023:**

Name of the entity	Net assets		Share in profit or loss		Share in other comprehensive		Share in total comprehensive	
	Amount	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated profit or loss
<b>Parent</b>								
InCred Holdings Limited	5,024.13	1.97%	(1,107.20)	-10.16%	(0.74)	18.95%	(1,107.94)	-10.16%
<b>Subsidiaries</b>								
Incred Financial Services Limited	2,49,233.39	97.83%	12709.08	116.53%	(6.09)	156.55%	12,702.99	116.51%
Incred Management and Technology Services Private Limited	(1,701.72)	-0.67%	(375.67)	-3.44%	0.91	-23.39%	(374.76)	-3.44%
Booth Fintech Private Limited	(609.44)	-0.24%	(12.14)	-0.11%	-	0.00%	(12.14)	-0.11%
InCred.AI Limited	0.80	0.00%	(1.08)	-0.01%	-	0.00%	(1.08)	-0.01%
mValu Technologies Services Private Limited	1,738.03	0.68%	(308.08)	-2.82%	2.03	-52.11%	(306.05)	-2.81%
InCred Prime Finance Limited	1,094.70	0.43%	1.51	0.01%	-	0.00%	1.51	0.01%
<b>Total</b>	<b>2,54,779.89</b>	<b>100.00%</b>	<b>10,906.42</b>	<b>100.00%</b>	<b>(3.89)</b>	<b>100.00%</b>	<b>10,902.53</b>	<b>100.00%</b>

**Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013 for year ended March 31, 2022:**

(Rs. in lakhs)

Name of the entity	Net assets		Share in profit or loss		Share in other comprehensive		Share in total comprehensive	
	Amount	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated profit or loss
<b>Parent</b>								
Incred Financial Services Limited	1,11,720.24	100.18%	3,640.96	118.11%	(83.36)	100.00%	3,557.60	118.61%
<b>Subsidiaries</b>								
Incred Management and Technology Services Private Limited	(1,316.80)	-1.18%	(232.47)	-7.54%	-	0.00%	(232.47)	-7.75%
Booth Fintech Private Limited	1,114.40	1.00%	(326.60)	-10.60%	-	0.00%	(326.60)	-10.89%
InCred.AI Limited	0.87	0.00%	0.87	0.03%	-	0.00%	0.87	0.03%
<b>Total</b>	<b>1,11,518.71</b>	<b>100.00%</b>	<b>3,082.76</b>	<b>100.00%</b>	<b>(83.36)</b>	<b>100.00%</b>	<b>2,999.40</b>	<b>100.00%</b>

**InCred Holdings Limited***(formerly known as KKR Capital Markets India Limited)***Notes to the Consolidated Financial Statements****46. Investments in associates**

The Groups interests in associates are:

Name of associate	Principal place of business	Method of accounting	Proportion of stake
mValu Technology Services Private Limited	India	Equity Method	0.00%

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

(Rs. in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>A) Summarised Statement of net assets</b>		
Financial assets	-	1,801.63
Non-Financial assets	-	299.03
<b>Total assets (I)</b>	-	<b>2,100.66</b>
Financial liabilities		47.78
Non-Financial liabilities	-	8.82
<b>Total liabilities (II)</b>	-	<b>56.60</b>
<b>Net assets (I - II)</b>	-	<b>2,044.06</b>
Group's share %	0.00%	47.39%
Group's share in amount	-	968.68
<b>Carrying amount of Investment</b>	-	<b>4,276.47</b>

(Rs. in lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>B) Summarised Statement of Profit and Loss</b>		
Revenue from operation	-	3.79
Other income	-	123.91
<b>Total income (I)</b>	-	<b>127.70</b>
Finance costs	-	3.78
Employee benefit expenses	-	(58.06)
Depreciation, amortization and impairment	-	32.90
Other expenses	-	1,037.25
<b>Total expenses (II)</b>	-	<b>1,015.87</b>
<b>Loss before tax (III = I-II)</b>	-	<b>(888.17)</b>
Tax expense (IV)	-	-
<b>Loss after tax (V = III-IV)</b>	-	<b>(888.17)</b>
<b>Other Comprehensive income</b>	-	-
<b>Total Comprehensive income</b>	-	<b>(888.17)</b>
Group's share %	0.00%	47.39%
Group share in Amount in Profit and loss (A)	-	(420.91)
Group share in Amount in Other Comprehensive Income (B)	-	-
<b>Total Group share in Amount (A+B)</b>	-	<b>(420.91)</b>

## Notes to the Consolidated Financial Statements

## 47. Ratio Analysis and its elements

Ratio*	Numerator	Denominator	As at March 31, 2023	As at March 31, 2022	% change*	Remarks*
Current ratio	Current Assets	Current Liabilities	1.60	NA	NA	
Debt- Equity Ratio	Borrowings	Shareholder's Equity	1.52	NA	NA	
Debt Service Coverage ratio	NA	NA	NA	NA	NA	
Return on Equity ratio	Net Profits after taxes	Shareholder's Equity	4.28%	NA	NA	
Inventory Turnover ratio	NA	NA	NA	NA	NA	
Trade Receivable Turnover Ratio	NA	NA	NA	NA	NA	
Trade Payable Turnover Ratio	NA	NA	NA	NA	NA	
Net Capital Turnover Ratio	NA	NA	NA	NA	NA	
Net Profit ratio	Net Profit	Total sales Capital Employed	12.38%	NA	NA	
Return on Capital Employed	Earnings before interest and taxes (EBIT)	= Tangible Net Worth + Total Debt	9.47%	NA	NA	
Return on Investment	Interest from investments	Investment	11.94%	NA	NA	

\*Previous year numbers are not comparable for Scheme of Amalgamation. Refer note no 42 Business Combination.

Notes to the Consolidated Financial Statements

48. Ageing Schedule

(Rs. in lakhs)

Particulars	Curent but not due	Outstanding for following periods from due date of payment					Total
		Less than 6 Months	6 months – 1 year	1 - 2 years	2 - 3 years	More than 3 years	
<b>As at March 31, 2023</b>							
(A) Trade receivables							
Unsecured, considered good	-	2.46	-	-	-	-	2.46
Unsecured, considered doubtful	-	-	-	-	-	-	-
(B) Other receivables							
Unsecured, considered good	-	-	-	-	-	-	-
Unsecured, considered doubtful	-	-	-	-	-	-	-
<b>As at March 31, 2022</b>							
(A) Trade receivables							
Unsecured, considered good	-	108.74	-	-	-	-	108.74
Unsecured, considered doubtful	-	-	-	-	-	-	-
(B) Trade receivables							
Unsecured, considered good	-	-	-	-	-	-	-
Unsecured, considered doubtful	-	-	-	-	-	-	-

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

As per our report of even date

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

For and on behalf of the Board of Directors of  
**InCred Holdings Limited**  
CIN: U67190MH2011PLC211738

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

**Bhupinder Singh**  
*Whole Time Director and CEO*  
DIN: 07342318

**Vivek Bansal**  
*Whole Time Director and CFO*  
DIN: 07835456

Place: Geiranger, Norway  
Date: May 26, 2023

**Gajendra Thakur**  
*Company Secretary*  
Membership No: A19285

Place: Mumbai  
Date: May 26, 2023



**InCred!**

**STANDALONE  
FINANCIAL  
STATEMENTS**

## **INDEPENDENT AUDITOR'S REPORT**

To the Members of InCred Holdings Limited

### **Report on the Audit of the Standalone Financial Statements**

#### **Opinion**

We have audited the accompanying standalone financial statements of InCred Holdings Limited [formerly known as KKR Capital Markets India Limited] ("the Company"), which comprise the Balance sheet as at March 31, 2023, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

#### **Basis for Opinion**

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

#### **Emphasis of Matter**

We draw attention to Note 40 of the standalone financial statements describing the demerger during the year ended March 31, 2023. The Scheme of Arrangement ("the Scheme"), has been given effect to in the books of account from the appointed date in accordance with the Scheme instead of the acquisition date as per Ind AS 103 - Business Combinations (i.e. the date when actual control is obtained). The accounting treatment for demerger is as per Ind AS 103.

Our conclusion is not modified in respect of this matter.

#### **Other Information**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors report, but does not include the standalone financial statements and our auditor's report thereon.

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

**InCred Holdings Limited**

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

**Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are also responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient 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.



**InCred Holdings Limited**

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

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

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

**Other Matter**

The financial statements of the Company for the year ended March 31, 2022, included in these standalone financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on June 21, 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 sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

**InCred Holdings Limited**

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- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors as on March 31, 2023 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 Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls with reference to these standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) In our opinion, the managerial remuneration for the year ended March 31, 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 Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company does not have any pending litigations which would impact its financial position;
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 1 - D.20 to the standalone;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;
  - iv.
    - a) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the note 41 to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
    - b) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the note 41 to the standalone financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
    - c) Based on such audit procedures 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 (a) and (b) contain any material misstatement.
  - v. No dividend has been declared or paid during the year by the Company.

**InCred Holdings Limited**

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- vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only w.e.f. April 1, 2023, reporting under this clause is not applicable.

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

Chartered Accountants

**ICAI Firm Registration Number: 101049W/E300004**

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**per Sarvesh Warty**

Partner

Membership Number: 121411

UDIN: 23121411BGWEGH8108

Place: Geiranger, Norway

Date: May 26, 2023

**InCred Holdings Limited**

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**Annexure 1 referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date on the standalone financial statements of InCred Holdings Limited**

- i. (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.  
  
(B) The Company has not capitalized any intangible assets in the books of the Company and accordingly, the requirement to report on clause 3(i)(a)(B) of the Order is not applicable to the Company.  
  
(b) All Property, Plant and Equipment were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in three years which is reasonable having regard to the size of the Company and the nature of its assets.  
  
(c) There is no immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), held by the Company and accordingly, the requirement to report on clause 3(i)(c) of the Order is not applicable to the Company.  
  
(d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 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, 1988 and rules made thereunder.
- ii. (a) The Company's business does not require maintenance of inventories and, accordingly, the requirement to report on clause 3(ii)(a) of the Order is not applicable to the Company.  
  
(b) The Company has not been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks or financial institutions during any point of time of the year on the basis of security of current assets. Accordingly, the requirement to report on clause 3(ii)(b) of the Order is not applicable to the Company.
- iii. (a) During the year the Company has not provided loans, advances in the nature of loans, stood guarantee or provided security to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(a) of the Order is not applicable to the Company.  
  
(b) During the year the Company has not made investments, provided guarantees, provided security and granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(b) of the Order is not applicable to the Company.  
  
(c) The Company has not granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(c) of the Order is not applicable to the Company.  
  
(d) The Company has not granted loans or advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(d) of the Order is not applicable to the Company.  
  
(e) There were no loans or advance in the nature of loan granted to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(e) of the Order is not applicable to the Company.

