



InCred Financial Services Limited

(Our Company was incorporated as "Visu Leasing and Finance Private Limited" under the Companies Act, 1956 on January 08, 1991 with the Registrar of Companies, Delhi and Haryana. The name of the Company was subsequently changed from "Visu Leasing and Finance Private Limited" to "InCred Financial Services Private Limited" and a fresh Certificate of Incorporation was issued by RoC, Delhi on August 30, 2018. Our Company was subsequently converted to a public limited company pursuant to the fresh Certificate of Incorporation issued by the ROC, Delhi on November 01, 2018. Thereafter, the registered office of the Company was shifted from the state of National Capital Territory of Delhi to state of Maharashtra and Certificate of Registration of Regional Director order was received from ROC, Mumbai on June 05, 2020. The CIN of our Company is U74899MH1991PLC340312 and PAN of our Company is AAACV3232G. Our Company is registered with RBI as Non-Deposit Accepting, systemically Important, Non-Banking Financial Company ("NBFC") with registration No. B-13.02395. For further details about our Company, see "History and Certain Other Corporate Matters" on page 95)

Registered & Corporate Office: Unit No. 1203, 12th Floor, B Wing, The Capital, Plot No. C - 70, G Block, Bandra Kurla Complex, Mumbai - 400 051, Maharashtra, India
Tel.: +91 22 6844 6100; Website: www.incred.com; E-mail: incred.compliance@incred.com

Company Secretary & Compliance Officer: Mr. Gajendra Singh Thakur, Tel.: +91 22 6844 6100; E-mail: incred.compliance@incred.com

Wholesale Director & Chief Financial Officer: Mr. Vivek Bansal; Tel.: +91 22 6844 6100; E-mail: treasury@incred.com

Statutory Auditor: M/s S. R. Batliboi & Associates LLP, 12th Floor, The Ruby, 29, Senapati Bapat Marg, Dadar West, Mumbai - 400 028, Maharashtra, India;
Tel.: +91 22 6819 8000; E-mail: srba@srb.in, Contact Person: Sarvesh Warty

PROMOTER OF OUR COMPANY: Mr. Bhupinder Singh and Bee Finance Limited, Mauritius; Tel.: +230 404 8800; E-mail: incred.compliance@incred.com

PUBLIC ISSUE BY INCRED FINANCIAL SERVICES LIMITED ("COMPANY" OR THE "ISSUER") OF RATED, SENIOR, SECURED, LISTED, TRANSFERABLE, REDEEMABLE, NON-CONVERTIBLE DEBENTURES OF FACE VALUE ₹ 1,000 EACH ("NCDs") FOR AN AMOUNT UPTO ₹ 12,500 LAKHS, HEREINAFTER REFERRED TO AS "BASE ISSUE SIZE" WITH AN OPTION TO RETAIN OVER-SUBSCRIPTION UPTO ₹ 2,500 LAKHS, AGGREGATING UP TO ₹ 15,000 LAKHS, HEREINAFTER REFERRED TO AS THE "OVERALL ISSUE SIZE" (COLLECTIVELY THE "ISSUE"). THE ISSUE IS BEING MADE PURSUANT TO THE PROVISIONS OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF NON-CONVERTIBLE SECURITIES) REGULATIONS, 2021, AS AMENDED (THE "SEBI NCS REGULATIONS"), THE COMPANIES ACT, 2013 AND THE RULES MADE THEREUNDER, AS AMENDED AND THE SEBI OPERATIONAL CIRCULAR DATED AUGUST 10, 2021. THE ISSUE IS NOT PROPOSED TO BE UNDERWRITTEN.

GENERAL RISK

Investment in NCDs involve a degree of risk and investors should not invest any funds in such securities unless they can afford to take the risk attached to such investments. Investors are advised to take an informed decision and to read the risk factors carefully before investing in this offering. For taking an investment decision, investors must rely on their examination of the issue including the risks involved in it. Specific attention of investors is invited to statement of "Risk Factors" on page 13 of this Prospectus. These risks are not, and are not intended to be, a complete list of all risks and considerations relevant to the NCDs or investor's decision to purchase such securities."

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Prospectus contains all information with regard to the Issuer and the Issue, which is material in the context of the Issue, that the information contained in this Prospectus is true and correct in all material aspects and is not misleading, that the opinions and intentions expressed herein are honestly stated and that there are no other facts, the omission of which makes this Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading.

COUPON RATE, COUPON PAYMENT FREQUENCY, REDEMPTION DATE, REDEMPTION AMOUNT & ELIGIBLE INVESTORS

For details relating to coupon rate, coupon payment frequency, redemption date, redemption amount & eligible investors of the Debentures, please refer to "Issue Structure" on page 166.

CREDIT RATING AGENCY AND CREDIT RATING



CRISIL Ratings Limited

CRISIL House, Central Avenue, Hiranandani Business Park, Powai, Mumbai - 400 076, Maharashtra, India
Tel: +91 22 3342 3000; E-mail: debtissue@crsil.com; Contact Person: Ms. Poonam Upadhyay

The NCDs proposed to be issued under the Issue have been assigned "CRISIL A (pronounced as CRISIL A) rating to the Debt instrument and placed the rating under "Rating Watch with Positive Implications" for an amount of ₹ 15,000 Lakhs by CRISIL Ratings Limited vide their rating letter dated December 13, 2021 and reviewed the same vide Letter no. RL/VLEAFP/283590/NCD/1221/23014/101398026/1 dated January 13, 2022 revalidating the said rating. The rating is not a recommendation to buy, sell or hold securities and investors should take their own decision. The rating may be subject to revision or withdrawal at any time by the assigning rating agency. The rating agency has a right to suspend or withdraw the rating at any time on the basis of factors such as new information. Please refer to Annexure II of Prospectus for the rationale of above rating.

LISTING

The NCDs offered through this Prospectus are proposed to be listed on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE"). NSE shall be the Designated Stock Exchange. Our Company has received an 'in-principle' approval from NSE and BSE vide their letter no. NSE/LIST/C/2021/0010 dated January 17, 2022 and DCS/BM/PI-BOND/023/21-22 dated January 17, 2022 respectively.

PUBLIC COMMENTS

The Prospectus dated January 10, 2022 filed with the BSE and NSE, pursuant to the provisions of the SEBI NCS Regulations and to be kept open for public comments for a period of seven Working Days (i.e., until 5 p.m.) on January 17, 2022.

LEAD MANAGERS TO THE ISSUE

REGISTRAR TO THE ISSUE

DEBENTURE TRUSTEE TO THE ISSUE *

			
Sundae Capital Advisors Private Limited Level 9, Platina, Plot No. C - 59, 'G' Block Bandra Kurla Complex, Bandra (East) Mumbai - 400 051, Maharashtra, India Telephone: +91 22 6700 0639 E-mail Id: ifsl.ncd@sundaecapital.com Investor grievance e-mail Id: grievance.mb@sundaecapital.com Contact person: Rajiv Sharma / Ridima Gulati Compliance Officer: NitiN Somani Website: www.sundaecapital.com SEBI Registration number: INM000012494	InCred Capital Wealth Portfolio Managers Private Limited # Unit No. 1203, 12th floor B Wing, The Capital G Block, Bandra Kurla Complex, Bandra (East) Mumbai - 400 051, Maharashtra, India Telephone: +91 22 6844 6100 E-mail Id: ankur.jain@incredcapital.com Investor grievance e-mail Id: customer.grievance@incredcapital.com Contact person: Sreesankar R Compliance Officer: Ankur Jain Website: www.incredsecurities.com SEBI Registration number: INM000012865	Link Intime India Private Limited C 101, 247 Park B S Marg Vikhroli West, Mumbai - 400 083 Telephone: +91 22 4918 6200 Fax: +91 22 4918 6060 Email Id: incred.ncd@linkintime.co.in Contact person: Shanti Gopalkrishnan Website: www.linkintime.co.in SEBI Registration number: INR000004058	Catalyst Trusteeship Limited 'GDA House', Plot No. 85, Bhusari Colony (Right), Kothrud, Pune - 411 038, Maharashtra, India Tel: +91 22 4922 0555 Fax: +91 22 4922 0505 Email: complianceCTL-Mumbai@ctrtrustee.com Website: www.catalysttrustee.com Contact Person: Umesh Salvi Compliance Officer: Rakhi Kulkarni SEBI Registration No.: IND000000034

ISSUE PROGRAMME **

Issue Opens on	January 24, 2022	Issue Closes on	February 14, 2022
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* Catalyst Trusteeship Limited under Regulation 8 of SEBI NCS Regulations has by its letter dated December 06, 2021 given its consent for its appointment as Debenture Trustee to the Issue and for its name to be included in the Prospectus and in all the subsequent periodical communications sent to the holders of the NCDs issued pursuant to the Issue and the same is annexed as Annexure III in this Prospectus.

** The Issue shall remain open for subscription on Working Days from 10 a.m. to 5 p.m. (Indian Standard Time) during the period indicated in the Prospectus, except that the Issue may close on such earlier date or extended date as may be decided by the Board of Directors of our Company or the Finance Committee, subject to relevant approvals. In the event of an early closure or extension of the Issue, our Company shall ensure that notice of the same is provided to the prospective investors through an advertisement in a daily national newspaper with wide circulation on or before such earlier or initial date of Issue closure. Applications through the UPI route will be accepted, subject to compliance by the investor with the eligibility criteria and due procedure for UPI applications prescribed by SEBI. On the Issue Closing Date, the Application Forms will be accepted only between 10 a.m. and 3 p.m. (Indian Standard Time) and uploaded until 5 p.m. or such extended time as may be permitted by the Stock Exchange. Further, pending mandate requests for bids placed on the last day of bidding will be validated by 5 PM on one Working Day post the Issue Closing Date. For further details please refer to "General Information" on page 37.

A copy of the Prospectus shall be filed with the Registrar of Companies, Mumbai in terms of Section 26 of Companies Act, 2013, along with the endorsed / certified copies of all requisite documents. For further details, please refer to "Material Contracts and Documents for Inspection" on page 309.

In compliance with the proviso to Regulation 21A(1) of the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, as amended, read with Regulation 25(3) of the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, InCred Capital Wealth Portfolio Managers Private Limited will be involved only in marketing of the Issue

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DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates, all references in this Prospectus to “the Issuer”, “our Company”, “the Company” or “IFSL” are to InCred Financial Services Limited, a public limited company incorporated under the Companies Act, 1956, as amended and replaced from time to time, having its registered office at Unit No. 1203, 12th Floor, B Wing, The Capital, Plot No. C - 70, G Block, Bandra Kurla Complex, Mumbai - 400 051, Maharashtra, India. Unless the context otherwise indicates, all references in this Prospectus to “we” or “us” or “our” are to our Company. Unless the context otherwise indicates or implies, the following terms have the following meanings in this Prospectus, and references to any legislation, act, regulation, rules, guidelines or policies shall be to such legislation, act, regulation, rules, guidelines or policies as amended or modified or restated from time to time.

COMPANY RELATED TERMS

Term	Description
Associates	Associate would mean associates of our Company as at and for the relevant financial year / period as applicable.
“we” or “us” or “our”	Unless the context otherwise indicates or implies, refers to our Company together with its Subsidiaries and associates for the relevant financial year / period, as applicable.
₹ / Rs. / INR / Rupees / Indian Rupees	The lawful currency of the Republic of India
Articles / Articles of Association / AoA	Articles of Association of our Company
Audit Committee	Audit committee of the Board of Directors
Board/ Board of Directors	Board of Directors of our Company or a duly constituted committee thereof
CCCPS / Cumulative Compulsory Convertible Preference Shares	The Cumulative Compulsory Convertible Preference Shares issued by our Company and convertible into Equity Shares
Company Secretary and Compliance Officer	The Company Secretary and Compliance Officer of our Company, Mr. Gajendra Singh Thakur
Corporate Social Responsibility Committee	Corporate Social Responsibility Committee
Director(s)	Director of our Company, unless otherwise specified
Equity Shares	Equity shares of our Company of face value of ₹10 each
Finance Committee	Finance Committee of the Board of Directors
Independent Director	A Non-Executive, Independent Director as per the Companies Act, 2013 and the SEBI LODR Regulations, who are currently on the Board of our Company
Key Managerial Personnel	The Key Managerial Personnel of the Company appointed in accordance with the provisions of SEBI ICDR Regulations and Section 203 of the Companies Act, 2013
Memorandum of Association / MoA	Memorandum of Association of our Company
Net Worth	As defined in Sec 2(57) of the Companies Act, 2013, as follows: <i>“Net worth means the aggregate value of the paid-up share capital and all reserves created out of the profits, securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet but does not include reserves created out of revaluation of assets, write back of depreciation and amalgamation.”</i>
Nomination and Remuneration Committee	Nomination and Remuneration committee of the Board of Directors
Promoter	Mr. Bhupinder Singh and Bee Finance Limited, Mauritius
Reformatted Financial Information	Reformatted Consolidated Financial Information and Reformatted Standalone Financial Information
Reformatted Consolidated Financial Information	The Reformatted Consolidated Statement of Assets and Liabilities of the Company as at March 31, 2021, March 31, 2020 and March 31, 2019 and Reformatted Consolidated Statement of Profit and Loss, the Reformatted Consolidated Statement of Cash Flows

Term	Description
	and Reformatted Consolidated Statement of change in equity for the year ended March 31, 2021, March 31, 2020 and March 31, 2019.
Reformatted Standalone Financial Information	The Reformatted Standalone Statement of Assets and Liabilities of the Company as at March 31, 2021, March 31, 2020 and March 31, 2019 and Reformatted Standalone Statement of Profit and Loss, the Reformatted Standalone Statement of Cash Flows and Reformatted Standalone Statement of change in equity for the year ended March 31, 2021, March 31, 2020 and March 31, 2019.
Risk Management Committee	Risk management committee of the Board of Directors
Registered Office	Unit No. 1203, 12th Floor, B Wing, The Capital, Plot No. C - 70, G Block, Bandra Kurla Complex, Mumbai - 400 051, Maharashtra, India
RoC	Registrar of Companies, Mumbai
Shareholder(s)	The holder(s) of Equity Shares or the Preference Shares of our Company, as the context requires
Stakeholders' Relationship Committee	The stakeholders' relationship committee of the Board of Directors
Statutory Auditor	M/s. S. R. Batliboi & Associates LLP, the present statutory auditors of the Company
Subsidiary / Subsidiaries	Subsidiary would mean subsidiary of our Company as at and for the relevant financial year / period, as applicable. For details of the Subsidiaries, as on December 31, 2021, see "History and Certain Corporate Matters" on page 95
Total Borrowing(s) / Total Debt	Debt securities plus borrowings (other than debt securities), subordinated liabilities and deposits

ISSUE RELATED TERMS

Term	Description
Abridged Prospectus	The memorandum containing the salient features of the Prospectus
Acknowledgement Slip	The slip or document issued by the Designated Intermediary to an Applicant as proof of registration of the Application Form
Allotment/ Allot/ Allotted	The issue and allotment of the NCDs to successful Applicants pursuant to the Issue
Allotment Advice	The communication sent to the Allottees conveying details of NCDs allotted to the Allottees in accordance with the Basis of Allotment
Allottee(s)	The successful Applicant to whom the NCDs are Allotted, either in full or part, pursuant to the Issue
Applicant/ Investor/ ASBA Applicant	A person who applies for the issuance and Allotment of NCDs pursuant to the terms of this Prospectus, the Prospectus, the Abridged Prospectus and the Application Form through ASBA process or through UPI Mechanism
Application	An application to subscribe to the NCDs (whether physical or electronic) offered pursuant to the Issue by submission of a valid Application Form and payment of the Application Amount by any of the modes as prescribed under the Prospectus
Application Amount	The aggregate value of the NCDs applied for as indicated in the Application Form for the Issue
Application Form/ ASBA Form	The form in terms of which the Applicant shall make an offer to subscribe to the NCDs through the ASBA process or through the UPI Mechanism and which will be considered as the Application for Allotment of NCDs in terms of the Prospectus
"ASBA" or "Application Supported by Blocked Amount" or "ASBA Application"	An application (whether physical or electronic) to subscribe to the NCDs offered pursuant to the Issue by submission of a valid Application Form and authorising an SCSB to block the Application Amount in the ASBA Account or to block the Application Amount using the UPI Mechanism, where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by retail individual investors which will be considered as the application for Allotment in terms of the Prospectus
ASBA Account	A bank account maintained by an ASBA Bidder with an SCSB, as specified in the ASBA Form submitted by ASBA Applicants for blocking the Bid Amount mentioned in the ASBA Form and will include a bank account of a retail individual investor linked with UPI, for retail individual investors submitting application value upto ₹ 2,00,000
Banker(s) to the Issue	Collectively, the Public Issue Account Bank, Sponsor Bank and the Refund Bank, i.e. Axis Bank Limited
Base Issue Size	₹ 12,500 lakhs

Term	Description
Basis of Allotment	The basis on which NCDs will be allotted to successful Applicants under the Issue and which is described in “ <i>Issue Procedure-Basis of Allotment</i> ” on page 225.
Bidding Centres	Centres at which the Designated Intermediaries shall accept the Application Forms, i.e., Designated Branches of SCSB, Specified Locations for Members of the Syndicate, Broker Centres for Registered Brokers, Designated RTA Location for RTA and Designated CDP Locations for CDPs
Broker Centres	Broker Centres notified by the Stock Exchanges where Applicants can submit the ASBA Forms to a Registered Broker. The details of such Broker Centres, along with the names and contact details of the Trading Members are available on the website of the Stock Exchanges at www.bseindia.com and www.nseindia.com
BSE	BSE Limited
Category I - Institutional Investors	<ul style="list-style-type: none"> • Public financial institutions, scheduled commercial banks, and Indian multilateral and bilateral development financial institutions which are authorised to invest in the NCDs; • Provident funds and pension funds with minimum corpus of ₹25 crore, and superannuation funds and gratuity funds, which are authorised to invest in the NCDs; • Alternative Investment Funds subject to investment conditions applicable to them under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended; • Resident Venture Capital Funds registered with SEBI; • Insurance Companies registered with IRDA; • State industrial development corporations; • Insurance funds set up and managed by the army, navy, or air force of the Union of India; • Insurance funds set up and managed by the Department of Posts, the Union of India; • National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; • Systemically important non-banking financial companies being non-banking financial companies registered with the Reserve Bank of India and having a net worth of more than ₹ 500 crores as per its last audited financial statements; and • Mutual Funds registered with SEBI
Category II - Non-Institutional Investors	<ul style="list-style-type: none"> • Companies within the meaning of Section 2(20) of the Companies Act, 2013; • Statutory bodies/ corporations and societies registered under the applicable laws in India and authorised to invest in the NCDs; • Co-operative banks and regional rural banks; • Public/private charitable/ religious trusts which are authorised to invest in the NCDs; • Scientific and/or industrial research organisations, which are authorized to invest in the NCDs; • Partnership firms in the name of the partners; • Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009); • Association of Persons; and • Any other incorporated and/ or unincorporated body of persons
Category III - High Net-Worth Individuals	High Net-worth individuals which include Resident Indian individuals or Hindu Undivided Families through the Karta applying for an amount aggregating to above ₹ 10 Lakh across all series of NCDs in Issue
Category IV - Retail Individual Investors	Resident Indian individuals or HUFs applying through the Karta, for NCDs for an amount aggregating up to and including ₹ 10 Lakh, across all series of NCDs in the Issue and shall include Retail Individual Investors, who have submitted bid for an amount not more than ₹ 200,000 in any of the bidding options in the Issue (including HUFs applying through their Karta and does not include NRIs) through UPI Mechanism
Client ID	Client identification number maintained with one of the Depositories in relation to the demat account
CDP / Collecting Depository Participant	A depository participant, as defined under the Depositories Act, 1996, as amended, and registered under Section 12(1A) of the SEBI Act and who is eligible to procure Applications at the Designated CDP Locations in terms of the SEBI Operational Circular

Term	Description
Coupon / Interest Rate	The aggregate rate of interest payable in connection with the NCDs in accordance with this Prospectus. Please see the section titled "Issue Structure" on page 166.
Credit Rating Agency or Rating Agency or CRISIL	For the present issue, the credit rating agency, being CRISIL Ratings Limited
Debenture Trustee Agreement	Debenture trustee agreement dated December 27, 2021 entered into between the Debenture Trustee and our Company
Debenture Trust Deed	Debenture trust deed to be entered into between the Debenture Trustee and the Company, which shall be executed within the time limit prescribed by the SEBI NCS Regulations and other Applicable Law
Debenture Trustee/ Trustee	Catalyst Trusteeship Limited
Deemed Date of Allotment	The Deemed Date of Allotment for the NCDs shall be the date on which the Board of Directors or Finance Committee thereof approves the allotment of NCDs or such date as may be determined by the Board of our Company and/or Finance Committee thereof and notified to the Stock Exchanges. All benefits under the NCDs including payment of interest will accrue to the NCD Holders from the Deemed Date of Allotment. The actual Allotment may occur on a date other than the Deemed Date of Allotment
Demographic Details	The details of an Applicant, such as his address, bank account details, UPI ID, Permanent Account Number, Category for printing on refund orders, and occupation which are based on the details provided by the Applicant in the Application Form.
Depositories Act	The Depositories Act 1996
Depository(ies)	National Securities Depository Limited (NSDL) and /or Central Depository Services (India) Limited (CDSL)
DP / Depository Participant	A depository participant as defined under the Depositories Act
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Applications and a list of which is available on https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes or at such other website as may be prescribed by SEBI from time to time
Designated Locations	Such locations of the CDPs where Applicants can submit the Application Forms. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept Application Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com) as updated from time to time
Designated Date	The date on which Registrar to the Issue issues instruction to SCSBs for transfer of funds from the ASBA Account to the Public Issue Account(s) or to the Refund Account, as appropriate, in terms of the Prospectus and the Public Issue Account and Sponsor Bank Agreement
Designated Intermediary(ies)	Collectively, the Lead Manager, Lead Brokers, agents, SCSBs, Trading Members, CDPs and RTAs, who are authorised to collect Application Forms from the Applicants in the Issue In relation to ASBA applicants submitted by Retail Individual Investors where the amount was blocked upon acceptance of UPI Mandate Request using the UPI Mechanism, Designated Intermediaries shall mean the CDPs, RTAs, Lead Manager, Lead Brokers, Trading Members and Stock Exchange where applications have been submitted through the app/web interface as provided in the SEBI Operational Circular.
Designated Locations	Such locations of the RTAs where Applicants can submit the Application Forms to RTAs. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms and Application Forms submitted using the UPI Mechanism as a payment option (for a maximum amount of ₹2,00,000) are available on the website of the Stock Exchanges at www.bseindia.com and www.nseindia.com , as updated from time to time.
Designated Exchange	National Stock Exchange of India Limited
Direct Application	Online An online interface enabling direct applications through UPI by an application based/web interface, by investors to a public issue of debt securities with an online payment facility.

Term	Description
Draft Prospectus	Draft Prospectus dated January 10, 2022, filed by our Company with the Stock Exchange(s) for receiving public comments in accordance with the provisions of the SEBI NCS Regulations and to SEBI for record purpose
ICWPM	InCred Capital Wealth Portfolio Managers Private Limited
Interest / Coupon Payment Date	The dates on which interest/coupon on the NCDs shall fall due for payment which will be specified in this Prospectus. Please see the section titled "Issue Structure" on page 166
Issue	Public issue by our Company of rated, senior, secured, listed, transferable, redeemable NCDs of face value of ₹ 1,000 each, aggregating up to ₹ 15,000 lakhs.
Issue Agreement	Agreement dated December 29, 2021 between our Company and the Lead Managers
Issue Closing Date	February 14, 2022
Issue Opening Date	January 24, 2022
Issue Period	The period between the Issue Opening Date and the Issue Closing Date inclusive of both days during which prospective Applicants may submit their Application Forms
Lead Managers / LM	Sundae Capital Advisors Private Limited and InCred Capital Wealth Portfolio Managers Private Limited <i>*In compliance with the proviso to Regulation 21A(1) of the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, as amended, read with Regulation 25(3) of the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, InCred Capital Wealth Portfolio Managers Private Limited will be involved only in marketing of the Issue.</i>
Listing Agreement	The uniform listing agreement entered into between our Company and the Stock Exchanges in connection with the listing of debt securities of our Company
Market Lot	1 (one) NCD
NBFC Directions	The Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 1, 2016 read with the RBI's circular no. DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020 on "Implementation of Indian Accounting Standards", each as amended, modified or restated from time to time.
NCDs or Debentures	rated, senior, secured, listed, transferable, redeemable, non-convertible debentures of face value ₹ 1,000 each that our Company proposes to issue through this Issue.
NCD Holder/ Debenture Holder(s)/ Bond Holder(s)	Holder of secured and/or unsecured redeemable non-convertible debentures of face value of ₹ 1,000 each
NSE	National Stock Exchange of India Limited
OCB or Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% (sixty percent) by NRIs including overseas trusts, in which not less than 60% (sixty percent) of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under the FEMA. OCBs are not permitted to invest in the Issue
Prospectus	Prospectus dated January 17, 2022 filed by our Company with the SEBI, NSE, BSE and the RoC in accordance with the provisions of the Companies Act, 2013 and the SEBI NCS Regulations.
Public Issue Account	An account opened with the Banker(s) to the Issue to receive monies for allotment of NCDs from the ASBA Accounts on the Designated Date as specified in the Prospectus
Public Issue Account Bank	Axis Bank Limited
Public Issue Account and Sponsor Bank Agreement	Agreement dated January 14, 2022 entered into amongst our Company, the Registrar, the Public Issue Account Bank, the Refund Bank, Sponsor Bank and the Lead Managers for appointment of Sponsor Bank in accordance with Debt UPI Circular and for collection of the Application Amounts from ASBA Accounts and UPI mandates and where applicable, refunds of the amounts collected from the Applicants on the terms and conditions thereof
Record Date	The record date for payment of interest in connection with the NCDs or redemption of the NCDs, which shall be 15 (Fifteen) days prior to the date on which interest is due and payable, and/or the date of redemption or such other date as may be determined by the Board of Directors / Finance Committee from time to time in accordance with the applicable law. Provided that trading in the NCDs shall remain suspended between the

Term	Description
	<p>aforementioned Record Date in connection with redemption of NCDs and the date of redemption or as prescribed by the Stock Exchanges, as the case may be.</p> <p>In case the Record Date falls on a day when the Stock Exchanges are having a trading holiday, the immediate subsequent trading day will be deemed or a date notified by the Company to the Stock Exchanges, will be deemed as the Record Date</p>
Recovery Expense Fund	The recovery expense fund created by our Company with the Stock Exchange, in the manner as specified by SEBI in circular no. SEBI/HO/MIRSD/CRADT/CIR/P/2020/207 dated October 22, 2020 as amended from time to time and in Regulation 11 of SEBI NCS Regulations
Redemption Amount	The amount repayable on redemption of the NCDs, as specified in the Prospectus
Redemption Date	The date on which our Company is liable to redeem the NCDs
Refund Account	Account opened with the Refund Bank from which refunds, if any, of the whole or any part of the Application Amount shall be made
Refund Bank(s)	The Banker to the Issue, with whom the Refund Account will be opened, which shall be specified in the Prospectus
Register of Debenture Holders	The Register of debenture holders maintained by the Issuer in accordance with the provisions of the Companies Act, 2013
Registered Broker or Brokers	Stock brokers registered with SEBI under the Securities and Exchange Board of India (Stock Brokers) Regulations, 1992, as amended and the stock exchanges having nationwide terminals, other than the Members of the Consortium and eligible to procure Applications from Applicants
Registrar to the Issue/ Registrar / RTA / Share Transfer Agent	Link Intime India Private Limited
Registrar Agreement	Agreement dated January 03, 2022 entered into between our Company and the Registrar to the Issue, in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to the Issue
Security	As specifically disclosed in “Issue Structure” on page 166 of this Prospectus and detailed in the Debenture Trust Deed
Self-Certified Syndicate Banks or SCSBs	The banks which are registered with SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994, as amended, and offer services in relation to ASBA and UPI, a list of which is available on http://www.sebi.gov.in/sebi_data/attachdocs/1365051213899.html and https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 for UPI, updated from time to time or at such other website as may be prescribed by SEBI from time to time
Series / Option	Collectively the series / options of NCDs being offered to the Applicants as stated in the chapter titled “Issue Structure” on page 166
Specified Cities/Specified Locations	Bidding Centres at which the Designated Intermediaries shall accept the Application Forms, i.e., Designated Branches of SCSB, Specified Locations for Consortium Members, Broker Centres for Trading Members, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs.
Sponsor Bank	A Banker to the Issue, registered with SEBI, which is appointed by the Issuer to act as a conduit between the Stock Exchanges and NPCI in order to push the mandate collect requests and/or payment instructions of the retail individual investors into the UPI for retail individual investors applying through the app/web interface of the Stock Exchange(s) with a facility to block funds through UPI Mechanism for application value upto ₹2,00,000 and carry out any other responsibilities in terms of the SEBI Operational Circular.
Stock Exchanges	BSE and NSE
Sundae	Sundae Capital Advisors Private Limited
Syndicate or Members of the Syndicate Collectively, the Lead Brokers appointed in relation to the Issue	Syndicate or Members of the Syndicate Collectively, the Lead Brokers appointed in relation to the Issue
Syndicate ASBA Application Locations	ASBA Applications through the Lead Managers, Lead Brokers or the Trading Members of the Stock Exchanges only in the Specified Cities

Term	Description
Syndicate ASBA	Applications through the Members of the Syndicate or the Designated Intermediaries
Syndicate Branches	SCSB Branches In relation to ASBA Applications submitted to a Member of the Syndicate, such branches of the SCSBs at the Syndicate ASBA Application Locations named by the SCSBs to receive deposits of the Application Forms from the members of the Syndicate, and a list of which is available on http://www.sebi.gov.in/sebi_data/attachdocs/1365051213899.html or at such other website as may be prescribed by SEBI from time to time
Tenor	Tenor shall mean the tenor of the NCDs, as specifically disclosed in “Issue Structure” on page 166 of this Prospectus
Transaction Registration Slip or TRS	The acknowledgement slip or document issued by any of the Designated Intermediary to an Applicant upon demand as proof of registration of the Application Form
Trading Members	Intermediaries registered with a Broker under the SEBI (Stock Brokers) Regulations, 1992 and/or with the Stock Exchange under the applicable byelaws, rules, regulations, guidelines, circulars issued by Stock Exchange from time to time and duly registered with the Stock Exchange for collection and electronic upload of Application Forms on the electronic application platform provided by the Stock Exchange
Tripartite Agreements	Tripartite agreement dated September 06, 2018 with CDSL and tripartite agreement dated March 08, 2017 with NSDL
“UPI” or “UPI Mechanism”	Unified Payments Interface mechanism in accordance with the SEBI Operational Circular as amended from time to time, to block funds for application value upto ₹ 2,00,000 submitted through intermediaries, namely the Registered Stock brokers, Registrar and Transfer Agent and Depository Participants.
UPI ID	Identification created on the UPI for single-window mobile payment system developed by the National Payments Corporation of India
“UPI Mandate Request” or “Mandate Request”	A request initiated by the Sponsor Bank on the Retail Individual Investor to authorise blocking of funds in the relevant ASBA Account through the UPI mobile app/web interface (using UPI Mechanism) equivalent to the bid amount and subsequent debit of funds in case of allotment.
Wilful Defaulter	Includes wilful defaulters as defined under Regulation 2(1)(III) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
Working Day(s)	Working Day means all days on which commercial banks in Mumbai are open for business. In respect of announcement or bid/issue period, working day shall mean all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business. Further, in respect of the time period between the bid/issue closing date and the listing of the non-convertible securities on the stock exchanges, working day shall mean all trading days of the stock exchanges for non-convertible securities, excluding Saturdays, Sundays and bank holidays, as specified by SEBI.

CONVENTIONAL AND GENERAL TERMS OR ABBREVIATION

Term	Description
AGM	Annual General Meeting
AIF	An alternative investment fund as defined in and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 as amended from time to time
ASBA	Application Supported by Blocked Amount
AUM	Asset Under Management
CAGR	Compounded Annual Growth Rate and is calculated by dividing the value at the end of the period in question by corresponding value at the beginning of that period, and raising the result to the power of one divided by the period length, and subtracting one from the subsequent result
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identification Number
Companies Act/ Companies Act, 2013	The Companies Act 2013, to the extent notified, read with rules framed, by the Ministry of Corporate Affairs and in force as on the date, as the case may be, as amended and replaced from time to time
CP	Commercial Paper

Term	Description
CRAR	Capital to Risk-Weighted Assets Ratio
CSR	Corporate Social Responsibility
ECB	External Commercial Borrowings
ECS	Electronic Clearing Scheme
DIN	Director Identification Number
DRR	Debenture Redemption Reserve
EGM	Extraordinary General Meeting
FCNR	Foreign Currency Non-Repatriable
FDI	Foreign Direct Investment
FDI Policy	The Government policy, rules and the regulations (including the applicable provisions of the FEMA Non-Debt Rules) issued by the Government of India prevailing on that date in relation to foreign investments in our Company's sector of business as amended from time to time
FEMA	Foreign Exchange Management Act, 1999, as amended
Financial Year/ Fiscal/ FY	Period of 12 months ended March 31 of that particular year
FIR	First Information Report
GDP	Gross Domestic Product
GoI or Government	Government of India
HNI	High Net worth Individual
HUF	Hindu Undivided Family
ICAI	Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
Income Tax Act	Income Tax Act, 1961, as amended
Income Tax Rules	Income Tax Rules, 1962, as amended
IND AS / Ind AS	Indian accounting standards, as specified under Section 133 of the Companies Act, 2013, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended
Indian GAAP	Generally accepted accounting principles in India, including the accounting standards specified under Section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standard) Rules, 2015, as amended
IRDAI	Insurance Regulatory and Development Authority of India
IT	Information Technology
Loans	Loans as per IndAS
MCA	Ministry of Corporate Affairs, GoI
MoF	Ministry of Finance, GoI
NACH	National Automated Clearing House
NBFC	Non-Banking Financial Company, as defined under RBI Act
NEFT	National Electronic Fund Transfer
NSDL	National Securities Depository Limited
PAN	Permanent Account Number
PAT	Profit After Tax
QIP	Qualified Institutional Placement
RBI	Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934
RTGS	Real Time Gross Settlement
SARFAESI Act	Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, as amended
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended
SEBI Operational Circular	Circular no. SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 issued by SEBI
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended
SEBI NCS Regulations	Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021

Term	Description
SEBI Listing Regulations / SEBI LODR Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended
SEBI Defaults (Procedure) Circular	The SEBI circular bearing reference number SEBI/HO/MIRSD/CRADT/CIR/P/2020/203 dated October 13, 2020 on " <i>Standardisation of procedure to be followed by Debenture Trustee(s) in case of 'Default' by Issuers of listed debt securities</i> ".
SEBI Due Diligence Circular	The SEBI circular bearing reference number SEBI/HO/MIRSD/CRADT/CIR/P/2020/218 dated November 3, 2020 on " <i>Creation of Security in issuance of listed debt securities and 'due diligence' by debenture trustee(s)</i> ".
SEBI Listing Timelines Requirements	The requirements in respect of the timelines for listing of debt securities prescribed in Chapter I (<i>Application process in case of public issues of securities and timelines for listing</i>) of the SEBI Operational Circular.
SEBI Listed Debentures Circulars	Collectively, the SEBI Defaults (Procedure) Circular, the SEBI Due Diligence Circular, the SEBI Monitoring Circular, the SEBI Recovery Expense Fund Circular, the Listed NCDs Operational Circular, and the LODR Regulations (to the extent applicable).
SEBI Monitoring Circular	The SEBI circular bearing reference number SEBI/ HO/ MIRSD/ CRADT/ CIR/ P/ 2020/23 dated November 12, 2020 on " <i>Monitoring and Disclosures by Debenture Trustee(s)</i> ".
SEBI Recovery Expense Fund Circular	The SEBI circular bearing reference number SEBI/HO/MIRSD/CRADT/CIR/P/2020/207 dated October 22, 2020 on " <i>Contribution by Issuers of listed or proposed to be listed debt securities towards creation of 'Recovery Expense Fund'</i> ".
U.S. Securities Act	U.S. Securities Act of 1933, as amended

BUSINESS/ INDUSTRY RELATED TERMS

Term	Description
Adjusted CRAR	Adjusted capital to risk (weighted) assets ratio (Considering nil risk weightage on mutual fund investments)
CIBIL	TransUnion CIBIL Limited
KYC	Know Your Customer
ROE	Return on Equity
UIDAI	Unique Identification Authority of India

Notwithstanding anything contained herein, capitalised terms that have been defined in "Capital Structure", "Key Regulations and Policies", "History and Certain Corporate Matters", "Statement of Tax Benefits", "Our Management", "Financial Information", "Financial Indebtedness", "Outstanding Litigations", "Issue Procedure" and "Main Provisions of the Articles of Association of our Company" on pages 46, 104, 95, 59, 118, 130, 135, 159, 202 and 252 respectively, will have the meanings ascribed to them in such sections.

CERTAIN CONVENTIONS, USE OF FINANCIAL, INDUSTRY AND MARKET DATA AND CURRENCY OF PRESENTATION

Certain Conventions

All references in this Prospectus to “India” are to the Republic of India and its territories and possessions and all references to the “Government”, the “Central Government” or the “State Government” are to the Government of India, central or state, as applicable. Further, a reference to any act, statute, regulation, or any provision thereof shall include a reference to such act, statute, regulation, or such provision as amended or modified or restated from time to time.

Unless stated otherwise, all references to page numbers in this Prospectus are to the page numbers of this Prospectus.

Presentation of Financial Information

Our Company’s financial year commences on April 1 of the immediately preceding calendar year and ends on March 31 of that particular calendar year, so all references to a particular financial year or fiscal are to the 12 months period commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year. Unless the context requires otherwise, all references to a year in this Prospectus are to a calendar year and references to a Financial Year are to the year ended on March 31 of that calendar year.

Our Company publishes its financial statements in Rupees in lakhs. Our Company’s audited consolidated financial statements and audited standalone financial statements as at and for the year ended March 31, 2021, 2020, and 2019 has been prepared in accordance with Ind AS and audited by our previous statutory auditor, BSR & Co. LLP, Chartered Accountants.

The Reformatted Financial Information are included in this Prospectus. The reports on the Reformatted Consolidated Financial Information and Reformatted Standalone Financial Information, as issued by the Statutory Auditors of our Company, S. R. Batliboi & Associates LLP, Chartered Accountants are included in this Prospectus in “*Financial Information*” on page 130. Our audited consolidated financial statements and audited standalone financial statements as at and for the year ended March 31, 2021, March 31, 2020 and March 31, 2019 form the basis for such Reformatted Consolidated Financial Information and Reformatted Standalone Financial Information respectively.

Further, the unaudited interim standalone financial results for the six months period ended September 30, 2021 prepared in accordance with Regulation 52 of SEBI LODR Regulations included in the Prospectus have been subject to limited review by the Statutory Auditors of our Company, S. R. Batliboi & Associates LLP, Chartered Accountants and are not indicative of full year financial results of operations. The said results for the six months period ended September 30, 2021 are not comparable with annual financial information.

Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding off.

Unless stated otherwise, the financial data for the financial years ended on March 31, 2021, March 31 2020 and March 31, 2019 has been derived from the Reformatted Financial Information included in this Prospectus.

There are significant differences between Ind AS, Indian GAAP and IFRS. We urge you to consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the Reformatted Financial Information in this Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Ind AS. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Prospectus should accordingly be limited.