**InCred Holdings Limited**

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- (f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.
- iv. There are no loans, investments, guarantees, and security in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 are applicable and accordingly, the requirement to report on clause 3(iv) of the Order is not applicable to the Company.
- v. The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.
- vi. The Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products/services of the Company.
- vii. (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues applicable to the Company have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues applicable to the Company were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (b) There are no dues of goods and services tax, provident fund, employees' state insurance, income tax, sales-tax, service tax, customs duty, excise duty, value added tax, cess, goods and service tax and other statutory dues which have not been deposited on account of any dispute.
- viii. The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.
- ix. (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) The Company did not have any term loans outstanding during the year hence, the requirement to report on clause (ix)(c) of the Order is not applicable to the Company.
- (d) On an overall examination of the financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.
- (f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Hence, the requirement to report on clause (ix)(f) of the Order is not applicable to the Company.

**InCred Holdings Limited**

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- x. (a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.
- (b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.
- xi. (a) No fraud by the Company or no material fraud on the Company has been noticed or reported during the year.
- (b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by cost auditor/ secretarial auditor or by us in Form ADT - 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year having financial impact.
- xii. The Company is not a Nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii) of the Order is not applicable to the Company.
- xiii. Transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- xiv. (a) The Company has an internal audit system commensurate with the size and nature of its business.
- (b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.
- xv. As represented by the management, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.
- xvi. (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.
- (b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause (xvi)(b) of the Order is not applicable to the Company.
- (c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.
- (d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi)(d) of the Order is not applicable to the Company.
- xvii. The Company has incurred cash losses amounting to Rs. 5.59 crores in the current year and amounting to Rs. 8.97 crores in the immediately preceding financial year respectively.
- xviii. The previous statutory auditors of the Company have resigned during the year and we have taken into consideration the issues, objections or concerns raised by the outgoing auditors.

**InCred Holdings Limited**

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- xix. On the basis of the financial ratios disclosed in note 42 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx. The provisions of Section 135 to the Companies Act, 2013 in relation to Corporate Social Responsibility is not applicable to the Company. Accordingly, the requirement to report on clause 3(xx) of the Order is not applicable to the Company.

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

Chartered Accountants

**ICAI Firm Registration Number: 101049W/E300004**

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**per Sarvesh Warty**

Partner

Membership Number: 121411

UDIN: 23121411BGWEGH8108

Place: Geiranger, Norway

Date: May 26, 2023



**InCred Holdings Limited**

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

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

We have audited the internal financial controls with reference to standalone financial statements of InCred Holdings Limited (“the Company”) as of March 31, 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management’s Responsibility for Internal Financial Controls**

The Company’s Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (“ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor’s Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to these standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls with reference to these standalone financial statements.

**Meaning of Internal Financial Controls with Reference to these Standalone Financial Statements**

A company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that,



**InCred Holdings Limited**

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

**Inherent Limitations of Internal Financial Controls with Reference to Standalone Financial Statements**

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

**Opinion**

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 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 issued by the ICAI.

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

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**per Sarvesh Warty**

Partner

Membership Number: 121411

UDIN: 23121411BGWEGH8108

Place: Geiranger, Norway

Date: May 26, 2023

**InCred Holdings Limited***(formerly known as KKR Capital Markets India 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	236.36	3,492.66
(b) Trade Receivables	3	-	62.65
(c) Investments	4	2,42,116.38	1,06,776.57
(d) Other financial assets	5	1.50	26.67
		<b>2,42,354.24</b>	<b>1,10,358.55</b>
<b>(2) Non-financial assets</b>			
(a) Current tax assets (Net of provision for tax)		2,437.48	2,411.12
(b) Deferred tax assets (Net of deferred tax liabilities)	6	519.42	2,279.90
(c) Property, plant and equipment	7	0.95	-
(d) Other intangible assets	8	-	42.82
(e) Other non-financial assets	9	3,392.72	1,909.84
		<b>6,350.57</b>	<b>6,643.68</b>
<b>Total assets</b>		<b>2,48,704.81</b>	<b>1,17,002.23</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>(1) Financial liabilities</b>			
(a) Trade Payable	10	-	1,502.71
(b) Borrowings (other than debt securities)	11	1,500.00	-
(c) Other financial liabilities	12	1,314.67	4,263.81
		<b>2,814.67</b>	<b>5,766.52</b>
<b>(2) Non-financial liabilities</b>			
(a) Provisions	13	-	68.34
(b) Other non-financial liabilities	14	48.29	60.30
		<b>48.29</b>	<b>128.64</b>
<b>EQUITY</b>			
(a) Equity share capital	15	59,523.54	19,275.85
(b) Other equity	16	1,86,318.31	91,831.22
		<b>2,45,841.85</b>	<b>1,11,107.07</b>
<b>Total liabilities and equity</b>		<b>2,48,704.81</b>	<b>1,17,002.23</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 S. R. Batliboi & Associates LLP****Chartered Accountants**

ICAI Firm Registration No.: 101049W/E300004

For and on behalf of the Board of Directors of

**InCred Holdings Limited**

CIN: U67190MH2011PLC211738

**per Sarvesh Warty***Partner*

Membership No: 121411

**Bhupinder Singh***Whole Time Director and CEO*

DIN: 07342318

**Vivek Bansal***Whole Time Director and CFO*

DIN: 07835456

Place: Geiranger, Norway

Date: May 26, 2023

**Gajendra Thakur***Company Secretary*

Membership No: A19285

Place: Mumbai

Date: May 26, 2023

**InCred Holdings Limited***(formerly known as KKR Capital Markets India 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	17	19.03	90.88
(ii) Fees and commission income	18	89.05	379.30
(iii) Net gain/(loss) on fair value changes	19	1.70	(0.70)
<b>(I) Total revenue from operations</b>		<b>109.78</b>	<b>469.48</b>
(II) Other income	20	83.92	87.78
<b>(III) Total income (I + II)</b>		<b>193.70</b>	<b>557.26</b>
<b>Expenses</b>			
(i) Finance costs	21	79.97	11.82
(ii) Impairment on financial instruments	22	(1,250.99)	1,500.00
(iii) Employee benefits expenses	23	7.31	540.37
(iv) Depreciation, amortization and impairment	7 & 8	42.86	116.32
(v) Others expenses	24	595.32	7,119.84
<b>(IV) Total expenses</b>		<b>(525.53)</b>	<b>9,288.35</b>
<b>(V) Profit before exceptional items and tax (III - IV)</b>		<b>719.23</b>	<b>(8,731.09)</b>
<b>(VI) Exceptional Items</b>		-	38.62
<b>(VII) Profit before tax (V - VI)</b>		<b>719.23</b>	<b>(8,769.71)</b>
<b>Tax Expense:</b>			
(i) Current Tax		-	-
(ii) Deferred Tax		1,760.55	(2,253.94)
<b>(VIII) Total Tax Expense</b>	25	<b>1,760.55</b>	<b>(2,253.94)</b>
<b>(IX) Profit for the period (VII - VIII)</b>		<b>(1,041.32)</b>	<b>(6,515.77)</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		-	3.77
<b>(ii) Income tax relating to items that will not be reclassified to profit or loss</b>		-	(0.95)
<b>Subtotal (A)</b>		-	<b>2.82</b>
<b>(B) (i) Items that will be reclassified to profit or loss</b>		-	-
<b>Subtotal (B)</b>		-	-
<b>Other comprehensive income / (loss) (A + B)</b>		-	<b>2.82</b>
<b>(XI) Total comprehensive income for the period (IX + X)</b>		<b>(1,041.32)</b>	<b>(6,512.95)</b>
<b>(XII) Earnings per equity share (Face Value : Rs. 10 per share)</b>	26		
Basic (Rs.)		(0.18)	(3.23)
Diluted (Rs.)		(0.17)	(3.23)

Significant accounting policies and other explanatory information

1

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

As per our report of even date

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

ICAI Firm Registration No.: 101049W/E300004

For and on behalf of the Board of Directors of

**InCred Holdings Limited**

CIN: U67190MH2011PLC211738

**per Sarvesh Warty***Partner*

Membership No: 121411

Place: Geiranger, Norway

Date: May 26, 2023

**Bhupinder Singh***Whole Time Director and CEO*

DIN: 07342318

**Vivek Bansal***Whole Time Director and CFO*

DIN: 07835456

**Gajendra Thakur***Company Secretary*

Membership No: A19285

Place: Mumbai

Date: May 26, 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	719.23	(8,769.71)
<b>Adjustments to reconcile net profit to net cash generated from / (used in) operating activities</b>		
Depreciation, amortization and impairment	42.86	116.32
Loss on sale of property, plant and equipment	-	0.04
Net (gain) on fair value changes	(1.70)	-
Exceptional Items	-	38.62
Impairment of Non current Asset	(1,250.99)	1,500.00
Interest income	(19.03)	0.70
Finance costs	79.97	11.82
Share based payment to employees	-	(79.75)
Investment Written off (Including accrued interest)	-	785.28
Retirement Benefit expenses	(68.34)	21.22
<b>Operating profit before working capital changes</b>	<b>(498.00)</b>	<b>(6,375.46)</b>
<b>Working capital adjustments</b>		
Decrease in Trade receivables	62.65	98.56
Decrease in other financial assets	25.17	381.09
(Increase) in other non financial assets	(231.89)	(131.88)
(Decrease) / Increase in Trade payables	(1,502.71)	855.65
(Decrease) / Increase in other financial liabilities	(2,949.13)	4,020.48
Increase in other non financial liabilities	(12.01)	-
<b>Cash generated from operations</b>	<b>(5,105.92)</b>	<b>(1,151.56)</b>
Income taxes paid (net)	(26.24)	254.67
<b>Net cash (used in) / generated from operating activities</b>	<b>(5,132.16)</b>	<b>(896.89)</b>
<b>Cash flow from investing activities</b>		
(Purchase) / Sale of property, plant and equipment	(1.04)	(11.90)
(Purchase) / Sale of intangibles assets	-	91.77
Repayment from Joint Venture	-	19.72
Investment in Alternative Investment Fund	-	(32.89)
Repayment of investments in Alternative Investment Fund	-	219.01
Purchase of investments	(899.96)	-
Interest income on term deposits	19.03	-
<b>Net cash (used in) / generated from investing activities</b>	<b>(881.97)</b>	<b>285.71</b>
<b>Cash flow from financing activities</b>		
Issue of equity shares (including securities premium)	1,337.84	25.69
Reversal of rent expense	-	-
Proceeds from borrowings (other than debt securities)	1,500.00	-
Repayment of borrowings (other than debt securities)	(79.97)	-
<b>Net cash (used in) / generated from generated from financing activities</b>	<b>2,757.87</b>	<b>25.69</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(3,256.26)</b>	<b>(585.49)</b>
Cash and cash equivalents at the beginning of the year	3,492.66	4,078.15
<b>Cash and cash equivalents at the end of the year (Refer note 2)</b>	<b>236.40</b>	<b>3,492.66</b>

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

**Notes:**

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

As per our report of even date

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

**Chartered Accountants**

ICAI Firm Registration No.: 101049W/E300004

For and on behalf of the Board of Directors of

**InCred Holdings Limited**

CIN: U67190MH2011PLC211738

**per Sarvesh Warty**

Partner

Membership No: 121411

**Bhupinder Singh**

Whole Time Director and CEO

DIN: 07342318

**Vivek Bansal**

Whole Time Director and CFO

DIN: 07835456

Place: Geiranger, Norway

Date: May 26, 2023

**Gajendra Thakur**

Company Secretary

Membership No: A19285

Place: Mumbai

Date: May 26, 2023

**InCred Holdings Limited***(formerly known as KKR Capital Markets India Limited)***Standalone Financial Statements****Statement of Changes in Equity for the year ended March 31, 2023****A. Equity share capital**

(Rs. in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Balance as at the beginning of the year	19,250.11	19,250.11
Changes in equity share capital during the year	40,273.43	-
Balance as at the end of the year	59,523.54	19,250.11

**B. Other equity**

(Rs. in lakhs)

Particulars	Reserves and Surplus				Total
	Securities premium	Capital Redemption Reserve	Share based payment reserve	Retained earnings	
<b>Balance at March 31, 2021</b>	<b>2,26,904.15</b>	<b>242.00</b>	<b>508.20</b>	<b>(1,29,230.36)</b>	<b>98,423.99</b>
Profit for the year	-	-	-	(6,515.77)	(6,515.77)
Other comprehensive income for the year	-	-	-	2.82	2.82
<b>Total comprehensive income for the year (net of tax)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(6,512.95)</b>	<b>(6,512.95)</b>
<b>Transfer / utilisations</b>					
Additions during the year	428.38	-	-	-	428.38
Share based payment expense	-	-	(508.20)	-	(508.20)
<b>Balance at March 31, 2022</b>	<b>2,27,332.53</b>	<b>242.00</b>	<b>-</b>	<b>(1,35,743.31)</b>	<b>91,831.22</b>
Profit for the year	-	-	-	(1,041.32)	(1,041.32)
Other comprehensive income for the year	-	-	-	-	-
<b>Total comprehensive income for the year (net of tax)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,041.32)</b>	<b>(1,041.32)</b>
<b>Transfer / utilisations</b>					
Additions during the year	969.07	-	3,758.07	-	4,727.14
Additions during the year (non-cash premium)	907.85	-	(907.85)	-	-
Bonus shares issued during the year	(917.76)	-	-	-	(917.76)
Utilized during the year	-	-	(17.06)	17.06	-
Additions due to business combination	87,826.31	-	3,892.72	-	91,719.03
<b>Balance at March 31, 2023</b>	<b>3,16,118.00</b>	<b>242.00</b>	<b>6,725.88</b>	<b>(1,36,767.57)</b>	<b>1,86,318.31</b>

Significant accounting policies and key accounting estimates and judgments 1

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

As per our report of even date

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

ICAI Firm Registration No.: 101049W/E300004

For and on behalf of the Board of Directors of

**InCred Holdings Limited**

CIN: U67190MH2011PLC211738

**per Sarvesh Warty***Partner*

Membership No: 121411

**Bhupinder Singh***Whole Time Director and CEO*

DIN: 07342318

**Vivek Bansal***Whole Time Director and CFO*

DIN: 07835456

Place: Geiranger, Norway

Date: May 26, 2023

**Gajendra Thakur***Company Secretary*

Membership No: A19285

Place: Mumbai

Date: May 26, 2023

# **InCred Holdings Limited**

*(formerly known as KKR Capital Markets India Limited)*

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

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

#### **A. Corporate Information**

InCred Holdings Limited (formerly known as “KKR Capital Markets India Limited”) (the Company), was incorporated as a private limited company on January 03, 2011 under the provisions of the Companies Act, 1956. The Company is registered with the Securities and Exchange Board of India as a 'Category I Merchant Banker' and the Company is engaged in providing investment advisory, investment management and finance arrangement services. The Company is converted to Public Company on July 08, 2022.

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 26, 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.

##### **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

##### **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.

# InCred Holdings Limited

(formerly known as KKR Capital Markets India Limited)

## Notes to the Standalone Financial Statements

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### Significant accounting estimates and judgements:

- i. Business model assessment
- ii. Fair value of financial instruments
- iii. Impairment of financial assets
- iv. Provision for tax expenses
- v. 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 Schedule III of the Companies Act, 2013, 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.

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

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

- *Level 1:* quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2:* inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e. derived from prices).

# InCred Holdings Limited

(formerly known as KKR Capital Markets India Limited)

## Notes to the Standalone Financial Statements

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- *Level 3*: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

## 2. Financial instruments

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

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

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

### i. Financial assets

#### Initial measurement

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

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

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

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



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## Notes to the Standalone Financial Statements

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### 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.

#### 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.

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### 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 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.

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.

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

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

### Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of Profit and Loss.

#### iv. **Offsetting of financial instruments**

A financial asset and a financial liability is offset and presented on net basis in the balance sheet when there is a current legally enforceable right to set-off the recognised amounts and it is intended to either settle on net basis or to realise the asset and settle the liability simultaneously.

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

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.

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## 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

Equity investments in subsidiaries, jointly controlled entities and associates are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in such entities, the difference between net disposal proceeds and the carrying amounts are recognized in the Statement of Profit and Loss.

### 5. Impairment of 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.

### 6. 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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### 7. 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.

### 8. 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 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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## Notes to the Standalone Financial Statements

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### 9. 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.

### 10. 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
Office equipment	3 years
Computers and printers	3 years
Leasehold improvements	amortised over the period of lease

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

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### 11. 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.

### 12. Impairment of non-financial assets

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

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

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

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



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

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### **13. 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.

### **14. Finance Cost**

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

### **15. 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.

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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.

## 16. 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.

## 17. 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.

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

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### **18. 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.

### **19. Segment Reporting**

The Company operates in a single reportable segment i.e., investment activity. The Company operates in a single geographical segment i.e. domestic.

### **20. 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.

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### **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.

## **21. 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.

## **22. 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 April 01, 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.

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#### **(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 April 01, 2023. The Company is currently assessing the impact of the amendments.

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### Notes to the Standalone Financial Statements

#### 2. Cash and cash equivalents

(Rs. in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Balances with banks	236.36	923.99
Fixed deposit with bank with original maturity of less than 3 months	-	2,568.67
<b>Total</b>	<b>236.36</b>	<b>3,492.66</b>

#### 3. Trade Receivables

(Rs. in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
(i) Undisputed Trade receivables – considered good (Outstanding for less than 6 months)	-	62.65
<b>Total</b>	<b>-</b>	<b>62.65</b>

(i) Trade receivables are non-interest bearing and are generally on payment terms of 30 to 90 days.

(ii) There are no trade receivables for which there has been a significant increase in credit risk or which have become credit impaired.

(iii) No trade receivables are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.

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## Notes to the Standalone Financial Statements

### 4. Investments

(Rs. in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
(A) At Fair Value Through Profit or Loss (FVTPL)		
- Mutual funds	901.66	-
- Investment in Alternative Investment Fund	397.07	397.07
(B) Others (At cost)		
- Subsidiaries (Refer Note 29)	3,79,057.65	2,44,619.50
- Convertible Preference Shares	-	-
<b>Total - Gross (C = A+B)</b>	<b>3,80,356.38</b>	<b>2,45,016.57</b>
Investments in India (D)	3,80,356.38	2,45,016.57
<b>Total - Gross (E)</b>	<b>3,80,356.38</b>	<b>2,45,016.57</b>
Less: Allowance for impairment loss others (F)	(1,38,240.00)	(1,38,240.00)
<b>Total - Net (G = E - F)</b>	<b>2,42,116.38</b>	<b>1,06,776.57</b>

Investment in Alternative Investment Funds (AIF) reflects the investment in KIDOF II. Refer Note no 40 for scheme of amalgamation.

### 5. 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)	1.50	25.51
Others	-	1.17
<b>Total</b>	<b>1.50</b>	<b>26.67</b>

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### 6. Deferred tax

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

(Rs. in lakhs)

Particulars	Net balance as at March 31, 2022	Recognised in profit or loss	Recognised in OCI	Net balance as at March 31, 2023
<b>Deferred tax assets</b>				
Provisions for employee benefit	40.67	(40.67)	-	-
Depreciation	20.84	7.66	-	28.50
Disallowance under section 40(a) of Income-tax Act, 1961	97.82	(97.82)	-	-
Loss on Investments at FVTPL	24.65	-	-	24.65
Carried forward Business Loss	1,810.61	(1,575.27)	-	235.34
Others	285.31	(54.39)	-	230.92
<b>(A)</b>	<b>2,279.90</b>	<b>(1,760.49)</b>	<b>-</b>	<b>519.42</b>
<b>Deferred tax liabilities</b>				
Deferred tax asset reserve	-	-	-	-
<b>(B)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred tax asset (net) (A-B)</b>	<b>2,279.90</b>	<b>(1,760.49)</b>	<b>-</b>	<b>519.42</b>

(Rs. in lakhs)

Particulars	Net balance as at March 31, 2021	Recognised in profit or loss	Recognised in OCI	Net balance as at March 31, 2022
<b>Deferred tax assets</b>				
Provisions for employee benefit	35.58	6.04	(0.95)	40.67
Depreciation	11.50	9.34	-	20.84
Disallowance under section 40(a) of Income-tax Act, 1961	38.50	59.32	-	97.82
Loss on Investments at FVTPL	24.47	0.18	-	24.65
Carried forward Business Loss	530.20	1,280.41	-	1,810.61
Others	-	285.31	-	285.31
<b>(A)</b>	<b>640.25</b>	<b>1,640.59</b>	<b>(0.95)</b>	<b>2,279.90</b>
<b>Deferred tax liabilities</b>				
Deferred tax asset reserve*	(613.39)	613.39	-	-
<b>(B)</b>	<b>(613.39)</b>	<b>613.39</b>	<b>-</b>	<b>-</b>
<b>Deferred tax asset (net) (A-B)</b>	<b>26.86</b>	<b>2,253.98</b>	<b>(0.95)</b>	<b>2,279.90</b>

\*The Company has recognised deferred tax assets on carried forward tax losses with respect Financial Year (FY) 2019-20, FY 2020-21 and tax losses incurred in FY 2021-22 . A composite scheme of arrangement has been filed between KKR Capital Markets India Private Limited (KCM) , KKR India Financial Services Limited (KIFSL), Incred Financial Services Limited (IFSL or Incred), Bee Finance Limited(BFL), and their respective shareholders with NCLT Mumbai on September 27, 2021. The resultant entity (post the reorganization subject to necessary approvals) is expected to use the brand name 'InCred Financial Services Ltd' (Incred) and will be spearheaded by the current leadership team of Incred. A consortium led by KKR and comprising existing investors in KIFS will retain a significant minority stake. Based on representation by Incred, the Company believes the said deferred tax assets shall be recoverable based on the estimated future taxable income of the new demerged Company .The losses are allowed to be carried forward to the years in which based on the representation by Incred ,the Company expects that there will be sufficient taxable profits to offset these losses.