Non-GAAP Financial Measures

Net worth, Financial Assets (excluding cash and cash equivalents) and Investments, Non Financial Assets (excluding property, plant and equipment and other intangible assets), Financial Liabilities (excluding debt securities, borrowing (other than debt securities and subordinated liabilities) and Total Debt/Total Equity (together, “**Non-GAAP Financial Measures**”), presented in this Prospectus are supplemental measure of our

performance and liquidity that is not required by, or presented in accordance with, Ind AS, Indian GAAP or IFRS. Further, these Non-GAAP Financial Measures are not a measurement of our financial performance or liquidity under Ind AS, Indian GAAP or IFRS and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the years/ period or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, Indian GAAP or IFRS. In addition, these Non-GAAP Financial Measures are not standardised terms, hence a direct comparison of these Non-GAAP Financial Measures between companies may not be possible. Other companies in financial services industry may calculate these Non-GAAP Financial Measures differently from us, limiting its usefulness as a comparative measure. Although such Non-GAAP Financial Measures are not a measure of performance calculated in accordance with applicable accounting standards, our Company's management believes that they are useful to an investor in evaluating us as they are widely used measures to evaluate a company's operating performance.

Currency and Unit of Presentation

In this Prospectus, references to “₹”, “Indian Rupees”, “INR”, “Rs.” and “Rupees” are to the legal currency of India, references to “US\$”, “USD”, and “U.S. Dollars” are to the legal currency of the United States of America, as amended from time to time. Except as stated expressly, for the purposes of this Prospectus, data will be given in ₹ in lakhs and / or crore.

Certain figures contained in this Prospectus, including financial information, have been subject to rounding adjustments. Unless set out otherwise, all figures in decimals, including percentage figures, have been rounded off to two decimal points. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given; and (ii) the sum of the numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row. Further, any figures sourced from third party industry sources may be rounded off to other than two decimal points to conform to their respective sources.

Industry and Market Data

Any industry and market data used in this Prospectus consists of estimates based on data reports compiled by Government bodies, professional organisations and analysts, data from other external sources, available in the public domain and knowledge of the markets in which we compete. These publications generally state that the information contained therein has been obtained from publicly available documents from various sources believed to be reliable, but such industry and market data has not been independently verified by us, its accuracy and completeness is not guaranteed, and its reliability cannot be assured. Although we believe that the industry and market data used in this Prospectus is reliable, such industry and market data has not been independently verified by us. The data used in these sources may have been reclassified by us for purposes of presentation. Data from these sources may also not be comparable. The extent to which the industry and market data presented in this Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business and methodologies, and assumptions may vary widely among different market and industry sources.

Given that we have compiled, extracted and reproduced data from external sources, including third parties, trade, industry or general publications, we accept responsibility for accurately reproducing such data. However, neither we nor the Lead Managers has independently verified such industry and market data and neither we nor the Lead Managers makes any representation regarding the accuracy of such data. Similarly, while we believe our internal estimates to be reasonable, such estimates have not been verified by any independent sources and neither we nor the Lead Managers can assure potential investors as to their accuracy.

FORWARD LOOKING STATEMENTS

Certain statements contained in this Prospectus that are not statements of historical fact constitute “Forward Looking Statements”. Investors can generally identify forward-looking statements by terminology such as “aim”, “anticipate”, “believe”, “continue”, “could”, “estimate”, “expect”, “intend”, “may”, “objective”, “plan”, “potential”, “project”, “pursue”, “shall”, “seek”, “should”, “will”, “would”, or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All statements regarding our expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, revenue and profitability, new business and other matters discussed in this Prospectus that are not historical facts. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results, including our financial conditions and results of operations to differ from our expectations include, but are not limited to, the following:

- We operate in an increasingly competitive financial services industry, which creates significant pricing pressures and may adversely affect our net interest margins, income and market share;
- Performance of the financial and capital markets in India and globally;
- We are involved in certain legal and other proceedings which, if determined against us, may have impact on our operations;
- The outcome of any legal or regulatory proceedings we are or may become a party to; Changes in Indian and/or foreign laws and regulations, including tax, accounting, banking, securities, Insurance and other regulations; changes in competition and the pricing environment in India; and regional or general changes in asset valuations;
- Our inability to successfully diversify our portfolio;
- Any disruption in our sources of funding;
- Our inability to obtain or maintain statutory or regulatory approvals and licenses for conducting our business;
- Performance of the Indian debt and equity markets;
- Occurrence of natural calamities, pandemics, or natural disasters affecting the areas in which our Company has operations; and
- Any increase in the levels of non-performing assets (“NPA”) on our loan portfolio, for any reason; whatsoever would adversely affect our business and results of operations.

For further discussion of factors that could cause our actual results to differ, see “*Risk Factors*” on page 13 of this Prospectus. All forward-looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results and valuations to differ materially from those contemplated by the relevant statement.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under “Industry Overview” and “Our Business” on page 72 and 83 respectively of this Prospectus. The forward-looking statements contained in this Prospectus are based on the beliefs of management, as well as the assumptions made by and information currently available to management. Although our Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct or will hold good at all times. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialise, or if any of our Company’s underlying assumptions prove to be incorrect, our Company’s actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements.

Neither our Company, its Directors, its KMPs and officers, nor any of their respective affiliates or associates or the Lead Managers have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI NCS Regulations, our Company and Lead Managers will ensure that investors in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchange.

RISK FACTORS

An investment in NCDs involves a certain degree of risk. You should carefully consider all the information contained in this Prospectus, including the risks and uncertainties described below, and the information provided in “Our Business” on page 83 and “Financial Information” on page 130, before making an investment decision. The risk factors set forth below do not purport to be complete or comprehensive in terms of all the risk factors that may arise in connection with our business or any decision to purchase, own or dispose of the NCDs. The following risk factors are determined on the basis of their materiality. In determining the materiality of risk factors, we have considered risks which may not be material individually but may be material when considered collectively, which may have a qualitative impact though not quantitative, which may not be material at present but may have a material impact in the future. Additional risks, which are currently unknown or now deemed immaterial, if materialise, may have a material adverse effect on our business, financial condition, cash flows and results of operations in the future. The market prices of the NCDs could decline due to such risks and you may lose all or part of your investment including interest thereon.

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implication of any of the risks described in this section. This Prospectus also contains forward-looking statements that involve risks and uncertainties. Our results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including events described below and elsewhere in this Prospectus. Unless stated otherwise, or unless context requires otherwise, the financial data in this section is based on our Reformatted Standalone Financial Information for the Financial Year ending March 31, 2021, 2020 and 2019 which are based on audited standalone financial statements prepared in accordance with Ind AS.

Risks relating to our Business and our Company

- 1. Our Company has filed a composite scheme of amalgamation and arrangement (“Scheme”) pursuant to which Bee Finance Limited (the “Transferor Company”), one of the Promoters of our Company, will merge into KKR Capital Markets India Private Limited (the “Transferee Company”) and the InCred Demerged Undertaking (as defined in the Scheme) of the Company shall demerge into KKR India Financial Services Limited (the “Resulting Company”), the non-implementation of which may have a material adverse effect on our credit rating, business operations, financial condition, cash flows and results of operations.***

Our Board of Directors in their meeting held on September 03, 2021 has approved a composite scheme of amalgamation and arrangement (“Scheme”) pursuant to which Bee Finance Limited (the “Transferor Company”), one of the Promoters of our Company, will merge into KKR Capital Markets India Private Limited (the “Transferee Company”) and the InCred Demerged Undertaking (as defined in the Scheme) of the Company shall demerge into KKR India Financial Services Limited (the “Resulting Company”). The said Scheme has been filed with the Mumbai Bench of the Hon’ble NCLT on September 27, 2021 and the ‘Appointed Date’ for the Scheme is April 01, 2022. Further for the said Scheme, our Company has received no-objection from RBI on December 08, 2021 and in-principle approval from BSE Limited on December 24, 2021. Further, the Equity Shareholders, Preference Shareholders and secured creditors of the Company have approved the Scheme at their respective meetings convened by the NCLT held on December 15, 2021.

Upon the Scheme becoming effective, the business, branches, assets and liabilities, debts, obligations, permits, contracts, employees, agreements, policies, arrangements, approvals, sanctions and proceedings etc. of the InCred Demerged Undertaking carried on by our Company will vest in the Resulting Company. Further, pursuant to the said Scheme becoming effective, the NCDs, proposed to be issued under this Scheme, will stand transferred to and will vest in the Resulting Company, subject to regulatory approvals, and the obligations towards payment of interest or repayment of the principal amounts will vest in the Resulting Company.

There can be no assurance that post the Scheme becoming effective, the InCred Demerged Undertaking will continue to be operated in the same manner and accordingly this must be considered in light of the risks and uncertainties inherent in a new venture. The Resulting Company may also need to alter the existing business and strategies on an ongoing basis to manage the growth and to compete effectively with established players in the industry in which we presently operate. Also, pursuant to the merger of the Transferor Company into the Transferee Company, the Transferee Company will become a promoter of the Company.

Further, if the said Scheme is not approved by the regulatory authorities or not implemented or is withdrawn, for any reason, the same may have a material adverse effect on our credit rating, business operations, financial condition, cash flows and results of operations. For details of the said Scheme refer to the chapter titled “History and Certain Corporate Matters” on page 95 of the Prospectus.

2. *The impact of the COVID-19 pandemic on our business and operations is uncertain and cannot be predicted.*

The Covid-19 pandemic resulted in an unpredictable chain of events across the globe. With reduced production and consumption, every economy witnessed a fiscal crunch like never before. The pandemic shook the Indian economy, which was already under the effects of demonetisation and GST enforcement. As Covid-19 swiftly made its way into the nation, the Indian Government imposed a strict nationwide lockdown. Trade and travel restrictions along with shutdown of business activities led to a GDP contraction of 23.9%.

The financial year 2020-21 began with ongoing COVID-19 pandemic that led to nationwide lockdown. The lockdown was relaxed in a phased manner depending upon the severity and magnitude of the spread of the pandemic. The cases started declining after reaching peak levels in September 2020. With revival of economic activities due to easing of lockdown, economy rebounded. However, the resurgence of COVID-19 pandemic impacted the nascent economic revival that was taking shape. The most vulnerable category of borrowers are individual borrowers, small businesses and MSMEs.

Our Company also lends to MSMEs. In order to mitigate the stress caused by the Covid-19 pandemic on several sectors across the country, the Government has announced an Emergency Credit Line Guarantee Scheme (“ECLGS”). The ECLGS aims to provide 100 percent guaranteed coverage to the banks, non-banking financial institutions (NBFCs) and other lending institutions in order to enable them to extend emergency credit to business entities that have suffered due to the Covid-19 pandemic and are struggling to meet their working capital requirements. The scheme aimed to provide Rs 3 lakh crore worth of collateral-free, government-guaranteed loans to micro, small and medium enterprises (MSMEs) across India to mitigate the distress caused by the coronavirus-induced lockdown. Under the ECLGS, the Company has outstanding of ₹ 57.8 Crores as on 31st March 2021.

RBI took several standard and innovative measures to ensure liquidity in the system. RBI permitted lending institutions to provide relief to the borrowers for a period of six months starting from 1st March 2020 to 31st August 2020 from EMI payments and working capital interest payments. It also announced relief measures including new restructuring guidelines to retain loans from banks and NBFCs’ to such qualifying loans classified as standard within the regulatory framework. RBI also declared Resolution Framework for COVID-19-related stress through which a window to enable lenders to implement a resolution plan in respect of eligible corporate exposures without change in ownership, and personal loans, while classifying such exposures as Standard, subject to specified conditions. Reserve Bank of India vide its circular dated 7th April 2021 instructed all lending institutions to refund / adjust ‘interest on interest’ to all borrowers including those who had availed of working capital facilities during the moratorium period, irrespective of whether moratorium had been fully or partially availed or not availed. Pursuant to these instructions, our Company has estimated an amount of ₹ 106.64 lacs and charged the same to Profit and Loss Account for the year ended 31st March 2021 on the basis of the methodology for calculation of the amount of such ‘interest on interest’ finalised by the Indian Banks Association (IBA) in consultation with other industry participants / bodies.

The physical and emotional wellbeing of employees continues to be a top priority for our Company. Accordingly, our Company has taken various measures to provide support to its employees. The number of COVID-19 positive employees and their family members are being tracked on a daily basis to provide them support as and when required. Our Company implemented work from home during the lockdown period however the routine work could be carried out remotely eliminating the need for employee’s physical presence.

Further, in our audited consolidated financial statements for the year ended March 31, 2021 and March 31, 2020 and our audited standalone financial statements for the year ended March 31, 2020, an Emphasis of Matter pertaining to the possible impact of COVID-19 pandemic on the financial position of the Company has been included in the audit report. For details, refer to “Other Regulatory and Statutory Disclosures - Reservations / Qualifications / Adverse Remarks or Emphasis of Matter by Auditors” on page 246 of the Prospectus.

As these are unforeseen circumstances, it may give rise to risks that we may not have anticipated. If the outbreak of any of these pandemic or other severe pandemic, continues for an extended period, occur again and/or increases in severity, it could have an adverse effect on economic activity worldwide, including India, and could materially and adversely affect our business, cash flows, financial condition and results of operations.

3. *The financing industry is becoming increasingly competitive, and Covid-19 is continuing stress on borrowers and loans under restructuring.*

Our business operates in a highly competitive market and we face significant competition from other players in the financing industry. Particularly in light of the COVID-19 pandemic, there has been a significant decline in economic activities and since the end of March, 2020, the macroeconomic impacts became significant, exhibited by, among other things, a rise in unemployment and market volatility. While the COVID related lockdown of last year was gradually relaxed later in the year 2020, the emergence of second COVID19 wave in the year 2021 forced state governments across India to again impose selective lockdowns since March 2021. While these lockdowns are now being gradually lifted and India has already achieved a milestone of 1 billion vaccinations to lessen the spread of the epidemic, the economic activity is still expected to take some more time before it returns to its earlier growth path.

4. *Our Company is subject to certain legal proceedings and any adverse decision in such proceedings may have a material adverse effect on our business, financial condition, cash flows and results of operations.*

Our Company is subject to certain legal proceedings including civil suits, consumer litigations, tax litigations etc. We incur substantial cost in defending these proceedings before a court of law. Moreover, we are unable to assure you that we shall be successful in any or all of these actions. In the event, we suffer any adverse order, our reputation may suffer and may have an adverse impact on our business and results of operations. We cannot assure that an adverse order by any statutory or governmental authority would not have a negative impact on our profit, financial condition and cash flows. For further details of the legal proceedings that we are subject to, please refer to “Outstanding Litigation” on page 159 of the Prospectus.

5. *We have limited operating history and evolving business make it difficult to evaluate our business and future operating results on the basis of our past performance, and our future results may not meet or exceed our past performance.*

The Company has started meaningful business operations from Financial Year 2018-19. As a result of our limited operating history, there is limited historical operating information available to help prospective investors to evaluate our past performance as an entity. Given we have limited operating history in the loan finance business, we may face significant challenges in developing and institutionalizing our procedures and policies for that business. The loan finance business would require extensive monitoring, strict compliance with KYC requirements and prudent risk management. Our growth plans will place significant demands on our operational, credit, financial and other internal risk controls, making our management of asset quality increasingly important.

Our business is growing and the results and amounts set forth in our audited financial statements may not provide a reliable indication of our future performance. Accordingly, you should evaluate our business and prospects in light of the risks, uncertainties and difficulties frequently encountered by both high growth companies and financial institutions that are in the early stages of development. Our failure to mitigate these risks and uncertainties successfully could materially adversely affect our business and operating results.

6. *Our Company has experienced significant growth in recent years and we may not be able to sustain our business growth, which may have a material adverse effect on our business, results of operations, cash flows and financial condition.*

Our Company has experienced considerable growth in recent years and we have significantly expanded our operations. Our total income grew from ₹ 29,056.65 lakhs for the Financial Year ended 2019 to ₹ 39,184.91 lakhs for Financial Year ended 2021, while our profit after tax grew from ₹ 377.46 lakhs for the Financial Year ended 2019 to ₹ 1,023.44 lakhs for Financial Year ended 2021 on standalone basis. Our Loan Book has grown from ₹ 1,73,310.29 lakhs as of March 31, 2019 to ₹ 2,55,359.84 lakhs as of March 31, 2021. However, we cannot assure you that our growth strategy will continue to be successful or that we will be able to continue to grow further, or at the same rate.

Our inability to manage our expansion effectively and execute our growth strategy in a timely manner, or within budget estimates could have an adverse effect on our business and results of operations. Our ability to execute our growth strategies will depend, among other things, on our ability to identify key target markets correctly, manage our pricing to compete effectively, and scale up and grow our network efficiently. We will also need to manage relationships with a greater number of customers, service providers, lenders and other parties as we expand. Moreover, our ability to sustain our rate of growth depends significantly upon our ability to manage key issues such as selecting and retaining key management personnel, maintaining effective risk management policies, continuing to offer products which are relevant to our target base of clients, developing managerial experience to address emerging challenges and ensuring a high standard of customer service.

If we grow our loan book too rapidly or fail to make proper assessments of credit risks associated with new borrowers or new businesses, a higher percentage of our loans may become non-performing, which would have a negative impact on the quality of our assets and our business, prospects, financial condition, cash flows and results of operations. Further, a number of external factors beyond our control could also affect our ability to continue to grow our business and loan portfolio, such as demand for consumer/personal loans in India, domestic economic growth, the RBI's monetary and regulatory policies, RBI Master Directions, inflation, competition and availability of cost-effective debt and equity capital.

We cannot assure you that our existing or future management, operational and financial systems, processes, procedures and controls will be adequate to support future operations or establish or develop business relationships beneficial to future operations. Any one or a combination of some or all of the above-mentioned factors may result in a failure to maintain the growth of our Loan Book which may in turn have a material adverse effect on our business, results of operations, cash flows and financial condition.

7. *Our business requires substantial capital, and any disruption in funding sources would have a material adverse effect on our liquidity, cash flows and financial condition.*

As an NBFC, our liquidity and on-going profitability are, in large part, dependent upon our timely access to, and the costs associated with, raising capital. Our funding requirements historically have been met from issuance of redeemable non-convertible debentures, borrowing from banks/ financial institutions, issue of equity shares. Thus, our business depends and will continue to depend on our ability to access diversified funding sources. Our ability to raise funds on acceptable terms and at competitive rates continues to depend on various factors including our credit ratings, the regulatory environment and policy initiatives in India, investors' and/or lenders' perception of demand for debt and equity securities of NBFCs, and our current and future results of operations, cash flows and financial condition. While our borrowing costs have been competitive in the past, if we are unable to access funds at an effective cost that is comparable to or lower than our competitors, we may not be able to offer competitive interest rates for our loans. This may adversely impact our business, prospects, cash flow, results of operations and financial condition.

Changes in economic and financial conditions or continuing lack of liquidity in the market could make it difficult for us to access funds at competitive rates. Such conditions may lead to a disruption in our primary funding sources at competitive costs and would have a material adverse effect on our liquidity, cash flow and financial condition.

8. *We are vulnerable to the volatility in interest rates and we may face interest rate mismatches between our assets and liabilities in the future which may cause liquidity issues.*

Our operations are vulnerable to volatility and mismatches in interest rates. Our net interest income and profitability directly depend on the difference between the average interest rate at which we lend and the average interest rate at which we borrow.

The cost of our funding and the pricing of our loan products are determined by a number of factors, many of which are beyond our control, including the RBI's monetary policies, inflationary expectations, competition, deregulation of the financial sector in India, domestic and international economic and political conditions and other factors. These factors could affect the interest rates charged on interest-earning assets differently than the interest rates paid on interest bearing liabilities. While any reduction in our cost of funds may be passed on to our customers, we may not have the same flexibility in passing on any increase in our cost of funds to our customers, thereby affecting our net interest income. Similarly, competition pressures may require us to reduce our cost of lending to our customers without a proportionate reduction in our cost of borrowing from

our lenders. Further, if we do not pass on the reduced interest rates to our borrowers, it may result in some of the borrowers prepaying the loan to take advantage of the reduced interest rate environment, thereby impacting our growth and profitability.

Further, an increase in general interest rates in the economy could reduce the overall demand for New Loans and impact our growth. There can be no assurance that we will be able to adequately manage our interest rate risk in the future, and if we are unable to do so, this could have an adverse effect on our net interest income, which could in turn have a material adverse effect on our business, results of operations, cash flows and financial condition.

The pricing on our issuances of debt will also be negatively impacted by any downgrade or potential downgrade in our credit ratings. This would increase our financing costs, and adversely affect our future issuances of debt and our ability to raise new capital on a competitive basis.

9. We may face asset-liability mismatches, which could affect our liquidity and consequently affect our operations and financial performance adversely.

We may also face potential liquidity risks due to mismatches in the maturity of our assets and liabilities. Such mismatches, where the financial terms of an institution's assets and liabilities do not match, are a key financial parameter for us. As is typical for a company in the business of lending, a portion of our funding requirements is met through short and long-term funding sources such as bank loans, non-convertible debentures, etc. We may be unable to obtain additional credit facilities or renew our existing credit facilities for matching the tenure of our liabilities in a timely and cost-effective manner or at all, may lead to mismatches between our assets and liabilities leading to an increase in liquidity risk, which in turn may adversely affect our operations and financial performance.

The following table describes the standalone ALM of our Company as on March 31, 2021 based on the audited standalone financial statements:

Particulars	(Rs. in lakhs)								
	Upto 30/31 days	Over 1 month & upto 2 months	Over 2 months & upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Advances	20,636.94	17,076.51	16,817.08	27,879.93	40,890.07	68,296.59	23,993.82	39,768.89	2,55,359.84
Investment	1,098.44	542.19	166.57	4,129.53	1,728.01	1,094.70	-	3,911.22	12,670.66
Borrowings	14,369.27	2,235.84	7,569.00	16,541.89	57,918.88	58,756.50	9,857.72	-	1,67,249.10
Foreign Currency Assets	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-

10. Any increase in the levels of NPAs in our AUM, for any reason whatsoever, would adversely affect our business, results of operations, cash flows and financial condition.

The RBI Master Directions, which are applicable to us, have laid down prudential norms with regard to NPAs, including in relation to the identification of NPAs and income recognition against NPAs, though we follow Ind AS for income recognition against NPAs. There is no assurance that our NPA level will continue to stay at its current level. If the credit quality of our Loans deteriorates or we are unable to implement effective monitoring and collection methods, our results of operations, cash flows and financial condition may be adversely affected. As we intend to continue our efforts to originate new loans, we cannot assure you that there will not be significant additional NPAs in our Loans in the future.

Further, the RBI directions/guidelines on NPAs may become more stringent than they currently are, which may adversely affect our profitability and results of operations. The RBI Master Directions, as amended from time to time, also prescribe the provisioning required in respect of our outstanding AUM. However, we follow Ind AS for provisioning as per the RBI Master Directions. In the event that the aggregate impairment provision under Ind AS is lower than that required under the applicable provisioning norms, then the difference shall be appropriated from the net profit or loss after tax to a separate "Impairment Reserve". Should the overall credit

quality of our Loans deteriorate, the current level of our provisions may not be adequate to cover further increases in the amount of our NPAs. Based on standalone audited financial statements as of March 31, 2021, our gross NPAs, as a percentage of our AUM, were 3.43% and our net NPAs as a percentage of our AUM were 1.71%. Our provisions for NPAs (ECL provision for Stage 3) as at March 31, 2021, 2020 and 2019 were ₹ 4,612.12 lakhs, ₹ 3,159.85 lakhs and ₹ 1,951.28 lakhs representing a specific provision coverage ratio of 51.04%, 53.17% and 61.39% respectively of our gross NPAs on Loans in those years. If we are required to increase our provisioning in the future due to increased NPAs or the introduction of more stringent requirements in respect of loan loss provisioning, this may reduce our profit after tax and adversely impact our results of operations. We cannot assure you that there will not be a significant increase in the portion of our loans that are classified as NPAs as our loan portfolio matures.

Further, there can be no assurance that we will be able to recover the outstanding amounts due under any defaulted loans. We may also face difficulties in disposing of the underlying assets relating to such loans, as a result of which we may be unable to realize any liquidity from such assets. Further, as our loan portfolio grows, our NPAs may increase and the current level of our provisions may not adequately cover any such increases.

Further, the RBI has issued circular RBI/2021-2022/125 titled “Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances - Clarifications” dated November 12, 2021 (“Prudential Norms - Clarifications 2021”), which provides for more stringent classification and recognition of NPAs. Please note that we are currently evaluating and analysing the impact of the Prudential Norms - Clarifications 2021 on our Company; and in particular the effect on our daily NPA position and upgradation of our NPA accounts. As a result, upon applying the provisions of the Prudential Norms - Clarifications 2021, we cannot assure you that our Company will be able to maintain historic NPA positions, and our NPA position may significantly increase, which may in turn have a material adverse effect on our cash flows, profits, results of operations and financial condition.

11. Our Company is subject to certain restrictive covenants in our loan documents, which may restrict our operations and ability to grow and may adversely affect our business.

As of March 31, 2021, our total borrowings were ₹ 1,67,249.10 lakhs on standalone basis. Our ability to meet our debt service obligations and repay our outstanding borrowings will depend primarily on the cash generated by our business, which depends on the timely repayment by our customers. There are restrictive covenants in the agreements we have entered into with our lenders/creditors that limit our ability to undertake certain types of transactions, any of which could adversely affect our business, results of operations, cash flows and financial condition. These restrictive covenants require us to maintain certain financial ratios and seek the prior permission of these banks/financial institutions/creditors for various activities, including, amongst others, selling, leasing, transferring or otherwise disposing of any part of our business or revenues, effecting any scheme of amalgamation or reconstitution, implementing a new scheme of expansion, taking up an allied line of business or making any amendments to Memorandum and Articles of Association etc. Such restrictive covenants in our loan/debt documents may restrict our operations or ability to expand and may adversely affect our business.

A failure to observe the covenants under our financing arrangements or to obtain necessary consents required thereunder may lead to the termination of our credit facilities, acceleration of all amounts due under such facilities/early redemption of any non-convertible debt instruments, and the enforcement of any security provided. Any acceleration of amounts due under such facilities/early redemption of any non-convertible debt instruments may also trigger cross default provisions under our other financing agreements. If the obligations under any of our financing documents are accelerated, we may have to dedicate a substantial portion of our cash flow from operations to make payments under such financing documents, thereby reducing the availability of cash for our working capital requirements and other general corporate purposes. Further, during any period in which we are in default, we may be unable to raise, or face difficulties raising, further financing. Any of these circumstances could adversely affect our business, credit rating and financial condition, cash flows and results of operations.

If we fail to meet our debt service obligations or covenants provided under the financing agreements, the relevant lenders/creditors could declare us to be in default under the terms of our agreements or accelerate the maturity of our obligations. We cannot assure you that, in the event of any such acceleration, we will have sufficient resources to repay the borrowings.

12. Any downgrade in our credit ratings may increase interest rates for raising new debt, refinancing our outstanding debt, which would increase our financing costs, and adversely affect our future issuances of debt and our ability to borrow on a competitive basis.

Credit ratings reflect the opinions of ratings agencies on our financial strength, operating performance, strategic position and ability to meet our obligations. In the past, the credit rating of short-term borrowings of our company viz. Commercial Paper was revised from A1+ to A1 on January 28, 2020 by Care Ratings Limited. Furthermore, the outlook on credit rating of long-term borrowings of the company viz. Non-Convertible Debentures, Long Term Bank Lines and Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture was revised from Stable to Negative on June 12, 2020 by Care Ratings Limited. For details of borrowings and present credit rating, refer to the section “Our Business” on page 83 of the Prospectus.

Any downgrades in our credit ratings may increase interest rates for refinancing our outstanding debt, which would increase our financing costs, and adversely affect our future issuances of debt and our ability to borrow on a competitive basis, which may adversely affect our business, financial condition, results of operations and cash flows. Further, any downgrade in our credit ratings may also trigger an event of default or acceleration of certain of our borrowings and also lead to lenders imposing additional terms and conditions to any financing or refinancing arrangements we enter into in the future and adversely affect our business, results of operations, cash flows and financial condition.

13. Our loan book comprises of unsecured loans. Our inability to recover the amounts due from customers in connection with such loans in a timely manner could adversely affect our operations and profitability.

Our loan book also comprises of unsecured loans. Since such loans are unsecured, in case of customer defaults in connection with such loans, our ability to realise the amounts due to us for such loans would be restricted to initiating legal proceedings for recovery, as we will not have the benefit of enforcing any security interest related to such loans. There can be no guarantee as to the time that would be taken for the final disposal of such legal proceedings and/or our ability to obtain favourable decisions in connection therewith.

Because of the unsecured nature, it is essential that such loans are appropriately priced, taking into account a possible high rate of interest and all other relevant factors. In making a decision whether to extend credit to prospective customers, and the terms on which we are willing to provide credit, including the price, we rely heavily on our credit scoring models, and our credit experience gained through monitoring the performance of customers over time. Our credit scoring models are based on previous historical experience. If our credit scoring models are not redeveloped as required or if they do not perform up to target standards we may experience increasing defaults or higher customer acquisition costs.

As of March 31, 2021, our unsecured lending book was ₹ 1,27,699.32 lacs constituting 48.29% of our total loan book. Further, some of our lending products generally do not have any definite end-use restrictions and our customers may utilise such loans for various purposes, which are often incapable of being monitored on a regular basis or at all.

Our inability to recover the amounts due from customers in connection with such loans in a timely manner or at all and/or to comply with applicable statutory/regulatory requirements in connection with such loans could adversely affect our operations and profitability.

14. We may not be able to recover, on a timely basis or at all, the full value of collateral or amounts which are sufficient to cover the outstanding amounts due under defaulted loans.

Out of our Company’s gross loan portfolio of ₹ 2,64,464.41 lacs as at March 31, 2021 on standalone basis, 51.71% of the aggregate gross value of our loan book i.e. ₹ 1,36,765.41 lakhs is secured and ₹ 1,27,699.32 cr representing 48.29% of the aggregate gross value of our loan book is unsecured loans. The value of securities is dependent on various factors inter-alia including (i) prevailing market conditions, (ii) the general economic and political conditions in India, (iii) the markets in the areas in which we operate.

The value of the security provided to us, may be subject to reduction in value on account of other extraneous reasons. Consequently, the realizable value of the security for the loans provided by us, when liquidated, may be lower than principal amount outstanding along with interest and other costs recoverable from such customers. Although we believe that we generally maintain a sufficient margin, if we have to enforce such

pledges and if at the time of such enforcement, due to adverse market conditions, the market value of the pledged securities have fallen to a level where we are unable to recover the monies lent by us, along with interest accrued thereon and associated costs, the results of our operations would be adversely affected.

Furthermore, enforcing our legal rights by litigating against defaulting customers is generally a slow and potentially expensive process in India. Accordingly, it may be difficult for us to recover amounts owed by defaulting customers in a timely manner or at all. For details relating to litigations against defaulting customers, refer to the chapter titled “Outstanding Litigations” on page 159 of the Prospectus.

15. Our statutory auditors have highlighted an emphasis of matter to their limited review report on the unaudited interim standalone financial results for six months ended September 30, 2021 and our predecessor statutory auditors have highlighted certain emphasis of matters to their audit reports relating to our audited consolidated financial statements and audited standalone financial statements, which may affect our future financial results.

The unaudited interim standalone financial results for six months period ended September 30, 2021, which has been subject to limited review by our Statutory Auditors included an emphasis of matter under Note 9 which describes the uncertainty continued to be caused by COVID-19 pandemic and related events which could impact the Company’s estimates of impairment of loans to customers. The Statutory Auditors conclusion is not modified in respect of this matter.

The Auditor’s Report on the Audited Consolidated Financial Statements issued by our predecessor statutory auditors for the financial year 2021, 2020 and 2019 has included an emphasis of matter which reads as under:

Financial Year ended	Emphasis Of Matter
March 31, 2021	<p>The predecessor statutory auditor has drawn attention to Note No. 31(iv) of the audited consolidated financial statements to the extent to which the COVID-19 pandemic will have impact on the Group’s financial performance is dependent on future developments, which are highly uncertain.</p> <p>The predecessor statutory auditors have not modified their opinion in respect of these matters.</p>
March 31, 2020	<p>The predecessor statutory auditor has drawn attention to Note No. 34A(iv) of the audited consolidated financial statements to the extent to which the COVID-19 pandemic will impact the Group’s financial performance is dependent on future developments, which are highly uncertain.</p> <p>The predecessor statutory auditors have not modified their opinion in respect of these matters.</p> <p>The predecessor statutory auditor has drawn attention to Note No. 47(i) of the audited consolidated financial statements which describes the Incred Housing Finance Private Limited (‘IHFPL’) (a wholly owned subsidiary of the Holding Company) management’s strategic decision to exit from housing segment on account of various challenges in the affordable housing segment, the IHFPL Board’s proposal of merger with the Holding Company and surrender of the housing finance license.</p> <p>The predecessor statutory auditors have not modified their opinion in respect of these matters.</p> <p>The predecessor statutory auditor has drawn attention to Note No. 47(ii) of the audited consolidated financial statements which more fully describes Incred Management Technology and Services Private Limited (‘IMTSPL’) (a wholly owned subsidiary of the Holding Company) management’s basis for concluding and continuing with the going concern assumption for preparation of the financial statements.</p> <p>The predecessor statutory auditors have not modified their opinion in respect of these matters.</p>

Financial Year ended	Emphasis Of Matter
March 31, 2019	<p>The predecessor statutory auditor has drawn attention to Note No. 48 of the audited consolidated financial statements which describes that during the year, HFC has sold off significant part of its housing portfolio and the appropriateness of going concern assumption relating to HFC is dependent upon future plans and intension of the HFC to continues its lending activity.</p> <p>The predecessor statutory auditors have not modified their opinion in respect of these matters.</p> <p>The predecessor statutory auditor has drawn attention to Note No. 31(i) of the audited consolidated financial statements which describe the impact of loss of control by Group over its one subsidiary (m Valu Technology Private Limited) in the current year. This has led to recognition of fair valuation gain of Rs 4,147.71 lakhs in the Consolidated statement of profit and loss. Consequently deferred tax liability amounting to Rs. 1,207.81 lakhs has been created at a Consolidated level in respect of fair value gain.</p> <p>The predecessor statutory auditors have not modified their opinion in respect of these matters.</p>

The Auditor's Report on the Audited Standalone Financial Statements issued by our predecessor statutory auditors for the financial year 2021 and 2020 has included an emphasis of matter which reads as under:

Financial Year ended	Emphasis Of Matter
March 31, 2021	<p>The predecessor statutory auditor has drawn attention to Note No. 42 of the audited standalone financial statements which describes the accounting for Scheme of Amalgamation of between the Company and Incred Housing Finance Limited, (wholly owned subsidiary)</p> <p>The predecessor statutory auditors have not modified their opinion in respect of these matters.</p>
March 31, 2020	<p>The predecessor statutory auditor has drawn attention to Note No. 28(A) of the audited standalone financial statements which describes the extent to which the COVID-19 pandemic will impact the Company's financial performance is dependent on future developments, which are highly uncertain.</p> <p>The predecessor statutory auditors have not modified their opinion in respect of these matters.</p>

For details refer to the Chapter "Other Regulatory and Statutory Disclosures - Reservations / Qualifications / Adverse Remarks or Emphasis of Matter by predecessor statutory auditors" on page 246 of the Prospectus.

16. This Prospectus includes certain unaudited interim standalone financial results, which has been subjected to limited review, in relation to our Company. Reliance on such information should, accordingly, be limited. Additionally, our Company may publish additional unaudited interim standalone financial results during the Issue Period.

This Prospectus includes the six months period ended September 30, 2021 unaudited interim standalone financial results prepared in accordance with Regulation 52 of SEBI LODR Regulations in respect of which the Statutory Auditors have issued their review report dated October 25, 2021. For further details in relation to six months period ended September 30, 2021 unaudited interim standalone financial results, see the chapter titled "Financial Information" on page 130. Any financial results published in the future may not be consistent with past performance. Accordingly, prospective investors should rely on their independent examination of our financial position and results of operations and should not place undue reliance on or base their investment decision solely on the financial information included in this Prospectus.

17. We have had negative net cash flows from our operating, investing and financing activities in the recent financial years. Any negative cash flows in the future may adversely affect our results of operations, cash flows and financial condition.

We have had negative net cash flows from our operating and investing activities during our last three financial years based on Reformatted Standalone Financial Information, the details of which are summarised below:

(in ₹ lakhs)

Particulars	Financial Year 2021	Financial Year 2020	Financial Year 2019
Net cash generated from/ (used in) operating activities	(49,611.37)	(26,280.19)	(33,746.03)
Net cash generated from/ (used in) investing activities	(10,009.78)	(4,535.30)	(1,713.39)
Net cash generated from/ (used in) financing activities	58,161.93	32,530.05	24,917.82

Any negative cash flows in the future may adversely affect our results of operations, cash flows and financial condition. For disclosure of cash flows for the financial year 2021, 2020 and 2019 as per IndAS 17, refer to the “Financial Information” on page 130 of the Prospectus.

18. Our company has goodwill in the audited consolidated financial statements for the financial year ended March 31, 2021 which is subject to impairment testing

The goodwill appearing in Audited Consolidated Financial Information for the financial year ended March 31, 2021 pertains to goodwill acquired in business combinations on acquisition of subsidiaries. The goodwill allocated to the subsidiaries are evaluated based on their actual performance against the budget approved by the Management, using income approach, covering three to five years period. Based on evaluation, their recoverable amount exceeds their carrying amounts, hence, no goodwill impairment was identified.

Goodwill is not amortised, instead it is tested, for impairment annually or more frequently, if indicators of impairment exist. Potential impairment is identified by comparing the recoverable value of a cash generating unit to its carrying value. The Company estimates the recoverable value based on fair value less cost to sell approach following income approach and market approach. The determination of recoverable value using the income and market approaches requires the use of estimates and assumptions related to selection of multiples and control premium for the market approach and sales volumes and prices, costs to produce, capital spending and discount rate for the income approach.

Under income approach, the recoverable amount is determined based on value-in-use calculation, which requires the use of certain assumptions. The calculation uses cash flow projections based on financial budgets approved by the management, covering three to five years period depending upon segments financial budgeting process. Cash flow beyond these financial budget period is extrapolated using the estimated growth rates.

Under market approach, recoverable amount is determined based on average of comparable companies multiple suitable for the industry to which business relates.

The goodwill is tested for impairment based on income approach. This involves using various inputs such as growth rate, future projections, discount rate, etc. These assumptions are based on current level of management expertise and judgement and would continue to be maintained. We do not provide assurance on the achievability of the results forecasted because events and circumstances frequently do not occur as expected; differences between actual and expected results may be material; and achievement of the forecasted results is dependent on actions, plans and assumptions of management which may result in impairment of goodwill.

19. We have in the past entered into related party transactions and may continue to do so in the future, which may potentially involve conflicts of interest with the equity shareholders.

We have entered into certain transactions with related parties, while we believe that all such transactions have been conducted on an arm’s length basis and contain commercially reasonable terms, we cannot assure you that we could not have achieved more favourable terms had such transactions been entered into with unrelated parties. It is likely that we may enter into related party transactions in the future. Although all related party transactions that we may enter into will be subject to board or shareholder approval, as necessary under the

Companies Act, 2013, as amended, we cannot assure you that such future transactions, individually or in the aggregate, will not have an adverse effect on our financial condition, cash flows and results of operations or that we could not have achieved more favourable terms if such transactions had not been entered into with related parties. For details, please refer to “History and Certain Corporate Matters - Related Party Transactions” on page 101 of the Prospectus.

20. We depend on the accuracy and completeness of information about customers and counterparties for certain key elements of our credit assessment and risk management process. Any misrepresentation, errors in or incompleteness of such information could adversely affect our business and financial performance.