**InCred Holdings Limited***(formerly known as KKR Capital Markets India Limited)***Notes to the Standalone Financial Statements****7. Property, plant and equipment**

(Rs. in lakhs)

Particulars	Leasehold Improvements	Office equipment	Computer & Printer	Right-of-use assets**	Total
<b>Year ended March 31, 2022</b>					
At carrying cost at the beginning of the year	1.73	14.19	18.71	207.26	241.89
Additions during the year	-	0.72	-	-	0.72
Disposals	(1.73)	(14.90)	(18.71)	(207.26)	(242.61)
<b>Gross carrying value as March 31, 2022</b>	-	-	-	-	-
Accumulated depreciation as at the beginning of the year	1.73	12.00	17.70	75.81	107.25
Depreciation for the year	-	1.50	0.60	41.51	43.61
Disposals	(1.73)	(13.50)	(18.30)	(117.32)	(150.86)
<b>Accumulated depreciation as at March 31, 2022</b>	-	-	-	-	-
<b>Net carrying value as at March 31, 2022</b>	-	-	-	-	-
<b>Year ended March 31, 2023</b>					
At carrying cost at the beginning of the year	-	-	-	-	-
Additions during the year	-	-	1.04	-	1.04
Disposals	-	-	-	-	-
<b>Gross carrying value as March 31, 2023</b>	-	-	1.04	-	1.04
Accumulated depreciation as at the beginning of the year	-	-	-	-	-
Depreciation for the year	-	-	0.09	-	0.09
Disposals	-	-	-	-	-
<b>Accumulated depreciation as at March 31, 2023</b>	-	-	0.09	-	0.09
<b>Net carrying value as at March 31, 2023</b>	-	-	0.95	-	0.95

\*\* Refer Note 33 for recognition of right-of-use assets

# InCred Holdings Limited

(formerly known as KKR Capital Markets India Limited)

## Notes to the Standalone Financial Statements

### 8. Other intangible assets

(Rs. in lakhs)

Particulars	Computer software
<b>Year ended March 31, 2022</b>	
At cost at the beginning of the year	154.39
Additions during the year	63.90
<b>Gross carrying value as March 31, 2022</b>	<b>218.29</b>
<b>Accumulated amortisation:</b>	
Accumulated amortisation as at the beginning of the year	102.73
Amortisation for the year	72.74
<b>Accumulated amortisation as at March 31, 2022</b>	<b>175.46</b>
<b>Net carrying value as at March 31, 2022</b>	<b>42.82</b>
<b>Year ended March 31, 2023</b>	
At cost at the beginning of the year	218.29
Additions during the year	-
<b>Gross carrying value as March 31, 2023</b>	<b>218.29</b>
<b>Accumulated amortisation:</b>	
Accumulated amortisation as at the beginning of the year	175.46
Amortisation for the year	42.83
<b>Accumulated amortisation as at March 31, 2023</b>	<b>218.29</b>
<b>Net carrying value as at March 31, 2023</b>	<b>-</b>

### 9. Other non-financial assets

(Rs. in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
	Amortised cost	Amortised cost
Prepaid expenses	18.34	14.61
Advances to vendors	2.31	-
Advance against purchase of property	3,000.00	1,749.01
GST receivable	372.07	146.22
<b>Total</b>	<b>3,392.72</b>	<b>1,909.84</b>

## InCred Holdings Limited

(formerly known as KKR Capital Markets India Limited)

### Notes to the Standalone Financial Statements

#### 10. Trade Payable

Particulars	(Rs. in lakhs)	
	As at March 31, 2023	As at March 31, 2022
	Amortised cost	Amortised cost
Total outstanding dues of micro enterprises and small enterprises	-	0.25
Total outstanding dues of creditors other than micro enterprises and small enterprises	-	1,502.46
<b>Total</b>	<b>-</b>	<b>1,502.71</b>
Debt securities in India	-	1,502.71
Debt securities outside India	-	-
<b>Total</b>	<b>-</b>	<b>1,502.71</b>

(Rs. In lakhs)

Particulars	Unbilled payables	Not due	Outstanding for following periods from due date of payment as at March 31, 2023						Total
			Less than 1 year	1-2 years	2-3 years	More than 3 Years			
(i) MSME	-	-	-	-	-	-	-	-	-
(ii) Others	-	-	-	-	-	-	-	-	-
(iii) Disputed Dues - MSME	-	-	-	-	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

(Rs. In lakhs)

Particulars	Unbilled payables	Not due	Outstanding for following periods from due date of payment as at March 31, 2022						Total
			Less than 1 year	1-2 years	2-3 years	More than 3 Years			
(i) MSME	0.25	-	-	-	-	-	-	-	0.25
(ii) Others	88.66	1375.75	38.06	-	-	-	-	-	1,502.46
(iii) Disputed Dues - MSME	-	-	-	-	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>88.96</b>	<b>1,375.75</b>	<b>38.06</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,502.76</b>

There are no significant dues to Micro and Small Enterprises as at March 31, 2023. Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management.

# InCred Holdings Limited

(formerly known as KKR Capital Markets India Limited)

## Notes to the Standalone Financial Statements

### 11. Borrowings (other than debt securities)

(Rs. in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
	Amortised cost	Amortised cost
(a) Inter corporate borrowings from related parties	1,500.00	-
<b>Total</b>	<b>1,500.00</b>	<b>-</b>
Borrowings in India	1,500.00	-
Borrowings outside India	-	-
<b>Total</b>	<b>1,500.00</b>	<b>-</b>

### 12. Other financial liabilities

(Rs. in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
	Amortised cost	Amortised cost
Refund of Investment Management Fees-KIDOF II (Refer Note 43)	-	2,631.12
Reimbursement of expenses-KIDOF II (Refer Note 43)	-	1,301.96
Reserves - KIDF I & KIDOF III	181.25	215.73
Employee benefits payable	-	115.01
Expenses payable	466.09	-
Inter Company Payable	667.33	-
<b>Total</b>	<b>1,314.67</b>	<b>4,263.81</b>

### 13. Provisions

(Rs. in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits	-	68.34
<b>Total</b>	<b>-</b>	<b>68.34</b>

### 14. Other non-financial liabilities

(Rs. in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Statutory dues payable	48.29	60.30
<b>Total</b>	<b>48.29</b>	<b>60.30</b>

**InCred Holdings Limited***(formerly known as KKR Capital Markets India Limited)***Notes to the Standalone Financial Statements****15. Equity share capital**

(Rs. in lakhs)

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number	Amount	Number	Amount
<b>Authorised Capital</b>				
Equity shares of Rs. 10/- each	70,00,00,000	70,000.00	20,00,00,000	20,000.00
<b>Total</b>	<b>70,00,00,000</b>	<b>70,000.00</b>	<b>20,00,00,000</b>	<b>20,000.00</b>
<b>Issued, subscribed and paid up capital</b>				
Equity Shares of Rs. 10/- each fully paid up	59,52,35,388	59,523.54	19,27,58,503	19,275.85
<b>Total</b>	<b>59,52,35,388</b>	<b>59,523.54</b>	<b>19,27,58,503</b>	<b>19,275.85</b>

*\*Refer Note No 1 and 40 for details of the Scheme of Arrangement.***Terms/rights attached to equity shares**

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

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

**Equity shares held by holding company**

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

(Rs. in lakhs)

Name of shareholder	As at March 31, 2023		As at March 31, 2022	
	No. of shares held	Amount	No. of shares held	Amount
KKR India Financial Investments Pte. Ltd*	NA	NA	19,14,66,963	99.33%
<b>Total</b>	<b>NA</b>	<b>NA</b>	<b>19,14,66,963</b>	<b>99.33%</b>

*\*Refer note 40 for scheme of Amalgamation***Equity shares held by promoters of the company**

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

(Rs. in lakhs)

Name of shareholder	As at March 31, 2023		As at March 31, 2022	
	No. of shares held	% of shares held	No. of shares held	% of shares held
KKR India Financial Investments Pte. Ltd	-	-	19,14,66,963	99.33%
B Singh Holdings	10,95,05,412	18.40%	-	-
Bhupinder Singh	13,69,554	0.23%	-	-
<b>Total</b>	<b>11,08,74,966</b>	<b>18.63%</b>	<b>19,14,66,963</b>	<b>99.33%</b>

**InCred Holdings Limited***(formerly known as KKR Capital Markets India Limited)***Notes to the Standalone Financial Statements****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
KKR India Financial Investments Pte. Ltd	20,05,83,134	33.70%	19,14,66,963	99.33%
B Singh Holdings	10,95,05,412	18.40%	-	-
MNI Ventures	6,30,13,917	10.59%	-	-
<b>Total</b>	<b>37,31,02,463</b>	<b>62.68%</b>	<b>19,14,66,963</b>	<b>99.33%</b>

**Aggregate number of shares issued for consideration other than cash during the period for a period of five years immediately preceding**

During the current financial year the Group has issued following equity shares for consideration other than cash (Previous year: Nil).

Particulars	As at March 31, 2023	
	Number	Amount
Bonus Shares issued during the year	91,77,664	917.77
Preference shares converted into equity shares*	38,96,11,599	59,523.54
<b>Total</b>	<b>39,87,89,263</b>	<b>60,441.31</b>

\*As per the consideration clause of the Scheme, 75,58,46,578 compulsorily convertible preference shares ("CCPS") were allotted to the shareholders of InCred Prime Finance Limited (formerly known as InCred Financial Services Limited) ("IPFL") and Bee Finance Limited ("BFL") on November 1, 2022. These CCPS were converted into 38,96,11,599 equity shares on the basis of conversion ratio of 1:0.515464. on November 02, 2022- Refer note 40 for details of scheme of amalgamation.

**Equity shares reconciliation**

(Rs. in lakhs)

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number	Amount	Number	Amount
At the beginning of the year	19,27,58,503	19,275.85	19,25,01,144	19,250.11
Add: Issued during the year				
Shares issued during the year	91,77,664	917.77	2,57,359	25.74
Stock options exercised during the year	36,87,622	368.76	-	-
Preference shares converted into equity shares	38,96,11,599	38,961.16	-	-
<b>At the end of the year</b>	<b>59,52,35,388</b>	<b>59,523.54</b>	<b>19,27,58,503</b>	<b>19,275.85</b>

# InCred Holdings Limited

(formerly known as KKR Capital Markets India Limited)

## Notes to the Standalone Financial Statements

### 16. Other Equity

(Rs. in lakhs)

Particulars	Reserves and Surplus				Total
	Securities premium	Capital Redemption Reserve	Share based payment reserve	Retained earnings	
<b>Balance at March 31, 2021</b>	<b>2,26,904.15</b>	<b>242.00</b>	<b>508.20</b>	<b>(1,29,230.36)</b>	<b>98,423.99</b>
Profit for the year	-	-	-	(6,515.77)	(6,515.77)
Other comprehensive income for the year	-	-	-	2.82	2.82
<b>Total comprehensive income for the year (net of tax)</b>				<b>(6,512.95)</b>	<b>(6,512.95)</b>
<b>Transfer / utilisations</b>					
Additions during the year	428.38	-	-	-	428.38
Share based payment expense	-	-	(508.20)	-	(508.20)
<b>Balance at March 31, 2022</b>	<b>2,27,332.53</b>	<b>242.00</b>	<b>-</b>	<b>(1,35,743.31)</b>	<b>91,831.22</b>
Profit for the year	-	-	-	(1,041.32)	(1,041.32)
Other comprehensive income for the year	-	-	-	-	-
<b>Total comprehensive income for the year (net of tax)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,041.32)</b>	<b>(1,041.32)</b>
<b>Transfer / utilisations</b>					
Additions during the year	969.07	-	3,758.07	-	4,727.14
Additions during the year (non-cash premium)	907.85	-	(907.85)	-	-
Bonus shares issued during the year	(917.76)	-	-	-	(917.76)
Utilized during the year	-	-	(17.06)	17.06	-
Additions due to business combination	87,826.31	-	3,892.72	-	91,719.03
<b>Balance at March 31, 2023</b>	<b>3,16,118.00</b>	<b>242.00</b>	<b>6,725.88</b>	<b>(1,36,767.57)</b>	<b>1,86,318.31</b>

#### Nature and purpose of each reserves:

**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.

**Share based payment reserve** - The share based payment reserve is used to recognise the grant date fair value of options issued to employees of the company and its subsidiaries under stock option schemes of the Company. During the current year, the Holding Company has adopted new ESOP Scheme. Refer Note no 31.

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

**Capital Redemption Reserve** - Reserve created on buy back of equity shares as per Companies Act, 2013.

## InCred Holdings Limited

(formerly known as KKR Capital Markets India Limited)

### Notes to the Standalone Financial Statements

#### 17. 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 deposits with banks	19.03	90.88
<b>Total</b>	<b>19.03</b>	<b>90.88</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 March 31, 2023 and March 31, 2022.

#### 18. Fees and commission income

(Rs. in lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Investment advisory fees	-	165.00
Investment management fees (Refer note 43)	89.05	214.30
<b>Total</b>	<b>89.05</b>	<b>379.30</b>
<b>Geographical Markets</b>		
Within India	89.05	379.30
Outside India	-	-
<b>Total</b>	<b>89.05</b>	<b>379.30</b>
<b>Timing of revenue recognition</b>		
Services transferred at a point in time	89.05	379.30
Services transferred over time	-	-
<b>Total</b>	<b>89.05</b>	<b>379.30</b>

#### 19. Net gain/ (loss) on fair value changes

(Rs. in lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Net gain/ (loss) on financial instruments at fair value through profit or loss		
-Investments	1.70	(0.70)
<b>Total</b>	<b>1.70</b>	<b>(0.70)</b>
Fair value changes:		
-Realised	-	-
-Unrealised	1.70	(0.70)

#### 20. Other income

(Rs. in lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Service Fee Income	83.92	-
Income from units in Alternative Investment Funds	-	28.92
Discount value of future rent	-	1.68
Gain on termination of lease	-	19.21
Bad debt recovery	-	7.47
Interest on Income Tax refund	-	30.50
<b>Total</b>	<b>83.92</b>	<b>87.78</b>



# InCred Holdings Limited

(formerly known as KKR Capital Markets India Limited)

## Notes to the Standalone Financial Statements

### 21. 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 Inter Corporate Debts ("ICD")	79.97	-
(ii) Interest on lease liability (Refer Note 33)	-	11.82
<b>Total</b>	<b>79.97</b>	<b>11.82</b>

### 22. 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) Others - Provision for Advance against property	(1,250.99)	1,500.00
<b>Total</b>	<b>(1,250.99)</b>	<b>1,500.00</b>

### 23. Employee benefits expenses

(Rs. in lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Salaries and wages	69.62	449.20
Contribution to provident and other funds	8.05	23.24
Share based payment to employees (Refer Note 31)	-	6.90
Staff welfare expenses	(2.02)	39.48
Retirement Benefit expenses (Refer Note 30)	(68.34)	21.55
Others	-	-
<b>Total</b>	<b>7.31</b>	<b>540.37</b>

## InCred Holdings Limited

(formerly known as KKR Capital Markets India Limited)

### Notes to the Standalone Financial Statements

#### 24. Other expenses

(Rs. in lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Legal, professional and consultancy charges	537.86	2,306.00
Office Expense	0.10	37.22
Travelling and conveyance	1.30	5.17
Payment to auditors	15.00	12.50
Directors' sitting fees (Refer Note 29)	19.80	-
Stamp Duty & Filing fees	0.04	-
Bank charges	0.79	-
Repairs and maintenance	-	0.16
Rent (Refer Note 33)	0.30	-
Membership and Subscription	-	1.71
Investment written off (including accrued interest)	-	785.28
Refund of Investment Management Fees-KIDOF II (Refer Note 43)	-	2,631.12
Reimbursement of expenses-KIDOF II (Refer Note 43)	-	1,301.96
Miscellaneous expenses	20.13	38.72
<b>Total</b>	<b>595.32</b>	<b>7,119.84</b>

#### Payment to the auditors:

(Rs. in lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Auditor's remuneration		
- Audit fees	15.00	11.50
- Limited review	-	
- Tax audit	-	1.00
<b>Total</b>	<b>15.00</b>	<b>12.50</b>

**Notes to the Standalone Financial Statements**

**25. Tax expense**

**(a) Amounts recognised in profit and loss**

(Rs. in lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
<b>Current tax expense</b>		
Current year	-	-
Current tax expense	-	-
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	1,760.55	(2,253.94)
<b>Deferred tax expense</b>	<b>1,760.55</b>	<b>(2,253.94)</b>
<b>Tax expense for the year</b>	<b>1,760.55</b>	<b>(2,253.94)</b>

**(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
<b>Items that will not be reclassified to profit or loss</b>						
(a) Remeasurements of defined benefit liability (asset)	-	-	-	3.77	(0.95)	2.82
(b) Equity instruments through other comprehensive income	-	-	-	-	-	-
	-	-	-	<b>3.77</b>	<b>(0.95)</b>	<b>2.82</b>

**(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
<b>Profit before tax as per Statement of profit and loss (A)</b>	719.23	(8,769.71)
<b>Statutory tax rate</b>	25.17%	25.17%
<b>Tax using the Company's domestic tax rate (B)</b>	181.03	(2,207.34)
<b>Tax effect of:</b>		
DTA Reserve	-	(613.39)
Tax effects of amounts which are disallowed for taxable income	-	245.56
Tax on temporary differences on which deferred tax is either not created or reversed due to no reasonable certainty of future profits	1,579.67	165.89
Tax adjustment for earlier years	-	155.33
<b>Effective tax amount</b>	<b>1,760.70</b>	<b>(2,253.94)</b>
<b>Effective tax rate</b>	<b>244.80%</b>	<b>25.70%</b>

**InCred Holdings Limited***(formerly known as KKR Capital Markets India Limited)***Notes to the Standalone Financial Statements****26. Earnings per share**

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

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

(Rs. in lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Profit attributable to equity holders of the Company used in calculating basic earnings per share	(1,041.32)	(6,515.77)
Profit attributable to equity holders of the Company used in calculating diluted earnings per share	(1,041.32)	(6,515.77)

**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)	59,09,17,857	20,17,31,236
Adjustments for calculation of diluted earnings per share (B)	99,97,268	-
Weighted average number of equity shares and potential equity shares used as the denominator in calculating diluted earnings per share (A+B)	60,09,15,125	20,17,31,236
<b>Basic earnings per share</b>	<b>(0.18)</b>	<b>(3.23)</b>
<b>Diluted earnings per share</b>	<b>(0.17)</b>	<b>(3.23)</b>

*Refer Note No 40 - Composite Scheme of Arrangement*

**InCred Holdings Limited**  
(formerly known as KKR Capital Markets India Limited)

**Notes to the Standalone Financial Statements**

**27. Fair Value Measurements**

**A. Accounting classification**

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

(Rs. in lakhs)

Particulars	As at March 31, 2023				As at March 31, 2022			
	FVTPL	FVOCI	Amortised Cost	Total	FVTPL	FVOCI	Amortised Cost	Total
<b>Financial assets</b>								
Cash and cash equivalents	-	-	236.36	236.36	-	-	3,492.66	3,492.66
Trade receivables	-	-	-	-	-	-	62.65	62.65
<b>Investments</b>								
-Mutual funds	901.66	-	-	901.66	-	-	-	-
-Alternative Investment Funds	397.07	-	-	397.07	397.07	-	-	397.07
Other financial assets	-	-	1.50	1.50	-	-	26.67	26.67
<b>Total financial assets</b>	<b>1,298.73</b>	<b>-</b>	<b>237.86</b>	<b>1,536.59</b>	<b>397.07</b>	<b>-</b>	<b>3,581.98</b>	<b>3,979.06</b>
<b>Financial liabilities</b>								
Trade Payables	-	-	-	-	-	-	1,502.71	1,502.71
Borrowings (other than debt securities)	-	-	1,500.00	1,500.00	-	-	-	-
Other financial liabilities	-	-	1,314.67	1,314.67	-	-	4,263.81	4,263.81
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>2,814.67</b>	<b>2,814.67</b>	<b>-</b>	<b>-</b>	<b>5,766.53</b>	<b>5,766.53</b>

Note: Investment carried at cost amounting to Rs. 2,40,817.65 lakhs (Previous year: Rs. 1,06,379.50 lakhs) is carried at cost (less impairment) in accordance with Ind AS 27 and does not form part of the above.

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	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Cash and cash equivalents	236.36	-	-	236.36	3,492.66	-	-	3,492.66
Trade receivables	-	-	-	-	62.65	-	-	62.65
Investments	901.66	-	-	901.66	-	-	-	-
Alternative Investment Funds	397.07	-	-	397.07	-	-	-	-
Other financial assets	1.50	-	-	1.50	26.67	-	-	26.67
<b>Total</b>	<b>1,536.59</b>	<b>-</b>	<b>-</b>	<b>1,536.59</b>	<b>3,581.98</b>	<b>-</b>	<b>-</b>	<b>3,581.98</b>
<b>Financial Liabilities</b>								
Trade Payables	-	-	-	-	1,502.71	-	-	1,502.71
Borrowings (other than debt securities)	-	-	1,500.00	1,500.00	-	-	-	-
Other financial liabilities	1,314.67	-	-	1,314.67	4,263.81	-	-	4,263.81
<b>Total</b>	<b>1,314.67</b>	<b>-</b>	<b>1,500.00</b>	<b>2,814.67</b>	<b>5,766.53</b>	<b>-</b>	<b>-</b>	<b>5,766.53</b>

**InCred Holdings Limited**  
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**Notes to the Standalone Financial Statements**

(Rs. in lakhs)

Particulars	As at March 31, 2023		As at March 31, 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<b>Financial assets</b>				
Cash and cash equivalents	236.36	236.36	3,492.66	3,492.66
Trade receivables	-	-	62.65	62.65
<b>Investments</b>				
-Mutual funds	901.66	901.66	-	-
-Alternative Investment Funds	397.07	397.07	397.07	397.07
Other financial assets	1.50	1.50	26.67	26.67
<b>Total</b>	<b>1,536.59</b>	<b>1,536.59</b>	<b>3,979.06</b>	<b>3,979.06</b>
<b>Financial liabilities</b>				
Trade Payables	-	-	1,502.71	1,502.71
Borrowings (other than debt securities)	1,500.00	1,500.00	-	-
Other financial liabilities	1,314.67	1,314.67	4,263.81	4,263.81
<b>Total</b>	<b>2,814.67</b>	<b>2,814.67</b>	<b>5,766.53</b>	<b>5,766.53</b>

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. 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.