In deciding whether to extend credit or enter into other transactions with customers, for certain key elements of the credit assessment process, we rely on information furnished to us by or on behalf of customers (including in relation to their financial transactions and past credit history). We may also rely on certain representations from our customers as to the accuracy and completeness of that information. For ascertaining the creditworthiness and encumbrances on collateral we may depend on the respective registrars and sub-registrars of assurances, credit information companies or credit bureaus, and on independent valuers in relation to the value of the collateral, and our reliance on any misleading information given, may affect our judgement of credit worthiness of potential borrowers, and the value of and title to the collateral, which may affect our business, prospects, results of operations, cash flows and financial condition. We may receive inaccurate or incomplete information as a result of negligence or fraudulent misrepresentation. Our risk management measures may not be adequate to prevent or deter such activities in all cases, which may adversely affect our business prospects, financial condition, cash flows and results of operations.

21. We are subject to supervision and regulation by the RBI as a systemically important non - deposit accepting NBFC (“NBFC-ND-SIs”), and changes in RBI’s regulations governing us could adversely affect our business.

We are classified as a systemically important non - deposit accepting NBFC with asset size of more than ₹ 50,000 lakhs and therefore we are subject to the RBI’s guidelines on financial regulation of NBFCs, including capital adequacy, exposure and other prudential norms. The RBI also regulates the credit flow by banks to NBFC-ND-SIs and provides guidelines to commercial banks with respect to their investment and credit exposure norms for lending to the NBFC-ND-SIs. The RBI’s regulation of NBFC-ND-SIs may change or become more rigorous in the future which may require our Company to restructure its activities, incur additional costs or could otherwise adversely affect its business, financial performance and cash flows. In order to provide enhanced control, existing rules and regulations have been modified, new rules and regulations have been enacted and reforms have been implemented. There can be no assurance that the RBI and/or the Government will not implement further regulations or policies, including legal interpretations of existing regulations, relating to or affecting interest rates, taxation, inflation or exchange controls, or otherwise take action, that may have an adverse impact on NBFC-ND-SIs.

Compliance with many of the regulations applicable to our operations in India, including any restrictions on investments and other activities currently being carried out by us, involves a number of risks, particularly in markets where applicable regulations may be subject to varying interpretations. If the interpretation of the regulators and authorities varies from our interpretation, we may be subject to penalties and our business could be adversely affected. We are also subject to changes in laws, regulations and accounting principles and practices. There can be no assurance that the laws governing the financial services sector will not change in the future or that such changes or the interpretation or enforcement of existing and future laws and rules by governmental and regulatory authorities will not adversely affect our business and future financial performance.

22. We are subject to supervision by regulatory authorities and non-compliance with observations made by regulatory authorities during their periodic inspections could expose us to penalties and restrictions.

As a NBFC-ND-SI, we are subject to periodic inspection by the RBI under Section 45N of the Reserve Bank of India Act, 1934 (the “RBI Act”), pursuant to which the RBI may inspect our books of accounts and other records for the purpose of verifying the correctness or completeness of any statement, information or particulars furnished to the RBI. Any irregularities found during such investigations by RBI could expose us to warnings, penalties and restrictions.

During the course of finalization of inspection, regulatory authorities may share their findings and recommendations with us and give us an opportunity to provide justification and clarifications. Further, such regulatory authorities may also seek certain clarifications and share their findings in the ordinary course of business. We cannot assure you that these authorities will not find any deficiencies in future inspections or otherwise / the authorities will not make similar or other observations in the future.

In the event we are unable to resolve such deficiencies to the satisfaction of the relevant authority, we may be restricted in our ability to conduct our business as we currently do. While we seek to comply with all regulatory provisions applicable to us, in the event we are unable to comply with the observations made by the regulatory authorities, we could be subject to penalties and restrictions which may have an adverse effect on our business, results of operations, financial condition, cash flows and reputation.

23. Our Company's inability to obtain, renew or maintain the statutory and regulatory permits and approvals which are required to operate its existing or future businesses may have a material adverse effect on its business, financial condition, cash flows and results of operations.

NBFCs in India are subject to regulations and supervision by the RBI. In addition to the numerous conditions required for the registration as an NBFC with the RBI, we are also required to comply with certain other regulatory requirements imposed by the RBI from time to time. In future, there could be circumstances where our Company may be required to renew applicable permits and approvals, including its registration as a systemically important non-deposit taking NBFC and obtain new permits and approvals for its current and any proposed operations or in the event of a change in applicable law and regulations. There can be no assurance that RBI or other relevant authorities will issue any such permits or approvals in the time-frame anticipated by our Company, or at all. In addition, we require several registrations to operate our branches in the ordinary course of business. These registrations include those required to be obtained or maintained under applicable legislations governing shops and establishments, professional tax, labour-related registrations, GST registrations and trade licenses of the particular state in which we operate. Some of these approvals may have expired in the ordinary course, and our Company has either applied, or is in the process of applying for renewals of them. Failure by our Company to renew, maintain or obtain the required permits or approvals may result in an interruption of its operations and may have a material adverse effect on its business, financial condition, cash flows and results of operation.

In addition, if we establish additional branches, such branches need to be registered under the relevant shops and establishments laws of the states in which they are located. The shops and establishment laws regulate various employment conditions, including working hours, holidays and leave and overtime compensation. If we fail to obtain or retain any of these approvals or licenses, or renewals thereof, in a timely manner, or at all, our business may be adversely affected. If we fail to comply, or a regulator claims we have not complied, with any of these conditions, our certificate of registration may be suspended or cancelled and we shall not be able to carry on such activities.

24. The new bankruptcy code in India may affect our rights to recover loans from borrowers. The Insolvency and Bankruptcy Code, 2016 ("Bankruptcy Code") was notified on August 5, 2016.

The Bankruptcy Code offers a uniform and comprehensive insolvency legislation encompassing all companies, partnerships and individuals (other than financial firms). It allows creditors to assess the viability of a debtor as a business decision, and agree upon a plan for its revival or a speedy liquidation. The Bankruptcy Code creates a new institutional framework, consisting of a regulator, insolvency professionals, information utilities and adjudicatory mechanisms, which will facilitate a formal and time-bound insolvency resolution and liquidation process.

In case insolvency proceedings are initiated against a debtor to our Company, we may not have complete control over the recovery of amounts due to us. Under the Bankruptcy Code, upon invocation of an insolvency resolution process, a committee of creditors is constituted by the interim resolution professional, wherein each financial creditor is given a voting share proportionate to the debts owed to it. Bankruptcy Code provides a 180-day timeline which may be extended by 90 days when dealing with insolvency resolution applications. Subsequently, the insolvency resolution plan prepared by the insolvency professionals has to be approved by 66% of voting share of financial creditors, which requires sanction by the adjudicating authority and, if rejected, the adjudicating authority will pass an order for liquidation. Any resolution plan approved by committee of creditors is binding upon all creditors, even if they vote against it. In case a liquidation process is opted for, the Bankruptcy Code provides for a fixed order of priority in which proceeds from the sale of the

debtor's assets are to be distributed. Before sale proceeds are distributed to a secured creditor, they are to be distributed for the costs of the insolvency resolution and liquidation processes, debts owed to workmen and other employees, and debts owed to unsecured credits. Further, under this process, dues owed to the Central and State Governments rank at par with those owed to secured creditors. Moreover, other secured creditors may decide to opt out of the process, in which case they are permitted to realise their security interests in priority.

Accordingly, if the provisions of the Bankruptcy Code are invoked against any of the borrowers of our Company, it may affect our Company's ability to recover our loans from the borrowers and enforcement of our Company's rights will be subject to the Bankruptcy Code.

Further, the GoI vide notification dated March 24, 2020 ("Notification") has amended section 4 of the Bankruptcy Code due the lingering impact of the COVID-19 pandemic. Pursuant to the said Notification, GoI has increased the minimum amount of default under the insolvency matters from ₹ 1,00,000 to ₹ 1,00,00,000. Therefore the ability of our Company to initiate insolvency proceedings against the defaulters where the amount of default in an insolvency matter is less than ₹ 1,00,00,000 may impact the recovery of outstanding loans and profitability of our Company.

25. Our measures to prevent money laundering may not be completely effective and we may be subject to scrutiny and penalties by the RBI for failure to implement effective measures. Moreover, various state government laws regulating money lending transactions could adversely affect our business, prospects, results of operations, cash flows and financial condition.

Our Company is required to comply with applicable anti-money-laundering and anti-terrorism laws and other regulations in India. Our measures to prevent money laundering as required by the RBI and other KYC compliance applicable in India, including the Reserve Bank of India (Know Your Customer) Master Directions, 2016 dated February 25, 2016, as amended ("KYC Directions") and the adoption of anti-money laundering policies and compliance procedures in all our branches may not be completely effective. As our Company has been classified as the NBFC-ND-SIs from the fourth quarter of Fiscal 2020, we are subject to the RBI's guidelines on financial regulation of NBFCs, including, KYC procedure and policies, all our branches may not be completely effective with adequate internal policies, processes and controls in place with the KYC Directions and other prescribed KYC procedures. There can be no assurance that attempts to launder money using us as a vehicle will not be made. Additionally, certain states in India have enacted laws to regulate money lending transactions, which may for instance establish a maximum rate of interest that can be charged. In the event, we are required to comply with the provisions of these state money lending laws and KYC Compliances, there may be severe civil and criminal penalties for non-compliance with the relevant money lending statutes. In the event that the government of any state in India requires us to comply with the provisions of their respective state money lending laws, KYC Compliances, or imposes any penalty against us for prior non-compliance, our business and results of operations could be adversely affected.

26. We may experience difficulties in expanding our business into new regions and markets in India and introducing our complete range of products in each of our branches.

As part of our growth strategy, we continue to evaluate attractive growth opportunities to expand our business into new regions and markets in India. Factors such as competition, culture, regulatory regimes, business practices & customs and customer requirements in these new markets may differ from those in our current markets and our experience in our current markets may not be applicable to these new markets. In addition, as we enter new markets and geographical regions, we are likely to compete with other banks and financial institutions that already have a presence in those geographies and markets and are therefore more familiar with local regulations, business practices and customs and have stronger relationships with customers. Our business may be exposed to various additional challenges including obtaining necessary governmental approvals, identifying and collaborating with local business and partners with whom we may have no previous working relationship; successfully gauging market conditions in local markets with which we have no previous familiarity; attracting potential customers in a market in which we do not have significant experience or visibility; being susceptible to local taxation in additional geographical areas of India and adapting our marketing strategy and operations to different regions of India in which different languages are spoken. Our inability to expand our current operations may adversely affect our business prospects, financial conditions, cash flows and results of operations.

27. *We face increasing competition in our business which may result in declining margins if we are unable to compete effectively.*

We face competition in all our lines of business. Our primary competitors are other NBFCs, public sector banks, private sector banks, co-operative banks and foreign banks and the unorganized financiers who principally operate in the markets where we operate. Banks have access to low cost funds which enables them to enjoy higher margins and / or offer finance at lower rates. NBFCs do not have access to large quantities of low cost deposits, a factor which can render them less competitive. In addition, interest rate deregulation and other liberalization measures affecting the retail and small and medium enterprises finance sector, together with increased demand for capital by individuals as well as small and medium enterprises, have resulted in an increase in competition.

In addition, our target customers also borrow from money lenders and non-institutional lenders which may lend at higher rates of interest.

All of these factors have resulted in us facing increased competition from other lenders in each of our lines of businesses, including commercial banks and other NBFCs. Our ability to compete effectively will depend, to some extent, on our ability to raise low-cost funding in the future. Furthermore, as a result of increased competition in the finance sector, finance products are becoming increasingly standardized and variable interest rate and payment terms and lower processing fees are becoming increasingly common in the finance sector in India. There can be no assurance that we will be able to react effectively to these or other market developments or compete effectively with new and existing players in the increasingly competitive finance industry. Increasing competition may have an adverse effect on our net interest margin, and, if we are unable to compete successfully, our market share may decline. If we are unable to compete effectively with other participants in the finance sector, our business, future financial performance and the trading price of the NCDs may be adversely affected.

28. *If we fail to identify, monitor and manage risks and effectively implement our risk management policies, it could have a material adverse effect on our business, financial condition, results of operations and cash flows.*

The comprehensive understanding of risk management throughout the various levels of an organization aids in driving key decisions related to risk-return balance, capital allocation and product pricing. The Company operates under the guidance of the Board approved risk appetite statement that covers business composition, guidance around gross non-performing assets and net non-performing assets, leverage, funding and liquidity, etc. Additionally, it is also ensured that appropriate focus is on managing risk proactively by ensuring business operations are in accordance with laid-down risk.

The effectiveness of our risk management is affected by the quality and timeliness of available data. We have devoted resources to develop our risk management policies and procedures and aim to continue to do so in the future. For details, please refer to “our Business” on page 83. Despite this, our policies and procedures to identify, monitor and manage risks of fraud, money laundering, any other credit, operational or other risks may not be fully effective. Our Board of Directors and the Risk Management Committee review our risk management policies from time to time. We also depend on our information technology systems to assist us with our risk management functions. Further, some of our methods of managing risks are based upon the use of observed historical market behaviour. As a result, these methods may not accurately predict future risk exposures, which could be significantly greater than those indicated by the historical measures. To the extent that any of the instruments and strategies we use to hedge or otherwise manage our exposure to market or credit risks are not effective, we may face risk exposure in certain market environments or particular types of risk as a result of not being able to effectively mitigate those market or credit risks. In addition, as we seek to expand the scope of our operations, we also face the risk of being unable to develop commensurate risk management policies and procedures.

Our investment and interest rate risk are dependent upon our ability to properly identify, and mark-to-market changes in the value of financial instruments caused by changes in market prices or rates. Our earnings are dependent upon the effectiveness of our management of changes in credit quality and risk concentrations, the accuracy of our valuation models and our critical accounting estimates and the adequacy of our allowances for loan losses. To the extent our assessments, assumptions or estimates prove inaccurate or not predictive of actual results, we could suffer higher than anticipated losses.

If we fail to effectively implement our risk management policies, we could materially and adversely affect our business, financial condition, results of operations and cash flows.

29. System failures or inadequacy and security breaches in computer systems may adversely affect our business.

Our business is increasingly dependent on our ability to process, on a daily basis, a large number of transactions. Our financial, accounting or other data processing systems may fail to operate adequately or become disabled as a result of events that are wholly or partially beyond our control including a disruption of electrical or communications services. Our ability to operate and remain competitive will depend in part on our ability to maintain and upgrade our information technology systems on a timely and cost-effective basis. The information available to and received by our management through our existing MIS systems may not be timely and sufficient to manage risks or to plan for and respond to changes in market conditions and other developments in our operations. We may experience difficulties in upgrading, developing and expanding our systems quickly enough to accommodate our growing customer base and range of products. Our operations also rely on the secure processing, storage and transmission of confidential and other information in our computer systems and networks. All our systems are cloud based which ensures the scalability but at the same time our computer systems, software and networks may be vulnerable to unauthorized access, computer viruses or other malicious code and other events that could compromise data integrity and security. Any failure to effectively maintain or improve or upgrade our management information systems in a timely manner could materially and adversely affect our competitiveness, financial position and results of operations. Moreover, if any of these systems do not operate properly or are disabled or if there are other shortcomings or failures in our internal processes or systems, it could affect our operations or result in financial loss, disruption of our businesses, regulatory intervention or damage to our reputation. In addition, our ability to conduct business may be adversely impacted by a disruption in the infrastructure that supports our businesses and the localities in which we are located.

30. We face the threat of fraud and cyber-attacks, such as hacking, phishing, trojans and other threats, attempting to exploit our network to disrupt services to customers and/or theft of sensitive internal company data or customer information. This may cause damage to our reputation and adversely impact our business and financial results.

Our systemic and operational controls may not be adequate to prevent adverse impact from cyber fraud, errors, hacking and system failures in future. Further, our mobile and internet-based customer applications and interfaces may be open to being hacked or compromised by third parties, resulting in thefts and losses to our customers and us. Some of these cyber threats from third parties include: (a) phishing and trojans – targeting our customers, wherein fraudsters send unsolicited mails to our customers seeking account sensitive information or to infect customer machines to search and attempt ex-filtration of account sensitive information; (b) hacking – where attackers seek to hack into our website with the primary intention of causing reputational damage to us by disrupting services; (c) data theft – where cyber criminals may attempt to intrude into our network with the intention of stealing our data or information; and (d) advanced persistency threat – network attack in which an unauthorised person gains access to our network and remains undetected for a long period of time. The intention of this attack is to steal our data or information rather than to cause damage to our network or organisation. Attempted cyber threats fluctuate in frequency and are generally increasing in frequency. If we suffer from any of such cyber threats, it could materially and adversely affect our business, results of operations, cash flows and financial condition.

A significant system breakdown or system failure caused due to intentional or unintentional acts would have an adverse impact on our revenue-generating activities and lead to financial loss. It may also impact our customers' loyalty and satisfaction.

There is also the risk of our customers blaming us and terminating their accounts with us for a cyber-incident that might have occurred on their own system or with that of an unrelated third party. Any cyber-security breach could also subject us to additional regulatory scrutiny and expose us to civil litigation and related financial liability.

Some of our businesses use cloud environments for various applications, we store and transmit large amounts of sensitive, confidential, personal and proprietary information over public communications networks. The shared, on demand nature of cloud computing introduces the possibility of new security breaches, in addition to the threats faced by traditional corporate networks. Due to the vast amount of data stored on cloud servers, cloud providers have become an attractive target for cyber-attacks. Though cloud providers deploy the required

security controls to protect their cloud environments, if they fail in protecting our confidential information, it may have a material adverse effect on our business, results of operations, cash flows, financial condition, reputation and prospects.

31. Significant differences exist between IFRS and Ind AS, used to prepare our Company's financial statements and other accounting principles, such as IFRS, with which investors may be more familiar.

The Reformatted Ind AS Standalone Financial Information and Reformatted Ind AS Consolidated Financial Information as at the end of and for the financial years ended March 31, 2021, March 31, 2020 and March 31, 2019 included in this Prospectus are derived from the relevant audited financial statements prepared in accordance Ind AS. The six months period ended September 30, 2021 unaudited interim standalone financial results of our Company, for the quarter ended September 30, 2021 and year to date April 1, 2021 to September 30, 2021 have been prepared in accordance with the recognition and measurement principle laid down in the aforesaid Indian Accounting Standards 34 specified under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India and complied by our Company in the manner and format required by Regulation 52 of the SEBI Listing Regulations. The financial statements of our Company prior to Fiscal 2019 have been prepared in accordance with the requirements of Indian GAAP. Hence, the Reformatted Ind AS Standalone Financial Information, Reformatted Ind AS Consolidated Financial Information and six months period ended September 30, 2021 unaudited interim standalone financial results of our Company may not be comparable with the financials of our Company for Fiscal 2021 and before.

The degree to which the financial statements included in this Prospectus will provide meaningful information is entirely dependent on the investor's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Prospectus should accordingly be limited. Prospective investors should review the accounting policies and consult their own professional advisers for an understanding of the differences between these accounting principles and those with which they may be more familiar.

32. Fluctuations in the market values of our investments and other asset portfolio could adversely affect our result of operations and financial condition

We maintain a portfolio of investments, which includes government securities, corporate debt securities, certificates of deposits and various mutual fund units. Any financial turmoil in the financial markets has the ability to adversely impact the economic activity in India and globally. Continued deterioration of the credit and capital markets could result in volatility of our investment earnings and impairments to our investment and asset portfolio, which could adversely affect our reported income and financial condition.

33. We utilize the services of certain third parties for our operations. Any deficiency or interruption in their services could adversely affect our business and reputation.

We engage third party service providers from time to time for services including the valuation of assets and legal services, direct selling agents and as collection agents. Such third parties are typically proprietorships or professionals. Our agreements with them typically do not provide for any exclusivity, and accordingly, they can work with other lenders, including our competitors. There can be no assurance that our direct selling agents will continue to provide a significant number of leads for loans to us in comparison with our competitors, or at all. Some third party vendors may also be small companies which are likely to experience financial or operational difficulties than larger, well established companies due to limited financial and other resources. This may result in a delay of services or products delivered to us and we may be unable to find alternative vendors.

In addition, we utilize third party vendors for our information technology systems and rely on such vendors for adequate and timely delivery of services, providing support and troubleshooting advice and maintaining adequate resources and bandwidth for the smooth running of our operations. Our ability to control the manner in which services are provided by third party service providers is limited and we may be held liable on account of any deficiency of services on the part of such service providers. We cannot assure you that we will be successful in continuing to receive uninterrupted and quality services from our third party service providers. Any disruption or inefficiency in the services provided by our thirdparty service providers could affect our business and reputation.

34. *Our ability to raise foreign debt capital may be constrained by Indian law.*

We have availed loans under the external commercial borrowings route and may borrow in foreign currencies in the future. As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions could constrain our ability to obtain financings on competitive terms and refinance existing indebtedness. In addition, there can be no assurance that any required regulatory approvals for borrowing in foreign currencies will be granted to us without onerous conditions, or at all. Limitations on foreign debt may have an adverse effect on our business growth, financial condition, cash flows and results of operations.

35. *Negative publicity could damage our reputation and adversely impact our business and financial results. Reputational risk, or the risk to our business, earnings and capital from negative publicity, is inherent in our business.*

Reputational risk, or the risk to our business, earnings and capital from negative publicity, is inherent in our business. The reputation of the banking and financial services industry in general has been closely monitored as a result of the global financial crisis and other matters affecting the financial services industry. Negative public opinion about the banking and financial services industry generally or us specifically could materially adversely affect our ability to attract and retain customers and may expose us to litigation and regulatory action. While we have developed our brand and reputation over our history, any negative incidents or adverse publicity could rapidly erode customer trust and confidence in us, particularly if such incidents receive widespread adverse mainstream and social media publicity or attract regulatory investigations. Negative publicity can result from our own or our third-party service providers' actual or alleged conduct in any number of activities, including lending practices, mortgage servicing and foreclosure practices, technological practices, corporate governance, regulatory compliance, mergers and acquisitions, and related disclosure, sharing or inadequate protection of customer information, and actions taken by government regulators and community organizations in response to that conduct. Although we take steps to minimize reputational risk in dealing with customers and other constituencies, we, as a large financial services organization with a high industry profile, are inherently exposed to this risk. Further, a failure of a cooperative bank, private sector bank, non-banking finance company or small finance bank or housing finance company could also affect the sentiment towards the industry in general and lead to a reduction in business. Any damage to our brand or our reputation may result in withdrawal of business by our existing customers, loss of new business from potential customers.

36. *Our business is based on the trust and confidence of our customers; any damage to that trust and confidence may materially and adversely affect our business, future financial performance and results of operations.*

We are dedicated to earning and maintaining the trust and confidence of our customers and we believe that the good reputation created thereby is essential to our business. The reputation of our Company could be adversely affected by any threatened and/or legal proceedings and/or any negative publicity or news articles in connection with our Company. As such, any damage to our reputation could substantially impair our ability to maintain or grow our business. If we fail to maintain brand recognition with our target customers due to any issues with our product offerings, a deterioration in service quality, or otherwise, or if any premium in value attributed to our business or to the brands under which our services are provided declines, market perception and customer acceptance of our brands may also decline. Any negative news affecting us might also affect our reputation and brand value.

37. *We are exposed to operational risks, including employee negligence, petty theft, burglary and embezzlement and fraud by employees, customers or third parties, which could harm our results of operations and financial position.*

We may do cash collections to recover our dues. Such cash transactions may expose us to the risk of theft, burglary and misappropriation or unauthorized transactions by our employees and fraud by employees, customers or third parties. Our insurance policies, security systems and measures undertaken to detect and prevent these risks may not be sufficient to prevent or deter such activities in all cases, which may adversely affect our operations and profitability. Further, we may be subject to regulatory or other proceedings in connection with any unauthorized transaction, fraud or misappropriation by our representatives and employees, which could adversely affect our goodwill.

38. All of our offices and branches are located in leased premises and non-renewal of lease agreements or their renewal on terms unfavourable to us could adversely affect our operations.

As of September 30, 2021, all of our offices including our Registered and branches are located in leased premises. Further, as we expand our branch network in line with our growth strategy, we expect the number of leased branches to increase significantly as all of our new branches are expected to open on leased premises. If any of the owners of these premises do not renew the agreements under which we occupy the premises, or if they seek to renew such agreements on terms and conditions unfavorable to us, or if they terminate the agreement, we may suffer a disruption in our operations or increased costs, or both, which may adversely affect our business and results of operations.

All or any of the leases may not be renewed on similar terms or at all, or we may be evicted from all or a number of these premises and be required to pay damages to the landlord. This may adversely impact our business and financial condition.

39. Our ability to assess, monitor and manage risks inherent in our business differs from the standards of some of our counterparts in India and in some developed countries.

We are exposed to a variety of risks, including liquidity risk, interest rate risk, credit risk, operational risk and legal risk. The effectiveness of our risk management is limited by the quality and timeliness of available data. Our strategies and risk management techniques may not be fully effective in mitigating our risks in all market environments or against all types of risk, including risks that are unidentified or unanticipated. Some methods of managing risks are based upon observed historical market behaviour. As a result, these methods may not predict future risk exposures, which could be greater than the historical measures indicated. Other risk management methods depend upon an evaluation of information regarding markets, customers or other matters. This information may not in all cases be accurate, complete, current, or properly evaluated. Management of operational, legal or regulatory risk requires, among other things, policies and procedures to properly record and verify a number of transactions and events. Although we have established these policies and procedures, they may not be fully effective. Our future success will depend, in part, on our ability to respond to new technological advances and evolving the RBI standards. The development and implementation of such technology entails significant technical and business risks. There can be no assurance that we will successfully implement new technologies or adapt our transaction processing systems to customer requirements or evolving market standards.

40. Our success depends in large part upon our management team and key personnel and our ability to attract, train and retain such persons.

Our ability to sustain our rate of growth depends significantly upon our ability to manage key issues such as selecting and retaining key operations personnel, developing managerial experience to address emerging challenges and ensuring a high standard of client service. In order to be successful, we must attract, train, motivate and retain highly skilled employees, especially branch managers and product executives. If we cannot hire additional qualified personnel or retain them, our ability to expand our business will be impaired and our revenue could decline. We will need to recruit new employees, who will have to be trained and integrated into our operations. We will also have to train existing employees to adhere properly to internal controls and risk management procedures. Failure to train and motivate our employees properly may result in an increase in employee attrition rates, divert management resources and subject us to incurring additional human resource related expenditure. Hiring and retaining qualified and skilled managers are critical to our future, as our business model depends on our credit-appraisal and asset valuation mechanism, which are personnel-driven operations. Moreover, competition for experienced employees in the finance sector can be intense. Our inability to attract and retain talented professionals, or the resignation or loss of key operations personnel, may have an adverse impact on our business and future financial performance.

41. Our insurance coverage may not be sufficient or may not adequately protect us against losses, and successful claims that exceed our insurance coverage could harm our results of operations and diminish our financial position.

We maintain insurance coverage of the type and in the amounts that we believe are commensurate with, and appropriate to, our operations. For further details on our insurance coverage, see “Business – Insurance” on page 94. Our insurance policies, however, may not provide adequate coverage in certain circumstances and may be subject to certain deductibles, exclusions and limits on coverage. Even if we have insurance for the

incident giving rise to the loss, we may be required to pay a significant deductible on any claim for recovery of such a loss, or the amount of the loss may exceed our coverage for the loss. However, we cannot assure you that any claim under the insurance policies maintained by us will be honored fully, in part or on time. In addition, our insurance coverage expires from time to time. We apply for the renewal of our insurance coverage in the normal course of our business, but we cannot assure you that such renewals will be granted in a timely manner, or at acceptable cost, or at all. In addition, there are various types of risks and losses for which we do not maintain insurance because they are either uninsurable or because insurance is not available to us on acceptable terms. A successful assertion of one or more large claims against us that exceeds our available insurance coverage or results in changes in our insurance policies, including premium increases or the imposition of a larger deductible or co-insurance requirement, could adversely affect our business, financial condition, cash flows and results of operations.

42. We do not own the trademark for the logo used by our Company. Consequently, our ability to use the trademark, name and logo may be impaired.

We do not own trademark “**InCred**”, which is pending for registration in the name of our Subsidiary viz. InCred Management and Technology Services Private Limited, which has given a right to use the same vide a no objection letter dated September 01, 2020. The registration of the said trademark has been objected and the application is pending before the regulatory authority.

If our Subsidiary is unable to obtain registration of the applied trademarks and logo, we may not be able to successfully enforce or protect our intellectual property rights and obtain statutory protections available under the Trade Mark Act, 1999, as otherwise available for registered marks. This could have a material adverse effect on our business, financial condition and results of operations. For further details in respect of our intellectual property, please refer to section titled “Our Business” appearing on page no. 83 of this Prospectus.

43. We cannot guarantee the accuracy or completeness of facts and other statistics with respect to India, the Indian economy and the NBFC and Loan industries contained in this Prospectus.

While facts and other statistics in this Prospectus relating to India, the Indian economy as well as the Loan industry have been based on various publications and reports from agencies that we believe are reliable, we cannot guarantee the quality or reliability of such materials, particularly since there is limited publicly available information specific to the Loan industry. While we have taken reasonable care in the reproduction of such information, industry facts and other statistics, the same have not been prepared or independently verified by us or any of our respective affiliates or advisors and, therefore we make no representation as to their accuracy or completeness. These facts and other statistics include the facts and statistics included in “Industry Overview” on page 72. Due to possibly flawed or ineffective data collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced elsewhere and should not be unduly relied upon. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy, as the case may be, elsewhere.

44. The existing NCDs issued by our Company are listed on BSE and our Company is subject to certain obligations and reporting requirements under SEBI Listing Regulations. Any non-compliances/delay in complying with such obligations and reporting requirements may render us/our promoter liable to prosecution and/or penalties.

Our Company is subject to the obligations and reporting requirements under SEBI Listing Regulations. Though our Company endeavours to comply with all such obligations/reporting requirements, there have been certain instances of non-compliance and delays in complying with such obligations/reporting requirements. Any such delays or non-compliance would render our Company to prosecution and/or penalties. Although our Company have not received any further communication from the Stock Exchanges or any authority in this regard, there could be a possibility that penalties may be levied against our Company for certain instances of non-compliance and delays in complying with such obligations/reporting requirements.

45. Our ability to pay dividends in the future will depend on restrictive covenants of our financing arrangements, our future results of operations, financial condition, cash flows and working capital and capital expenditure requirements.

Any dividends to be declared and paid by us in the future are required to be recommended by our Board and approved by our Shareholders, at their discretion, subject to the provisions of the Articles of Association, Dividend Policy and applicable laws and regulations. Our ability to pay dividends in the future will depend on our future results of operations, financial condition, cash flows, sufficient profitability, working capital requirements, capital expenditure requirements, business prospects and any other financing arrangements. We cannot assure you that we will generate sufficient revenues to cover our operating expenses and, as such, pay dividends to our shareholders in future. For details pertaining to dividend declared by us in the past, please see “Other Regulatory and Statutory Disclosures” on page 232. As per the law, dividends may be paid out of profits earned during the year or out of accumulated profits earned by a company in previous years and transferred by it to its reserves (subject to certain conditions). Any accumulated profits that are not distributed in a given year are retained and may be available for distribution in subsequent years.

46. Fluctuations in the market value of our investments could adversely affect our results of operations and financial condition.

Fluctuations in the market values of our investments as part of treasury management could cause us to write down the value of our assets, affect our liquidity and reduce our ability to enforce our security, which could adversely affect our result of operations and financial condition. We may not accurately identify changes in the value of our investments caused by changes in market prices, and our assessments, assumptions or estimates may prove inaccurate or not predictive of actual results.

Risk Factors related to the Issue

47. The fund requirement and deployment mentioned in the Objects of the Issue have not been appraised by any bank or financial institution.

We intend to use the net proceeds of the Issue, after meeting the expenditures of and related to the Issue, for the purpose of onward lending, repayment of interest and principal of existing borrowings and for general corporate purposes. For further details, please refer to “Objects of the Issue” at page 55. The fund requirement and deployment are based on internal management estimates and has not been appraised by any bank or financial institution. The management will have significant flexibility in applying the proceeds received by us from the Issue. Further, as per the provisions of the SEBI NCS Regulations, we are not required to appoint a monitoring agency and therefore no monitoring agency has been appointed for the Issue.

48. The objects of the issue are not for any specified projects.

The proceeds of this Issue will be used by the Issuer in accordance with applicable laws and not for any specified projects. For further details, please refer to “Objects of the Issue” on page 55.

49. There is no assurance that the NCDs issued pursuant to this Issue will be listed on BSE Limited and National Stock Exchange of India Limited in a timely manner, or at all.

In accordance with Indian law and practice, permission for listing and trading of the NCD issued pursuant to this Issue will not be granted until after the NCDs have been issued and allotted. Approval for listing and trading will require all relevant documents authorising the issue of NCDs to be submitted. There could be a failure or delay in listing the NCDs in BSE and NSE.

50. Payments to be made on the NCDs are subordinated to certain taxes and other liabilities preferred by law.

In the event of bankruptcy, liquidation or winding up, there may not be sufficient assets of our Company remaining, to pay amounts due on the NCDs. In case of proceedings under the (Indian) Insolvency and Bankruptcy Code, 2016, the Insolvency and Bankruptcy (Insolvency and Liquidation Proceedings of Financial Service Providers and Application to Adjudicating Authority) Rules, 2019, the NCDs will be subordinated to certain liabilities preferred by law.

Amongst others, the (Indian) Insolvency and Bankruptcy Code, 2016 prescribes that in case of liquidation, a secured creditor has the option to either relinquish the security and participate in the liquidation process, or to independently realise the security. If the secured creditor chooses to independently enforce the security held by it, it will have a lower priority for any amounts remaining unpaid after the enforcement of the security (as

compared to the priority such creditor would have had on relinquishing the security). The (Indian) Insolvency and Bankruptcy Code, 2016 also prescribes the order of distribution of the liquidation proceeds.

External Risk Factors

51. Our business is affected by prevailing economic, political and other prevailing conditions in India and the markets we currently serve.

Our Company is incorporated in India, and all of our assets and employees are located in India. As a result, we are dependent on prevailing economic conditions in India and our results of operations are affected by factors influencing the Indian economy. Factors that may adversely affect the Indian economy, and hence our results of operations, may include:

- any increase in Indian interest rates or inflation;
- any exchange rate fluctuations;
- any scarcity of credit or other financing in India, resulting in an adverse impact on economic conditions in India and scarcity of financing of our developments and expansions;
- volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges;
- changes in India's tax, trade, fiscal or monetary policies, like application of GST;
- political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighbouring countries;
- occurrence of natural or man-made disasters;
- infectious disease outbreaks or other serious public health concerns;
- prevailing regional or global economic conditions, including in India's principal export markets; and
- other significant regulatory or economic developments in or affecting India or its financial services sectors.

Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy, could adversely impact our business, results of operations and financial condition. Our performance and the growth of our business depend on the performance of the Indian economy and the economies of the regional markets we currently serve. These economies could be adversely affected by various factors, such as political and regulatory changes including adverse changes in liberalization policies, social disturbances, religious or communal tensions, terrorist attacks and other acts of violence or war, natural calamities, interest rates, commodity and energy prices and various other factors. Any slowdown in these economies could adversely affect the ability of our customers to afford our services, which in turn would adversely impact our business and financial performance.

52. Financial difficulties and other problems in certain financial institutions in India could cause our business to suffer and adversely affect our results of operations.

We are exposed to the risks of the Indian financial system, which in turn may be affected by financial difficulties and other problems faced by certain Indian financial institutions. Certain Indian financial institutions have experienced difficulties during recent years. Some co-operative banks (which tend to operate in rural sector) have also faced serious financial and liquidity crises. There has been a trend towards consolidation with weaker banks, NBFCs and HFCs being merged with stronger entities. The problems faced by individual Indian financial institutions and any instability in or difficulties faced by the Indian financial system generally could create adverse market perception about Indian financial institutions, banks and NBFCs. This in turn could adversely affect our business, our future financial performance, our shareholders' funds and the market price of our NCDs.

53. Natural disasters and other disruptions could adversely affect the economy and could adversely affect our business, results of operations and financial condition.

Our operations, including our branch network, may be damaged or disrupted as a result of natural disasters such as earthquakes, floods, heavy rainfall, epidemics, tsunamis and cyclones and other events such as protests, riots and labour unrest. Such events may lead to the disruption of information systems and telecommunication services for sustained periods. They also may make it difficult or impossible for employees to reach our business locations. Damage or destruction that interrupts our provision of services could adversely affect our reputation, our relationships with our customers, our senior management team's ability to administer and supervise our business or it may cause us to incur substantial additional expenditure to repair or replace

damaged equipment or rebuild parts of our branch network. Any of the above factors may adversely affect our business, results of operation and financial condition.

54. We face risks related to public health epidemics in India and abroad.

Our business could be materially and adversely affected by the outbreak of public health epidemics, or the fear of such an outbreak, in India or elsewhere. In January 2020, an outbreak of a strain of coronavirus, COVID-19, which has spread globally, with cases recorded in China, Australia, Italy, Iran, Japan, South Korea, UAE, Thailand, the United States and India, among other countries. On January 30, 2020, the World Health Organization declared the COVID-19 outbreak a health emergency of international concern. Governments around the world has imposed a number of measures designed to contain the outbreak, including business closures, travel restrictions, quarantines and cancellations of gatherings and events. This in turn has impacted the operation of businesses, reduced regional travels and trade and lowered industrial production and consumption demand. The COVID-19 outbreak is ongoing and the actual extent of the outbreak and its impact on the economy globally in general and in India, in particular remains uncertain and may turn severe. If the outbreak of any of these epidemics or other severe epidemics, continues for an extended period, occurs again and/or increases in severity, it could have an adverse effect on economic activity worldwide, including India, and could materially and adversely affect our business, financial condition and results of operations. Similarly, any other future public health epidemics in India could materially and adversely affect our business, financial condition, results of operations and prospects.

55. The NCD Holders may not be able to recover, on a timely basis or at all, the full value of the outstanding amounts and/or the interest accrued thereon in connection with the NCDs.

Failure or delay to recover the expected value from a sale or disposition of the assets charged as security in connection with the NCDs could expose the holders to a potential loss. Our ability to pay interest accrued on the NCDs and/or the principal amount outstanding from time to time in connection therewith would be subject to various factors inter-alia including our financial condition, profitability and the general economic conditions in India and in the global financial markets. We cannot assure you that we would be able to repay the principal amount outstanding from time to time on the NCDs and/or the interest accrued thereon in a timely manner or at all. Although our Company will create appropriate security in favour of the Debenture Trustee for the NCD Holders on the assets adequate to ensure 120.00% asset cover for the NCDs, which shall be free from any encumbrance, the realisable value of the assets charged as security, when liquidated, may be lower than the outstanding principal and/or interest accrued thereon in connection with the NCDs. A failure or delay to recover the expected value from a sale or disposition of the assets charged as security in connection with the NCDs could expose you to a potential loss.

While the NCDs will be secured against a charge to the tune of 120% (one hundred and twenty percent) of the principal in favour of Debenture Trustee, and it is the duty of the Debenture Trustee to monitor that the security is maintained, however, the possibility of recovery of 120% of the amount shall depend on the market scenario prevalent at the time of enforcement of the security.

56. Instability of economic policies and the political situation in India could adversely affect the fortunes of the industry.