**iii. Borrowings:**

The company has inter-corporate borrowings from its subsidiary company at fixed interest rate for operational activities and hence the carrying amount of these financial instruments is considered to be a reasonable approximation of fair value.

**iv. Other financial liabilities:**

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

**Financial instruments held at fair value**

**i. Investment in mutual fund:**

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

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

There are no changes in level 3 items for the year ended March 31, 2023 and March 31, 2022

**InCred Holdings Limited**

*(formerly known as KKR Capital Markets India Limited)*

**Notes to the Standalone Financial Statements****28. 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 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 in simple terms is the risk of borrowers / obligors ability to honour their obligations in timely manner and the loss that may be incurred by the Company in the event of the failure of borrowers to meet their repayment obligations.

**InCred Holdings Limited***(formerly known as KKR Capital Markets India Limited)***Notes to the Standalone Financial Statements****28. Financial risk management (continued)****B. Liquidity risk**

Liquidity Risk refers to insufficiency of funds to meet the financial obligations. Liquidity Risk Management implies maintenance of sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit lines to meet obligations when due. The Company 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 following tables detail the Company's remaining contractual maturity for its financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of the financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the rate applicable as of reporting period ends respectively has been considered.

**As at March 31, 2023**

(Rs. in lakhs)

Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
<b>Maturities of financial liabilities</b>							
Trade Payables	10	-	-	-	-	-	-
Borrowings (other than debt securities)	11	1,500.00	(1,631.25)	(105.00)	(1,526.25)	-	-
Other financial liabilities	12	1,314.67	(1,314.67)	(1,314.67)	-	-	-
<b>Total</b>		<b>2,814.67</b>	<b>(2,945.92)</b>	<b>(1,419.67)</b>	<b>(1,526.25)</b>	<b>-</b>	<b>-</b>



**InCred Holdings Limited**
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**Notes to the Standalone Financial Statements**
**As at March 31, 2022**

(Rs. in lakhs)

Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
<b>Maturities of financial liabilities</b>							
Trade Payables	10	1,502.71	(1,502.70)	(1,502.71)	-	-	-
Borrowings (other than debt securities)	11	-	-	-	-	-	-
Other financial liabilities	12	4,263.81	(4,263.81)	(4,263.81)	-	-	-
<b>Total</b>		<b>5,766.53</b>	<b>(5,766.52)</b>	<b>(5,766.53)</b>	<b>-</b>	<b>-</b>	<b>-</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**

(Rs. in lakhs)

Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
<b>Maturities of financial assets</b>							
Cash and cash equivalents	2	236.36	236.36	236.36	-	-	-
Trade Receivables	3	-	-	-	-	-	-
Investments (other than investments at cost)	4	1,298.73	1,298.73	1,298.73	-	-	-
Other financial assets	5	1.50	1.50	1.50	-	-	-
<b>Total</b>		<b>1,536.59</b>	<b>1,536.59</b>	<b>1,536.59</b>	<b>-</b>	<b>-</b>	<b>-</b>

**As at March 31, 2022**

(Rs. in lakhs)

Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
<b>Maturities of financial assets</b>							
Cash and cash equivalents	2	3,492.66	3,492.66	3,492.66	-	-	-
Trade receivables	3	62.65	62.65	62.65	-	-	-
Investments (other than subsidiaries)	4	397.07	397.07	-	397.07	-	-
Other financial assets	5	26.67	26.67	26.67	-	-	-
<b>Total</b>		<b>3,979.06</b>	<b>3,979.05</b>	<b>3,581.98</b>	<b>397.07</b>	<b>-</b>	<b>-</b>

**InCred Holdings Limited**

*(formerly known as KKR Capital Markets India Limited)*

**Notes to the Standalone Financial Statements****28. 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.

**Exposure to interest rate risk**

Company's interest rate risk arises majorly from borrowings, loans and investments. The company only has inter corporate borrowings at fixed rate and hence there is no exposure to interest rate risk.

**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.

**D. Other Price risk**

The Group is exposed to price risk arising from investment in mutual funds and classified in the balance sheet at fair value through profit & loss. If the NAV of the mutual fund had been higher/lower by 1% from market price existing as at March 31, 2023, profit or loss(pre-tax) for the year ended March 31, 2023 would increase/decrease by Rs. 0.02 lakhs (Previous Year: Nil) with a corresponding increase/decrease in the Total Equity of the Group as at March 31, 2023.

**E. Foreign Currency Risk**

The Company is not exposed to any foreign currency risk.

**InCred Holdings Limited***(formerly known as KKR Capital Markets India Limited)***Notes to the Standalone Financial Statements****29. Related party disclosures****Key managerial personnel ("KMP")**

Name of the KMP	Designation	Nature of change (resignation, appointment)	Effective date
Mr. Anil Nagu	Wholetime Director & CFO	Resignation	26.07.2022
Mr. Brian Wesley Dillard	Non-Executive Director	Resignation	26.07.2022
Mr. Richard Holden	Non-Executive Director	Resignation	26.07.2022
Mr. Karthik Krishna	Non-Executive Director	Resignation	26.07.2022
Mr. Bhupinder Singh	Wholetime Director & CEO	Appointment	26.07.2022
Mr. Vivek Bansal	Wholetime Director & CFO	Appointment	26.07.2022
Mr. Gaurav Trehan	Non-Executive Director	Appointment	26.07.2022
Mr. Sanjay Nayar	Non-Executive Director	Appointment	26.07.2022
Mr. Vivek Anand PS	Non-Executive Director	Appointment	26.07.2022
Ms. Rupa Vora	Independent Director	Appointment	26.07.2022
Mr. Karnam Sekar	Independent Director	Appointment	26.07.2022
Mr. Debashish Dutta Gupta	Independent Director	Appointment	26.07.2022
Mr. Sanjay Nayar	Non-Executive Director	Resignation	21.03.2023
Mr. Debashish Dutta Gupta	Independent Director	Resignation	30.03.2023
Mr. Rohan Suri	Non-Executive Director	Appointment	30.03.2023
Mr. Binoy Parikh	Company Secretary	Resignation	26.07.2022
Mr. Gajendra Thakur	Company Secretary	Appointment	26.07.2022

*On account of the effectiveness of the Composite Scheme of amalgamation and arrangement amongst InCred Holdings Limited (formerly 'KKR Capital Markets India Limited'), Bee Finance Limited, InCred Financial Services Limited (formerly 'KKR India Financial Services Limited') ('the Company'), InCred Prime Finance Limited (formerly 'InCred Financial Services Limited') and their respective shareholders on July 26, 2022, which was approved by the National Company Law Tribunal vide its order dated May 6, 2022, the Director and KMP of the Company has been changed.*

**InCred Holdings Limited***(formerly known as KKR Capital Markets India Limited)*

<b>Names of related parties</b>	<b>Description of Relationship</b>
Kohlberg Kravis Roberts & Co. L.P.	Ultimate Holding Company (upto July 25, 2022)
KKR India Financial Investments Pte Limited	Holding Company (upto July 25, 2022)
KKR India Finance Holding LLC	Company having significant influence over the Company (upto July 25, 2022)
KKR India Debt Fund I	Fund over which the Company is able to exercise significant influence (upto July 14, 2022)
KKR India Debt Opportunities Fund III	Fund over which the Company is able to exercise significant influence (upto July 14, 2022)
KKR India Debt Opportunities Fund II	Fund over which the Company is able to exercise significant influence
KKR Asia Limited	Fellow subsidiary (upto July 25, 2022)
KKR India Advisors Private Limited	Fellow subsidiary (upto July 25, 2022)
InCred Capital Financial Services Private Limited (Formerly known as Proud Securities Private Limited)	Enterprises where key management personnel exercises significant influence (w.e.f. July 26, 2022)
InCred Wealth Private Limited (Formerly known as InCred Capital Inclusion Advisory Private Limited)	Enterprises where key management personnel exercises significant influence (w.e.f. July 26, 2022)
InCred Asset Management Private Limited (Formerly known as InCred Capital Investment Advisors and Managers Private Limited)	Enterprises where key management personnel exercises significant influence (w.e.f. July 26, 2022)
InCred Capital Wealth Portfolio Managers Private Limited (Formerly known as BSH Corporate Advisors and Consultants Private Limited)	Enterprises where key management personnel exercises significant influence (w.e.f. July 26, 2022)
InCred Research Services Private Limited (Formerly known as Earnest Innovation Partners Private Limited)	Enterprises where key management personnel exercises significant influence (w.e.f. July 26, 2022)
InCred Alternative Investments Private Limited	Enterprises where key management personnel exercises significant influence (w.e.f. July 26, 2022)
InCred Wealth and Investment Private Limited	Enterprises where key management personnel exercises significant influence (w.e.f. July 26, 2022)
InCred Capital Wealth Portfolio Managers Private Limited (Formerly known as BSH Corporate Advisors and Consultants Private Limited)	Enterprises where key management personnel exercises significant influence (w.e.f. July 26, 2022)
InCred Research Services Private Limited (Formerly known as Earnest Innovation Partners Private Limited)	Enterprises where key management personnel exercises significant influence (w.e.f. July 26, 2022)
InCred Alternative Investments Private Limited	Enterprises where key management personnel exercises significant influence (w.e.f. July 26, 2022)
InCred Wealth and Investment Private Limited	Enterprises where key management personnel exercises significant influence (w.e.f. July 26, 2022)

**InCred Holdings Limited***(formerly known as KKR Capital Markets India Limited)***Direct subsidiaries:**

Name of subsidiaries	Country of Incorporation	Principal place of business	Proportion of ownership interest	
			As at March 31, 2023	As at March 31, 2022
InCred Prime Finance Limited <i>(formerly known as InCred Financial Services Limited)*</i>	India	Mumbai	100.00%	NA
InCred Financial Services Limited <i>(formerly known as KKR India Financial Services Limited)*</i>	India	Mumbai	100.00%	100.00%

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

**Step down 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%	100.00%
Booth Fintech Private Limited	India	Mumbai	100.00%	100.00%
Incred.AI Limited	India	Mumbai	100.00%	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 associate	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	47.39%

**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%	47.39%

**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	-	-
Directors' sitting fees	19.80	-

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.