There is no assurance that the liberalisation policies of the government will continue in the future. Protests against privatisation could slow down the pace of liberalisation and deregulation. The Government of India plays an important role by regulating the policies and regulations that govern the private sector. The current economic policies of the government may change at a later date. The pace of economic liberalisation could change and specific laws and policies affecting the industry and other policies affecting investments in our Company's business could change as well. A significant change in India's economic liberalisation and deregulation policies could disrupt business and economic conditions in India and thereby affect our Company's business. Unstable domestic as well as international political environment could impact the economic performance in the short term as well as the long term. The Government of India has pursued the economic liberalisation policies including relaxing restrictions on the private sector over the past several years. The present Government has also announced policies and taken initiatives that support continued economic liberalisation. The Government has traditionally exercised and continues to exercise a significant influence over many aspects of the Indian economy. Our Company's business may be affected not only by changes in interest rates, changes in Government policy, taxation, social and civil unrest but also by other political, economic or other developments in or affecting India.

57. Trading of the NCDs may be limited by temporary exchange closures, broker defaults, settlement delays, strikes by brokerage firm employees and disputes.

The Indian stock exchanges have experienced temporary exchange closures, broker defaults, settlement delays and strikes by brokerage firm employees. In addition, the governing bodies of the Indian stock exchanges have from time to time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Furthermore, from time to time, disputes have occurred between listed companies and stock exchanges and other regulatory bodies, which in some cases may have had a negative effect on market sentiment.

58. Changes in interest rate may affect the price of our NCD.

Any increase in rate of interest, which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the price of our NCDs. All securities where a fixed rate of interest is offered, such as our NCDs, are subject to price risk. The price of such securities will vary inversely with changes in prevailing interest rates, i.e. when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of prevailing interest rates. Increased rates of interest, which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the price of our NCDs.

59. Repayment is subject to the credit risk of the Company

Potential investors should be aware that receipt of the principal amount, (i.e. the redemption amount) and any other amounts that may be due in respect of the NCDs is subject to the credit risk of the Company whereby the Investors may or may not recover all or part of the funds in case of default by the Company. Potential investors assume the risk that the Company will not be able to satisfy their obligations under the NCDs. In the event that bankruptcy proceedings or composition, scheme of arrangement or similar proceedings to avert bankruptcy are instituted by or against the Issuer, the payment of sums due on the NCDs may not be made or may be substantially reduced or delayed.

60. Risks in relation to NCDs; the secondary market for debentures may be illiquid; limited or sporadic trading of non-convertible securities of the Company on the Stock Exchanges

The NCDs may be very illiquid, and no secondary market may develop in respect thereof. Even if there is a secondary market for the NCDs, it is not likely to provide significant liquidity. Potential investors may have to hold the NCDs until redemption to realize any value.

61. Risks in relation to the security; security may be insufficient to redeem the debentures; risks in relation to maintenance of security cover or full recovery of the security in case of enforcement

In the event that the Company is unable to meet its payment and other obligations towards investors under the terms of the NCDs, the Debenture Trustee may enforce the security in respect of the NCDs as per the terms of security documents, and other related documents. The Debenture Holder(s)' recovery in relation to the NCDs will be subject to (i) the market value of such secured property, (ii) finding willing buyers for the transaction security at a price sufficient to repay the Debenture Holder(s)' amounts outstanding under the NCDs. The value realised from the enforcement of the transaction security may be insufficient to redeem the NCDs.

Fluctuations in the market values of the assets over which security has been provided in respect of loans provided by the Company could affect the Company's liquidity and reduce the Issuer's ability to enforce the security, which could adversely affect the Company's result of operations and financial condition. The Company may not accurately identify changes in the value of assets over which security has been provided caused by changes in market prices, and the Company's assessments, assumptions or estimates may prove inaccurate.

62. In case of outstanding debt instruments or borrowings:

ANY DEFAULT IN COMPLIANCE WITH THE MATERIAL COVENANTS SUCH AS CREATION OF SECURITY AS PER TERMS AGREED: As on the date hereof, the Issuer has not committed any default in

compliance with the material covenants such as creation of security as per terms agreed in respect of any outstanding borrowings.

DEFAULT IN PAYMENT OF INTEREST: As on the date hereof, the Issuer has not committed any default in payment of interest in respect of any outstanding borrowings.

DEFAULT IN REDEMPTION OR REPAYMENT: As on the date hereof, the Issuer has not committed any default in redemption or repayment in respect of any outstanding borrowings.

NON-CREATION OF DEBENTURE REDEMPTION RESERVE: In accordance with the Companies Act, 2013 and the Companies (Share Capital and Debentures) Rules 2014, NBFC-ND-SI registered with RBI that intends to issue debentures to the public is not required to create a DRR for the purpose of redemption of debentures.

DEFAULT IN PAYMENT OF PENAL INTEREST WHEREVER APPLICABLE: As on the date hereof, the Issuer has not committed any default in payment of interest penal in respect of any outstanding borrowings.

OTHERS: A failure to observe the covenants under the Issuer's financing arrangements or to obtain necessary consents required thereunder may lead to the termination of the Issuer's credit facilities, acceleration of all amounts due under such facilities and the enforcement of any security provided. Any acceleration of amounts due under such facilities may also trigger cross default provisions under the Issuer's other financing agreements. If the obligations under any of the Issuer's financing documents are accelerated, the Issuer may have to dedicate a substantial portion of the Issuer's cash flow from operations to make payments under such financing documents, thereby reducing the availability of cash for the Issuer's working capital requirements and other general corporate purposes. Further, during any period in which the Issuer is in default, the Issuer may be unable to raise, or face difficulties raising, further financing. Any of these circumstances could adversely affect the Issuer's business, credit rating and financial condition, cash flows and results of operations. If the Issuer fails to meet its debt service obligations or covenants provided under the financing agreements, the relevant lenders could declare the Issuer to be in default under the terms of the Issuer's agreements or accelerate the maturity of the Issuer's obligations. The Issuer cannot assure the Investors that, in the event of any such acceleration, the Issuer will have sufficient resources to repay the borrowings.

GENERAL INFORMATION

Our Company was incorporated as “Visu Leasing and Finance Private Limited” under the Companies Act, 1956 on January 08, 1991 with the Registrar of Companies, Delhi and Haryana. The name of the Company was subsequently changed from “Visu Leasing and Finance Private Limited” to “InCred Financial Services Private Limited” and a fresh Certificate of Incorporation was issued by RoC, Delhi on August 30, 2018. Our Company was subsequently converted to a public limited company pursuant to the fresh Certificate of Incorporation issued by the ROC, Delhi on November 01, 2018. Thereafter, the registered office of the Company was shifted from the state of National Capital Territory of Delhi to state of Maharashtra and Certificate of Registration of Regional Director order was received from ROC, Mumbai on June 05, 2020. The CIN of our Company is U74899MH1991PLC340312.

NBFC Registration

Our Company is classified as Non-Deposit Accepting, Systemically Important, Non-Banking Financial Company (‘NBFC’) as defined under Section 45-IA of the Reserve Bank of India Act, 1934 and registered with effect from August 30, 2000 with Registration No. B-14.01801. A fresh Certificate of Registration bearing the same number was issued by the RBI dated October 15, 2018, effecting the change of name of our Company from “Visu Leasing and Finance Private Limited” to “InCred Financial Services Private Limited”. Thereafter, RBI issued a new Certificate of Registration bearing the abovementioned number, on February 26, 2019, consequent to the conversion of our Company to a public limited company. Thereafter, a fresh Certificate of Registration bearing Registration No. B-13.02395 was issued by RBI on November 04, 2020, effecting shifting of Regional Office (RO) from New Delhi Regional Office, RBI to Mumbai Regional Office, RBI.

Our Company is engaged primarily in the business of providing personal loans, education loans, SME business loans and in providing ancillary services related to the said business activities.

Registered & Corporate Office

Unit No. 1203, 12th floor,
B Wing, The Capital, Plot No. C - 70,
G Block, Bandra - Kurla Complex,
Bandra East, Mumbai - 400 051
Tel No: +91 22 6844 6100
Email: incred.compliance@incred.com
Website: www.incred.com

For details of change in Registered Office, refer to “History and Certain Corporate Matters” on page 95 of this Prospectus.

Registrar of Companies

Registrar of Companies, Mumbai
100, Everest, Marine Drive
Mumbai - 400 002, Maharashtra
Tel. No.: +91 22 2281 2627 / 2202 0295 / 2284 6954
Fax No.: +91 22 2281 1977
E-mail: roc.mumbai@mca.gov.in

Registration Details

Company Registration Number with RoC	340312
Corporate Identity Number	U74899MH1991PLC340312
NBFC Registration Certificate Number under Section 45 IA of the RBI Act	B-13.02395
Legal Entity Identifier No (LEI)	335800CBHSVMQJ3Y6A90
PAN	AAACV3232G
GST	27AAACV3232G2ZK

Whole Time Director and Chief Financial Officer

Mr. Vivek Bansal

Unit No. 1203, 12th floor,
B Wing, The Capital, Plot No. C - 70,
G Block, Bandra - Kurla Complex,
Bandra East, Mumbai - 400 051
Tel No: +91 022 6844 6100
Email: treasury@incred.com

Company Secretary and Compliance Officer

Mr. Gajendra Singh Thakur

Unit No. 1203, 12th floor,
B Wing, The Capital, Plot No. C - 70,
G Block, Bandra - Kurla Complex,
Bandra East, Mumbai - 400 051
Tel No: +91 022- 4097 7000
Email: incred.compliance@incred.com

Applicants or prospective investors may contact the Company Secretary and Compliance Officer or the Registrar to the Issue in case of any pre-issue or post-issue related problems, such as non-receipt of allotment advice, credit of allotted NCDs in beneficiary accounts, refund amounts, interest on the Application amounts, non-receipt of debenture certificates (where NCDs have been re-materialised) etc., as the case may be.

Lead Managers to the Issue

SUNDAE

Sundae Capital Advisors Private Limited

SEBI registration number: INM000012494
Level 9, Platina, Plot No. C - 59
'G' Block, Bandra Kurla Complex
Bandra (East), Mumbai - 400 051
Tel. No.: +91 22 6700 0639
E-mail id: jfsl.ncd@sundaecapital.com
Investor grievance E-mail id: grievance.mb@sundeacapital.com
Website: www.sundaecapital.com
Contact Person: Rajiv Sharma / Ridima Gulati
Compliance Officer: NitiN Somani

InCred!
Capital

InCred Capital Wealth Portfolio Managers Private Limited *

SEBI registration number: INM000012865
Unit No. 1203, 12th floor B Wing
The Capital, G Block
Bandra Kurla Complex, Bandra (E)
Mumbai - 400 051, Maharashtra, India
Tel. No.: +91 22 4097 7000
E-mail Id: ankur.jain@incredcapital.com
Investor grievance e-mail Id: customer.grievance@incredcapital.com
Website: www.incredsecurities.com
Contact person: Sreesankar R
Compliance Officer: Ankur Jain

** In compliance with the proviso to Regulation 21A(1) of the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, as amended, read with Regulation 25(3) of the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, InCred Capital Wealth Portfolio Managers Private Limited will be involved only in marketing of the Issue.*

Consortium Member / Lead Broker



Eureka Stock & Share Broking Services Limited

DN-51, Merlin Infinite

11th Floor

Salt Lake, Sector V

Kolkata - 700 091

Tel: +91 33 6628 0000

Fax: +91 33 2210 5184

Website: www.eurekasec.com

Debenture Trustee



Catalyst Trusteeship Limited

'GDA House', Plot No. 85, Bhusari Colony (Right),
Kothrud, Pune - 411 038, Maharashtra, India

Tel: +91 22 4922 0555

Fax: +91 22 4922 0505

Email: complianceCTL-Mumbai@ctltrustee.com

Website: www.catalysttrustee.com

Contact Person: Umesh Salvi

Compliance Officer: Rakhi Kulkarni

SEBI Registration No.: IND000000034

The Debenture Trustee has by its letter dated December 06, 2021 has consented to act as a Debenture Trustee in relation to the Issue under Regulation 8 of the SEBI NCS Regulations. See Annexure III for the consent letter of the Debenture Trustee.

All the rights and remedies of the NCD Holders under this Issue shall vest in and shall be exercised by the appointed Debenture Trustee for this Issue without having it referred to the NCD Holders. All investors under this Issue are deemed to have irrevocably given their authority and consent to the Debenture Trustee so appointed by our Company for this Issue to act as their trustee and for doing such acts, deeds, matters, and things in respect of or relating to the Debenture Holders as the Debenture Trustee may in his absolute direction deem necessary or require to be done in the interest of Debenture Holders and signing such documents to carry out their duty in such capacity. Any payment by our Company to the NCD Holders / Debenture Trustee, as the case may be, shall, from the time of making such payment, completely and irrevocably discharge our Company pro tanto from any liability to the NCD Holders. For details on the terms of the Debenture Trust Deed, please see "Issue Procedure" on page 202 of this Prospectus.

Legal Advisor to the Issue



SNG and Partners

One Bazar Lane, Near Bengali Market

New Delhi - 110 001

Telephone number: +91 11 4358 2000

Fax number: +91 11 4358 2033

Email: saroj_pandey@sngpartners.in

Website: <https://www.sngpartners.in>

Contact Person: Saroj Kumar Pandey

Credit Rating Agency

CRISIL

An S&P Global Company

CRISIL Ratings Limited

SEBI Registration No: INCRA0011999

CRISIL House, Central Avenue

Hiranandani Business Park, Powai

Mumbai - 400 076, Maharashtra, India

Tel: +91 22 3342 3000

E-mail: debtissue@crisil.com

Website: www.crisilratings.com

Contact Person: Krishnan Sitaraman

Credit Rating and Rationale

CRISIL Ratings has, after due consideration, assigned “CRISIL A (pronounced as CRISIL A) rating to the Debt instrument and placed the rating under “Rating Watch with Positive Implications” vide their rating letter dated December 13, 2021 and reviewed the same vide Letter no. RL/VLEAFP/283590/NCD/1221/23014/101398026/1 dated January 13, 2022 revalidating the said rating. Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk. The Rating Watch reflects an emerging situation, which may affect the credit profile of rated entity.

The rating is not a recommendation to buy, sell or hold securities and investors should take their own decision. The rating may be subject to revision or withdrawal at any time by the assigning rating agency. The rating agency has a right to suspend or withdraw the rating at any time on the basis of factors such as new information. Please refer to Annexure II of this Prospectus for the rating letter, the rating rationale and the press release of the above rating.

Disclaimer Clause of CRISIL Ratings Limited

CRISIL Ratings Limited (CRISIL Ratings) has taken due care and caution in preparing the Material based on the information provided by its client and / or obtained by CRISIL Ratings from sources which it considers reliable (Information). A rating by CRISIL Ratings reflects its current opinion on the likelihood of timely payment of the obligations under the rated instrument and does not constitute an audit of the rated entity by CRISIL Ratings. CRISIL Ratings does not guarantee the completeness or accuracy of the information on which the rating is based. A rating by CRISIL Ratings is not a recommendation to buy, sell, or hold the rated instrument; it does not comment on the market price or suitability for a particular investor. The Rating is not a recommendation to invest / disinvest in any entity covered in the Material and no part of the Material should be construed as an expert advice or investment advice or any form of investment banking within the meaning of any law or regulation. CRISIL Ratings especially states that it has no liability whatsoever to the subscribers / users / transmitters/ distributors of the Material. Without limiting the generality of the foregoing, nothing in the Material is to be construed as CRISIL Ratings providing or intending to provide any services in jurisdictions where CRISIL Ratings does not have the necessary permission and/or registration to carry out its business activities in this regard. **Incred Financial Services Limited** will be responsible for ensuring compliances and consequences of non-compliances for use of the Material or part thereof outside India. Current rating status and CRISIL Ratings’ rating criteria are available without charge to the public on the website, www.crisil.com. For latest rating information on any instrument of any company rated by CRISIL Ratings, please contact Customer Service Helpdesk at 1800-267-1301.

Registrar to the Issue

LINKIntime

Link Intime India Private Limited

SEBI Registration No: INR000004058

C-101, 247 Park, First Floor

L.B.S. Marg, Vikhroli (West)

Mumbai - 400 083, Maharashtra

Tel No: +91 22 4918 6200

Fax No: +91 22 4918 6060

Email Id: incred.ncd@linkintime.co.in

Website: www.linkintime.co.in

Contact person: Shanti Gopalkrishnan

Link Intime India Private Limited has by its letter dated December 24, 2021 given its consent for its appointment as the Registrar to the Issue and for its name to be included in this Prospectus and in all the subsequent periodical communications sent to the holders of the Debentures issued pursuant to this Issue. Investors may contact the Registrar to the Issue or the Company Secretary and Compliance Officer in case of any pre Issue or post Issue related issues such as non-receipt of Allotment Advice, demat credit, refund orders, transfers etc.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, Application Form number, address of the Applicant, Permanent Account Number, number of NCDs applied for, Series of NCDs applied for, amount paid on application, Depository Participant name and client identification number, and the collection centre of the Members of the Consortium where the Application was submitted and ASBA Account number (for Bidders other than Retail Individual Investors bidding through the UPI Mechanism) in which the amount equivalent to the Bid Amount was blocked or UPI ID in case of Retail Individual Investors bidding through the UPI mechanism. Further, the Bidder shall enclose the Acknowledgement Slip or provide the acknowledgement number received from the Designated Intermediaries in addition to the documents/information mentioned hereinabove.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to either (a) the relevant Designated Branch of the SCSB where the Application Form was submitted by the ASBA Applicant, or (b) the concerned Member of the Syndicate and the relevant Designated Branch of the SCSB in the event of an Application submitted by an ASBA Applicant at any of the Syndicate ASBA Centres, giving full details such as name, address of Applicant, Application Form number, series applied for, number of NCDs applied for, amount blocked on Application.

All grievances related to the UPI process may be addressed to the Stock Exchanges, which shall be responsible for addressing investor grievances arising from the applications submitted online through the application based / web interface platform of stock exchanges or through their Trading Members. The intermediaries shall be responsible for addressing any investor grievances arising from the applications uploaded by them in respect of quantity, price or any other data entry or other errors made by them.

All grievances arising out of Applications for the NCDs made through the online Stock Exchange mechanisms or through Trading Members may be addressed directly to the respective Stock Exchanges.

Statutory Auditors

S. R. Batliboi & Associates LLP

Chartered Accountants
12th Floor, The Ruby
29, Senapati Bapat Marg, Dadar (West)
Mumbai - 400 028, Maharashtra, India
Tel.: +91 22 6819 8000
E-mail: srba@srb.in
Contact Person: Sarvesh Warty
Firm Registration No: 101049W/300004

Banker to the Issue

Public Issue Account, Refund Bank and Sponsor Bank



Axis Bank Limited

SEBI Registration No: INB100000017
Fortune 2000, Ground Floor
Bandra Kurla Complex, Bandra East
Mumbai - 400 051
Tel No: +91 22 6710 5264
Fax No +91 22 6710 5260
Email: bkc.branchhead@axisbank.com
Website: www.axisbank.com
Contact Person: Shruti Khanna

Underwriting

The Issue is not underwritten.

Arrangers to the Issue

There are no arrangers to the Issue

Guarantor to the Issue

There are no guarantors to the Issue

Recovery Expense Fund

Our Company has created / will create a recovery expense fund in the manner as specified by SEBI in circular no. SEBI/HO/MIRSD/CRADT/CIR/P/2020/207 dated October 22, 2020, as amended from time to time, and Regulation 11 of the SEBI NCS Regulations with the Designated Stock Exchange for the purpose of this Issue and informed the Debenture Trustee regarding the creation of such fund. The recovery expense fund may be utilised by Debenture Trustee, in the event of default by our Company under the terms of the Debenture Trust Deed for taking appropriate legal action to enforce the security.

Designated Intermediaries**Self-Certified Syndicate Banks**

The banks which are registered with SEBI under Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994, as amended, and offer services in relation to ASBA, including blocking of an ASBA Account, a list of which is available on www.sebi.gov.in or at such other website as may be prescribed by SEBI from time to time.

A list of the Designated Branches of the SCSBs, with which an Applicant, not applying through the Syndicate, may submit the Application Forms, is available at www.sebi.gov.in, or at such other website as may be prescribed by SEBI from time to time.

Syndicate SCSB Branches

In relation to Applications submitted to the Designated Intermediaries, the list of branches of the SCSBs to receive deposits of ASBA Applications from such Designated Intermediaries is provided on www.sebi.gov.in or at such other website as may be prescribed by SEBI from time to time. For more information on such branches collecting Applications from Designated Intermediaries, see the above-mentioned web-link.

SCSBs eligible as issuer banks for UPI Mechanism and eligible mobile applications

In accordance with SEBI Operational Circular, UPI Investors making an Application in the Issue using the UPI Mechanism, may apply through the SCSBs and mobile applications whose names appears on the website of the SEBI at www.sebi.gov.in, and updated from time to time.

RTAs / CDPs

The list of the RTAs and CDPs, eligible to accept Applications in the Issue, including details such as postal address, telephone number and email address, are provided on the websites of stock exchanges at www.bseindia.com and www.nseindia.com, for RTAs and CDPs, as updated from time to time.

Broker Centres / Designated CDP Locations / Designated RTA Locations

In accordance with SEBI Circular No. CIR/CFD/14/2012 dated October 4, 2012 and CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 and the ASBA Circular, Applicants can submit the Application Forms with the Registered Brokers at the Broker Centres, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations, respective lists of which, including details such as address and telephone number, are available at the websites of the Stock Exchanges at www.bseindia.com and www.nseindia.com. The list of branches of the SCSBs at the Broker Centres, named by the respective SCSBs to receive deposits of the Application Forms from the Registered Brokers will be available on the website of the SEBI (www.sebi.gov.in) and updated from time to time.

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

“Any person who:

- a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or
 b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or
 c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447.”

Minimum Subscription

In terms of the SEBI NCS Regulations, for an issuer undertaking a public issue of debt securities, the minimum subscription for public issue of debt securities shall be 75% of the Base Issue Size. If our Company does not receive the minimum subscription of 75% of the Base Issue Size, prior to the Issue Closing Date, the entire subscription amount shall be unblocked in the Applicants ASBA Account within eight Working Days from the date of closure of the Issue or such time as may be specified by SEBI. The refunded subscription amount shall be credited only to the account from which the relevant subscription amount was remitted. In the event, there is a delay by our Company in unblocking the aforesaid ASBA Account within the prescribed time limit, our Company will pay interest at the rate of 15% per annum for the delayed period.

Under Section 39(3) of the Companies Act, 2013 read with Rule 11(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 if the stated minimum subscription amount is not received within the specified period, the application money received is to be credited only to the bank account from which the subscription was remitted. To the extent possible, where the required information for making such refunds is available with our Company and/or Registrar, refunds will be made to the account prescribed. However, where our Company and/or Registrar does not have the necessary information for making such refunds, our Company and / or Registrar will follow the guidelines prescribed by SEBI in this regard included in the SEBI Operational Circular.

Utilisation of Issue proceeds

For details on utilisation of Issue proceeds, please see “Objects of the Issue” on page 55 of this Prospectus.

Issue Schedule

Issue Programme	
Issue Opens on	January 24, 2022
Issue Closes on	February 14, 2022
Pay in Date	Application Date. The entire Application Amount is payable on Application
Deemed date of allotment	The date on which the Board or the Finance Committee approves the Allotment of the NCDs for the Issue or such date as may be determined by the Board of Directors or the Finance Committee and notified to the Designated Stock Exchange. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment. All benefits relating to the NCDs including interest on NCDs (as specified for the Issue under the Prospectus) shall be available to NCD Holders from the Deemed Date of Allotment.

** The Issue shall remain open for subscription on Working Days from 10 a.m. to 5 p.m. during the period indicated above, except that the Issue may close on such earlier date or extended date as may be decided by the Board of Directors of our Company or the Finance Committee. In the event of an early closure or extension of the Issue, our Company shall ensure that notice of the same is provided to the prospective investors through an advertisement in all the newspapers in which pre-issue advertisement and advertisement for opening or closure of the Issue have been given on or before such earlier or initial date of Issue closure. On the Issue Closing Date, the Application Forms will be accepted only between 10 a.m. and 3 p.m. (Indian Standard Time) and uploaded until 5 p.m. or such extended time as may be permitted by the Stock Exchanges. Further, pending mandate requests for bids placed on the last day of bidding will be validated by 5 p.m. (Indian Standard Time) on one Working Day after the Issue Closing Date. For further details refer to “Issue Procedure” on page 202 of this Prospectus.*

Applications Forms for the Issue will be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) or such extended time as may be permitted by the Stock Exchanges, during the Issue Period as mentioned above on all days between Monday and Friday (both inclusive barring public holiday), (i) by the Consortium or the Trading Members of the Stock Exchanges, as the case maybe, at the centres mentioned in Application Form through the ASBA mode, (a) directly by the Designated Branches of the SCSBs or (b) by the centres of the Consortium, sub-brokers or the Trading Members of the Stock Exchanges, as the case maybe, only at the selected cities. On the Issue Closing Date Application Forms will be accepted only between 10 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded until 5.00 p.m. or such extended time as may be permitted by the Stock Exchanges. Further, pending mandate requests for bids placed on the last day of bidding will be validated by 5 PM on one

Working Day after the Issue Closing Date For further details please refer to “Issue Procedure” on page 202 of this Prospectus.

Due to limitation of time available for uploading the Applications on the Issue Closing Date, Applicants are advised to submit their Application Forms one day prior to the Issue Closing Date and, no later than 3.00 p.m. (Indian Standard Time) on the Issue Closing Date. Applicants are cautioned that in the event a large number of Applications are received on the Issue Closing Date, there may be some Applications which are not uploaded due to lack of sufficient time to upload. Such Applications that cannot be uploaded will not be considered for allocation under the Issue. Application Forms will only be accepted on Working Days during the Issue Period. Neither our Company, nor the Lead Managers or Trading Members of the Stock Exchanges are liable for any failure in uploading the Applications due to failure in any software/ hardware systems or otherwise. Please note that, within each category of investors the Basis of Allotment under the Issue will be on a date priority basis except on the day of oversubscription, if any, where the Allotment will be proportionate.

Such Applications that cannot be uploaded will not be considered for allocation under the Issue. Applications will be accepted only on Working Days, i.e., Monday to Friday (excluding any public holiday). Neither our Company, nor the Lead Managers, nor any Member of the Syndicate, Registered Brokers at the Broker Centres, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations or designated branches of SCSBs are liable for any failure in uploading the Applications due to faults in any software/hardware system or otherwise. Please note that, within each category of investors, the Basis of Allotment under the Issue will be on date priority basis except on the day of oversubscription, if any, where the Allotment will be proportionate.

Inter-se Allocation of Responsibilities among the Lead Managers:

The following table sets forth the inter-se allocation of responsibilities and coordination for various activities among the Lead Managers:

Sr. No.	Activities	Responsibility	Co-ordinator
1.	Due diligence of Company’s operations/ management/ business plans/ legal etc. <ul style="list-style-type: none"> • Drafting and designing of the offering document. • (The Manager shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchange, RoC and SEBI including finalization of Offering Document and RoC filing). Draft Prospectus, Prospectus (together “Offer Documents”) • Coordination with the Stock Exchanges for in-principle approval 	Sundae	Sundae
2.	Structuring of various issuance options with relative components and formalities etc.	Sundae	Sundae
3.	Co-ordination with auditors for auditor deliverables and coordination with lawyers for legal opinion	Sundae	Sundae
4.	Appointment of other intermediaries viz., Registrar, Debenture Trustee, Consortium/Syndicate Members, printer, advertising agency and Public Issue Bank cum Refund Bank.	Sundae	Sundae
5.	<ul style="list-style-type: none"> • Coordination with the printer for designing and finalization of Offer Documents, Application Form including memorandum containing salient features of the Offer Documents. • Drafting and approval of statutory advertisement 	Sundae	Sundae
6.	Drafting and approval of all publicity material (excluding statutory advertisement as mentioned in 5 above) including print and online advertisement, outdoor advertisement including brochures, banners, hoardings etc.	Sundae	Sundae
7.	Preparation of road show presentation, FAQs.	Sundae	Sundae
8.	Marketing strategy which will cover, inter alia:	Sundae, ICWPM	Sundae

	<ul style="list-style-type: none"> Deciding on the quantum of the Issue material and follow-up on distribution of publicity and Issue material including Application Forms, Offer Documents, posters, banners, etc. Finalise collection centres Coordinate with Registrar for collection of Application Forms by ASBA banks; Finalisation of list and allocation of institutional investors for one on one meetings 		
9.	Domestic institutions/banks/mutual funds marketing strategy: Finalize the list and division of investors for one on one meetings, institutional allocation	Sundae, ICWPM	Sundae
10.	Non-institutional marketing strategy which will cover, inter alia: <ul style="list-style-type: none"> Finalize media, marketing and public relation strategy and publicity budget Finalize centers for holding conferences for brokers, etc. 	Sundae, ICWPM	Sundae
11.	Coordination with the Stock Exchanges for use of the bidding software	Sundae	Sundae
12.	Coordination for security creation by way of execution of Debenture Trust Deed	Sundae	Sundae
13.	Post-issue activities including – <ul style="list-style-type: none"> Co-ordination with Bankers to the Issue for management of Public Issue Account(s), Refund Account and any other account and Allotment resolution 	Sundae	Sundae
14.	<ul style="list-style-type: none"> Drafting and finalization of post issue stationery items like, allotment and refund advice, etc.; Coordination for generation of ISINs; Corporate action for dematerialized credit /delivery of securities; Coordinating approval for listing and trading of securities; and Redressal of investor grievances in relation to post issue activities. 	Sundae	Sundae

In compliance with the proviso to Regulation 21A(1) of the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, as amended, read with Regulation 25(3) of the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, InCred Capital Wealth Portfolio Managers Private Limited will be involved only in marketing of the Issue.

CAPITAL STRUCTURE

a. Our share capital as on the last quarter end, that is December 31, 2021:

Share Capital	Amount (in ₹)
Authorised Share Capital	
2,01,10,00,000 Equity Shares of ₹ 10/- each	20,11,00,00,000
9,50,00,000 Preference Shares of ₹ 10/- each	95,00,00,000
Total	21,06,00,00,000
Issued Share Capital, Subscribed and Paid-up Capital	
35,42,59,763 Equity Shares of ₹ 10/- each	3,54,25,97,630
3,34,79,624 Preference Shares of ₹ 10/- each	33,47,96,240
Total	3,87,73,93,870
Share Premium	6,21,76,88,533

The Issue will not result in any change in the paid-up share capital of our Company due to issue and allotment of the NCD.

b. Changes in the authorised share capital of our Company for the last three years preceding the date of this prospectus as on December 31, 2021

Date of shareholders meeting	Authorised Share Capital (in Rs.)	Particulars of change	AGM / EGM / Postal Ballot
April 09, 2019	20,80,00,00,000	The authorized share capital of the Company was increased from Rs 2000,00,00,000 (Rupees Two Thousand Crores Only) comprising of 200,00,00,000 (Two Hundred Crores) equity shares of Rs 10 (Rupees Ten) each to Rs 20,80,00,00,000 (Rupees Two Thousand and Eighty Crores Only) comprising of 2,00,00,00,000 (Two Hundred Crores) equity shares of Rs 10 (Rupees Ten) each and 8,00,00,000 (Eight Crores Only) Cumulative Compulsorily Convertible Preference Shares of Rs. 10 (Rupees Ten) each.	Extra-ordinary General Meeting
June 03, 2021	21,06,00,00,000	Pursuant to merger of Incred Housing Finance Private Limited with the Company, the Authorized Share Capital of the Company be and is hereby increased from Rs 2080,00,00,000 (Rupees Two Thousand and Eighty Crores Only) comprising of 200,00,00,000 (Two Hundred Crores) equity shares of Rs 10 (Rupees Ten) each and 8,00,00,000 (Eight Crores Only) Cumulative Compulsorily Convertible Preference Shares of Rs. 10 (Rupees Ten) each TO Rs 2106,00,00,000 (Rupees Two Thousand One Hundred and Six Crores Only) comprising of 201,10,00,000 (Two Hundred One Crore and Ten Lakh) equity shares of Rs 10 (Rupees Ten) each and 9,50,00,000 (Nine Crores Fifty Lakhs Only) Cumulative Compulsorily Convertible Preference Shares of Rs. 10 (Rupees Ten) each.	Pursuant to Scheme of Merger

c. Equity Share capital history of our Company for the last three years preceding the date of this Prospectus:

Date of Allotment	No. of Equity Shares	Face Value	Issue Price	Consideration (Cash, Other than cash, etc)	Nature of Allotment	Cumulative			Remark
						No. of Equity Shares	Equity Share Capital	Securities Premium *	
Opening Balance as on December 31, 2018						30,18,57,587	3,01,85,75,870	2,74,86,00,450	-
26/04/2019	500	10	54.4	Cash	Private Placement	30,76,29,803	3,07,62,98,030	2,74,35,25,155	N.A
31/07/2019	3125	10	40	Cash	ESOP Allotment	30,76,32,928	3,07,63,29,280	6,17,57,41,580	N.A
08/01/2020	3174	10	40	Cash	ESOP Allotment	30,76,36,102	3,07,63,61,020	6,17,02,60,153	N.A
12/02/2020	625	10	40	Cash	ESOP Allotment	30,76,36,727	3,07,63,67,270	6,17,02,78,903	N.A
27/07/2020	13,296	10	40	Cash	ESOP Allotment	30,76,50,023	3,07,65,00,230	6,17,06,77,783	N.A
03/09/2020	4,475	10	40	Cash	ESOP Allotment	30,76,54,498	3,07,65,44,980	6,17,08,12,033	N.A
15/01/2021	23,750	10	40	Cash	ESOP Allotment	30,76,78,248	3,07,67,82,480	6,17,15,24,533	N.A
11/02/2021	25,000	10	40	Cash	ESOP Allotment	30,77,03,248	3,07,70,32,480	6,17,22,74,533	N.A
10/03/2021	24,688	10	40	Cash	ESOP Allotment	30,77,27,936	3,07,72,79,360	6,17,30,15,173	N.A
13/07/2021	23,262	10	40	Cash	ESOP Allotment	30,77,51,198	3,07,75,11,980	6,17,37,13,033	N.A

Date of Allotment	No. of Equity Shares	Face Value	Issue Price	Consideration (Cash, Other than cash, etc)	Nature of Allotment	Cumulative			Remark
						No. of Equity Shares	Equity Share Capital	Securities Premium *	
31/08/2021	25,100	10	40	Cash	ESOP Allotment	30,77,76,298	3,07,77,62,980	6,17,44,66,033	N.A
17/09/2021	1,12,59,191	10	10	Other than cash	Conversion of CCPS	31,90,35,489	3,19,03,54,890	6,17,44,66,033	N.A
23/09/2021	14,00,000	10	40	Cash	ESOP Allotment	32,04,35,489	3,20,43,54,890	6,21,64,66,033	N.A
13/10/2021	1,87,77,574	10	10	Other than cash	Conversion of CCPS	33,92,13,063	3,39,21,30,630	6,21,64,66,033	N.A
25/10/2021	20,425	10	40	Cash	ESOP Allotment	33,92,33,488	3,39,23,34,880	6,21,70,78,783	N.A
25/10/2021	5,000	10	28	Cash	ESOP Allotment	33,92,38,488	3,39,23,84,880	6,21,71,68,783	N.A
09/11/2021	1,00,00,000	10	10	Other than cash	Conversion of CCPS	34,92,38,488	3,49,23,84,880	6,21,71,68,783	N.A
15/11/2021	7,625	10	28	Cash	ESOP Allotment	34,92,46,113	3,49,24,61,130	6,21,73,06,033	N.A
15/11/2021	11,250	10	40	Cash	ESOP Allotment	34,92,57,363	3,49,25,73,630	6,21,76,43,533	N.A
23/11/2021	2,500	10	40	Cash	ESOP Allotment	34,92,59,863	3,49,25,98,630	6,21,76,88,533	N.A
03/12/2021	4,999,900	10	10	Other than cash	Conversion of CCPS	35,42,59,763	3,54,25,97,630	6,21,76,88,533	N.A
Closing Balance as on December 31, 2021							3,54,25,97,630	6,21,76,88,533	

* Securities Premium amount refers to the credit balance of securities premium as on the date mentioned above. Further, the expenses for raising of capital has been written off against securities premium account during the above referred period.

Further, our Company has made allotment of 750 equity shares on January 03, 2022 pursuant to the exercise of ESOP granted by the Company.

d. Cumulative Compulsory Convertible Preference Share (CCCPS) capital history of our Company for the last three years preceding the date of this Prospectus:

Date of Allotment	No. of Preference Shares	Face Value (₹)	Issue Price (₹)	Consideration (Cash, Other than cash, etc)	Nature of Allotment	Cumulative			Remarks
						No. of Preference Shares	Preference Share Capital (in ₹)	Securities Premium *	
Opening Balance as on December 31, 2018						Nil	Nil	-	-
26.04.2019	7,47,47,747	10	54.40	Cash	Preferential Allotment	7,47,47,747	7,47,47,7470	6,06,23,25,122	N.A
09.05.2019	37,68,542	10	54.40	Cash	Preferential Allotment	7,85,16,289	785162890	6,20,54,04,830	N.A
17.09.2021	(1,12,59,191)	10	-	NA	Conversion of CCPS	6,72,57,098	67,25,70,980	6,17,44,66,033	N.A
13.10.2021	(1,87,77,574)	10	-	NA	Conversion of CCPS	4,84,79,524	48,47,95,240	6,21,64,66,033	N.A
09.11.2021	(1,00,00,000)	10	-	NA	Conversion of CCPS	3,84,79,524	38,47,95,240	6,21,71,68,783	N.A
03.12.2021	(49,99,900)	10	-	NA	Conversion of CCPS	3,34,79,624	33,47,96,240	6,21,76,88,533	N.A
Closing Balance as on December 31, 2021						3,34,79,624	33,47,96,240	6,21,76,88,533	

* Securities Premium amount refers to the credit balance of securities premium as on the date mentioned above. Further, the expenses for raising of capital has been written off against securities premium account during the above referred period.

The terms of the CCCPS are as under:

1. Rank

1.1 As to Income

- The CCCPS shall confer on the holder, the right to receive, in priority to the holders of Equity Shares in the Share Capital, a dividend equal to 0.001% (zero point zero zero one per cent) per Financial Year (**Preference Dividend**).
- The right to receive the Preference Dividend shall be cumulative. The Preference Dividend shall accrue to the holder from the date of the Shareholders' meeting of the Company in which the Preference Dividend has been declared but in no event later than September 30 of such Financial Year.
- The Preference Dividend for the Financial Year in which the CCCPS convert (in accordance with the provisions set out in the Securities Subscription Agreement) shall be payable for the pro rata period of the Financial Year on a date not later than 2 (two) Business Days prior to the conversion date.

- (iv) If a Preference Dividend has been declared by the Company but has not been paid by the conversion date, the Preference Dividend shall be paid to the Person(s) who held the CCCPS as at the date of declaration, *pro rata* in accordance with the number of CCCPS held by it as at the date of declaration.
- (v) If the conversion date falls within a period in respect of which a dividend is to be paid, each Equity Share issued to the holder on conversion shall confer on the holder the right to receive a dividend with respect to only part of such period. The holder of the CCCPS shall be entitled to participate on a *pro rata* basis for dividends paid on the Equity Shares as derived from conversion of the CCCPS.

1.2 As to Capital

Subject to Applicable Law, on a distribution of capital on a winding up, the Assets of the Company available for distribution to its members shall be applied in the manner set forth in the Articles of Association of the Company and the CCCPS shall rank senior to any other nature of Security issued by the Company.

2. Transferability

The transferability of the CCCPS shall be subject to the terms and conditions of the Articles of Association.

3. Amendments

Subject to the Companies Act and the Articles of Association, the rights, privileges and conditions attached to the CCCPS may not be varied, modified or abrogated in any manner whatsoever without the prior written consent of its holder.

4. Term

The term of the CCCPS shall be a period of 19 (nineteen) years from the date of their issue.