(Rs. in lakhs)

[illegible]

(Rs. In lakhs)

1. Related parties have been identified by the management.  
2. Figures in brackets pertain to those of the previous year.

**Notes to the Standalone Financial Statements**

**30. Employee benefits**

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

(Rs. in lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Provident fund and other funds	8.05	23.24

**2. Gratuity**

Every employee who will complete five years or more of service gets a gratuity on departure at 15 days salary (last drawn) for each completed year of service as per Payment of Gratuity Act, 1972.

**Table showing change in the present value of projected benefit obligation**

(Rs. in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Change in benefit obligations</b>		
Present value of benefit obligation at the beginning of the year	20.04	20.22
Interest cost	-	1.18
Current Service cost	(20.04)	2.42
Past Service cost - incurred during the period	-	-
Benefit Paid Directly by the Employer	-	-
Actuarial Loss / (Gains) on Obligations - Due to Change in Demographic Assumptions	-	-
Actuarial Loss / (Gains) on Obligations - Due to Change in Financial Assumptions	-	-
Actuarial Losses on Obligations - Due to Experience	-	(3.77)
<b>Liability at the end of the year</b>	<b>-</b>	<b>20.04</b>

**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	-	(20.04)
<b>Fair value of plan assets at the end of the year</b>		
Funded Status (Deficit)	-	(20.04)
<b>Net (Liability)/Asset Recognized in the Balance Sheet</b>	<b>-</b>	<b>(20.04)</b>

**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	(20.04)	2.42
Interest cost	-	1.18
Benefit Paid Directly by the Employer	-	-
<b>Expenses recognised</b>	<b>(20.04)</b>	<b>3.60</b>

**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	-	(3.77)
<b>Net Loss / (Income) for the year recognized in OCI</b>	<b>-</b>	<b>(3.77)</b>

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	N.A	4.56%
Salary escalation rate	N.A	6.00%
Expected Rate of return on Plan Assets	N.A	N.A
Rate of Employee Turnover	N.A	20%
Retirement Age	N.A	60 years
Mortality Rate during employment	N.A	Indian Assured Lives (2012-14) Urban



**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
<b>Opening net liability</b>	<b>20.04</b>	<b>20.22</b>
Expenses recognized in Statement of Profit and Loss	(20.04)	3.60
Expenses recognized in OCI	-	(3.78)
Benefit Paid Directly by the Employer	-	-
<b>Net liability recognized in the Balance Sheet</b>	<b>-</b>	<b>20.04</b>

**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
<b>Projected benefits payable in future years from the date of reporting</b>		
1st following year	-	20.04
2nd following year	-	-
3rd following year	-	-
4th following year	-	-
5th following year	-	-
Sum of years 6 to 10	-	-
Sum of years 11 and above	-	-

**Sensitivity analysis**

(Rs. in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Projected benefit obligation on current assumptions</b>	-	20.04
Delta effect of +1% change in rate of discounting	-	-
Delta effect of -1% change in rate of discounting	-	-
Delta effect of +1% change in rate of salary increase	-	-
Delta effect of -1% change in rate of salary increase	-	-
Delta effect of +1% change in rate of employee turnover	-	-
Delta effect of -1% change in rate of employee turnover	-	-

**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.

**Notes to the Standalone Financial Statements**

**31. Share-based payment arrangements**

**A. Description of share-based payment arrangements for year ended March 31, 2023**

**i. Share option plans (equity-settled)**

The Board of Directors of InCred Holdings Limited (formerly, KKR Capital Markets Limited) (the "Holding Company") on August 26, 2022 adopted Employees Stock Incentive Plan under which share options shall be granted to eligible employees of the Holding Company and the Company from time to time ("New ESOP Scheme"). Such Scheme also covered employees of the Subsidiary Companies which were transferred pursuant to the Scheme of Arrangement referred to in Note 40 holding Employee Stock Options under the ESOP Scheme of erstwhile IFSL ("Erstwhile ESOP Scheme"). The options granted to employees under the Erstwhile ESOP scheme continue to have similar terms and conditions in respect of vesting / exercise etc. under the New ESOP Scheme. As assessed by the Company, grant of options under the New ESOP Scheme to employees of erstwhile IFSL does not form part of consideration discharged as the Subsidiary Company is assessed to be accounting acquiree as per Ind AS 103.

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

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

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

**A. Measurement of fair values**

**Equity-settled share-based payment arrangements**

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

**The model inputs for options granted during**

Particulars / Grant date	For the year ended March 31, 2023
Fair value as on grant date (weighted average)	35.03 to 44.82
Share prices during the year , on grant dates	65.00 to 67.02
Exercise price	40.00
Expected volatility (weighted average volatility)	40%
Rate of Employee Turnover	20%
Expected life (expected weighted average life)	11.02 years
Risk- free interest rate (based on government bonds)	6.89% to 7.59%
Method used to determine expected volatility	The expected volatility is based on price volatility of listed companies in same industry.

**B. Reconciliation of outstanding share options**

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

Particulars	Average exercise price per option	Number of options
		As at March 31, 2023
Opening balance	37.26	3,42,48,588
Add: Options granted during the year	40.00	27,47,500
Less: Options exercised during the year	36.28	(36,87,634)
Less: Options lapsed during the year	38.09	(13,50,800)
<b>Options outstanding as at the year end</b>	<b>37.32</b>	<b>3,19,57,654</b>
Option exercisable of the above		1,33,54,082

Weighted average remaining contractual life of options outstanding at end of the year: 1.96 years

**Notes to the Standalone Financial Statements**

**A. Description of share-based payment arrangements for year ended March 31, 2022**

Pursuant to the KKR Capital Markets India Private Limited Employee Share Incentive Plan (ESIP) introduced by the Company during the previous year, the Company has granted Restricted Share Units (RSUs), inter alia, to the eligible employees and/or directors (the employees) of the Company and / or its subsidiary KKR India Financial Services Limited (KIFSL). The particulars of RSUs granted to the employees are given below.

Particulars	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 5	Tranche 6	Tranche 7
No. of RSUs granted	24,46,690	2,49,888	2,46,725	77,168	2,51,512	5,13,372	8,80,704
Grant Date	April 1, 2017	January 1, 2018	July 1, 2018	January 1, 2019	April 1, 2019	October 1, 2019	May 31, 2021
Exercise price (Rs. Per share)	10	10	10	10	10	10	10
Fair Value on Grant Date	151.40	213.80	214.00	192.50	158.99	102.14	45.80

Method of accounting Fair Value

Graded Vesting

Tranches 1 and 4: 33.33% of the Tranche 1 and 4 RSUs shall vest on each of the 3 anniversaries of the Date of Grant of the respective tranche.

Tranche 3: 33.33% of the Tranche 3 RSUs shall vest after 1 year from the Date of Grant, 33.33% of the Tranche 3 RSUs shall vest after 1 year and 9 months from the Date of Grant and 33.33% of the Tranche 3 RSUs shall vest after 2 years and 9 months from the Date of Grant.

Tranche 2: 33.33% of the Tranche 2 RSUs shall vest after 1 year from the Date of Grant, 33.33% of the Tranche 2 RSUs shall vest after 1 year and 9 months from the Date of Grant and 33.33% of the Tranche 2 RSUs shall vest after 2 years and 9 months from the Date of Grant.

Tranches 5: 82% of the Tranche 5 RSUs shall vest on each of the 3 anniversaries of the Date of Grant of the tranche. Balance RSUs shall vest on each of 2 anniversaries of the Date of Grant of the tranche.

Tranches 6: 3.12% of the Tranche 6 RSUs shall vest after 6 months from the Date of Grant, 31.68% of the Tranche 6 RSUs shall vest after 1 year from the Date of Grant, 32.6% of the Tranche 6 RSUs shall vest after 1 year and 6 months from the Date of Grant and 32.6% of the Tranche 6 RSUs shall vest after 2 years and 6 months from the Date of Grant

Tranches 7: 50% of the Tranche 7 RSUs shall vest after 1 year from date of Grant and 50% of the Tranche 7 RSUs shall vest after 1 year and 6 months from the Date of Grant.

Exercise period

The earlier of (A) the third anniversary of the applicable vesting date and (B) a Change of Control and/or KKR Change of Control as specified in the plan or an Initial Public Offering; (C) or such other event as may be notified by the Board in this regard; subject to continued employment on such settlement date.

(a) The movement of the RSUs granted to the employees is as under:

Particulars	Particulars
	As at March 31, 2022
Outstanding at the beginning of the year	3,36,796
Granted during the year	8,80,704
Exercised during the year	2,57,359
Lapsed/ forfeited during the year	9,60,141
Outstanding at the end of the year	-
Exercisable at the end of the year	-

(b) Fair Valuation:

The fair value of RSUs used to compute proforma net income and the earnings per equity share has been done by an independent firm of Chartered Accountants on the date of grant using Black-Scholes Model. The Key assumptions in Black-Scholes Model for calculating the fair value as on the date of grant are as follows:

Particulars	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 5	Tranche 6	Tranche 7
Risk-Free Rate	6.60%-6.70%	7.00%-7.10%	7.70%-7.75%	7.11%-7.17%	6.15%-6.28%	6.15%-6.28%	4.4%-4.5%
RSU Life (Years)	5.5-6.5	5.5-6.5	5.5-6.5	5.5-6.51	5.5-6.5	5.5-6.5	2-2.3
Expected Volatility	48.60%-48.10%	48.10%-47.90%	48.20%-48.00%	50.00%	50.00%	50.00%	55.7%-54.7%
Dividend Yield	-	-	-	-	-	-	-
The weighted-average fair value of the RSU on grant date	151.4	213.8	214.00	192.50	158.99	102.14	45.80

**32. Foreign currency exposure not hedged by derivative instruments**

Particulars	As at March 31, 2023		As at March 31, 2022	
	USD in lakhs	Rs in lakhs	USD in lakhs	Rs in lakhs
Expenses payable	2.00	18,200.00	0.68	50.95

**Notes to the Standalone Financial Statements**

**33. 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

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

(Rs. in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Balance at the beginning of the year	-	125.90
Addition during the year	-	-
Disposals during the year	-	(86.20)
Depreciation for the year	-	(39.70)
Balance as at the end of the year	-	-

**ii. The following is the movement in lease liabilities:**

(Rs. in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Balance at the beginning of the year	-	140.40
Addition during the year	-	-
Finance cost accrued during the year	-	11.80
Payment of Lease liabilities made during the year	-	(47.30)
Deletion	-	(104.90)
Balance as at the end of the year	-	-

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

(Rs. in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Less than one year	-	-
Between one and five years	-	-
More than five years	-	-
Total	-	-

**iv. Expenses recognised in the statement of Profit and Loss**

(Rs. in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Depreciation expense on right-of-use assets (Refer Note 7)	-	39.70
Interest expense on lease liabilities (Refer Note 21)	-	11.82
Expense relating to short-term leases (Refer Note 24)	-	(18.80)
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.