5. Conversion of the CCCPS

- (i) The conversion of CCCPS shall be as per the provisions of the articles of association of the company.
- (ii) Conversion Waterfall: In determining the number of Equity Shares to be issued upon conversion of the CCCPS, it shall be assumed that any Securities of the Company has been converted to Equity Shares.
- (iii) The Equity Shares issued on conversion of the CCCPS shall (a) rank *pari passu* with the other then-outstanding Equity Shares, (b) be duly authorized, validly issued, fully paid up and non-assessable and (c) be issued free of Encumbrances, except as provided in the Articles of Association.

6. Voting Rights

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

e. Details of any reorganization / reconstruction in the last one year

Our Company has not made any reorganization / reconstruction in the last one year.

f. Details of the shareholding of the Company as on December 31, 2021, as per the format specified under the listing regulations:

Table I: Summary statement holding of specified securities

Category	Category of shareholders	No. of shareholders	No. of fully paid up Equity Shares held	No. of partly paid up Equity Shares held	No. of shares underlying Depository Receipts	Total no. of shares held	Shareholding as a %age of total no. of shares (calculated as per SCRR, 1957)	No. of voting rights held in each class of securities			No. of shares underlying outstanding convertible securities (including warrants)	Shareholding as % assuming full conversion of convertible securities (as a % of diluted share capital)	No. of locked in shares		No. of shares pledged		No. of Equity Shares held in dematerialised form	
								(as a % of (A+B+C))	No. of voting rights				Total as % of (A+B+C)	No. (a)	As a % of total shares held (b)	No. (a)		As a % of total shares held (b)
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = IV + V + VI	(VIII)	Class X	Class Y	Total	(IX)	(X)	(XI) = (VII) + (X) as a % of (A+B+C)	(XII)	(XIII)	(XIV)	(XIV)	
(A)	Promoter & Promoter Group	4	24,69,04,520	-	-	24,69,04,520	-	24,69,04,520	0	24,69,04,520	69.70	-	63.68	-	-	-	-	24,69,04,520
(B)	Public	410	10,73,55,243	-	-	10,73,55,243	-	10,73,55,243	0	10,73,55,243	30.30	3,34,79,624	36.32	-	-	42,50,000	3.96	9,52,15,773
(C)	Non promoter non public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C1)	Shares underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C2)	Shares held by Employee trust	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	414	35,42,59,763	-	-	35,42,59,763	100.00	35,42,59,763	-	35,42,59,763	100.00	3,34,79,624	100.00	-	-	42,50,000	1.20	34,21,20,293

Table II: Statement showing shareholding pattern of the Promoter and Promoter Group

Category	Category of share-holders *	No. of share-holders	No. of fully paid up Equity Shares held	No. of partly paid up Equity Shares held	No. of shares underlying Depository Receipts	Total no. of shares held	Shareholding as a %age of total no. of shares (calculated as per SCRR, 1957)	No. of voting rights held in each class of securities			No. of shares underlying outstanding convertible securities (including warrants)	Shareholding as % assuming full conversion of convertible securities (as a % of diluted share capital)	No. of locked in shares		No. of shares pledged or otherwise encumbered		No. of Equity Shares held in dematerialised form	
								(as a % of (A+B+C))	No. of voting rights				Total as % of (A+B+C)	No. (a)	As a % of total shares held (b)	No. (a)		As a % of total shares held (b)
									Class X	Class Y								
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = IV + V + VI	(VIII)	Class X	Class Y	Total	(IX)	(X)	(XI) = (VII) + (X) as a % of (A+B+C)	(XII)	(XIII)	(XIV)		
A(1)	Indian																	
(a)	Individuals	2	55,09,421	-	-	55,09,421	1.56	55,09,421	-	55,09,421	1.56	-	1.42	-	-	-	-	55,09,421
(b)	Hindu Undivided Family		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c)	Central Government / State Government(s)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(d)	Financial Institutions / Banks		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(e)	Any other																	
	Body Corporate	1	1,10,21,974	-	-	1,10,21,974	3.11	1,10,21,974	-	1,10,21,974	3.11	-	2.84	-	-	-	-	1,10,21,974
	Sub-total A(1)	3	1,65,31,395	-	-	1,65,31,395	4.67	1,65,31,395	-	1,65,31,395	4.67	-	4.26	-	-	-	-	1,65,31,395
A(2)	Foreign																	
(a)	Individuals (Non resident Individuals / Foreign Individuals)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(b)	Government		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c)	Institutions		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(d)	Foreign Portfolio Investors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(e)	Any others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Foreign Body Corporate	1	23,03,73,125	-	-	23,03,73,125	65.03	23,03,73,125	-	23,03,73,125	65.03	-	59.41	-	-	-	-	23,03,73,125
	Sub-total A(2)	1	23,03,73,125	-	-	23,03,73,125	65.03	23,03,73,125	-	23,03,73,125	65.03	-	59.41	-	-	-	-	23,03,73,125
	Total shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2)	4	24,69,04,520	-	-	24,69,04,520	69.70	24,69,04,520	-	24,69,04,520	69.70	-	63.68	-	-	-	-	24,69,04,520

Table III: Statement showing shareholding pattern of public shareholder

Category	Category of shareholders	No. of share-holders	No. of fully paid up Equity Shares held	No. of partly paid up Equity Shares held	No. of shares underlying Depository Receipts	Total no. of shares held	Shareholding as a %age of total no. of shares (calculated as per SCRR, 1957)	No. of voting rights held in each class of securities			No. of shares underlying outstanding convertible securities (including warrants)	Shareholding as % assuming full conversion of convertible securities (as a % of diluted share capital)	No. of locked in shares		No. of shares pledged or otherwise encumbered		No. of Equity Shares held in dematerialised form	
								(as a % of (A+B+C 2)	No. of voting rights				Total as % of total voting rights	No. (a)	As a % of total shares held (b)	No. (a)		As a % of total shares held (b)
							Class X		Class Y	Total	(IX)	(X)					(XI) = (VII) + (X) as a % of (A+B+C)	
1	Institutions																	
(a)	Mutual Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(b)	Venture Capital Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c)	Alternative Investment Funds	3	1,88,85,933	-	-	1,88,85,933	5.33	1,88,85,933	-	1,88,85,933	5.33	95,12,768	7.32	-	-	-	-	1,88,85,933
(d)	Foreign Venture Capital Investor	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(e)	Foreign Portfolio Investor	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(f)	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(g)	Insurance Companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(h)	Provident Funds / Pension Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(i)	Any other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Sub Total (B)(1)	3	1,88,85,933	-	-	1,88,85,933	5.33	1,88,85,933	-	1,88,85,933	5.33	95,12,768	7.32	0	0	0	0	1,88,85,933
2	Central Government / State Government (s)/ President of India	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Sub Total (B)(2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Non Institutions																	

Category	Category of share-holders	No. of share-holders	No. of fully paid up Equity Shares held	No. of partly paid up Equity Shares held	No. of shares under lying Depository Receipts	Total no. of shares held	Share-holding as a %age of total no. of shares (calculated as per SCRR, 1957)	No. of voting rights held in each class of securities			No. of shares underlying outstanding convertible securities (including warrants)	Shareholding as % assuming full conversion of convertible securities (as a % of diluted share capital)	No. of locked in shares		No. of shares pledged or otherwise encumbered		No. of Equity Shares held in dematerialised form	
								(as a % of (A+B+C 2))	No. of voting rights				Total as % of total voting rights	No. (a)	As a % of total shares held (b)	No. (a)		As a % of total shares held (b)
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = IV + V + VI	(VIII)	Class X	Class Y	Total	(IX)	(X)	(XI) = (VII) + (X) as a % of (A+B+C)	(XII)		(XIII)		(XIV)
(a)	Individual shareholders holding nominal share capital upto ₹ 2.00 lakh	73	6,36,054	-	-	6,36,054	0.18	6,36,054	-	6,36,054	0.18	69,569	0.18	-	-	-	-	6,36,054
	Individual shareholders holding nominal share capital in excess of ₹ 2.00 lakh	242	4,65,66,144	-	-	4,65,66,144	13.14	4,65,66,144	-	4,65,66,144	13.14	29,30,451	12.77	-	-	42,50,000	9.13	4,52,63,618
(b)	Any other			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	HUF	4	3,25,000	-	-	3,25,000	0.09	3,25,000	-	3,25,000	0.09	174173	0.13	-	-	-	-	3,25,000
	Overseas Corporate Bodies	2	44,80,200	-	-	44,80,200	1.26	44,80,200	-	44,80,200	1.26	16729043	5.47	-	-	-	-	44,80,200
	Non resident Indians	46	68,24,132	-	-	68,24,132	1.93	68,24,132	-	68,24,132	1.93	18463	1.76	-	-	-	-	68,24,132
	LLP	11	87,98,640	-	-	87,98,640	2.48	87,98,640	-	87,98,640	2.48	1132122	2.56	-	-	-	-	77,62,461
	Clearing Members	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Bodies Corporate	29	2,08,39,140	-	-	2,08,39,140	5.88	2,08,39,140	-	2,08,39,140	5.88	2913035	6.13	-	-	-	-	1,10,38,375
	Trustee, holding shares on behalf of Trust			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Sub Total (B)(3)	407	8,84,69,310	-	-	8,84,69,310	24.97	8,84,69,310	-	8,84,69,310	24.97	2,39,66,856	29.00	-	-	42,50,000	4.80	7,63,29,840
	Total public shareholding (B) = (B)(1)+(B)(2)+(B)(3)	410	10,73,55,243	-	-	10,73,55,243	30.30	10,73,55,243	-	10,73,55,243	30.30	3,34,79,624	36.32	-	-	42,50,000	3.96	9,52,15,773

g. List of top 10 holders of equity shares of the Company, on fully diluted basis, as on December 31, 2021:

Sr. No.	Name of Shareholder	Equity Shares	Preference Shares	Total	Percentage
1	Bee Finance Limited	23,03,73,125	-	23,03,73,125	59.41
2	Investcorp Private Equity Fund II	1,42,41,228	-	1,42,41,228	3.67
3	Moore Strategic Ventures LLC	100	1,26,83,724	1,26,83,824	3.27
4	InCred Capital Financial Services Private Limited	1,10,21,974	-	1,10,21,974	2.84
5	Dalmia Enterprise Holdings	96,28,069	-	96,28,069	2.48
6	Elevar I - IV AIF	100	95,12,768	95,12,868	2.45
7	V'ocean Investments Ltd	44,80,100	40,45,319	85,25,419	2.20
8	Paragon Partners Growth Fund	46,44,605	-	46,44,605	1.20
9	Hemani Chemiorganic Private Limited	35,00,000	-	35,00,000	0.90
10	Mr. Bhupinder Singh	25,19,554	-	25,19,554	0.65

h. None of the Equity Shares have been pledged or otherwise encumbered by our Promoter and Promoter Group.

i. There has been no change in the Promoter holding of our Company during the last financial year beyond 26% (as prescribed by RBI).

j. The Company has one stock option plan, namely, InCred Financial Services Employee Incentive Scheme - 2018 that was approved by the board of directors on April 24, 2018 and by the shareholders in EGM dated May 25, 2018, May 31, 2019 and August 10, 2020. For details, refer to the chapter titled "Our Management" on page 118 of the Prospectus.

k. Our Company does not have any outstanding warrants as on date of this Prospectus.

l. Except as mentioned below, our Promoter and Promoter Group or Directors of our Company has not purchased or sold any securities in our Company, in six months immediately preceding the date of this Prospectus:

Name of person	Nature of transaction	Nature of securities	No. of securities
Nisha Singh	Purchase	Equity Share	5,00,000
InCred Capital Financial Services Limited	Purchase	CCPS *	1,12,59,191
	Purchase	Equity Share	3,37,77,574
	Sale	Equity Share	3,40,14,791

* Post purchase of CCPS, the same has been converted into equity shares

m. Details of any acquisition or amalgamation in the last one year

(i) InCred Housing Finance Private Limited merged into InCred Financial Services Limited pursuant to order passed by the National Company Law Tribunal, Mumbai Bench on March 11, 2021, hence, InCred Housing Finance Private Limited ceased to be the subsidiary of InCred Financial Services Limited.

(ii) Our Company has filed a composite scheme of amalgamation and arrangement ("Scheme") pursuant to which Bee Finance Limited (the "Transferor Company"), one of the Promoters of our Company, will merge into KKR Capital Markets India Private Limited (the "Transferee Company") and the InCred Demerged Undertaking (as defined in the Scheme) of the Company shall demerge into KKR India Financial Services Limited (the "Resulting Company"). The said Scheme has been filed with the Mumbai Bench of the Hon'ble NCLT on September 27, 2021 and the 'Appointed Date' for the Scheme is April 01, 2022. Further for the said Scheme, our Company has received no-objection from RBI on December 08, 2021 and in-principle approval from BSE Limited on December 24, 2021. Further, the Equity Shareholders, Preference Shareholders and secured creditors of the Company have approved the Scheme in the meetings convened by the NCLT held on December 15, 2021.

Upon the Scheme becoming effective, the business, branches, assets and liabilities, debts, obligations, permits, contracts, employees, agreements, policies, arrangements, approvals, sanctions and proceedings etc. of the InCred Demerged Undertaking carried on by our Company will vest in the Resulting Company. Further, pursuant to the said Scheme becoming effective, the NCDs, proposed to be issued under this Scheme, will stand transferred to and will vest in the Resulting Company, subject to regulatory approvals, and the obligations towards payment of interest or repayment of the principal amounts will vest in the Resulting Company.

Besides the above, our Company has not made any acquisition or amalgamation in the last one year.

For details, refer to the chapter titled “History and Certain Corporate Matters” on page 95 of the Prospectus.

OBJECTS OF THE ISSUE

Issue Proceeds

Our Company has filed this Prospectus for public issue of rated, senior, secured, listed, transferable, redeemable, non-convertible debentures of face value of ₹ 1,000 (“NCDs”) for an amount of ₹ 12,500 lakhs with an option to retain over-subscription upto ₹ 2,500 lakhs.

Our Company proposes to utilise the funds which are being raised through the Issue, after deducting the Issue related expenses to the extent payable by our Company (“Net Proceeds”), towards funding the following objects (collectively referred to herein as the “Objects”):

1. For the purpose of onward lending and financing business of the Company in the ordinary course of business (including for repayment / refinance of existing debts of the Company); and
2. General corporate purposes.

The main objects clause of the Memorandum of Association of our Company permits our Company to undertake the activities for which the funds are being raised through the present Issue and also the activities which our Company has been carrying on till date.

The details of the proceeds of the Issue are set forth in the following table:

Sr. No.	Description	Estimated Amount (₹ in lakhs)
1.	Gross Proceeds of the Overall Issue Size	15,000.00
2.	Issue Related Expenses *	179.75
3.	Net Proceeds (i.e. Gross Proceeds less Issue related expenses)	14,820.25

** The above Issue related expenses are indicative and are subject to change depending on the actual level of subscription to the Issue, the number of allottees, market conditions and other relevant factors.*

Requirement of funds and Utilisation of Net Proceeds The following table details the objects of the Issue and the amount proposed to be financed from the Net Proceeds:

Sr. No.	Objects of the Issue	Percentage of amount proposed to be financed from Net Proceeds
1.	For the purpose of onward lending and financing business of the Company in the ordinary course of business (including for repayment / refinance of existing debts of the Company) *	At least 75%
2.	General corporate purposes **	Not exceeding 25%
Total		100%

** Our Company shall not utilise the proceeds of this Issue towards payment of prepayment penalty, if any.*

*** The Net Proceeds will be first utilised towards the Objects mentioned above. The balance is proposed to be utilised for general corporate purposes, subject to such utilisation not exceeding 25% of the amount raised in the Issue, in compliance with the SEBI NCS Regulations.*

No part of the proceeds shall be utilised directly / indirectly towards capital markets (debt and equity), land acquisition or usages that are restricted for bank financing.

Issue Related Expenses

The expenses of this Issue include, among others, fees for the Lead Managers and selling commission to the Lead Managers / Lead Broker, printing and distribution expenses, legal fees, advertisement expenses, fees payable to RTA, Debenture Trustee, SCSBs’ commission / fees, listing fees, commission and fees payable to the intermediaries as provided for in the SEBI Operational Circular, and any other expense directly related to Issue.

The estimated breakdown of the total expenses for this Issue is as follows*:

Particulars	Amount (₹ in lakhs)	As percentage of Issue proceeds (in %)	As percentage of total expenses of the Issue (in %)
Fee Payable to Intermediaries including Registrar to the Issue and Debenture Trustees	39.75	0.27%	22.11%
Lead Managers Fee, Legal Counsel Fee, Selling and Brokerage Commission, SCSB Processing Fee	108.00	0.72%	60.08%
Advertising and Marketing, Printing and Stationery Costs	2.00	0.01%	1.11%
Other Miscellaneous Expenses	30.00	0.20%	16.69%
Grand Total	179.75	1.20%	100.00%

*Assuming the Issue is fully subscribed.

The expenses are indicative and are subject to change depending on the actual level of subscription to the Issue and the number of Allottees, market conditions and other relevant factors.

Purpose for which there is a Requirement of Funds

As stated in “Issue Proceeds” above.

Funding plan

NA

Summary of the project appraisal report

NA

Schedule of implementation of the project

NA

Interim Use of Proceeds

Our Board of Directors, in accordance with the policies formulated by it from time to time, will have flexibility in deploying the proceeds received from the Issue. Pending utilisation of the proceeds out of the Issue for the purposes described above, our Company intends to temporarily invest funds in high quality interest bearing liquid instruments including money market mutual funds, deposits with banks or temporarily deploy the funds in investment grade interest bearing securities as may be approved by the Board. Such investment would be in accordance with the investment policies approved by the Board from time to time.

Monitoring of Utilisation of Funds

There is no requirement for appointment of a monitoring agency in terms of the SEBI NCS Regulations. The Board and Audit Committee shall monitor the utilisation of the proceeds of the Issue. For the relevant Financial Years commencing from Financial Year 2021-2022, our Company will disclose in our financial statements, the utilisation of the net proceeds of the Issue under a separate head along with details, if any, in relation to all such proceeds of the Issue that have not been utilised thereby also indicating investments, if any, of such unutilised proceeds of the Issue. Our Company shall utilise the proceeds of the Issue only upon the execution of the documents for creation of security and receipt of final listing and trading approval from the Stock Exchange. Further, in accordance with the SEBI LODR Regulations, our Company will furnish to the Stock Exchange(s) on a half yearly basis, a statement indicating material deviations, if any, in the use of Issue proceeds and shall also publish the same in newspapers simultaneously with the half-yearly financial results in the terms of and as per the format prescribed by Circular SEBI/HO/DDHS/08/2020 dated January 17, 2020. Our Company shall utilise the proceeds of the Issue only upon execution of the documents for creation of Security and the Debenture Trust Deed and receipt of listing and trading approval from the Stock Exchange as stated in this Prospectus in “Terms of the Issue” on page 186.

Other Confirmation

The main objects clause of the Memorandum of Association of our Company permits our Company to undertake its existing activities as well as the activities for which the funds are being raised through this Issue.

The Issue proceeds shall not be utilised towards full or part consideration for the purchase or any other acquisition, inter alia by way of a lease, of any immovable property.

No part of the proceeds from this Issue will be paid by us as consideration to our Promoter, our Directors, Key Managerial Personnel, or companies promoted by our Promoter except in the usual course of business.

No part of the proceeds from this Issue will be utilized for buying, trading or otherwise dealing in equity shares of any other listed company.

Further our Company undertakes that Issue proceeds from NCDs allotted to banks shall not be used for any purpose, which may be in contravention of the RBI guidelines on bank financing to NBFCs including those relating to classification as capital market exposure or any other sectors that are prohibited under the RBI regulations.

Our Company confirms that it will not use or apply the proceeds of the Issue for (a) the purchase of any business, (b) the acquisition of any immovable property, including indirect acquisition for which advances have been paid to even third parties, or (c) directly or indirectly and in any manner resulting in the acquisition by the Company of securities of any other body corporate.

Our Company confirms that it will not use the proceeds of the Issue for the purchase of any interest in any business by reason of which, or anything to be done in consequence thereof, or in connection therewith, the Company shall become entitled to an interest in either the capital or profit or losses or both in such business exceeding 50% thereof.

Variation in terms of contract or objects

The Company shall not, in terms of Section 27 of the Companies Act, 2013, at any time, vary the terms of the objects for which this Prospectus is issued, except as may be prescribed under the applicable laws and under Section 27 of the Companies Act, 2013.

Utilisation of Issue Proceeds

1. All monies received pursuant to the issue of NCDs to public shall be transferred to a separate bank account as referred to in sub-section (3) of section 40 of the Companies Act, 2013 and the SEBI NCS Regulations, and our Company will comply with the conditions as stated therein, and these monies will be transferred to Company's bank account after receipt of listing and trading approvals;
2. The allotment letter shall be issued, or application money shall be refunded in accordance with the Applicable Law failing which interest shall be due to be paid to the applicants at the rate of 15% per annum for the delayed period;
3. Details of all monies utilised out of the Issue shall be disclosed under an appropriate separate head in our Balance Sheet indicating the purpose for which such monies had been utilised;
4. Details of all unutilised monies out of issue of NCDs, if any, shall be disclosed and continued to be disclosed under an appropriate separate head in our Balance Sheet till the time any part of the proceeds of the Issue remains unutilised indicating the form of financial assets in which such unutilised monies have been invested;
5. The Issue proceeds shall not be utilised towards full or part consideration for the purchase or any other acquisition, inter alia, by way of a lease, of any immovable property;
6. We shall utilise the Issue proceeds only after (i) receipt of minimum subscription, i.e., 75% of the Issue Size pertaining to the Issue; (ii) completion of Allotment and refund process in compliance with Section 40 of the Companies Act, 2013; (iii) creation of security; (iv) obtaining requisite permissions or consents for creation of first charge over assets sought to be provided as Security; (v) obtaining listing and trading approval as stated in this Prospectus in "Issue Structure" on page 166 of this Prospectus;
7. The Issue proceeds shall be utilised in compliance with various guidelines, regulations and clarifications issued by RBI, SEBI or any other statutory authority from time to time. Further the Issue proceeds shall be utilised only for the purpose and objects stated in the Offer Documents; and

8. If Allotment is not made, application monies will be refunded/unblocked in the ASBA Accounts within 6 Working days from the Issue Closing Date or such lesser time as specified by SEBI, failing which interest will be due to be paid to the Applicants in accordance with applicable laws.

Benefit or Interest accruing to Promoters or Directors out of the objects of the Issue

There is no benefit or interest accruing to the Promoter or Directors from the Objects of the Issue.

STATEMENT OF TAX BENEFITS

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE DEBENTURE HOLDER(S)

To,
The Board of Directors,
InCred Financial Services Limited
Unit No. 1203, 12th Floor,
B Wing, The Capital
Plot No. C-70, G-Block
BKC Mumbai-400051

Dear Sir(s),

Sub: Statement of Possible Tax Benefits available to Debenture Holders in connection with the Proposed Public Issue by InCred Financial Services Limited (the 'Company') of Non-Convertible Debentures ('NCDs' or 'Debentures') of face value of Rs. 1,000 each for an amount up to Rs. 12,500 lakhs with an option to retain over-subscription up to Rs. 2,500 lakhs.

We hereby confirm that the enclosed statement in Annexure 1 states the possible tax benefits available to the debenture holders of the Company under the Income-tax Act, 1961 (the Act) as amended by the Finance Act, 2021 i.e., relevant to the Assessment Year 2022-23 presently in force in India.

Several of these benefits are dependent on the Company or its debenture holders fulfilling the stipulated conditions prescribed under relevant provisions of the Act and the eligibility thereon. Hence, the ability of the Company or its debenture holders to derive the tax benefits is dependent upon fulfillment of such conditions, which based on business imperatives the Company faces in the future, the Company or its debenture holders may or may not choose to fulfill.

The benefits stated in the enclosed statement are neither exhaustive nor conclusive and the preparation of the said statement and the content therein is the responsibility of the Company's Management. The statement is designed to provide general information to the debenture holders and must not be substituted for professional tax advice.

Our views are based on existing provisions of the Act and its interpretations, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions. Any such change, which could also be retrospective shall have an effect on the views expressed herein. We do not assume any obligation to update this statement on any events subsequent to its issue, which may have an effect on the discussions herein.

In view of the individual nature of the tax consequences and the changing tax laws, each debenture holder is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the Issue. We are neither suggesting nor are we advising the debenture holders to invest money based on this statement.

We do not express any opinion or provide assurance as to whether:

1. The Company or its debenture holders will continue to obtain these benefits in future;
2. The conditions prescribed for availing these benefits have been/would be met with;
3. The Revenue authorities/Courts will concur with the views expressed herein

The contents of the statement are based on information, explanation and representations obtained from the Company and on the basis of their understanding of the business activities and operations of the Company.

This report has been issued at the request of the Company for the purpose of inclusion in the offer document in connection with its proposed Issue and should not be used by anyone else or for any other purpose.

For Nahta Jain & Associates
Chartered Accountants

ICAI Firm Registration No.: 106801W
ICAI Peer review certificate No.: 012586

I.C. Nahta
Partner
Membership No.: 513559
UDIN: 22070023AAAAAA4857

Ahmedabad
January 3, 2022

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE DEBENTURE HOLDER(S)

The Annexure is based on the provisions of the Income-tax Act, 1961 (IT Act), as on date.

This Annexure intends to provide general information on the applicable provisions of the IT Act. However, in view of the nature of the implications, the investors are best advised to consult their respective tax advisors/consultants for appropriate counsel with respect to the specific tax and other implications arising out of their participation in the proposed issue as indicated herein.

Taxability under the IT Act

1. Taxability under various heads of Income

The returns received by the investors from NCD in the form of interest and the gains on the sale/ transfer of the NCD, may be characterized under the following broad heads of income for the purposes of taxation under the IT Act:

- Profits and Gains from Business;
- Income from Capital Gains; and
- Income from Other Sources.

The returns from the investment in the form of interest would generally be subject to tax under the head “Income From Other Sources”. Under certain circumstances depending upon the facts and circumstances of the taxpayer, the interest income may be subject to tax under the head “Profits and gains from business”.

The gains from the sale of the instrument or security may be characterized either as “Profits and gains from business” or as “Capital Gains”. This is discussed in the following paragraph.

“Profit and Gains from Business” versus “Capital Gains”

Gains from the transfer of securities/instruments of the investee companies may be characterized as “Capital Gains” or as “Profits and Gains from Business” in the hands of an investor, depending upon whether the investments in the NCD is held as an ‘investments’ or as ‘stock in trade’. This can vary based on the facts of each investor’s case (taking into account factors such as the magnitude of purchases and sales, ratio between purchases and sales, the period of holding, whether there exists an intention to earn a profit from sale or to earn interest, etc.)

The investors may obtain specific advice from their tax advisors regarding the tax treatment of their investments.

2. Taxation of Interest, Profits from Business and Capital Gains

Income by way of interest received on debentures, bonds, and other debt instruments held as an investment will be charged to tax as under the head “Income from Other Sources” at the rates applicable to the investor after deduction of expenses, if any, allowable under section 57 of the IT Act. These are essentially expenses (not being in the nature of capital expenditure) laid out or expended wholly and exclusively for the purpose of earning the interest income.

In case of debentures, bonds or other debt instruments held as stock-in-trade and sold before their maturity, the interest accrued thereon till the date of sale and included in the sale price, may also be charged to tax as “business income” (treatment separately discussed below).

Further, in case of certain specific fixed income securities and certain debt instruments, purchased and held as investments and transferred prior to maturity, the gain from the transfer may also possibly be characterized as “capital gains” (treatment separately discussed below).

The investors may obtain specific advice from their tax advisors regarding the tax treatment of their investments.

As discussed above, depending on the particular facts of each case, the investments may, in certain cases, be

regarded to be in the nature of stock in trade and, hence, the gains from the transfer/ sale of such investments would be considered to be in the nature of “Profits and gains from business”.

In such a scenario, the gains from the business of investing in the NCD may be chargeable to tax on a ‘net’ basis (that is, net of allowable deductions for expenses/allowances under Chapter IV – Part D of the IT Act).

The “Profits and Gains from Business” so computed, as reduced on account of set-off of losses in accordance with Chapter VI of the IT Act and unabsorbed allowances, if any, would go to form part of the gross total income of the investor.

The gross total income would be reduced by deductions, if any, available under Chapter VI-A of the IT Act and the resultant total income would be subject to tax at the tax rates as applicable to the investor (Refer Note 1 and Note 2).

Based on section 145 of the IT Act, the timing of charging any income to tax would depend on the method of accounting followed by the taxpayer consistently (i.e., cash or mercantile).

Investors should obtain specific advice from their tax advisors regarding the manner of computing business income, the deductions available therefrom and the tax to be paid thereon.

Taxation of Profits and gains from business

As discussed above, depending on the particular facts of each case, the investments may, in certain cases, be regarded to be in the nature of stock in trade and, hence, the gains from the transfer/ sale of such investments would be considered to be in the nature of “Profits and gains from business”.

Taxation of Capital Gains

As discussed above, based on the particular facts of each case, the investments may, in certain cases, be regarded to be in the nature of capital assets and hence the gains from the transfer/ sale of such investments would be considered to be in the nature of “capital gains”.

As per section 2(14) of the IT Act, the term ‘capital asset’ had been defined to, inter alia, mean any securities held by a foreign institutional investor which has invested in such securities in accordance with the regulations made under Securities and Exchange Board of India Act, 1992.

- **Period of holding – long-term & short-term capital assets**

Taxability of investments primarily depends on Nature of Capital Asset and Period of Holding.

A security (other than a unit) listed on a recognized stock exchange in India, or unit of equity oriented mutual fund or zero-coupon bond (as defined) held for a period of more than 12 months is considered long-term capital asset.

In case of share of an unlisted company and immoveable property, it will be considered as a long-term capital asset where it is held for a period of more than 24 months.

Any assets (other than as described above), are considered long-term capital assets where they are held for a period of more than 36 months.

The above assets, where held for a period of not more than 12 months/ 24 months/ 36 months, as the case may be, will be treated as short-term capital assets.

The gains arising from the transfer of long-term capital assets are termed as long-term capital gains. The gains arising from the transfer of short-term capital assets are termed as short-term capital gains.

- **Computation of capital gains**

Capital gains are computed after reducing from the consideration received from the transfer of the capital asset, the cost of acquisition of such asset and the expenses incurred wholly and exclusively in connection with the transfer.

- **Nature of transactions and resultant capital gain treatment**

The capital gains tax treatment of transactions is given in Note 4.

The following transactions would attract the “regular” capital gains tax provisions:

Transactions of sale of debentures, bonds, listed or otherwise; and
Transactions in structured debentures.

- **Set off of capital losses**

Long-term capital loss of a year can be set off only against long-term capital gains arising in that year and cannot be set off against short-term capital gains arising in that year. On the other hand, short-term capital loss in a year can be set off against both, short-term and long-term capital gains of the same year.

Unabsorbed short-term and long-term capital loss of prior years can be separately carried forward for not more than eight assessment years immediately succeeding the assessment year for which the first loss was computed, provided the Return of Income (ROI) is filed within the original due date. Unabsorbed short-term capital loss shall be eligible for set off against short-term capital gains as well as long-term capital gains. However, unabsorbed long-term capital loss shall be eligible to be set off only against long-term capital gains.

- **Taxability of non-resident investors under the tax treaty**

In case of non-resident investor who is a resident of a country with which India has signed a Double Taxation Avoidance Agreement (“DTAA” or “tax treaty”) (which is in force) income-tax is payable at the rates provided in the IT Act, as discussed below, or the rates provided in such tax treaty, if any, whichever is more beneficial to such non- resident investor, subject to conditions prescribed.

For non-residents claiming such tax treaty benefits, the IT Act mandates the obtaining of a Tax Residency Certificate (“TRC”) from the home country tax authority.

Section 90(5) of the IT Act provides that an assessee to whom a DTAA applies shall provide such other documents and information, as may be prescribed. Further, a notification substituting Rule 21AB of the Income-tax Rules, 1962 (“Rules”) has been issued prescribing the format of information to be provided under section 90(5) of the IT Act, i.e., in Form No 10F. Where the required information is not explicitly mentioned in the TRC, the assessee shall be required to furnish a self-declaration in Form No 10F and keep and maintain such documents as are necessary to substantiate the information mentioned in Form 10F.

- **General Anti Avoidance Rules (“GAAR”)**

The General Anti Avoidance Rule (“GAAR”) was introduced in the IT Act by the Finance Act, 2012. The Finance Act, 2015 made the provisions of GAAR applicable prospectively from 1 April 2017. Further, income accruing, arising, deemed to accrue or arise or received or deemed to be received by any person from transfer of investments made up to 31 March 2017 would be protected from the applicability of GAAR.

- **Widening of taxability of Capital Gains**

In the context of taxation of capital gains, the definitions of “capital asset” and “transfer” are widened with retro-effect from 1 April 1961 specifically with a view to tax, in the hands of non-residents, gains from direct or indirect transfer of assets situated in India.

- **Withholding provisions**

The withholding provisions provided under the Act are machinery provisions meant for tentative deduction of income- tax subject to regular assessment. The withholding tax is not the final liability to income-tax of an assessee. For rate of tax applicable to an assessee, please refer Notes 1 and 2 below.

Sr. No.	Scenarios	Provisions
1	Withholding tax rate on interest on NCD issued to Indian residents	Interest paid to residents other than insurance companies will be subject to withholding tax as per section 193 of the IT Act at the rate of 10 per cent. No tax is required to be deducted on interest paid to an individual or a HUF, in respect of debentures issued by a company in which the public is

		<p>substantially interested if:</p> <p>the amount of interest paid to such person in a financial year does not exceed INR 5,000; and such interest is paid by an account payee cheque</p> <p>Further, no tax is required to be deducted on any interest payable on any security issued by a company, where such security is in dematerialized form and is listed on a recognized stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 (42 of 1956) and the rules made thereunder.</p>
2	Withholding tax rate on interest on NCD issued to Foreign Portfolio Investor (FPI)	<p>Tax deduction on interest from NCD issued to FPIs should be made as per sections 196D read with section 115AD of the IT Act i.e., at 20 per cent subject to relief under the relevant DTAA, if any.</p> <p>Withholding rate will be increased by surcharge as applicable (Refer Note 2) and a health and education cess of 4 per cent on the amount of tax plus surcharge as applicable. However, where the withholding is done as per the rate of tax provided under the relevant DTAA, the said rate shall not be required to be increased by surcharge and health and education cess.</p>
3	Withholding tax rate on interest on NCD issued to non-residents other than FPIs	<p>Interest payable to non-resident (other than FPI) would be subject to withholding tax at the rate of 30 per cent / 40 per cent as per the provisions of section 195 of the IT Act subject to relief under the relevant DTAA depending upon the status of the non-resident.</p> <p>Withholding rate will be increased by surcharge as applicable (Refer Note 2) and a health and education cess of 4 per cent on the amount of tax plus surcharge, as applicable. However, where the withholding is done as per the rate of tax provided under the relevant DTAA, the said rate shall not be required to be increased by surcharge and health and education cess.</p>
4	Withholding tax rate on purchase of 'goods'	<p>As per section 194Q of the IT Act, inserted by Finance Act, 2021, w.e.f. July 01, 2021, any sum payable by a 'buyer' to a resident for purchase of 'goods' of the value exceeding INR 50 Lakhs shall be liable to withholding at the rate of 0.1 percent.</p> <p>Buyer means a person whose total sales, turnover or gross receipts from the business carried on by him exceeds INR 10 crores in the financial year immediately preceding the financial year in which the purchase is carried out.</p> <p>TDS shall not be applicable where; Tax is deductible under any of the provisions of the IT Act; or Tax is collectible under the provisions of section 206C of the IT Act other than a transaction to which section 206C(1H) of the IT Act applies</p> <p>Given that the term 'goods' has not been defined under the proposed section 194Q of the Act and there exists lack of clarity on whether the term 'goods' would include 'securities', it is advisable that the investors obtain specific advice from their tax advisors regarding the same.</p> <p>The CBDT vide its circular no. 13 of 2021 dated 30th June, 2021 has provided guidelines under section 194Q of the Act for removal of difficulties. It provides clarity on several aspects, including the following:</p> <p>Provisions of section 194Q shall not be applicable in relation to transactions in securities and commodities which are traded through recognized stock exchanges or cleared and settled by the recognized clearing corporation including recognized stock exchanges or recognized clearing corporations located in International Financial Services Centre</p>

		Further, provisions of this section shall apply to a non-resident buyer whose purchase of goods from resident seller is effectively connected with permanent establishment of such non-resident.
5	Tax Collection on sale of 'goods'	<p>As per Section 206C (1H) of the IT Act, every person being a seller receiving any sum for sale of 'goods' of the value exceeding INR 50 Lakhs shall be liable to collect tax at the rate of 0.1 percent.</p> <p>Seller means a person whose total sales, turnover or gross receipts from the business carried on by him exceeds INR 10 crores in the financial year immediately preceding the financial year in which the purchase is carried out.</p> <p>This section shall not be applicable where tax is deductible by the buyer under any of the provisions of the IT Act on the goods purchased by him and such tax has been deducted;</p> <p>The CBDT vide its circular no. 17 of 2020 dated 29th September, 2020 has provided guidelines under section 206C(1H) of the Act for removal of difficulties. It provides clarity on several aspects, including the following: Provisions of section 206C(1H) shall not be applicable in relation to transactions in securities and commodities which are traded through recognized stock exchanges or cleared and settled by the recognized clearing corporation including recognized stock exchanges or recognized clearing corporations located in International Financial Services Centre</p>

Notes:

Note 1: Tax rates

Resident Individuals and Hindu Undivided Families

The individuals and HUFs are taxed in respect of their total income at the following rates:

Slab	Tax rate *
Total income up to Rs 250,000 [#]	Nil
More than Rs 250,000 [#] but up to Rs 500,000 [@]	5 per cent of excess over Rs 250,000
More than Rs 500,000 but up to Rs 1,000,000	20 per cent of excess over Rs 500,000 + Rs 12,500 [§]
Exceeding Rs 1,000,000	30 per cent of excess over Rs 1,000,000 + Rs 112,500 [§]

[@] A resident individual (whose total income does not exceed Rs 500,000) can avail rebate under section 87A of the IT Act. It is deductible from income tax before calculating health and education cess. The amount of rebate available would be 100 per cent of income-tax chargeable on his total income or Rs 12,500, whichever is less.”

* plus, surcharge if applicable – Refer Note 2 and a health and education cess of 4 per cent on the amount of tax plus surcharge, if applicable).

[#] for resident senior citizens of sixty years of age and above but below eighty years of age, Rs 250,000 has to be read as Rs 300,000 and for resident senior citizens of eighty years of age and above (“super senior citizen) Rs 250,000’ has to be read as Rs 500,000.

[§] Similarly, for resident senior citizens of sixty years of age and above but below eighty years of age, Rs 12,500 has to be read as Rs 10,000 and Rs 112,500 has to be read as Rs 110,000. And for super senior citizen Rs 12,500 has to be read as Nil and Rs 112,500 has to be read as Rs 100,000.

Alternatively, where an individual or a HUF exercises the option to be assessed to tax under the provisions of

section 115BAC of the IT Act, the following shall be the rate of tax applicable:

Slab	Tax rate *
Total income up to Rs 250,000	Nil
More than Rs 250,000 but up to Rs 500,000 [@]	5 per cent of excess over Rs 250,000
More than Rs 500,000 but up to Rs 750,000	10 per cent of excess over Rs 500,000 + Rs 12,500
More than Rs 750,000 but up to Rs 1,000,000	15 per cent of excess over Rs 750,000 + Rs 37,500
More than Rs 1,000,000 but up to Rs 1,250,000	20 per cent of excess over Rs 1,000,000 + Rs 75,000
More than Rs 1,250,000 but up to Rs 1,500,000	25 per cent of excess over Rs 1,250,000 + Rs 1,25,000
More than Rs 1,500,000	30 per cent of excess over Rs 1,500,000 + Rs 1,87,500

[@] A resident individual (whose total income does not exceed Rs 500,000) can avail rebate under section 87A of the IT Act. It is deductible from income tax before calculating health and education cess. The amount of rebate available would be 100 per cent of income-tax chargeable on his total income or Rs 12,500, whichever is less.”

* plus, surcharge if applicable – Refer Note 2 and a health and education cess of 4 per cent on the amount of tax plus surcharge, if applicable).

Partnership Firms & LLP’s

The tax rates applicable would be 30 per cent (plus surcharge if applicable – Refer Note 2 and a health and education cess of 4 per cent on the amount of tax plus surcharge, if applicable).

Domestic Companies

Type of Domestic company	Base normal tax rate on income* (other than income chargeable at special rates)
Domestic companies having turnover or gross receipts of less than Rs 400 Cr in FY 2019-20	25 percent
Domestic manufacturing company set-up and registered on or after 1 March 2016 subject to fulfilment of prescribed conditions (Section 115BA)	25 percent
Any domestic company (even if an existing company or engaged in non-manufacturing business) has an option to avail beneficial rate, subject to fulfilment of prescribed conditions (Section 115BAA)	22 percent
Domestic manufacturing company set-up and registered on or after 1 October 2019 and commences manufacturing up to 31 March 2023, has an option to avail beneficial rate, subject to fulfilment of prescribed conditions (Section 115BAB)	15 percent
Domestic companies not falling under any of the above category	30 percent

* plus, surcharge if applicable – Refer Note 2 and a health and education cess of 4 per cent on the amount of tax plus surcharge, if applicable).

Note 2: Surcharge (as applicable to the tax charged on income)

Non-corporate assessee other than firms and co-operative societies (other than FPIs)

Particulars	Rate of Surcharge
Where total income (including dividend income and income under the provisions of section 111A and section 112A of the IT Act) does not exceed Rs 50 lacs	Nil

Where total income (including dividend income and income under the provisions of section 111A and section 112A of the IT Act) exceeds Rs 50lacs but does not exceed Rs 1 crore	10 per cent on total tax
Where total income (including dividend income and income under the provisions of section 111A and section 112A of the IT Act) exceeds Rs 1 crore but does not exceed Rs 2 crore	15 per cent on total tax
Where total income (excluding dividend income and income under the provisions of section 111A and section 112A of the Act) does not exceed Rs. 2 crores but total income (including dividend income and income under the provisions of section 111A and section 112A of the Act) exceeds Rs 2 crore	15 per cent on total tax
Where total income (excluding dividend income and income under the provisions of section 111A and section 112A of the IT Act) exceeds Rs 2 crore but does not exceed Rs 5 crore	25 per cent on tax on income excluding dividend income and income under the provisions of section 111A and section 112A of the IT Act 15 per cent on tax on dividend income and income under the provisions of section 111A and section 112A of the IT Act
Where total income (excluding dividend income and income under the provisions of section 111A and section 112A of the IT Act) exceeds Rs 5 crore	37 per cent on tax on income excluding dividend income and income under the provisions of section 111A and section 112A of the IT Act 15 per cent on tax on dividend income and income under the provisions of section 111A and section 112A of the IT Act

FPIs (Non – corporate)

Particulars	Rate of Surcharge
Where total income (including dividend income or income of the nature referred to in section 115AD(1)(b) of the IT Act) does not exceed Rs 50 lacs	Nil
Where total income (including dividend income or income of the nature referred to in section 115AD(1)(b) of the IT Act) exceeds Rs 50 lacs but does not exceed Rs 1 crore	10 per cent on total tax
Where total income (including dividend income or income of the nature referred to in section 115AD(1)(b) of the IT Act) exceeds Rs 1 crore but does not exceed Rs 2 crore	15 per cent on total tax
Where total income (excluding dividend income or income of the nature referred to in section 115AD(1)(b) of the Act) does not exceed Rs 2 crore but total income (including dividend income or income of the nature referred to in section 115AD(1)(b) of the Act) exceeds Rs 2 crore	15 per cent on total tax
Where total income (excluding dividend income or income of the nature referred to in section 115AD(1)(b) of the IT Act) exceeds Rs 2 crore but does not exceed Rs 5 crore	25 per cent on tax on income excluding dividend income or income of the nature referred to in section 115AD(1)(b) of the IT Act 15 per cent on tax on dividend income or income of the nature referred to in section 115AD(1)(b) of the IT Act

Where total income (excluding dividend income or income of the nature referred to in section 115AD(1)(b) of the IT Act) exceeds Rs 5 crore	37 per cent on tax on income excluding dividend income or income of the nature referred to in section 115AD(1)(b) of the IT Act 15 per cent on tax on dividend income or income of the nature referred to in section 115AD(1)(b) of the IT Act
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For assesseees other than those covered above

Particulars	Rate of surcharge applicable
Non-corporate taxpayers being firms and co-operative societies	Nil where taxable income does not exceed Rs 1 crore 12 per cent where income exceeds Rs 1 crore
Domestic companies (other than companies availing benefit under section 115BAA and section 115BAB of the IT Act)	Nil where taxable income does not exceed Rs 1 crore 7 per cent where taxable income does not exceed Rs 1 crore but does not exceed Rs 10 crore 12 per cent where taxable income exceeds Rs 10 crore
Domestic companies availing benefit under section 115BAA and section 115BAB of the IT Act	10 per cent (irrespective of taxable income)
Foreign Companies (including corporate FPIs)	Nil where taxable income does not exceed, is equal to or less than Rs 1 crore 2 per cent where taxable income exceeds Rs 1 crore but does not exceed Rs 10 crore 5 per cent where taxable income exceeds Rs 10 crore

A health and education cess of 4 per cent is payable on the total amount of tax plus surcharge.

Note 3: Taxability of interest income

For all Residents (including Indian Corporates)

In case of residents, where interest income is taxable as 'income from other sources' or 'income from business or profession' should be chargeable to tax as per the rates given in Note 1 and Note 2 above.

For Non-residents (other than FPI entities)

In case of non-residents, under the IT Act, the interest income should be chargeable to tax at the rate of 30 / 40 per cent depending on the status (i.e. corporate / non-corporate) of the non-resident (plus applicable surcharge and health and education cess). However, the above is subject to any relief available under DTAA and any Covered Tax Agreement (CTA) entered into by the Government of India.

For FPI entities

The interest income earned by FPI should be chargeable tax at the rate of 20 per cent under section 115AD of the IT Act. However, the above is subject to any relief available under DTAA and any CTA entered into by the Government of India.

Note 4: Regular capital gains tax rates

1. Tax on Long-term Gains

1.1 For all Residents (including Indian Corporates)

Long-term Capital Gains (other than long-term capital gains chargeable under section 112A of the IT Act)

will be chargeable to tax under Section 112 of the IT Act, at a rate of 20 per cent (plus applicable surcharge and health and education cess respectively – Refer Note 2) with indexation.

Alternatively, the tax rate may be reduced to 10 per cent without indexation (plus applicable surcharge and health and education cess– Refer Note 2) in respect of listed securities (other than a unit) or zero- coupon bonds (as defined).

However, as per the fourth proviso to section 48 of the IT Act, benefit of indexation of cost of acquisition under second proviso to section 48 of the IT Act, is not available in case of bonds, debentures, except capital indexed bonds. Accordingly, long term capital gains on listed bonds arising to the bond holders, should be subject to tax at the rate of 10 per cent, computed without indexation, as the benefit of indexation of cost of acquisition is not available in the case of debentures.

1.2 For Resident Individuals and HUFs only

Where the taxable income as reduced by long-term capital gains is below the exemption limit, the long- term capital gains will be reduced to the extent of the shortfall and only the balance long-term capital gains will be charged at a rate of 20 per cent with indexation (plus applicable surcharge and health and education cess – Refer Note 2).

Alternatively, the tax rate may be reduced to 10 per cent without indexation (plus applicable surcharge and health and education cess – Refer Note 2) in respect of listed securities (other than a unit) or zero- coupon bonds as defined.

However, as per the fourth proviso to section 48 of the IT Act, benefit of indexation of cost of acquisition under second proviso to section 48 of the IT Act, is not available in case of bonds, debentures, except capital indexed bonds. Accordingly, long term capital gains arising to the bond holders, should be subject to tax at the rate of 10 per cent, computed without indexation, as the benefit of indexation of cost of acquisition is not available in the case of debentures.

1.3 For Non-Resident Individuals

Long-term capital gains (other than long-term capital gains chargeable under section 112A of the IT Act) in case of listed securities will be chargeable under Section 112 of the IT Act at a rate of 20 per cent (plus applicable surcharge and health and education cess – Refer Note 2) with applicable foreign exchange fluctuation benefit or indexation, as the case may be. The tax payable (for other than a listed unit) could alternatively be determined at 10 per cent (plus applicable surcharge and health and education cess – Refer Note 2) without indexation.

The above-mentioned rates would be subject to applicable treaty relief.

1.4 For FPI entities

As per section 115AD of the IT Act, long term capital gains on transfer of NCD by FPI are taxable at 10 per cent (plus applicable surcharge and cess) without indexation and foreign exchange fluctuation benefit.

The above-mentioned rates would be subject to applicable treaty relief.

2. Tax on Short-term Capital Gains

Short-term capital gains are chargeable to tax as per the applicable general tax rates (discussed in Note 1 and Note 2 above).

In case of FPI, as per section 115AD of the IT Act, short term capital gains on transfer or sale of NCDs are taxable at the rate of 30 per cent (plus applicable surcharge and health and education cess – Refer Note 2).

Note 5: Relevant definitions under the IT Act

“Securities” shall have the same meaning as assigned in section 2(h) of the Securities and Contracts (Regulation) Act, 1956, which, inter alia, includes:

- shares, scrips, stocks, bonds, debentures, debenture stock or other marketable securities of a like nature in or of any incorporated company or other body corporate.
- derivative.
- units or any other such instrument issued to the investors under any mutual fund scheme; and
- rights or interest in securities.

For the purpose of section 112 of the IT Act:

- “*Listed securities*” means the securities which are listed on any recognized stock exchange in India.
- “*Unlisted securities*” means securities other than listed securities.

Note 6: Amendments in the withholding tax provisions

Section 139A(5A) requires every person from whose income, tax has been deducted under the provisions of chapter XVIIIB of the IT Act, to furnish his PAN to the person responsible for deduction of tax at source.

As per provisions of section 206AA of the IT Act, the payer would be obliged to withhold tax at penal rates of TDS in case of payments to investors who have not furnished their PAN to the payer. The penal rate of TDS is 20 per cent or any higher rate of TDS, as may be applicable, plus applicable surcharge and health and education cess.

Section 206AA of the IT Act provides that the provisions shall not apply to non-residents in respect of payment of interest on long-term bonds as referred to in section 194LC and any other payment subject to such conditions as may be prescribed.

Further, the CBDT, vide its notification dated 24 June 2016 introduced Rule 37BA of the Rules which provided that the provisions of section 206AA shall not apply to non-residents in respect of payments in the nature of interest, royalty, fees for technical services, dividend and payment on transfer of capital assets provided the non-residents provide the following information to the payer of such income:

- Name, email-id, contact number.
- Address in the country or specified territory outside India of which the deductee is a resident.
- A certificate of his being resident in any country or specified territory outside India from the government of the other country or specified territory if the law of that country or specified territory provides for issuance of such certificate.
- Tax Identification Number of the deductee in the country or specified territory of his residence and in a case, no such number is available, then a unique number on the basis of which the deductee is identified by the Government of that country or the specified territory of which he claims to be a resident.

The Finance Act, 2021 has inserted a section 206AB for punitive withholding tax rate for non-filers of return of income.

- As per section 206AB of the IT Act, with effect from 1 July 2021, payments made to specified persons will be subject to TDS at rate which is higher of the following:
 - twice the rate specified in the relevant provision of the Act; or
 - twice the rate or rates in force; or
 - the rate of 5%
- In cases, where both section 206AA and section 206AB are applicable, taxes shall be deducted at higher of the rate prescribed under both the sections.
- For the purpose of this section, specified person means any person-
 - Who has not filed an income-tax return for two preceding AYs relevant to the previous years immediately prior to the previous year in which the tax is required to be deducted and the prescribed time limit to file the income-tax return has expired.
 - The aggregate amount of TDS exceeds INR 50,000 or more in each of these previous years
 - Other than a non-resident who does not have a permanent establishment in India.

Notes:

- The above statement sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of debentures.
- The above statement covers only certain relevant direct tax law benefits and does not cover benefit under any

other law.

- The above statement of possible tax benefits is as per the current direct tax laws relevant for the Assessment year 2022-23 pursuant to the financial year 2021-22.
- This statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her investment in the Debentures of the Company.
- In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the relevant DTAA, if any, between India and the country in which the non-resident has fiscal domicile.
- No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

INDUSTRY OVERVIEW

The information presented in this chapter has been obtained from publicly available information from various sources including stock exchanges, industry websites, from publications and government and company estimates. The data may have been re-classified by us for the purpose of presentation.

The industry and third party related information in this chapter has not been independently verified by us, the Lead Managers or any of our or their respective affiliates or advisors. The information may not be consistent with other information compiled by third parties within or outside India. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Further, there is no assurance that the basis of the data included in the said report or the findings thereof are completely accurate or reliable. Industry and government publications are also prepared based on information as on specific dates and may no longer be current or reflect current trends. Industry and government sources and publications may also base their information on estimates, forecasts and assumptions which may prove to be incorrect. Accordingly, investment decisions should not be based on such information.

Further the industry Chapter may be updated from time to time subject to availability of updated data from websites, reports and other documents referenced in this chapter.

GLOBAL ECONOMY

COVID-19 unleashed a once-in-a-lifetime crisis on the global economy, defying all prognoses and producing downturns in a wide swathe of countries that were deeper than the most pessimistic projections. From the time it was declared a public health emergency of international concern by WHO in January 2020, contagion rapidly flared across the globe necessitating stringent lockdowns that resulted in even larger disruptions to activity, even as the sheer scale of infections challenged testing and hospital intensive care capacity. Globally, GDP outcomes in the first quarter of 2020 were worse than expected, but there were notable exceptions of which India was one. In the second quarter, however, the pandemic took down all economies in its path, producing a deep, synchronised plunge which was unprecedented. Unlike in other recessions, private consumption demand, services output and the labour market, especially for low-skilled workers who do not have the option of working from home, went into a marked retrenchment, reflecting the combination of social distancing, activity and mobility restrictions, steep income losses, and severely dented consumer confidence. Businesses cut back on investment in the face of the evaporation of demand, supply chain disruptions and pessimism about future earnings. Thus, the pandemic produced a fusion of a broad-based aggregate demand shock and a lockdown-induced supply shock.

Towards the close of the second quarter and into the third quarter, infections abated in many countries. As economies re-opened and there was a pick-up in mobility, the global economy began climbing out of the recession. Overall activity normalised faster than anticipated, with private consumption rebounding the most vigorously. In some economies, GDP outturns surprised on the upside, supported by public transfers and investment. Global trade began recovering with the restart of activity and a strong pickup in external demand.

By late September 2020, however, the pandemic began to spread again, with the number of confirmed infections worldwide touching 34 million, with over a million deaths. Moreover, there were renewed surges even where the infection curve had flattened. Consequently, countries had to slow down re-opening and reinstate lockdowns, which eventually caused GDP to decelerate globally again in the fourth quarter. By end December, multiple vaccine approvals and the launch of vaccination in some countries brought hope. Together with a progressive adaptation to pandemic protocols and additional policy measures by some countries, conditions moved into place for a strong start to the year 2021.

For the year 2020, global output sank into its steepest contraction since the Great Depression at (-) 3.3 per cent, with advanced countries' GDP down by 4.7 per cent and that of emerging and developing countries (EMDEs) by 2.2 per cent. World trade volume of goods and services shrank by 8.5 per cent. Consumer price inflation halved in advanced economies but remained broadly unchanged year-on-year in EMDEs, reflecting the firming up of non-fuel commodity prices. Crude prices, on the other hand, declined by close to 33 per cent during the year.

(Source: Reserve Bank of India Annual Report 2020-21 - https://rbidocs.rbi.org.in/rdocs/AnnualReport/PDFs/ORBIAR202021_F49F9833694E84C16AAD01BE48F53F6A2.PDF)

OVERVIEW OF THE INDIAN ECONOMY

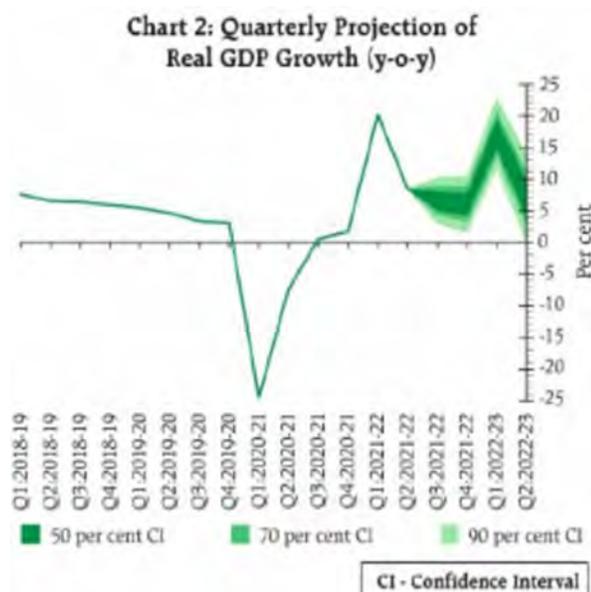
The agglutination of supply disruptions, the health crisis, an unparalleled mass migration and a hostile global environment took a heavy toll on the Indian economy. A cyclical slowdown had preceded the pandemic, causing real gross domestic product (GDP) growth to register a sequential deceleration since 2017-18, which slumped into contraction under the onslaught of COVID-19. The combination of demand compression and supply disruption that took hold in its wake caused severe debilitating effects on the economy in Q1:2020-21.

Sensing the recovery gaining traction, equity markets became ebullient, with the BSE Sensex staging a V-shaped recovery and rising over 91 per cent by end-March 2021 from the lows of March 2020, buoyed by strong corporate performance in Q2 and Q3 of 2020-21, the roll-out of a massive vaccine programme, fiscal and monetary stimulus in place and surges of capital inflows. The prospects for the Indian economy though impacted by the second wave, remain resilient backed by the prospects of another bumper rabi crop, the gathering momentum of activity in several sectors of the economy till March, especially housing, road construction and services activity in construction, freight transportation and information technology (IT). Meanwhile, the activation of the production-linked incentive (PLI) scheme, spectrum auctions and considerable easing of financial conditions are helping to shape the turnaround. On the other hand, large and medium-scale industry, mining and quarrying and several contact-intensive sectors remain subdued.

The second advance estimate (SAE) that were released by the National Statistical Office (NSO) in February 2021 revealed that aggregate demand, measured by real GDP, contracted by 8.0 per cent in 2020-21. This is the first contraction experienced since 1980-81 and the severest ever. In fact, the contraction was of the order of 15.9 per cent in the first half of 2020-21 under the full brunt of the lockdown imposed to curb the transmission of COVID-19.

Source: (<https://rbidocs.rbi.org.in/rdocs/AnnualReport/PDFs/II ECONOMICREVIEW650084A9F3494152939D99449E63D040.PDF>)

Economic activities gained momentum in the first quarter of year 2021 got subsequently dented by the onset of the second wave of the pandemic. The recovery in domestic economic activity is turning increasingly broad-based, with the expanding vaccination coverage, slump in fresh COVID-19 cases and rapid normalisation of mobility. Rural demand is expected to remain resilient. The spurt in contact-intensive activities and pent-up demand will continue to bolster urban demand. The government's infrastructure push, the widening of the performance-linked incentive scheme, structural reforms, recovering capacity utilisation and benign liquidity and financial conditions provide conducive conditions for private investment demand. The Reserve Bank's surveys point to improving business outlook and consumer confidence. On the other hand, volatile commodity prices, persisting global supply disruptions, new mutations of the virus and financial market volatility pose downside risks to the outlook. Taking all these factors into consideration and assuming no resurgence in COVID-19 infections in India, the projection for real GDP growth is retained at 9.5 per cent in 2021-22 consisting of 6.6 per cent in Q3; and 6.0 per cent in Q4:2021-22. Real GDP growth is projected at 17.2 per cent for Q1:2022-23 and at 7.8 per cent for Q2.



(Source: https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=52843)

INDIA'S FINANCIAL SERVICES SECTOR

Wide-ranging financial sector reforms in India were introduced as an integral part of the economic reforms initiated in the early 1990s. Financial sector reforms in India were grounded in the belief that competitive efficiency in the real sectors of the economy will not be realized to its full potential unless the financial sector was

reformed as well. Thus, the principal objective of financial sector reforms was to improve the allocative efficiency of resources and accelerate the growth process of the real sector by removing structural deficiencies affecting the performance of financial institutions and financial markets.

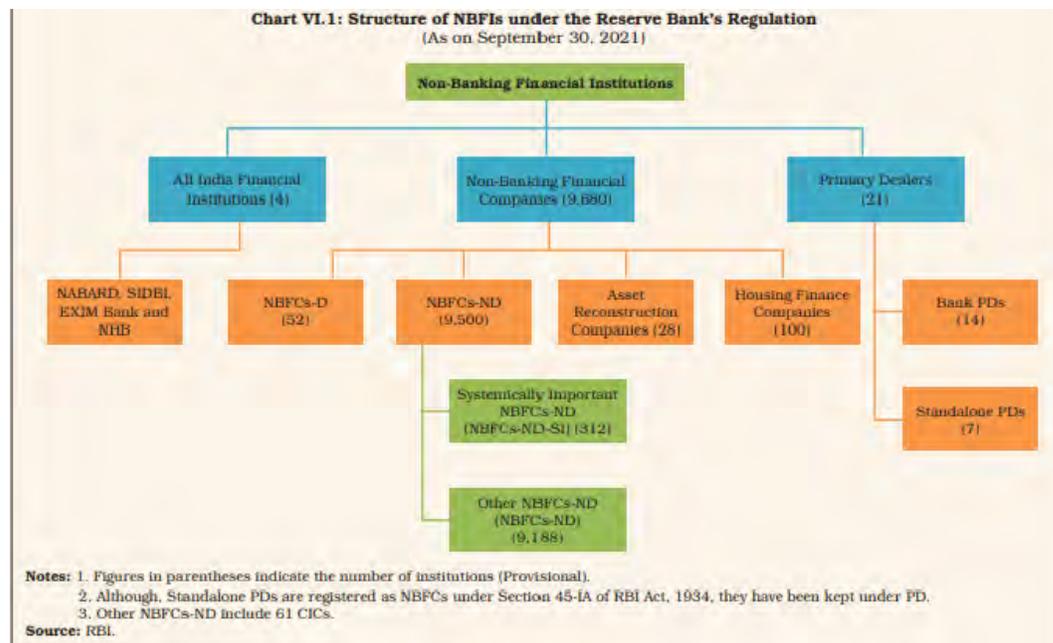
The main thrust of reforms in the financial sector was on the creation of efficient and stable financial institutions and markets. Reforms in respect of the banking as well as non-banking financial institutions focused on creating a deregulated environment and enabling free play of market forces while at the same time strengthening the prudential norms and the supervisory system. In the banking sector, the focus was on imparting operational flexibility and functional autonomy with a view to enhancing efficiency, productivity and profitability, imparting strength to the system and ensuring accountability and financial soundness. The restrictions on activities undertaken by the existing institutions were gradually relaxed and barriers to entry in the banking sector were removed. In the case of non-banking financial intermediaries, reforms focused on removing sector-specific deficiencies.

Non-banking financial sector grew rapidly, but there was no regulation of their asset side. Financial markets were characterized by control over pricing of financial assets, barriers to entry, high transaction costs and restrictions on movement of funds/participants between the market segments. Apart from inhibiting the development of the markets, this also affected their efficiency.

Reforms in financial markets focused on removal of structural bottlenecks, introduction of new players/instruments, free pricing of financial assets, relaxation of quantitative restrictions, improvement in trading, clearing and settlement practices, more transparency, etc. Reforms encompassed regulatory and legal changes, building of institutional infrastructure, refinement of market microstructure and technological upgradation. In the various financial market segments, reforms aimed at creating liquidity and depth and an efficient price discovery process.

(Source: <https://www.rbi.org.in/scripts/PublicationsView.aspx?id=14945>, <https://www.rbi.org.in/SCRIPTS/PublicationReportDetails.aspx?UrlPage=ReportonCurrencyandFinance&ID=502>, <https://ficci.in/spdocument/23386/EY-FICCI-NBFC-oct.pdf>)

Overview of the Non-Banking Financial Institutions

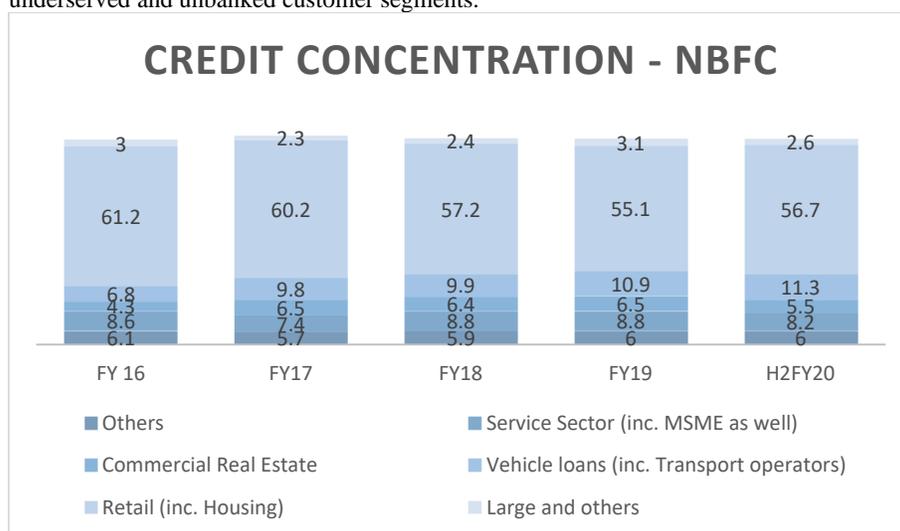


Non-Banking Lenders have witnessed exponential growth in the last decade driven largely by regulatory reforms and their ability to cater to unbanked areas through innovative products and service delivery mechanisms. This was further supported by their effective collection platforms. Today, non-bank lenders constitute about 25% (over INR 35.9 lakh crore as on Sept-2019) of the systemic credit outstanding and have financed over 10 crore customers drawing strength from their extensive footprint largely in rural and semi-urban areas (70% of total branches).

Non-bank lenders form an integral part of the Indian financial ecosystem. They provide underbanked/unbanked individuals and MSMEs an opportunity to be a part of the financial mainstream. They have been successful in bridging the credit gap for the entire spectrum of customers ranging from high ticket structured loans to corporates/HNIs to microfinance customers, due to their higher risk underwriting capacity, superior credit assessment skills and deep understanding of customers. They have emerged as a vehicle for financing business activities that Banks neglected due to regulatory restrictions such as credit exposure constraints and sector concentration norms.

Furthermore, non-bank lenders collaborate with banks through various modes like securitization, on-lending, and business correspondents to complement credit dissemination by underwriting small ticket loans to the agriculture sector and MSMEs. Over the years, non-bank lenders have also acquired a skill-based arbitrage over banks due to continuous innovation in their business model and processes that rely on surrogate non-financial information, use of third-party sales channels and collection processes.

Non-bank lenders have gained market share from banks in key segments such as retail consumer loans, lending to micro small enterprises, vehicle loans and housing loans. They have been able to capture share by catering to underserved and unbanked customer segments.



Source: <https://ficci.in/spdocument/23386/EY-FICCI-NBFC-oct.pdf>

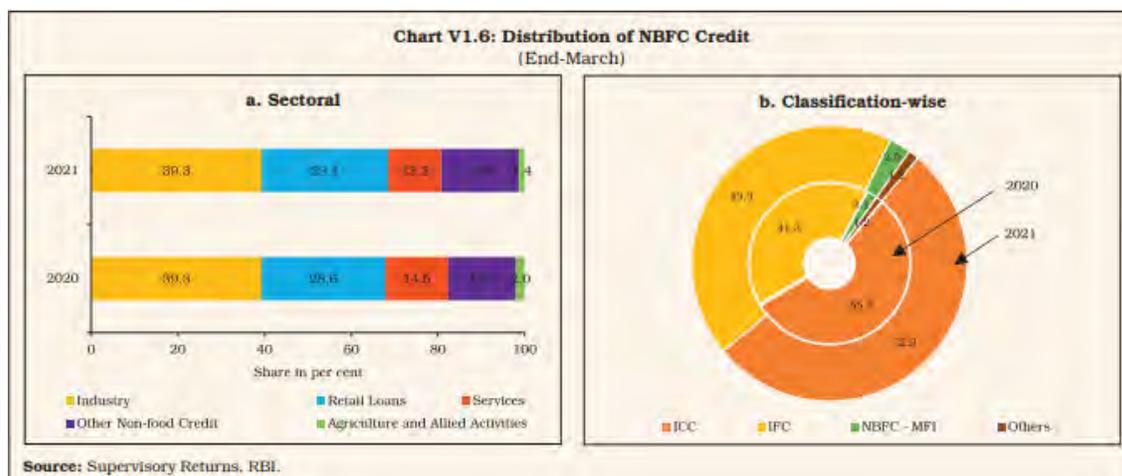
However, over the past two years, the non-banking finance sector came under stress due to multiple adverse events which impacted growth and profitability. COVID-19 has further amplified the stress in the system. Loan volumes for most of the non-bank lenders have come down considerably, particularly for lenders who are directly competing with banks and have limited pricing power.

Non-bank lenders continue to perform better than banks in terms of balance sheet growth and overall profitability. On relative terms, non-bank lenders can garner higher yields on their underlying assets than banks given their higher exposure to informal segments. Further, despite higher cost of funds, their net interest margins are higher translating into better risk-adjusted return (even after they operate at lower leverage vis-a-vis banks).

Non-bank lenders play an important role in the economy by financing micro and small-scale industries (informal sector) and provide employment and entrepreneurial opportunities at a ground level. Banks prefer lending to entities with stronger balance sheets or to lower risk segments such as the salaried class of people. Non-bank lenders support financially weaker sections of society by channelizing financial resources to capital formation. A large share of their assets (45%) is deployed into retail, MSME and vehicle finance segments.

Lending by NBFC-ND-SI

Amongst NBFCs-ND-SI, ICCs, IFCs and NBFCs-MFI together accounted for 98.1 per cent of the total asset size of the sub-sector in March 2021. All categories of NBFCs-ND-SI exhibited balance sheet growth in 2020-21, except for NBFCs-Factor. With the harmonisation of major NBFC categories, NBFCs-D now comprise only ICCs.

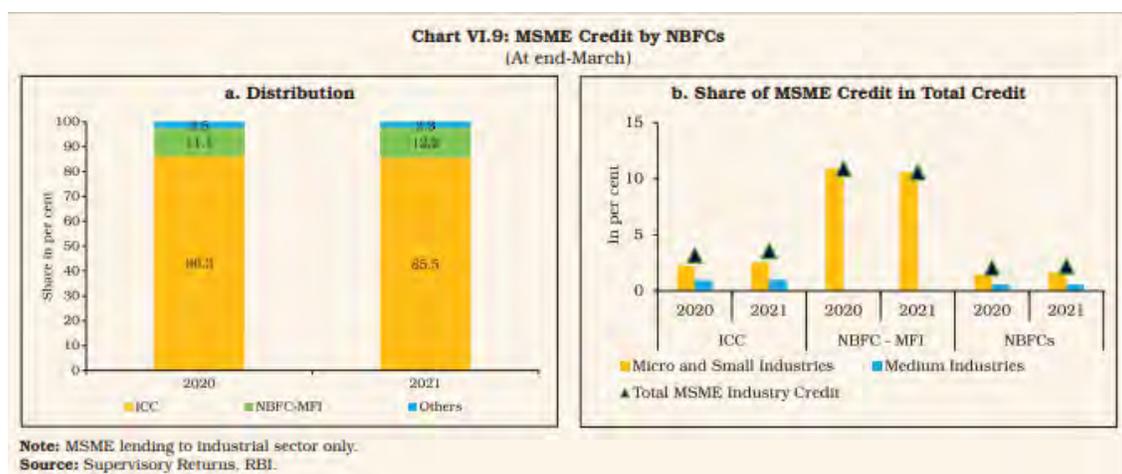


Industry remained the largest recipient of credit extended by the NBFC sector, followed by retail loans and services. In 2020-21, the share of the retail loan portfolio of the sector continued to rise with a concomitant fall in the share of services sector. ICCs and IFCs together comprise 96.2 per cent credit extended by NBFCs as of end-March 2021. The fall in the share of ICCs was primarily due to the strong growth of other two categories viz., IFCs and NBFCs-MFI (Chart VI.6 a & b).

The MSME sector was among the most pandemic afflicted sectors. Accordingly, the Reserve Bank and the Union Government introduced several measures to revive activity in the sector: a) special refinance facilities for AIFIs, which included Rs.15,000 crore to SIDBI for on-lending/refinancing to the MSME sector; b) Emergency Credit Line Guarantee Scheme (ECLGS) which provided Rs. 3 lakh crore of unsecured loans to MSMEs and business; c) extension of the scheme of one-time restructuring of loans to MSMEs without an asset classification downgrade; d) permitting bank lending to NBFCs (other than MFIs) for on-lending to agriculture, MSMEs and housing to be classified as priority sector lending (PSL); e) introduction of on-tap Targeted Long-Term Repo Operations (TLTRO) in October 2020 for reviving specific sectors, including MSMEs.

NBFCs' credit to MSMEs grew at 17.8 per cent during 2020-21. ICCs, together with NBFCs MFI, are the main purveyors of MSME credit (Chart VI.9.a). Eleven per cent of the NBFCs MFI' loan book comprises micro and small loans (Chart VI.9.b).

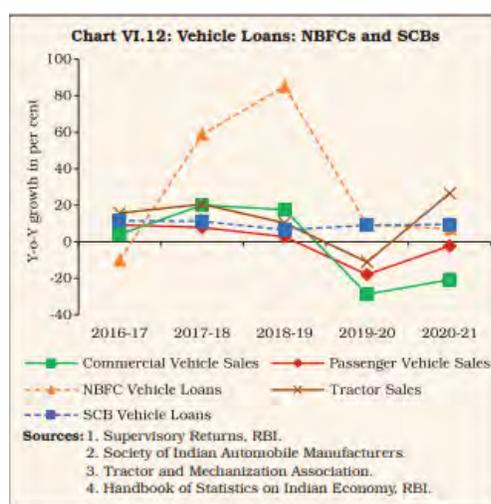
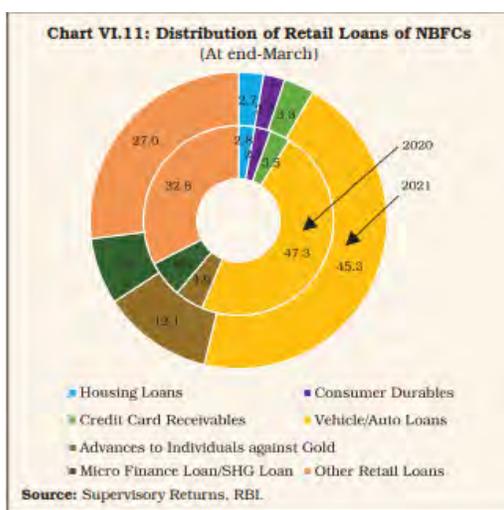
In view of the significance of the sector for income and employment generation, many regulatory policies to support the sector have been extended. The scheme of one-time restructuring of loans to MSMEs without an asset classification downgrade was extended in May 2021 and the exposure threshold was increased to Rs. 50 crore in June, 2021.



Further, during 2020-21, retail loan portfolios of banks outgrew their services sector lending, aided by double digit acceleration in housing loans- the biggest component of retail loans. Vehicle loans gained traction, reflecting consumer interest after companies announced substantial discounts on automobiles.

Vehicle loans credit, the largest segment in retail loans, witnessed reduction in share during 2020-21 owing to disruption of activity while the share of lending against gold doubled.

Vehicle financing is a niche area for NBFCs in which they still account for a predominant share. Component-wise, sales growth of commercial vehicles continued to be in the negative zone in 2020-21 while passenger vehicle sales picked up marginally aided by the opening up of the economy and a growing preference for personal vehicles. Tractor sales grew at a robust pace in 2020-21 as agriculture and rural areas were relatively insulated from the first wave and normal monsoon whetted activity. Consequently, NBFCs rebalanced their credit portfolios in favour of this section.



Impact of Covid-19 on Non-Banking Financial Sector

COVID-19 pandemic led to a slowdown in the economic activity across the globe. To curb the increasing infection, several countries-imposed lockdowns to a varying degree. Due to these lockdowns and the subsequent restriction in mobility, business across the world got impacted. One of the worst hit sectors the NBFC lending business.

According to the World Bank, the Global economy is estimated to have contracted by 3.5% in 2020. Advanced economies such as the US, Japan and European regions are estimated to have contracted by 3.5%, 4.7% and 6.6% respectively during the period. Compared to the advanced economies, the emerging market and developing economies (EMDEs) showcased better resistance and were expected to have contracted by 1.7% during 2020.

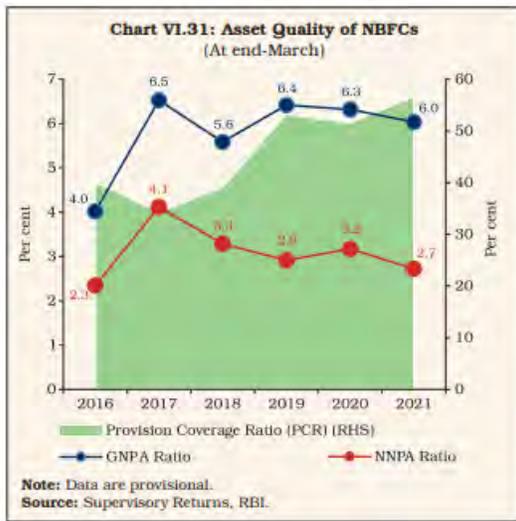
Due to interconnected nature of the economy and the cascading impact of reduced mobility, all the allied sectors of the economy got impacted. The fall in consumption pushed several businesses into distress leading to loss in productivity and jobs. Governments and Central Bank across the world came to the rescue with several measures, targeted at reviving the falling consumption.