(Rs. in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Total cash outflow for leases	-	47.30

**34. Contingent liabilities and commitments**

(Rs. in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Commitments</b>		
Income-tax demands disputed in appeals	-	1,464.71
Capital commitments	85.00	-
Total	85.00	1,464.71

The tax impact / demands relate to disallowances of certain expenses / non-granting of credit for tax deducted at source, by the Assessing Officer, which are disputed in appeals. The Company is hopeful of succeeding in the said appeals.

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

**35. Investment Management Fees**

The Company has entered into Investment Management Agreements (IMAs) with certain Alternative Investment Funds (the Funds). The investment management fees for the year ended March 31, 2022, payable by the Funds to the Company are calculated in accordance with the terms and conditions of the IMAs and form a part of Investment management fees disclosed in Note 18.

During the previous year, certain processing fees/lender fees are earned by the Company in connection with the investment by the Funds, in the portfolio companies of the Funds. Consequently, the Company had agreed with the Funds to off-set the investment management fees for the previous year, against such processing fees/lender fees as specified below:

(Rs. in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Processing fees/lender fees available for off-set brought forward	-	-
Processing fees/ lender fees earned by the Company in the current year available for off-set	-	-
Investment management fees for the year as per the IMA	-	214.30
Investment management fees for the year after off-set	-	214.30
Processing fees/lender fees available for off-set carried forward	-	-

**Notes:**

1. The amounts are excluding goods and services tax.

**InCred Holdings Limited**

(formerly known as KKR Capital Markets India Limited)

**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:

(Rs. in lakhs)

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	236.36	-	236.36	3,492.66	-	3,492.66
Bank balance other than cash and cash equivalents	-	-	-	62.65	-	62.65
Derivative financial instruments	-	-	-	-	-	-
Loans	-	-	-	-	-	-
Investments	1,298.73	2,40,817.65	2,42,116.38	397.07	1,06,379.50	1,06,776.57
Other financial assets	1.50	-	1.50	26.67	-	26.67
<b>Sub total</b>	<b>1,536.59</b>	<b>2,40,817.65</b>	<b>2,42,354.24</b>	<b>3,979.06</b>	<b>1,06,379.51</b>	<b>1,10,358.56</b>
<b>Non-financial assets</b>						
Current Tax assets (Net of provision for tax)		2,437.48	2,437.48	-	2,411.12	2,411.12
Deferred Tax assets (Net of deferred tax liabilities)	-	519.42	519.42	-	2,279.87	2,279.87
Property, plant and equipment	-	0.95	0.95	-	-	-
Capital Work-in-progress	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-
Other intangible assets	-	-	-	-	42.82	42.82
Other non-financial assets	3,392.72	-	3,392.72	159.61	1,750.23	1,909.84
<b>Sub total</b>	<b>3,392.72</b>	<b>2,957.85</b>	<b>6,350.57</b>	<b>159.61</b>	<b>6,484.03</b>	<b>6,643.65</b>
<b>Total assets</b>	<b>4,929.31</b>	<b>2,43,775.50</b>	<b>2,48,704.81</b>	<b>4,138.67</b>	<b>1,12,863.53</b>	<b>1,17,002.19</b>
<b>LIABILITIES</b>						
<b>Financial liabilities</b>						
Derivative financial instruments	-	-	-	-	-	-
Debt securities	-	-	-	1,502.71	-	1,502.71
Borrowings (other than debt securities)	-	1,500.00	1,500.00	-	-	-
Other financial liabilities	1,314.67	-	1,314.67	4,263.82	-	4,263.82
<b>Sub total</b>	<b>1,314.67</b>	<b>1,500.00</b>	<b>2,814.67</b>	<b>5,766.53</b>	<b>-</b>	<b>5,766.54</b>
<b>Non-Financial liabilities</b>						
Provisions	-	-	-	68.34	-	68.34
Other non-financial liabilities	48.29	-	48.29	60.30	-	60.30
<b>Sub total</b>	<b>48.29</b>	<b>-</b>	<b>48.29</b>	<b>128.64</b>	<b>-</b>	<b>128.65</b>
<b>Total liabilities</b>	<b>1,362.96</b>	<b>1,500.00</b>	<b>2,862.96</b>	<b>5,895.17</b>	<b>-</b>	<b>5,895.18</b>

**InCred Holdings Limited***(formerly known as KKR Capital Markets India 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>Remittance in foreign currency</b>		
Legal, professional and consultancy charges	545.71	-
<b>Total</b>	<b>545.71</b>	<b>-</b>

**38. Corporate social responsibility**

(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	-	-
(i) Construction/ acquisition of any asset	-	-
(ii) On purposes other than (i) above		
In cash		
Yet to be paid in cash	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

*Provisions of Corporate social responsibility as per Companies Act, 2013 is not applicable to the Company.***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 March 31, 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 March 31, 2023.

**InCred Holdings Limited**

*(formerly known as KKR Capital Markets India Limited)*

**Notes to the Standalone Financial Statements****40. 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 ("BFL"), InCred Prime Finance Limited (formerly known as "InCred Financial Services Limited and the Company) and the same was filed with various regulatory authorities and National Company Law Tribunal.

The NCLT passed the final order dated May 6, 2022. The Scheme was made effective by the Board of Directors of the Company, InCred Prime Finance Limited and KKR Capital Markets Limited at their meetings held on July 26, 2022 and the relevant filing were done with the Registrar of Companies, Mumbai on July 26, 2022.

The Appointed date of the Scheme is April 1, 2022, and accordingly the books of account and financial statements effecting the Scheme have been prepared with effect from April 1, 2022. Under the Scheme, the identified NBFC business of InCred Prime Finance Limited (formerly, InCred Financial Services Limited) ('erstwhile IFSL') shall be demerged with InCred Financial Services Limited (formerly, KKR India Financial Services Limited) ('new IFSL'). As per the terms of the Scheme, the Board of Directors of erstwhile InCred Financial Services Limited have been appointed as the directors of the new IFSL constituting majority. Further, with the discharge of purchase consideration for demerger, the shareholders of erstwhile IFSL will hold majority shareholding of the new IFSL.

Bee Finance Limited was the holding company for Investment in erstwhile IFSL and did not have any other activity generating income. In absence of 'an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return', the merger of BFL is an acquisition of asset and not a business acquisition under Ind AS 103.

As per the terms of the Scheme, the shareholders of erstwhile IFSL have received compulsorily convertible preference shares ("CCPS") of InCred Holdings Limited (formerly known as "KKR Capital Markets Limited"), being the Holding Company, as a consideration for demerger of identified NBFC business. These CCPS have been converted into equity shares on November 2, 2022 as per the terms of the Scheme. The same is shown as investment in subsidiaries.

As per Ind AS 103, the difference between legal capital of erstwhile IFSL (including purchase consideration determined above as per Ind AS 103) and new IFSL along with capital contribution from parent has been recorded as 'Investment in subsidiaries'.

#### 41 .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:  
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 (I) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or  
(II) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries
- (viii) The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.
- (ix) There are no scheme of arrangements which have been filed by the Company under the Act and which have been approved by the competent authority u/s 232 to 237 of the Act except as disclosed in Note no 40.
- (x)  
The company is in compliance with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.
- (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.

#### 42. Ratio Analysis and its elements

Ratio	Numerator	Denominator	As at March 31, 2023	As at March 31, 2022	% change	Remarks
Current ratio	Current Assets	Current Liabilities	3.62	0.70	415.16%	Increase is due to increase in other financial assets along with reduction in other financial liabilities
Debt- Equity Ratio	Borrowings	Shareholder's Equity	0.01	NA	NA	Previous year Company did not have any borrowings outstanding
Debt Service Coverage ratio	NA	NA	NA	NA	NA	
Return on Equity ratio	Net Profits after taxes	Shareholder's Equity	-0.42%	-5.86%	-92.78%	During the current year, shareholder's equity has increased significantly on account of Composite Scheme of Amalgamation
Inventory Turnover ratio	NA	NA	NA	NA	NA	
Trade Receivable Turnover Ratio	NA	NA	NA	NA	NA	
Trade Payable Turnover Ratio	NA	NA	NA	NA	NA	
Net Capital Turnover Ratio	NA	NA	NA	NA	NA	
Net Profit ratio	Net Profit	Total sales	-537.59%	-1169.26%	-54.02%	During the current year, the revenue has reduced as compared to previous year.
Return on Capital Employed	Earnings before interest and taxes (EBIT)	Capital Employed = Tangible Net Worth + Total Debt	0.32%	-7.88%	-104.10%	During the current year, the Company has a positive EBIT and in the previous year the Company had a substantial neagative EBIT.
Return on Investment	Interest from investments	Investment	1.60%	3.04%	-47.51%	During the previous year, company had higher investments in fixed deposits as compared to current year.



**InCred Holdings Limited**  
(formerly known as KKR Capital Markets India Limited)  
**Notes to the Standalone Financial Statements**

43. Refund of Management Fees and expenses in relation to Fund

The Company acts as the investment manager to KKR India Debt Opportunities Fund II (the “Fund”), a Category II alternative investment fund, registered as such with the Securities and Exchange Board of India.

The Company has entered into definitive agreements in connection with a transaction involving a demerger of the non-banking financial services business of Incred Financial Services Limited into KKR India Financial Services Limited (a wholly owned subsidiary of the Company), as a result of which there will be a change of control of the Company. This transaction, once given effect, will result in the InCred senior management taking a leading role in the operation of the Company (including in its capacity as investment manager to the Fund), as well as a reduction in the shareholding of KKR India Financial Investments Pte. Ltd. in the Company to a non-controlling position.

In light of the performance of the Fund to date and the anticipated liquidation of the last investments of the Fund over the next few months, the Company considers it appropriate to refund all investment fees charged by the Company (in its capacity as investment manager) to the Fund and to bear all expenses incurred by the Fund in connection with the investments by the Fund.

The Company (The Investment Manager) and Fund have mutually agreed for such reimbursement on a post facto basis and such commercial reimbursement is not getting triggered due to any pre agreed contractual clause.

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

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

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

As per our report of even date

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

**Chartered Accountants**

ICAI Firm Registration No.: 101049W/E300004

For and on behalf of the Board of Directors of

**InCred Holdings Limited**

CIN: U67190MH2011PLC211738

**per Sarvesh Warty**

*Partner*

Membership No: 121411

**Bhupinder Singh**

*Whole Time Director and CEO*

DIN: 07342318

**Vivek Bansal**

*Whole Time Director and CFO*

DIN: 07835456

Place: Geiranger, Norway

Date: May 26, 2023

**Gajendra Thakur**

*Company Secretary*

Membership No: A19285

Place: Mumbai

Date: May 26, 2023