The ongoing COVID-19 pandemic has deeply impacted the NBFC sector. In Q1:2020- 21, they faced severe disruptions during and in the wake of the nation-wide lockdown, leading to a standstill of economic activity and a contraction of Gross Domestic Product (GDP) by 24.4 per cent. As the impact on the real sector spilled over to financial markets, NBFCs witnessed a sharp drop in collections and disbursements and a substantial increase in the cost of their borrowings even as access to market funding became restricted. The provision of moratorium also had an impact on their cash inflows, resulting in reduction in collections. Timely measures on monetary, fiscal, and regulatory fronts by the Reserve Bank and the government aided their revival, eased financial conditions and bolstered market sentiments. From Q2:2020-21 onwards, the situation improved, aided by policy support. Many

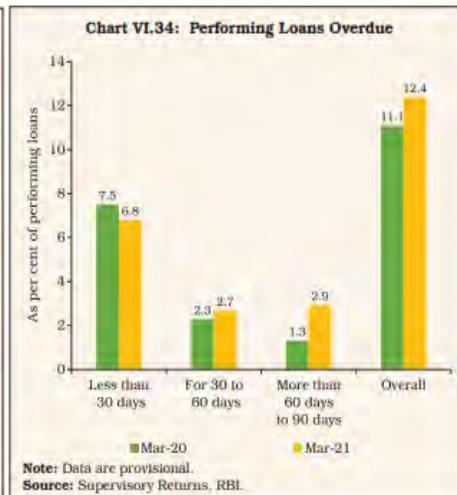
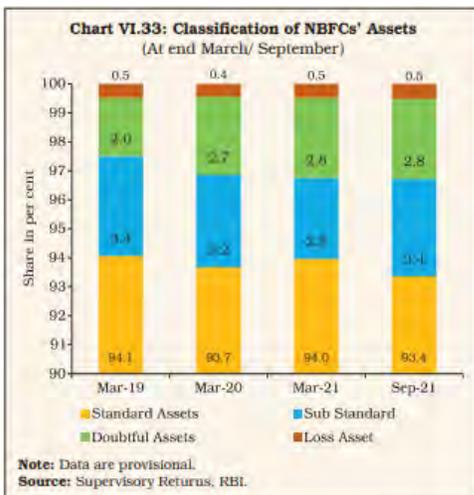
NBFCs also recalibrated their business strategies, leveraging on digital technology with a strong emphasis on data analytics. The NBFC sector faced headwinds again when the second wave hit the country by March 2021. With the passing of the second wave, the outlook is brightening again; however, downside risks remain significant.

NBFCs have a competitive edge in their superior understanding of regional dynamics, well-developed collection systems and personalised services in the drive to expand financial inclusion in India. Lower transaction costs, quick decision making, customer orientation and prompt provision of services have typically differentiated NBFCs from banks. The reach and last mile advantages of NBFCs have empowered them with agility, innovation and a cutting edge in providing formal financial services to underbanked and unserved sections of the society.
 (Source: <https://rbidocs.rbi.org.in/rdocs/Publications/PDFs/0RTP2020CF9C9E7D1DE44B1686906D7E3EF36F13.PDF>)

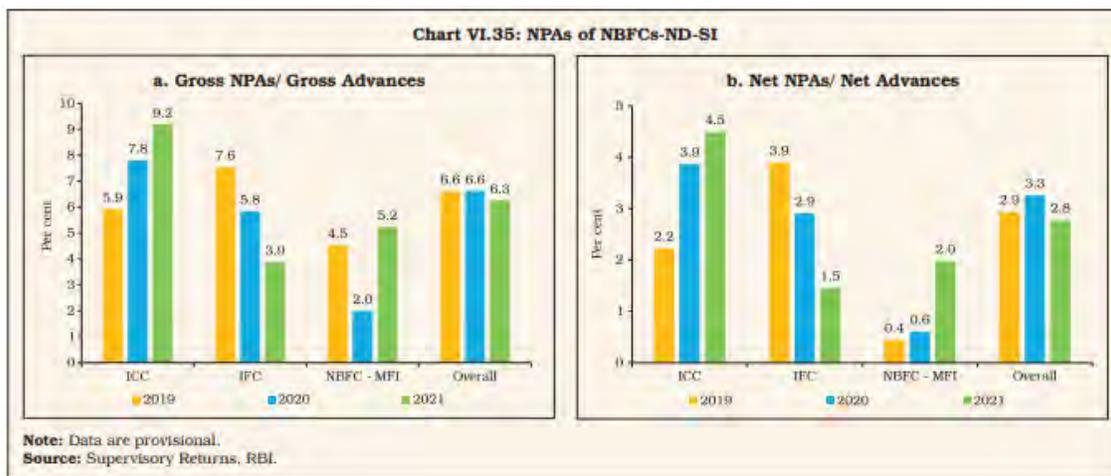
Asset Quality of NBFC Sector



In 2020-21, NBFCs registered an improvement in asset quality as the asset classification standstill in view of the pandemic was in force. Resolution of a few accounts in the infrastructure space during the year also helped. Both GNPA and NNPA ratios declined post March 2020. The higher provision coverage ratio (PCR) during the period is reflective of adequate buffers to deal with likely headwinds (Chart VI.31). In 2021-22 (up to September), asset quality of the sector deteriorated to some extent. GNPA ratio increased from 6.0 per cent to 6.8 per cent and NNPA ratio increased from 2.7 per cent to 3.0 per cent.

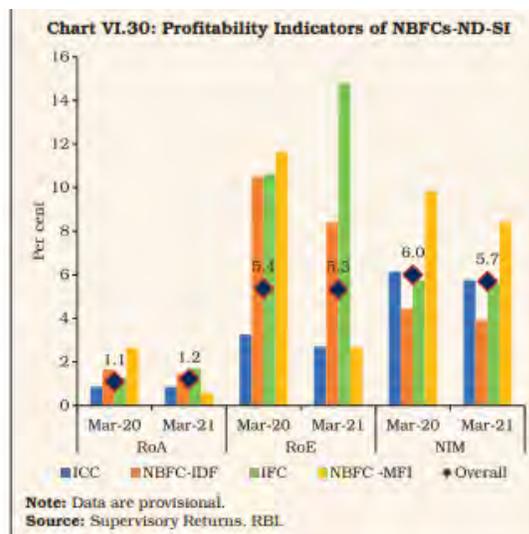
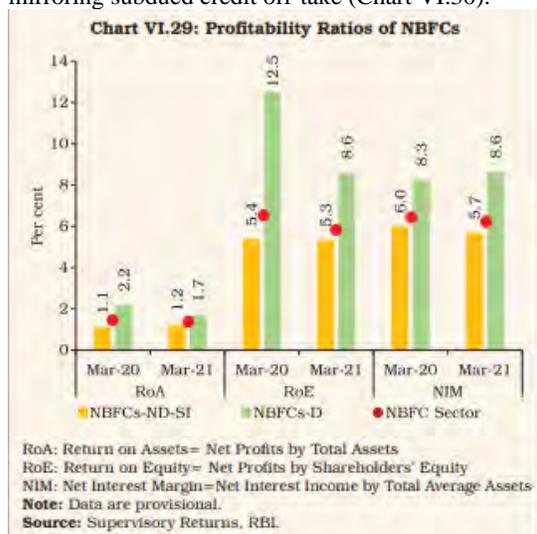


Based on the duration for which an asset remains non-performing, NPAs can be categorised into sub-standard, doubtful and loss assets. In 2020-21, a part of the sub-standard assets of a large NBFC returned to being standard, which led to a marginal improvement in asset quality (Chart VI.33). Among performing loans of NBFCs, 87.6 per cent of loans were standard and rest were overdue but not NPAs in March 2021. Loans overdue in the first bucket viz., less than 30 days were the largest, but the position improved in 2021. The share of loans overdue for more than 60 days but less than 90 days doubled



Profitability of NBFCs-ND-SI

The profitability of NBFCs-ND-SI gauged in terms of RoA marginally increased in 2020-21 due to an improvement in the RoA of IFCs. The overall RoE of NBFCs-ND-SI declined. NIM was lower for all entities, mirroring subdued credit off-take (Chart VI.30).



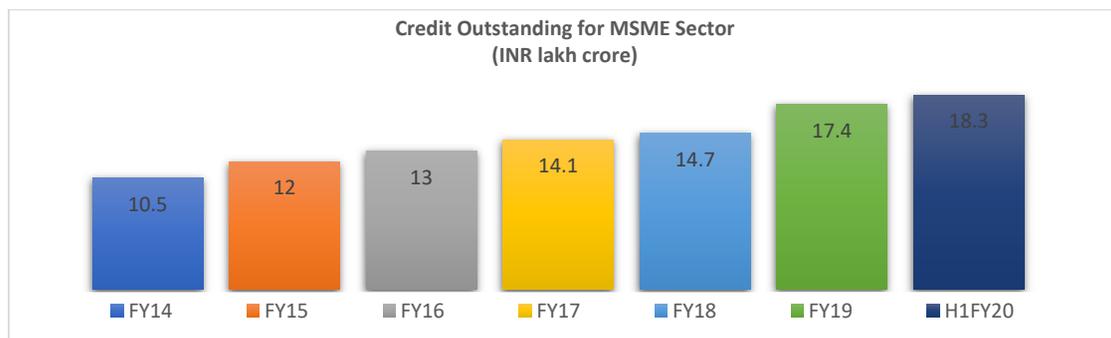
Support to Micro, Small and Medium Enterprises (MSMEs) by NBFCs

The MSME sector forms the backbone of the Indian Economy. It is a critical for the economic and social development of the country as it not only fosters entrepreneurship but also generates mass employment. MSMEs are complementary to large industries as ancillary units and this sector contributes significantly to the inclusive industrial development of the country.

India has 6.3 crore MSMEs operating in the country which contribute to 28.9% of the GDP while employing 11 crore people. With over 3 crore MSMEs (51% of total MSMEs) based in the rural areas, they form an important part of the rural ecosystem.

Of the overall MSME market of \$560 Bn, only \$232 Bn is currently under the ambit of formal lending sector. Remaining \$230 Bn is yet to be covered under the fold of formal lending. This points towards a wide opportunity that is waiting to be tapped. FinTechs which can leverage the power of alternative data sources to underwrite these customers will be able to break-open this evolving space.

Given their overall economic importance, easy access to credit for the sector is vital to ensure its growth. Exposure of banks and non-bank lenders to the sector increased by 75% since Financial Year 2014 to reach INR 18.3 lakh crore as in Financial Year 2020. Despite a jump, formal credit access through banks and non-bank lenders contribute to 49% of the overall credit requirement of MSMEs as shown below:



Source: <https://ficci.in/spdocument/23386/EY-FICCI-NBFC-oct.pdf>

The growth of non-bank lenders in financing the MSME sector can be attributed to the following factors:

- a) **Efficiency in underwriting:** Between 2016 and 2018, all lenders effectively reduced the processing time for MSME loans. Accordingly, non-bank lenders have the lowest Turn Around Time (TAT) in the industry for processing MSME loans.
- b) **Differentiated approach to MSME financing:** MSME creditworthiness assessment, more specifically for small and micro segments which have a higher proportion of customers with limited income proofs, requires a strong understanding of the sector and micro-market. Non-bank lenders underwrite based on the cashflows as opposed to a balance sheet-based approach. This approach requires significant investment in effective assessment, monitoring and collections. Consequently, the cost of servicing the segment is relatively higher. Hence, non-bank lenders with their strong network and underwriting capabilities are better placed to continue servicing this sector.

Alternative financing - a boon to emerging market like India

Alternative financing in India though it is yet to establish its roots in India; it is certain to give positive push to growth of the MSMEs. The key hurdle i.e. inaccessible timely credit at competitive cost which has been a major challenge faced by MSMEs over the past several years, the alternative platforms aim to provide simplified and customized access to finance along with more active participation and guidance in the overall growth and operations of the enterprises. Besides, in the era of rapidly changing technology, it is also essential for enterprises to overcome the risk of becoming technologically obsolete. Hence, alternative sources are expected to be the key drivers, providing convenient and cost effective funding during the crucial stages of growth of the small and medium enterprises, thereby aiding sustainable growth. These alternative solutions are known to be popular among advanced countries suggesting that these alternatives are more likely to thrive if implemented in India as they help in bringing the borrowers and investors closer. However, these innovative methods would prove to be fruitful if established with strong legal framework involving greater transparency which would not only encourage borrowers but also build greater confidence among investors.

There have been several technology innovations that are changing the landscape of MSME lending. Some of these recent innovations include:

1. **India Stack:** India Stack refers to a set of open APIs that allows governments, businesses, start-ups, and developers to utilize digital infrastructure. It was launched in 2009 with the creation of UIDAI and represented the first major disruption in India's FinTech space. It offers open APIs as public infrastructure such as UPI, BharatPay, BBPS, Aadhar, AEPS, eKYC, eSign, Digi Locker, FASTag, and the GSTN platform. India Stack APIs allow governments, businesses, startups, and developers to utilize digital infrastructure to facilitate presence-less, paperless, and cashless service delivery.

2. **Open Credit Enablement Network (OCEN):** OCEN, launched as part of India Stack in July 2020, aims to change the way credit is distributed to the end-user by introducing new touchpoints for the distribution of financial services. It empowers digital platforms to play crucial roles in the lending value chain. It is a complete reimagination of the credit ecosystem in India. The launch of the Open Credit Enablement Network, or OCEN, was the definitive step for India to move towards democratization of credit and financial inclusion. OCEN as a credit rail will have a common language and connecting lenders and marketplaces allowing them to create innovative credit products and services on top of it. It is a strictly defined spec of APIs that acts as a standardizing middle layer between lenders and digital platforms
3. **Account Aggregator Framework (AA Framework):** Similar to Aadhaar or UPI, the take-off for AA is expected to be moderate and growth likely to accelerate with increase in use-cases. Strong growth will enlist new players with innovative use cases, thus creating a network effect. Customer service levels across lending, wealth management etc. are expected to meaningfully improve and good credit behaviour can be rewarded with a personalized product proposition.

These innovations along with other developments in the pipeline is expected to give necessary fillip not only to the lending fraternity but also the future of MSME Financing.

Role of Fin-tech and NBFCs to meet Financial Demands

Fin-tech lenders use digital technology to make lending faster, easier and less costly. Specializing in MSME finance, such companies work is all about granting a loan against financial statements, bank account transaction history or e-commerce transaction behaviour all of which can be digitally uploaded by the applicant borrower, within a matter of days and at an interest rate that is much lesser than the banks. The creditworthiness of the borrower is assessed using big data along with psychometric tests and social media behaviour. The trading position of the business is also taken into account. Propelled by technological developments, an alternative source of loans for small business has emerged in the form of new FinTech financial technology lending.

Digital lending services build a bridge between lenders and borrowers. There is a difference in the time taken to process the application, the underwriting process, the actual disbursal of the amount and the period for which the MSME loan is granted. While adequate care is taken in evaluating the eligibility of a business for the grant, a FinTech company also ensures that there are no superfluous delays.

It helps the MSMEs on the following accounts:

- **Unconventional approaches:** Instead of scanning through numerous irrelevant documents and looking at documents that are known to be under-reported, online lenders make use of credit scorecards as well as several hundreds of variables and raw data points. Some also conduct psychometric analysis of candidates and include industry proxies, financial behaviour, and non-traditional metrics for overall assessment. This lays the foundation for them to provide collateral-free loans to MSMEs even with easily provided documentation something not widely visible within the formal banking institutions.
- **Technological advantage:** Digital lending platforms make use of cutting edge algorithms in their loan assessment process. Banking on AI and Big Data, to analyse the applicant, the business, and the market that it caters to in order to ensure continuous improvement of credit models. Some of the platforms have combined strong underwriting experience with technology to create truly powerful solutions. In fact Online lending marketplaces are even power some of the traditional Financial Institutions (FIs) platforms now through PaaS Platform-as-a-Service solutions to enable them to do faster and more accurate credit assessment.
- **Minimal human intervention for quick assessment:** Such platforms rely on entirely digital processes with minimal or no human intervention in the overall decision making. This eliminates the scope of human errors and makes assessments thoroughly reliable and unbiased. While, it greatly improves the velocity of credit processes it also makes credit underwriting much more scalable. Owing to their innovation-driven approach, the turnaround time for credit risk assessment has been brought down to a few minutes against days and weeks as is the norm in traditional FIs.
- **Easy application process:** The use of bots and specifically designed algorithms enable digital lending platforms to scrape all the relevant information from public and private sources. This facilitates minimum paperwork during application and obviates the need for the applicant to fill exhaustive forms.
- **Loan disbursement:** Digital lending companies have improved the user experience by leveraging technology to tone down the paper work and processing time. Just like retail shopping and online travel bookings, the

capital market for MSMEs also needed to evolve and move online. The loan disbursement process takes only about - days which proves to be pivotal for cash-strapped MSMEs. 35% of the MSMEs receive payments months or later after delivering products or providing services making quick access to working capital essential for smooth functioning and gradual scaling up of MSMEs.

Digital lending is helping a new class of business borrowers who have not been able to obtain funding from traditional sources. With an automated underwriting process and risk management, it has a lower operational cost and smoother loan processing. A major of Fin-Tech -based lending is the assessment of clients credit worthiness. Unlike banks that use only income statements and formal credit history, a Fin-Tech company gathers substantial data through social media and big data. Whats more, with a strong use of technology in lending, the focus on safety is also uncompromising. There are adequate measures to keep the customer details encrypted and secure. Moreover, they also facilitate tailored finance products keeping in mind the varying needs of different industry segments.

Most of digital lending platform are focusing on providing unsecured loans to MSMEs which has been the need of the hour as many SMEs with high potential suffer from capital starvation and are unable to take out loans from traditional FIs due to the focus on secured loans. Its an unsecured loan disruption that digital lenders are bringing in powered with technology to risk assess the borrowers in a much better manner and lend against the business performance and track record rather than value of a collateral. As a larger segment of the population comes under the digital aegis, the future prospects of the MSME segment driven by swift and efficient financial assistance enabled by the digital lending ecosystem will only herald positive tidings for the long-term growth of the Indian economy.

As a conclusion it can be safely said that the emergence of the Fintech NBFC for MSME finance is a global phenomenon that is transforming the entire lending model and in turn the business sector in totality. An idea can change the world, and as fast the idea can be converted into reality, more profitable and effective it will be. Gone are the days of the waiting in line for form fill-ups and waiting months to get a loan to have your business see the light of the day. With players in the market, monetary support for your innovative business idea is just a click away.

(Source: <https://ficci.in/spdocument/23035/Key-to-SME-Growth.pdf>)

FinTech Regulations

In a recent discussion on Responsible Digital Innovation, RBI hinted towards the upcoming FinTech regulations while discussing about responsible digital innovation.

- RBI believes that the regulation has to be based on the entity type rather than the earlier followed approach of activity-based regulation. Systemic risks, operational risks and risks affecting competition are of prime importance when dealing with large financial market infrastructure entities or bigtech. Countries need to overcome the legislative and regulatory deficits in dealing with concerns surrounding privacy, safety and monetisation of data. Regulations pertaining to data issues needs to adapt to a world where boundaries between financial and non-financial firms is getting increasingly blurred or geographical boundaries are no longer a constraint.
- Given the fast evolving landscape of financial value chain and the blurring lines between financial and non-financial firms, the regulators might need to dampen the pace of innovation to ensure better customer protection.

OUR BUSINESS

Some of the information in the following section, especially information with respect to our plans and strategies, contains forward-looking statements that involve risks, assumptions, estimates and uncertainties. This section should be read in conjunction with the sections “Forward Looking Statements”, “Risk Factors”, and “Financial Information” on pages 12, 13, and 130, respectively. In this section any reference to “we”, “us” or “our” refers to InCred Financial Services Limited. Unless stated otherwise, or unless context requires otherwise, the financial data in this section is based on our Reformatted Standalone Financial Information for the Financial Year ending March 31, 2021, 2020 and 2019 which is based on audited standalone financial statements prepared in accordance with Ind AS and as included in this Prospectus. Our financial year ends on March 31 of each year and references to a particular financial year are to the twelve months ended March 31 of that year.

Overview of the Business

Our Company was incorporated as “Visu Leasing and Finance Private Limited” under the Companies Act, 1956 on January 08, 1991 with the Registrar of Companies, Delhi and Haryana. The name of the Company was subsequently changed from “Visu Leasing and Finance Private Limited” to “InCred Financial Services Private Limited” and a fresh Certificate of Incorporation was issued by RoC, Delhi on August 30, 2018. Our Company was subsequently converted to a public limited company pursuant to the fresh Certificate of Incorporation issued by the ROC, Delhi on November 01, 2018. Thereafter, the registered office of the Company was shifted from the state of National Capital Territory of Delhi to state of Maharashtra and Certificate of Registration of Regional Director order was received from ROC, Mumbai on June 05, 2020. The CIN of our Company is U74899MH1991PLC340312.

Our Company is a non-deposit taking systemically important NBFC registered with the RBI. Our Company is engaged primarily in the business of providing personal loans, education loans, SME loans, and in providing ancillary services related to the said business activities.

As on March 31, 2021 our loan portfolio was ₹ 2,633.66 cr and catering to 3,40,264 number of customers. Of the said loan portfolio, approx. 50% is in form of secured lending. Our loan book has grown from ₹ 1,745.08 cr as at March 31, 2019 to ₹ 2,076.90 cr as at March 31, 2020 and further to ₹ 2,633.66 cr as at March 31, 2021. Across our offered products, our loan portfolio is broken down as follows for each product:

Channel	Product	Portfolio (₹ in cr)	Average Ticket Size (₹ in lakhs)	Average yield (%age)
Consumer Loans	Personal Loans	793.55	0.17	25.0
	Two-Wheeler Loans *	40.40	0.60	21.5
Education Loans	Student Loans	330.76	27	13.6
	Secured School Financing	572.45	112	14.7
MSME Loans	Anchor-backed Business Loans	278.08	1.34	16.1
	Non- Anchor Business Loans	83.18	16	19.6
	Lending to FIs & Escrow based Lending	535.24	424	14.4
Total (rounded off)		2,633.66		

* For more focussed approach towards major businesses undertaken by the Company, the Management of our Company has sold the Two-Wheeler Loans product effective from October 01, 2021 to Tatkal Loan India Private Limited.

Our Company has received various awards and accolades including Super Start-up Asia Award - 2019, Certificate of Recognition to InCred Group as ET Best Brands for three years in 2018-19, 2020-21 and 2021-22 and IFTA Award for Best Fintech Business Lender - 2021.

CRISIL Ratings has, after due consideration, assigned “CRISIL A (pronounced as CRISIL A) rating to the Debt instrument and placed the rating under “Rating Watch with Positive Implications” vide their rating letter dated December 13, 2021 and reviewed the same vide Letter no. RL/VLEAFP/283590/NCD/1221/23014/101398026/1 dated January 13, 2022 revalidating the said rating. Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk. The Rating Watch reflects an emerging situation, which may affect the credit profile of rated entity.

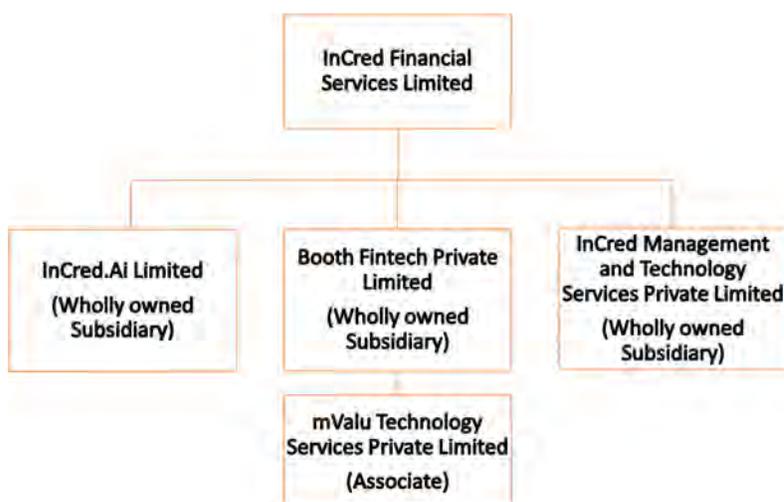
The summary of key financial indicators of our Company are as under:

(₹ in lakhs)

Particulars	As at and for the financial year ended March 31		
	2021	2020	2019
Total Income	39,184.90	33,156.65	29,075.72
Total Expenditure	37,943.86	32,497.90	28,514.65
Profit after tax	1,023.44	275.41	377.39
Net worth	1,04,584.78	1,02,427.58	59,566.85
Debt to Equity ratio	1.6	1.1	2.1
CRAR (%)	37.20%	46.89%	29.56%
Return on Net worth (%)	0.98%	0.27%	0.63%

Our Corporate Structure

Our present corporate Structure as on December 31, 2021 is as under:



Our Competitive Strengths

We believe that our position as an NBFC is founded on the following competitive strengths:

Prudent credit and collection policies

Our credit policies specify the types of loans to be offered, the documentary requirements and limits placed on loan amounts. We have separate policies tailored for separate product segments. These policies are aimed at supporting the growth of our business by minimising the risks associated with growth in our loan book. We have also established protocols and procedures to be followed when engaging with customers, as well as to determine the authority and levels to which credit decisions can be taken at various offices. Over the years, we have gained significant experience in loan underwriting and this is now a key contributor to our business.

We also have an experienced collections team which, with our legal team, have enabled us to maintain effective collection efficiencies through economic cycles. Our centralised credit & risk analysis processes combined with our dedicated collections team help maintain the quality and growth of our total AUM.

Effective use of technology

For certain products, we offer a technological platform that gives our customers access to paperless loans through their computers or mobile devices. With this technology, the entire process of loan origination (from loan application to approval) is managed through computers and mobile devices so there is no need for a branch visit. We believe that this results in significant customer convenience by providing a seamless loans approval process that is operable remotely and is accessible to customers at any time. This has also enhanced our access to customers in regions where we do not have physical branches. We believe that this has reduced our operational costs and overheads and that this use of technology is key to realising our strategy of transitioning to an asset light model.

Experienced Leadership Team

Great organisations are built on foundations of long-term vision. These can only be realised with an able senior management that works to build the systems and processes with a larger time frame in mind. To that effect, the company is managed by people who have a proven track record of delivering results & they possess the right acumen necessary in the build out phase of any organisation. Setting the right team in place has helped the company tide through the crisis effectively. Our senior managers have diverse experience in various financial services and functions related to our business. We believe that the knowledge and experience of our senior and mid-level management team members provides us with a significant competitive advantage as we seek to grow our business and expand to new geographies.

Diversified credit profile, strong credit evaluation and risk management systems

We seek to diversify our credit risk and ensure that no individual credit product contributes a large portion to our overall credit book. We believe that this mitigates the risk of concentration to any particular product or sector and helps us to manage our risk exposure in a more effective manner. We also believe that the scale of our retail credit portfolio imparts stability to the credit book.

We believe that our business processes ensure independence of functions and a segregation of responsibilities. We believe that our credit appraisal and credit control processes, centralised operations unit, approval of loans at transaction level and audit processes for checking compliance with the prescribed policies, as well as our risk management processes and policies allow multiple layers of checks and verifications. Our processes have been standardised with the objective of providing high quality of service and ensuring efficiency, and to facilitate integration of our workforce, processes and technology. Each of our key business processes is regularly monitored by the respective business or operations head.

Strong Corporate Governance Standards

Creating an institution that is built to last requires strong corporate governance standards. The governance standards are further strengthened by strong policies and processes enshrined in the Articles of Association and strong human resource. We have successfully recruited and retained talented employees from a variety of backgrounds, including credit evaluation, risk management, technology and business. Further, we believe in fair trade practices and follow high standards of governance in managing the business of the Company. At present, our Company has 6 Directors on its Board, out of which three are Independent Directors and one is Non-Executive Non-Independent Directors, Mr. Bhupinder Singh, Promoter is a Whole Time Director & Chief Executive Officer and Mr. Vivek Bansal is a Whole Time Director & Chief Financial Officer. For details, refer to section titled “Our Management” on page 118 of the Prospectus. Further, as on September 30, 2021, we have 676 permanent employees and 41 employees on contract basis.

Reach across a varied Customer base and customer sourcing models

Our lending business is sourced digitally as well as through partners, direct selling agents and in-house sales team. We partner with online, and offline, platforms to leverage business data for consumer lending. We quickly finance consumer loans, education loans and SME loans, resulting in customer delight, conversions, transactions, revenue, and profit for our platform. We also conduct site verification visits and interviews with the applicant. On the sanction of a loan amount, repayment terms are set out up on completion of all documentation requirements by the applicant. With our presence across 19 locations, we have established a diverse customer base, situated across India.

Our Growth Strategies

Leverage on technology and digital platforms to improve customer reach and operating efficiency

At InCred, we use technology and data-science to make lending quick, simple and hassle-free. We also intend to further develop and strengthen our technology platform to support our growth and improve the quality of our services. We will continue to update our systems and use latest technology to streamline our credit approval, administration and monitoring processes to meet customer requirements on a real-time basis. We believe that improvements in technology will also reduce our operational and processing time, thereby improving our efficiency and allowing us to provide better service to our customers.

Continue to maintain prudent risk management policies for our assets under management

We believe that the success of our business is dependent on our ability to consistently implement and streamline our risk management policies. As we focus on growing our Loan Book with low credit risk, we will continue to maintain strict risk management standards to reduce credit risks and promote a robust recovery process. We also

intend to further develop and strengthen our technology platform to support our growth and improve the quality of our services.

Attract and retain talented professionals

We have been successful in attracting and retaining a team of professionals with experience in credit evaluation, risk management, technology and business. We believe, we have created the right balance of performance and other economic incentives for our employees so that they will be motivated to develop business, achieve profitability targets and control risk. We will, from time to time, review our systems and procedures to enable us to respond effectively to changes in the business environment and enhance our overall performance.

Growth of the business through increasing geographical presence across India

We intend to continue to grow our loan portfolio by expanding our network through the addition of new branches. In order to optimize our expansion, we carefully assess potential markets by analyzing demographic, competitive and regulatory factors, site selection and availability, and growth potential. A good reach to customers is very important in our business. Increased revenue, profitability and visibility are the factors that drive the branch network. Our strategy for branch expansion includes further strengthening our presence in various parts of India by providing higher accessibility to customers.

Diversify our assets and liabilities

We intend to remain diversified in our loan book by strategically focusing on adjacent high growth and profitable lending businesses and further expand our lending and other businesses.

We intend to continue to focus on developing a diversified funding model to achieve optimal cost of funds while balancing liquidity and concentration risks. As our cost of borrowings is determined by our credit ratings, financial discipline and business performance, we intend to source funding at competitive rates. In particular, with respect to our credit business, a decrease in cost of borrowings will enable us to price our products in a more competitive manner. We intend to further diversify and strengthen our profile, strategically adding additional funding resources.

Our Products and Services

The Company offers personal loan under various product segments such as Consumer Loans, Education Loans and MSME Loans. Broad descriptions as under:

Category	Product segment	Description
Consumer Loans	Personal Loans	Short term unsecured loans for different needs incl. lifestyle purchases with focus on new to credit & under- served credit
Education Loans	Student Loans	Loans for students pursuing higher education in India and abroad with special focus on educational institutions based in US
	Secured School Financing	Loans to educational institutions for expansion/ upgradation of infrastructure.
MSME Loans	Anchor- backed Business Loans	Business Loans, Supply Chain Finance loans backed by Anchor Partners
	Lending to FIs & Escrow based Lending	Term loans to MFIs and other NBFCs for onward lending purposes and escrow backed lending

Product wise break up and type of loans disbursed by our Company and outstanding as on March 31, 2021:

Product	(INR in Crores)
Personal Loans	793.55
Two- Wheeler Loans *	40.40
Student Loans	330.76
Secured School Financing	572.45
Anchor Backed Business Loans	278.08
Non- Anchor Business Loans	83.18
Lending to FIs & Escrow Backed Lending	535.24
Total	2,633.66

* For more focussed approach towards major businesses undertaken by the Company, the Management of our Company has sold the Two-Wheeler Loans product effective from October 01, 2021 to Tatkal Loan India Private Limited.

The details of the products offered by our Company are as under:

1. Personal loans

Personal Loans business at Incred has the maximum digital touch points; built on the foundations of deep data analytics and a best-in-class customer experience.

Central to the digital experience is our in-house built **Android app** which allows customers to apply at their convenience and get in-principle approval in the matter of minutes. In addition to plain vanilla term loans, we offer customers a line of credit facility. This facility once setup, is available on demand and customer can draw down on it with a single swipe. Customers also pay interest only when they utilize the line and hence have full flexibility in managing their credit costs. This is a significantly differentiated offering versus other products in the market.

Aside from the experience element, we also service a large segment of “near-prime” customers who do not have access to credit from more traditional lenders. By combining data from a number of digital sources, particularly smartphones, we are able to draw a complete risk pen-picture of these customers and offer them loans at the right risk reward.

A number of proprietary scorecards are used to be able to offer the above access coupled with a seamless experience. Some of the major ones include a bureau scorecard, a banking scorecard, a device-data scorecard and a stability scorecard. Meshing together all the information we gather about applicants and running them through the above scorecards is what gives us the required lift in terms of credit performance.

2. Student loans

We have built a specialized product offering for Indian students going abroad for international study. The product is primarily targeted at post graduate study and specifically at students pursuing a STEM degree from the US.

There are many aspects of differentiation versus other market offering. Firstly, a bulk of our loans are collateral free. Our proprietary risk model assesses the future potential income of students and uses that to determine loan eligibility. This is the core need of many students who come from modest family backgrounds. We are able to provide 100% financing so that students are not required to provide their own funds.

3. Secured School Financing

We provide funding only to K-12 schools which are operational since last 10 years and Class 10th verifiable results are available for last 5 years. Such lending is based on Hypothecation of fees and the end use of the funds should be for increasing the existing infrastructure capacity not for building the new schools.

4. Anchor Backed Business Loans- Supply chain financing

We provide anchor based business loans to small businesses to provide adequate supply chain financing. Such customers are sources through Anchor tie-ups (national distributors/OEM) with automated disbursements which acts as checks on limit utilization, overdue status and limit renewals. The credit assessment for such loan facility is based on past trading history and business dependence with anchor, working capital requirement assessment and Financial analysis / Bureau / ROC / open market due diligence.

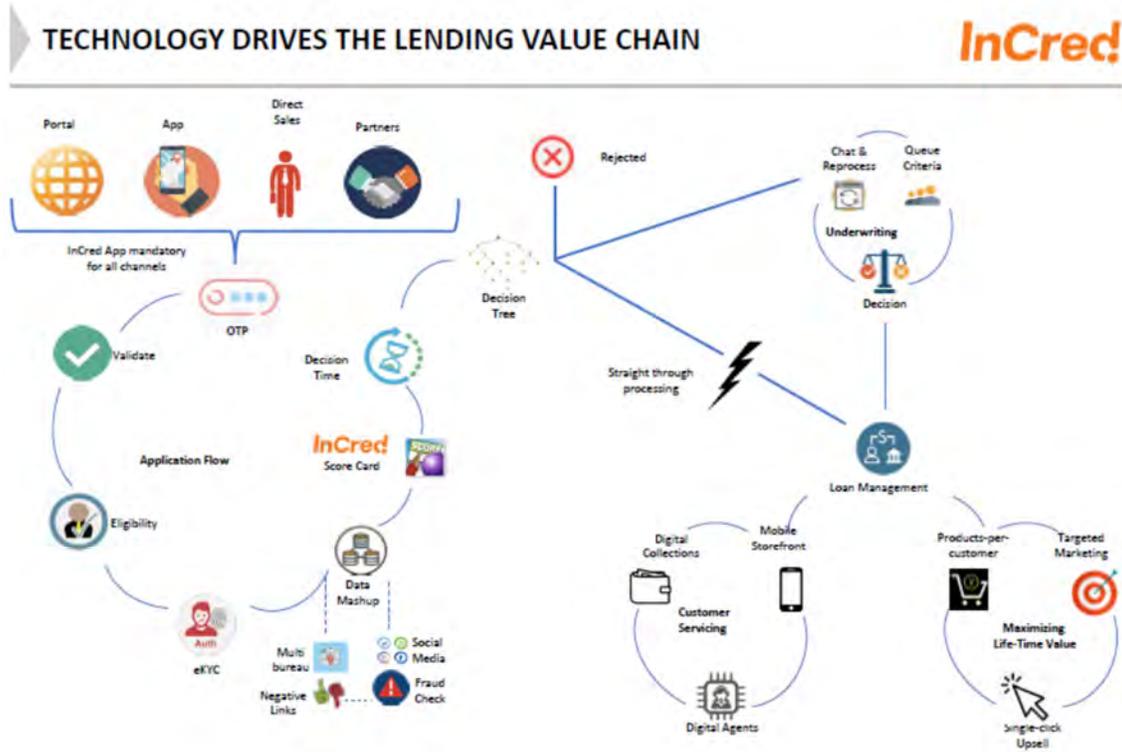
5. Lending to FIs & Escrow Backed Lending

We also provide funding to RBI regulated companies having NBFC / NBFC-MFI registration, investment grade rated corporate (Grading in case of MFIs), with high proportion of cash collateral / liquid investments. The evaluation of past credit history, promoter/management background, investor commitment and the amount of equity invested in the business is critical to the credit assessment. The loans are secured by

receivables of loans disbursed out of Incred's facility. Incred also has discretion of defining borrower's credit criteria for customer selection

Lending Policy

The standard process adopted by the company from sourcing to collection is enumerated as under:



1. Credit Appraisal Process

InCred's credit appraisal process is based on universal, time-tested principles. While the principles are universal, and therefore span all product, the application of these principles to each product is unique, and is set out in the annexures.

The universal time-tested principles that InCred's credit appraisals are based on are:

- 1.1. **Need for credit:** the borrower's need for credit will be assessed, as per the context of the product segment. The intent is to ensure that the credit is targeted for use in a constructive way, to improvements to the borrower's earning or to improve the quality of life
- 1.2. **Affordability:** an assessment of the borrower's ability to service the loan will be conducted in all cases. While the assessment methodology may vary across product, the intent is always to set product features such as the disbursement amount and tenure such that the loan is affordable (within the context of the product)
- 1.3. **Credit rating:** the borrower's credit history, and track record in managing debt, will be considered in all applications. Where appropriate, the credit history of linked parties, like a group company, spouse or guarantor are also considered. In certain product, new to credit borrowers are targeted. Regardless, the absence of a credit history is a factor that is considered as an input into the credit process.
- 1.4. **Holistic borrower understanding:** the credit appraisal process seeks to understand the borrower's situation, and therefore credit needs as holistically as possible. In some product, this is achieved by

consuming more digital-data about the customer. In others, it is with in-depth interactions with the customer to assess their repayment plans. In all cases, InCred's approach is to have a holistic a customer understanding as possible, to provide services that are both relevant from a demand viewpoint, and appropriate from the risk viewpoint

2. Credit Pricing

- 2.1. Credit will be priced after considering InCred's cost of funds, expected credit cost, the operational cost and expected RoA.
- 2.2. From a credit risk viewpoint, the pricing will be linked to expected risk levels. This will be at the product level, wherein product associated with a higher risk profile charge a higher price. This will also be within each product segment, wherein lower risk customers will be offered a lower price, and vice versa

This principle will be followed within the constraints of market and competitive conditions in the relevant product segment

- 2.3. Pricing may be varied through the term of the loan or credit facility, based on product needs. In addition to fixed rate loans, interest rates may be floating and reset to reflect market conditions during the term of the loan
- 2.4. InCred may change default interest rates on a loan or credit facility if the customer is delinquent of repayments. This would reflect the addition risk associated with serving such a customer

3. Credit Approval and Denials

- 3.1. The credit approval follows the credit appraisal process. The approval can be done digitally, based on an algorithm, especially in the case of smaller ticket consumer lending products. In the case of larger ticket loans, or loans where discretion or credit judgment is required, or loans that do not fall within the boundaries wherein an algorithm can reliably make a decision, a competent credit manager or loan officer will be appointed to make a credit sanction
- 3.2. In complex cases, or in cases that do not fall within a credit manager's remit, the credit manager will seek approval from a more senior authority as defined by a deviation matrix
- 3.3. Approvals will be clearly documented to leave an auditable trail of credit considerations and deviations requested. This may be done through communications that are suited to the operational needs of each product
- 3.4. Programmatic approvals, for multiple loans that are targeting a new product, will be presented to and approved by the RMC, along with the relevant Policy annexure. Similarly, any withdrawal from a product will also be governed along similar lines through the RMC
- 3.5. Each product has an approval and deviation matrix set out in the annexures. This is reviewed and updated by the RMC on a quarterly basis
- 3.6. In addition, the day-to-day functioning of the credit approval and deviation matrix process will be reviewed periodically by a competent party outside the product team. Any irregularities observed, and recommendations to make the process more rigorous, will be synthesized and presented to the RMC.

4. Security, insurance and charge

- 4.1. Security management involves creation of enforceable charge over the borrower's/ third party assets in favour of InCred, before the disbursement of a loan
- 4.2. Proper valuation, storage and maintenance of the assets so charged is necessary, to ensure that InCred's loans are appropriately covered by the value of the assets charged to it. To subserve this objective, the charged assets will be valued at periodic intervals on a conservative basis, and stipulated margins will be maintained at all times. Each product vertical shall have a detailed operating procedure for

empanelment of valuers, covering aspects like qualifications and experience. Empaneled valuers will be reviewed and renewed annually by the RMC

- 4.3. The specific details of the assets charged should be clearly mentioned in the loan documentation. Enhanced provisions will be required for the unsecured portion of any loan, compared to the secured portion
- 4.4. Assets charged to InCred would be adequately insured against all applicable risks to protect InCred. The adequacy of insurance cover relative to the loan value is specified for each product segment, and would be renewed periodically until InCred's exposure to the borrower exists
- 4.5. Monitoring of InCred's collateral will be specified as a part of the responsibilities of credit professional attached to each of the product "verticals". Deviations, if any, should be brought to the notice of the respective product risk head and business head. Remedial measures must be taken to set right the deviations

5. Credit Documentation

- 5.1. The purpose of credit documentation is to clearly establish the debt obligation of the borrower to InCred. Credit documents used in all product would be approved by the Legal department
- 5.2. In most cases, the credit documents would be standardized. In cases where a standard format has not been prescribed, or is not appropriate, case to case loan documentation would be done in consultation with the Legal Department
- 5.3. The primary responsibility for ensuring that the loan documents are executed by the borrowers or guarantors typically lies with Sales/ Relationship Management. Safekeeping of documents would be the responsibility of the prescribed officer in Operations. Documents would be reviewed, and searches effected to ensure continued safety of and legal enforceability of InCred's documents
- 5.4. Document checklists would be maintained for all product. Sales/ Relationship Management and Operations would refer to the checklist of documents to ensure completeness before loan disbursal, in line with the needs of each individual product

6. Credit Administration and Monitoring

- 6.1. Credit administration and monitoring involves follow-up and supervision of InCred's individual loans, as well as the entire loan portfolio, with a view to maintaining asset quality at a desirable level, through proactive corrective actions aimed at controlling the risks to InCred. While the specific actions involved in credit administration vary by product-vertical, the general principles that apply across multiple verticals include the following:
 - 6.1.1. Ensure compliance with the terms and conditions of the loan sanctioned
 - 6.1.2. Ensure end-use of InCred's funds as per the approved purposes, and prevent diversion of funds for unauthorized purposes, to the extent possible in the product-market context. This will include periodic on-site supervision of borrower operations in certain cases
 - 6.1.3. Evaluate previous lending decisions through a process of hind-sighting, by a competent but independent party, to identify and implement opportunities for credit process improvement
 - 6.1.4. Assess the financial health and credit worthiness of the borrower periodically. Metrics that may be considered include income trends, borrowing or indebtedness trends, and substantial changes in personal or business circumstances
 - 6.1.5. Periodic review of the loan portfolio at the InCred and/or the product level, to guide changes or adjustments in credit strategy and portfolio design

6.2. The credit administration and monitoring process will include an Early Warning Signal (EWS) process in all product. The product specific algorithms or processes underlying the EWS are set out in the annexures. Actions or remedial measures taken as a result of identified early warning signs would vary by product, but would typically include the following:

- 6.2.1. Reduction or curtailment of additional exposure to that borrower
- 6.2.2. Enhanced supervision or monitoring of the borrower’s business and financial activity, to guard against over-leverage, divergence of funds, etc.
- 6.2.3. Accelerated Collections activity, to maximize loan repayments while the borrower at risk is still able to make payments

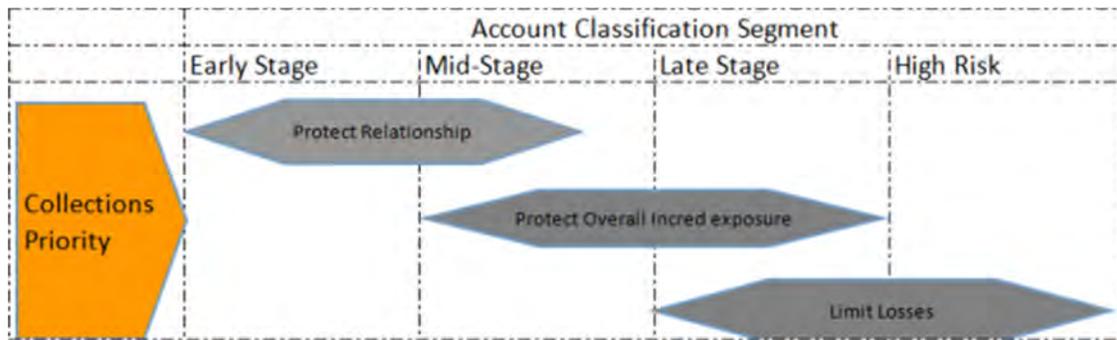
Collections and Recoveries

In line with InCred’s customer and risk centric vision, and to increase the efficiency and intensity of Collections Activities, we have modelled our strategies of Early Stress accounts debt management covering broad areas of Accountability, Communications & Feedback Management & Reporting.

	Dpd Mapping	Account Classification	Bucket Status
All Products	Current	Regular	0
	0-30 days or 1 emi overdue)	Early Stage Delinq	1
	31 - 60 days or 2 emi’s overdue	Mid Stage Delinq	2
	61 - 90 days or 3 emi’s overdue	Late Stage Delinq	3
	91 – 120 days or 4 emi’s overdue	High Risk Stage / NPA	4
	> 120 days or 5 emi’s overdue	High Risk Stage / NPA	5 & above

We have segmented overdue accounts on the basis of the number of delinquent days as above.

This segmentation would be the basis for Allocation & Treatment Strategies detailed below. The table highlights the Accountability for each Risk Classification categories along-with the main Collections Priority.



Retail Products

For smaller ticket size accounts, like Personal Loans and Two-Wheeler businesses, all overdue accounts are allocated to collections on receipt of bounce / non-payment, post the cycle date. Operations would communicate the list of accounts which have not been cleared on the cycle date.

The Collections Team have empanelled Tele-calling vendors in each zone that we operate in, and the accounts are allocated to them upon receipt of bounce information. The Tele-calling agents (part of the empanelled Tele-calling Vendors) call on these overdue accounts for intimation of overdue and follow-up on collection.

Bucket	Mode of Collections	PR
Bkt 0	- SMS & Reminder Calling - SMS & Calling post bounce - Field Visits on broken PTP’s and identified sticky accounts	Tele-calling Agencies

Bucket	Mode of Collections	PR
B1	- Legal Notices - Tele-Calling - Intensive Field Visits	Collections Managers & Field Agencies Litigation Team
B2-3	- Legal Notices & Sec 138 (case to case basis) - Intensive Field Visits	Collections Managers & Field Agencies
B4 +	Action under Arbitration / SARFAESI (if applicable) Intensive field visits	Collections Managers & Field Agencies

Collections Tools	Early Stage	Mid Stage	Late Stage	High Risk
Tele-calling	Y			
Payment Gateway	Y	Y	Y	Y
Auto Cure (Representation)	Y	Y		
Field Collections Agencies	Y	Y	Y	Y
Skip Tracing Agencies	Y	Y	Y	Y
SMS Reminders	Y			
Dunning Letters	Y	Y		
Legal - Sec 138 / 25			Y	Y
Settlements			Y	Y
Restructuring		Y	Y	Y
Arbitration			Y	Y

We also have a tele-calling set up augmenting our field efforts in the early delinquency bucket. For all cases where we have a NACH registered, we have representation done on all non-technical bounces.

Intimation of overdue to customers is being done through SMS, Dunning Letters and Lawyer notices. Lawyer notices typically would be sent once an account crosses 30 dpd.

Once an account flows in Bucket 1 (>1 emi overdue), typically the accounts gets allocated to Field Collections Agencies (External Vendors empanelled by our Collections Team basis through pre-empanelment checks and market references) for field follow-up.

All vendors need to comply with stipulated Code of Conduct pertaining to Debt-Management efforts.

When an account moves into Sub-Standard Asset classification, we begin Arbitration proceedings to take possession of the mortgaged property (if available). Even in unsecured, we will proceed with Arbitration to attach collaterals of clients to augment recovery.

In Late Stage / High Risk stage delinquency, settlement tools are used in order to precipitate recovery and limit our losses on such accounts. Typically, the settlement waivers are approved by the Chief Risk Officer & Head of Collections, basis recommendation of National Collections Manager.

SME and Institutional Products

In SME and institutional products, Business and risk teams would be directly managing overdue collection activity in the Early Delinquency phase. With focus in early delinquency being on managing and nurturing the relationships, we would have the business and risk teams to coordinate with the clients for follow up and collection of overdue monies.

When an account is between 30-60 days, the Business RM would hand-over the case to Collections team. During this stage, Business RM would conduct joint visits with Collections as part of the Hand-over activity. Collections would handle the account with robust liaison with Legal team. Here, the focus on collections would be to stabilize and rollback the overdues and to protect the exposure of InCred.

Collections team would however, would continue to take the help of Business team as and when required in collection efforts irrespective of stage of delinquency.

In Late or High Stage Delinquency, we would employ legal tools to help recovery of overdue money. This would include actions under Sec 138 / 25 and actions under SARFAESI Act (for exposures > 1 Cr) and Arbitration.

Collections Tracking & MIS

Daily MIS of accounts resolved and resolution MIS would be shared by the Central Collections Team, basis receipt of confirmation of payments received on overdue accounts.

Credit Rating

Our current credit ratings have been issued by ICRA and are set forth below:

Rating Agency	Instrument	Rated Limit (Rs. in cr)	Ratings
CRISIL Ratings Limited	CP	200.00	A1
	NCD	725.00	A (with positive implication)
	MLD	400.00	PPMLD A r (with positive implication)
	Coverd MLD	175.00	PPMLD AA+ r (CE) (Stable)
	NCD-Public	150.00	A (with positive implication)
	Bank Loans	2,210.00	A (with positive implication)
CARE Ratings Limited	NCD	350.00	A (with positive implication)
	MLD	120.86	PPMLD A r (with positive implication)
	Bank Loans	520.25	A (with positive implication)

Information Technology

Information Technology at our Company is a core element which drives business growth and forms the backbone of our organization. Information technology is used as a strategic tool which comprises of industry standard business applications and robust IT infrastructure setup which is used to manage business operations. This subsequently improves our overall productivity and efficiency and provides a seamless and world class experience to our customers. The adoption of digital transformation and robust IT Framework has enabled our organization to improve efficiency, flexibility, increased transparency and provide a better customer experience. Our IT setup is also highly scalable to meet urgent business demands.

Intellectual Property

Our Subsidiary, InCred Management and Technology Services Private Limited, have made an application for the registration of our trademark “**InCred**” and its logo. InCred Management and Technology Services Private Limited has given a no objection for use of the same by our Company vide its letter dated September 01, 2020.

The application for said trademark has earlier been disputed by Dreamplug Technologies Private Limited (“Dreamplug”). Thereafter, InCred Management and Technology Services Private Limited and Dreamplug have executed the settlement agreement dated August 27, 2021 (“Settlement Agreement”) based on which Dreamplug had agreed to withdraw the opposition proceedings filed against the registration of trademark applied by our InCred Management and Technology Services Private Limited. Basis the Settlement Agreement, the relevant papers have been filed with the Trademark Registry on September 20, 2021. However, the status of registration of the same is still pending.

Competition

The financial services industry is highly competitive and we expect competition to intensify in the future. We face competition in the lending business from domestic and international banks as well as other NBFCs, fintech lending platforms and private unorganized lenders. Banks are increasingly expanding into retail loans in the rural and semi-urban areas of India. We are exposed to the risk that these banks continue to expand their operations into the markets in which we operate, which would result in greater competition and lower spreads on our loans. In particular, many of our competitors may have operational advantages in terms of access to cost-effective sources of funding and in implementing new technologies and rationalising related operational costs.

Insurance

We maintain a director's and officers' liability policy covering our directors and officers against claims arising out of legal and regulatory proceedings and monetary demands for damages. We also maintain a group personal accident, mediclaim policy for employees and business travel accident policy for our employees. These insurance policies are generally valid for a year and are renewed annually.

Employees

We believe our human capital is one of our most important strengths and a key driver of growth, efficiency and productivity. We invest in developing our talent and leadership through various initiatives aimed at strengthening the ability of our managers to bring together people, strategies, and execution to drive business results. We also have a leadership programme with the objective of multiplying leadership capability, developing internal leaders and ensuring seamless execution of our future growth. As on September 30, 2021, we have 676 permanent employees and 41 employees on contract basis.

Corporate Social Responsibility

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

Properties

Our registered office, which is located at Unit No. 1203, 12th Floor, B Wing, The Capital, Plot No. C - 70, G Block, Bandra Kurla Complex, Mumbai - 400 051, Maharashtra, India, is on leased premises. As of September 30, 2021, we conducted our operations through 19 branches and the premises of all our branches have been taken on a lease or leave and license basis.

Further, our Company owns the following freehold immovable property and the same has been pledged against debt securities issued by us:

Address of Property	Names of seller	Consideration (in lakhs) *	Area (in sq. ft.)
Flat No.702, 7th Floor, Maruti Prakruti Dham-1 Co-Op. Hsg. Soc. Ltd., E-Wing, Near Mohan Green Woods, Manjarlee, Badlapur (W) - 421 503	Manjula Maruti Ghorpade (‘Seller’) and Avishkar Developers (‘Developer’)	21.22	481

HISTORY AND CERTAIN CORPORATE MATTERS

Our Company was incorporated as “Visu Leasing and Finance Private Limited” under the Companies Act, 1956 on January 08, 1991 with the Registrar of Companies, Delhi and Haryana. The name of the Company was subsequently changed from “Visu Leasing and Finance Private Limited” to “InCred Financial Services Private Limited” and a fresh Certificate of Incorporation was issued by RoC, Delhi on August 30, 2018. Our Company was subsequently converted to a public limited company pursuant to the fresh Certificate of Incorporation issued by the ROC, Delhi on November 01, 2018. Thereafter, the registered office of the Company was shifted from the state of National Capital Territory of Delhi to state of Maharashtra and Certificate of Registration of Regional Director order was received from ROC, Mumbai on June 05, 2020. The CIN of our Company is U74899MH1991PLC340312.

NBFC Registration

Our Company is classified as Non-Deposit Accepting, Systemically Important, Non-Banking Financial Company (‘NBFC’) as defined under Section 45-IA of the Reserve Bank of India Act, 1934 and registered with effect from August 30, 2000 with Registration No. B-14.01801. A fresh Certificate of Registration bearing the same number was issued by the RBI dated October 15, 2018, effecting the change of name of our Company from “Visu Leasing and Finance Private Limited” to “InCred Financial Services Private Limited”. Thereafter, RBI issued a new Certificate of Registration bearing the abovementioned number, on February 26, 2019, consequent to the conversion of our Company to a public limited company. Thereafter, a fresh Certificate of Registration bearing Registration No. B-13.02395 was issued by RBI on November 04, 2020, effecting shifting of Regional Office (RO) from New Delhi Regional Office, RBI to Mumbai Regional Office, RBI.

Our Company is engaged primarily in the business of providing personal loans, education loans, SME business loans and in providing ancillary services related to the said business activities.

Registered Office and change in Registered Office of our Company

At present our Registered Office is situated at Unit No. 1203, 12th floor, B Wing, The Capital, Plot No. C - 70, G Block, Bandra - Kurla Complex, Bandra East, Mumbai - 400 051

The details of change in the registered office are as under:

Date of Change	Address Changed	
	From	To
01/08/2019	87 - B, 2nd Floor, Shahpur Jat New Delhi - 110 049	406, 4th Floor, Competent House Middle Circle, F - Block Connaught Place, New Delhi -110 001
09/04/2020	406, 4th Floor, Competent House Middle Circle, F - Block Connaught Place, New Delhi -110 001	1502 - A, The Capital, C - 70, “G” Block Bandra Kurla Complex Mumbai - 400 051
01/08/2020	1502 - A, The Capital, C - 70, “G” Block Bandra Kurla Complex Mumbai - 400 051	Unit No. 1203, 12th Floor B Wing, The Capital, Plot No. C - 70 G Block, Bandra Kurla Complex Bandra (East), Mumbai - 400 051

Key events, milestones and achievements

Financial Year	Particulars
1990 - 91	Incorporation of our Company
2000 - 01	Certificate of registration received from RBI to carry on the business of a non-banking financial institution without accepting public deposits
2018 - 19	Change of name of the Company Visu Leasing and Finance Private Limited to InCred Financial Services Private Limited
2018 - 19	Change of name of the Company InCred Financial Services Private Limited; Conversion of Company from private limited to public limited
2019 - 20	Super Startup Asia-2019
2021 - 22	IFTA Award for Best Fintech Business Lender - 2021 Certificate of recognition to the InCred Group as ET Best brand for three years in 2018-19, 2020-21 and 2021-22

Main Objects of our Company

Following are the main objects of our Company, as provided in our Memorandum of Association:

1. To lend and advance money and assets of all kinds or give credit on any terms or mode and with or without security to any individual, firm, body corporate or any other entity (including without prejudice to the generality of the foregoing any holding company, subsidiary or fellow subsidiary of , or any other company whether or not associated in any way with, the company), to enter into guarantees, contracts of indemnity and surety ship of all kinds, to receive money on deposits or loan upon any terms, and to secure or guarantee in any manner and upon any terms the payment of any sum of money or the performance of any obligation by any person, firm or company (including without prejudice to the generality of the foregoing any holding company, subsidiary or fellow subsidiary of or any other company associated in any way with, the company).
2. To purchase or otherwise, acquire, maintain, sell and give on hire purchase or finance all kinds of plant, machinery, all kinds of vehicles, engines, boats, trawlers, launches, ships airplanes and helicopters, hotel equipments, medical equipments, air-conditioning, plants, equipments office equipments, computers, cool storage, ice plants, construction machinery, furniture fixtures, television, refrigerators, VCR/VIE's all electronic and electrical items, household equipments and appliances, building, agricultural or otherwise land plots and freehold/leasehold sheds, buildings or other assets/properties that the company may thing fit.
3. To invest money on personal security or on the security of leasehold and freehold land, building, shares, securities, stock, merchandise and other property and assets and generally to advance money to such persons, firms or companies and upon such terms and subject to such conditions as may seem expedient.
4. To carry on the business of an Investment company and for that purpose to invest in acquire, undertake, subscribe for, hold shares, bonds, stocks, securities, debentures or guarantees, stocks, in trade and to draw, accept, endorse, discount, buy, sell and deal in Bills of Exchange, Promissory Notes, bounds, debentures, shares, stocks, obligations and other negotiable investments and securities.
5. To act as an origination or arranger platform for all kinds of loans, including but not limited to education, personal and SME loans to any individual, firm, body corporate or any other entity.

Holding Company

As on the date of this Prospectus, Bee Finance Limited (Mauritius), is the Holding Company of our Company that holds 59.42% equity shares in the Company.

Subsidiary Company

As on the date of this Prospectus, our Company has following subsidiary companies:

Sr. No.	Name and address of Subsidiary Companies	Business	% of shares held
1	Incred Management & Technology Services Private Limited Regd. office Address: Unit No. 1203, 12th floor, B Wing, The Capital, Plot No. C - 70, G Block, Bandra - Kurla Complex, Bandra East, Mumbai - 400 051	Management & Technology Services	100%
2	Booth Fintech Private Limited Regd office Address: Unit No. 1203, 12th floor, B Wing, The Capital, Plot No. C - 70, G Block, Bandra - Kurla Complex, Bandra East, Mumbai - 400 051	Activities auxiliary to financial intermediation	100%
3	InCred.Ai Limited Regd office Address: Unit No. 1203, 12th floor, B Wing, The Capital, Plot No. C - 70, G Block, Bandra - Kurla Complex, Bandra East, Mumbai - 400 051	Consultancy, advisory and all related services in all areas of information technology and artificial intelligence	100%

Scheme of amalgamation and arrangement

- (i) InCred Housing Finance Private Limited merged into InCred Financial Services Limited pursuant to order passed by the National Company Law Tribunal, Mumbai Bench on March 11, 2021, hence, InCred Housing Finance Private Limited ceased to be the subsidiary of InCred Financial Services Limited.
- (ii) Our Board of Directors in their meeting held on September 03, 2021 has approved a composite scheme of amalgamation and arrangement (the “Scheme”) amongst Bee Finance Limited (the “Transferor Company”), KKR Capital Markets India Private Limited (the “Transferee Company”), InCred Financial Services Limited (the “Demerged Company”) and KKR India Financial Services Limited (the “Resulting Company”), subject to receipt of regulatory approvals. Pursuant to the Scheme, it is proposed for:
 - (i) the merger of the Transferor Company with the Transferee Company, is set out in the Scheme. As consideration for the merger, the Transferee Company shall issue shares to the shareholders of the Transferor Company; and
 - (ii) immediately after the merger of the Transferor Company with the Transferee Company, the InCred Demerged Undertaking (as defined below) of the Demerged Company shall demerge into the Resulting Company, in the manner set out in Part III of the Scheme. As consideration for the Demerger, the Transferee Company, which is the holding company of the Resulting Company, shall issue shares to the shareholders (excluding the Transferee Company) of the Demerged Company.

The InCred Demerged Undertaking has been defined as under:

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

- (a) all assets, wherever situated, whether movable or immovable, leasehold or freehold, tangible or intangible, including all capital work-in-progress, equipment, intellectual property rights (including all registered/unregistered brands owned by the Demerged Company in relation to the Retail NBFC Business) other movable properties, in possession or reversion, present of whatsoever nature belonging to the Demerged Company in relation to the Retail NBFC Business, powers, authorities, allotments, approvals, Consents, letters of intent, registrations, contracts, engagements, arrangements, requests for proposals, bids, responses to expression of interest, memorandum of understanding, settlements, rights, credits, titles, interests, benefits, advantages, other intangibles, other Consents, import quotas and other quota rights, right to use and avail of telephones, telex, facsimile and other communication facilities, connections, installations and equipment, utilities, electricity and electronic and all other services of every kind, nature and description whatsoever, provisions, funds and benefits of all agreements, arrangements, deposits, advances, recoverable and receivables, whether from government, semi-government, local authorities or any other person including customers, contractors or other counter parties, etc., all earnest monies and/or deposits, privileges, liberties, easements, advantages, benefits, exemptions, licenses (but excluding the Demerged Company’s registration as a non-banking financial institution with the RBI), privileges concerning the Retail NBFC Business and approvals of whatsoever nature and wheresoever situated, belonging to or in the ownership, power or possession or control of or vested in or granted in favour of or enjoyed by the Demerged Company in relation to the Retail NBFC Business as on the Appointed Date;
- (b) any and all Consents, quotas, rights, entitlements, allotments, concessions, subsidies, grants, allotments, recommendations, clearances, tenancies, offices, deferred tax asset, benefits and credits (including, but not limited to benefits of tax relief, unutilized deposits or credits, benefits under the VAT/sales tax law/GST/ service tax/local municipal tax, VAT/sales tax/ GST/service tax/local municipal tax set off, unutilized deposits or credits, benefits of any unutilized MODVAT/CENVAT/service tax credits/GST input tax credit/ GST tax deducted at source, etc. (including the income tax refund, provision for income tax, benefits and credits under the IT Act such as credit for advance tax, taxes deducted at source and self-assessment tax up to the Appointed Date) in addition to turnover tax, central goods and service tax, state goods and service tax of respective states, integrated goods and service tax, union territory goods and service tax of respective union territory, compensation cess, local municipal tax, customs duty, sales tax, value added tax service tax and CENVAT credit), income tax benefits (including carry forward of tax losses and unabsorbed depreciation), exemptions (including the right to claim tax holiday under the IT Act), as may be applicable, liberties, advantages, no-objection certificates, certifications, registrations, easements, licences, tenancies, offices, privileges and benefits, including employee state insurance,

provident fund credits, gratuity fund credits, insurance policies, privileges, rights and benefits of all lease rights, licences, powers and facilities of every kind and description whatsoever relating to the Retail NBFC Business and similar rights, whether statutory or otherwise, and any waiver of the foregoing, issued by any legislative, executive or judicial unit of any governmental or semi-governmental entity or any department, commission, board, agency, bureau, official or other regulatory, administrative or judicial authority used or held for use by the Demerged Company in relation to the Retail NBFC Business;

- (c) all identified receivables, loans and advances, including accrued interest thereon, all advance payments, earnest monies and/or security deposits, if any, or other entitlements of the Demerged Company in relation to the Retail NBFC Business on the Appointed Date;
- (d) all identified debts, obligations and liabilities of the Demerged Company comprising of only those debts, duties, obligations and liabilities that are outstanding as on the Appointed Date which arise out of the activities or operations of the Demerged Company appertaining to or relating to the Retail NBFC Business including: (i) all liabilities which arise out of the activities or operations of the Retail NBFC Business; (ii) the specific loans or borrowings (including debentures) raised, incurred and utilised solely for the activities or operations of the Retail NBFC Business; and (iii) in cases, other than those referred to in (i) or (ii) above, so much of the amounts of general or multipurpose borrowings, if any, of the Demerged Company as stand in the same proportion which the value of the assets forming part of the Retail NBFC Business bears to the total value of the assets of the Demerged Company immediately before the Demerger;
- (e) all permanent and contract employees, staff and workmen of the Demerged Company engaged in its Retail NBFC Business as identified by the Board of Directors of the Demerged Company;
- (f) all necessary records, files, papers, technical and process information, all product and service pricing, costing, commercial and business related information, computer programs, drawings & designs, manuals, data, catalogues, quotations, sales and advertising materials, lists and all details of present and former customers and suppliers, customer credit information, customer pricing information and other records whether in physical or electronic form in connection with or relating to the Retail NBFC Business;
- (g) all legal, regulatory, quasi-judicial, administrative proceedings, suits, appeals, applications or other proceedings of whatsoever nature initiated by or against Demerged Company in connection with the Retail NBFC Business; and
- (h) all investments, rights and entitlements held by the Demerged Company in (i) IMTSPL; (ii) Incred.AI; and (iii) BFPL; as on the Appointed Date;

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

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

The key objectives of the Scheme are:

Demerger of the InCred Demerged Undertaking into the Resulting Company

- To consolidate the non-banking financing business related to retail and SME lending and ancillary financing activities undertaken by the Demerged Company with the non-banking financing business of the Resulting Company to achieve greater economies of scale, operational rationalization and organizational efficiency, wider market reach and customer base, pooling of knowledge and expertise, and to reduce redundant costs.
- To aid in future growth of the InCred Demerged Undertaking by leveraging on the strength and capabilities of the Resulting Company.
- To allow the Demerged Company to focus on the Remaining Business and grow these businesses independently.
- To aim towards creation of a single unified entity with a wider and stronger capital and asset base, having greater capacity for conducting its operations more efficiently and competitively.
- To enable access to business relationships and other intangible benefits that the Transferee Company and the Resulting Company have built over decades.
- The InCred Demerged Undertaking and the non-banking financing business of the Resulting Company have significant complementarities and the consolidation of the businesses carried on by them is strategic in nature and will generate significant business synergies thereby enhancing stakeholders' value.

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

Merger of the Transferor Company with the Transferee Company

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

The Appointed Date for the merger is April 01, 2022.

Consideration for Merger of Transferor Company with the Transferee Company:

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

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

Consideration for Demerger of InCred Demerged Undertaking of the Demerged Company into the Resulting Company

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

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

The copy of Scheme is available as material document available for inspection.

Key terms of our material agreements

(a) Share Subscription Agreement and Amendment and Restated Shareholders Agreement with shareholders of the Company

Our Company has entered into Share Subscription Agreement on April 11, 2019 with Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V., Alpha Capital Advisors Private Limited, V'ocean Investments Ltd, Elevar I - IV AIF, Moore Strategic Ventures LLC for raising of capital. We further entered into an Amendment and Restated Shareholders Agreement on April 11, 2019 with Alpha Capital Advisors Private Limited, IDFC Private Equity Fund IV, Paragon Partners Growth Fund -I, MNI Ventures, Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V., V'ocean Investments Ltd, Elevar I - IV AIF, Moore Strategic Ventures LLC to record and define their rights and obligations and set out the terms and conditions governing the relationship between the Shareholders of the Company, inter se, as well as with the Company. The said Share Subscription Agreement and Amendment and Restated Shareholders Agreement were subsequently modified vide amendment agreements dated October 31, 2019 and September 16, 2021 carrying out amendments to the terms of the subscription agreement. In terms of the said Share Subscription Agreement and Amendment and Restated Shareholders Agreement, the key terms of the same has been incorporated in the Articles of Association of the Company. For details, refer to the “Main Provisions of the Articles of Association” on page 252 of the Prospectus.

After execution of the Share Subscription Agreement and Amendment and Restated Shareholders Agreement, all the new allottees and shareholders who have purchased equity shares and / or CCPS of our Company have entered into a deed of adherence and accordingly are bounded by the terms of the said agreements.

- (b) (i) **Shareholders' Agreement, dated August 16, 2021 and executed between KKR Capital Markets India Private Limited, KKR India Financial Services Limited, KKR India Financial Investments Pte. Ltd., Mr. Bhupinder Singh, B Singh Holdings Limited, Effective Date Major Investors, Effective Date Other Investors and Incred Financial Services Limited and (ii) Implementation Agreement, dated August 16, 2021 and executed between Incred Financial Services Limited, Booth Fintech Private Limited, Incred Management and Technology Services Private Limited, Incred.AI Limited, Bee Finance Limited, KKR Capital Markets India Private Limited, KKR India Financial Services Limited and KKR India Financial Investments Pte. Ltd. (the "Implementation Agreement")**

The shareholders agreement as aforesaid shall be effective once the composite scheme of amalgamation and arrangement (the "Scheme") amongst Bee Finance Limited, KKR Capital Markets India Private Limited, InCred Financial Services Limited and KKR India Financial Services Limited as described under chapter "History and Certain Corporate Matters - Scheme of amalgamation and arrangement" is approved by Hon'ble NCLT and the same is made effective. Pursuant to the said Scheme, the InCred Demerged Undertaking (as defined under "History and Certain Corporate Matters - Scheme of amalgamation and arrangement") of our Company shall demerge into KKR India Financial Services Limited. Till the Scheme is effective, the operations of our Company shall be subject to the terms of the Implementation Agreement.

Change in Control of our Company

Except the change in control of our Company in terms of proposed composite scheme of amalgamation and arrangement amongst Bee Finance Limited, KKR Capital Markets India Private Limited, InCred Financial Services Limited and KKR India Financial Services Limited and disclosed above, there has been no change in control of the Company in the last three years. Our Company has received no-objection from RBI on December 08, 2021 for the proposed Scheme.

Related Party Transaction

Related Party Transactions based on audited consolidated financial statements

(Rs. in lakhs)

Nature of transactions	Holding Company			KMP/ KMP exercising influence/ close member of KMP			Enterprises owned or controlled by KMP			Associate of subsidiary		
	For the year ended March 31			For the year ended March 31			For the year ended March 31			For the year ended March 31		
	2021	2020	2019	2021	2020	2019	2021	2020	2019	2021	2020	2019
Balance Sheet transactions												
Purchase of equity shares of subsidiary company	-	1,050.25		-	-		-	-		-	-	
Security Deposit received	-	-		-	3.20		-	-		-	-	
ICD taken	-	-		-	-		4,500.00	-		3,275.00	-	
Repayment of ICD taken (including interest)	-	-		-	-		-	-		2,053.29	-	
Purchase of Loan Portfolio	-	-		-	-		12,738.68	-		-	-	
Proceeds from sale of Fixed Assets	-	-		-	-		1.88	-		-	-	
Issue of MLD	-	-		-	-		830.00	-		-	-	
Proceeds from redemption of MLDs	-	-		-	-		295.27	-		-	-	
Reimbursement of credit loss	-	-		-	-		-	-		57.31	-	
Proceeds from sale of Debentures	-	-		-	-		6,505.59	-		-	-	
Issue of equity shares						454.90						
Securities Premium received on issue of equity shares						809.46						
Advance given						440.99			70.17			10.00
Advance repaid						465.31			70.17			10.00
Income transactions												
License fees	-	-		-	-		-	-		56.00	56.00	12.73
Service fee	-	-		-	-		404.03	91.85		0.15	14.34	
Profit on sale of Debentures	-	-		-	-		20.70	-		-	-	
Expense transactions												
Interest on ICD	-	-		-	-		1.76	-		84.99	-	
Fee and commission	-	-		-	-		187.63	19.01		14.90	-	40.73

Related Party Transactions based on audited standalone financial statements

Nature of transactions	Holding Company			Subsidiaries			KMP/ KMP exercising influence/ close member of KMP			Enterprises owned or controlled by KMP			Associate of subsidiary			Associate		
	For the year ended March 31			For the year ended March 31			For the year ended March 31			For the year ended March 31			For the year ended March 31			For the year ended March 31		
	2021	2020	2019	2021	2020	2019	2021	2020	2019	2021	2020	2019	2021	2020	2019	2021	2020	2019
Balance Sheet transactions																		
Purchase of equity shares of subsidiary company	-	1,050.25		-	-		-	-		-	-		-	-				
Investment in equity shares	-	-		1,800.00	200.20	367.11	-	-		-	-		-	-				
Security Deposit received	-	-		-	-		-	3.20		-	-		-	-				
ICD given						13,758.04												
ICD taken	-	-		400.00	-		-	-		4,500.00	-		3,275.00	-				
Repayment of ICD given (including interest)	-	-		-	395.75	27,982.17	-	-		-	-		-	-				
Repayment of ICD taken (including interest)	-	-		-	-		-	-		-	-		2,053.29	-				
Advances given	-	-		-	437.00	1,637.00	-	-		-	-	70.17	-	-				
Advances repaid					-	1,674.00												
Refund of Security Deposit	-	-		75.63	-	-	-	-		-	-		-	-				
Payment against expenses	-	-		24.99	-	-	-	-		-	-		-	-				
Refund of amount given for expenses	-	-		1,110.60	20.25	-	-	-		-	-		-	-				
Purchase of Loan Portfolio	-	-		-	-	-	-	-					-	-				
Proceeds from sale of Fixed Assets	-	-		0.47	-	-	-	-		12,738.68	1.88		-	-				
Issue of MLD	-	-		-	-	-	-	-		830.00	-		-	-				
Proceeds from redemption of MLDs	-	-		-	-	-	-	-		295.27	-		-	-				
Reimbursement of credit loss	-	-		-	-	-	-	-		-	-		57.31	-				
Proceeds from sale of Debentures	-	-		-	-	-	-	-		6,505.59	-		-	-				
Issue of equity shares	-	-	-	-	-	-	-	454.90		-	-	-	-	-	-			
Securities premium received on issue of equity								809.46										
Income transactions																		
License fees	-	-		-	-		-	-		-	-		56.00	56.00	12.73			
Interest on ICD	-	-		-	11.95	1,416.24	-	-		-	-		-	-				
Service fee	-	-		-	-		-	-		404.03	91.85		0.15	14.34				
Profit on sale of Debentures	-	-		-	-		-	-		20.70	-		-	-				

Nature of transactions	Holding Company			Subsidiaries			KMP/ KMP exercising influence/ close member of KMP			Enterprises owned or controlled by KMP			Associate of subsidiary			Associate		
	For the year ended March 31			For the year ended March 31			For the year ended March 31			For the year ended March 31			For the year ended March 31			For the year ended March 31		
	2021	2020	2019	2021	2020	2019	2021	2020	2019	2021	2020	2019	2021	2020	2019	2021	2020	2019
Expense transactions																		
License fees	-	-		5.45	5.45	1.24	-	-		-	-		-	-				
Interest on ICD	-	-		0.22	-		-	-		1.76	-		84.99	-				
Expenses on account of reimbursement	-	-		43.56	244.83	463.60	-	-		-	-		-	-				
Fee and commission	-	-		-	-		-	-		187.63	19.01		14.90	-				40.73

KEY REGULATIONS AND POLICIES

The regulations set out below are not exhaustive and are only intended to provide general information to investors and is neither designed nor intended to be a substitute for professional legal advice. Taxation statutes such as the Income Tax Act, 1961 and applicable local Goods and Services Tax laws, labour regulations such as the Employees State Insurance Act, 1948 and the Employees Provident Fund and Miscellaneous Act, 1952 and other miscellaneous regulations such as the Trade Marks Act 1999 and applicable shops and establishments statutes apply to us as they do to any other Indian company and therefore have not been detailed below.

The following description is a summary of certain sector specific laws and regulations in India, which are applicable to our Company. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below may not be exhaustive and are only intended to provide general information to the investors and are neither designed nor intended to be a substitute for professional legal advice. The statements below are based on the current provisions of the Indian law and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

(I) Laws in relation to Non-Banking Financial Companies

(A) The Reserve Bank of India Act, 1934 (the “RBI Act”)

The RBI is entrusted with the responsibility of regulating and supervising the activities of NBFCs under the RBI Act. The RBI Act defines an NBFC as:

- i. a financial institution which is a company;
- ii. a non-banking institution which is a company and which has as its principal business of receiving of deposits, under any scheme or arrangement or in any other manner, or lending in any manner; or
- iii. such other non-banking institution or class of such institutions as the RBI may, with the previous approval of the Central Government and by notification in the official gazette, specify.

As per the RBI Act, a financial institution is a non-banking institution, carrying on as whole or part of its business, inter alia, the financing of activities other than its own, by making loans, advances or otherwise; the acquisition of shares, stock, bonds, debentures, securities issued by the Government or other local authorities or other marketable securities of like nature; or letting or delivering goods to a hirer under a hire-purchase agreement.

The RBI has, through a press release dated April 8, 1999, clarified that in order to identify a particular company as an NBFC, it shall consider both the assets and the income pattern as evidenced from the last audited balance sheet of the company to decide its principal business. A company shall be treated as an NBFC, if its financial assets are more than 50% of its total assets (netted off by intangible assets) and income from financial assets is more than 50% of its gross income. Both these tests are required to be satisfied as the determinant factors for principal business of a company.

NBFCs are not permitted to commence or carry on the business of a non-banking financial institution without obtaining a certificate of registration (“CoR”) from the RBI. Further, every NBFC is required to submit to the RBI a certificate from its statutory auditor within one month from the date of finalization of its balance sheet and in any case not later than December 31st of that year, stating that it is engaged in the business of non-banking financial institution requiring it to hold a CoR. The RBI Act makes it mandatory for every NBFC to get itself registered with the RBI in order to be able to commence any of its activities.

An NBFC may be registered as a deposit-accepting NBFC (“NBFC-D”) or as a non-deposit accepting NBFC (“NBFC-ND”). Our Company has been classified as a systemically important non deposit taking NBFC.

RBI has, by its Circular No. DNBR(PD) CC.No.097/03.10.001/2018-19 dated February 22, 2019, harmonized different categories of NBFCs into fewer ones, based on the principle of regulation by activity rather than regulation by entity. Accordingly, RBI has merged the three categories of NBFCs, namely Asset Finance Companies, Loan Companies and Investment Companies into a new category called NBFC-Investment and Credit Company. (“NBFC-ICC”). Further, a deposit taking NBFC-ICC shall invest in unquoted shares of another company which is not a subsidiary company or a company in the same group of the NBFC for an amount not

exceeding 20% of its owned funds. Prior to this reclassification, our Company was classified as an NBFC- Loan Company.

(B) Regulatory Requirements of an NBFC under the RBI Act

(I) Net Owned Fund

The RBI Act, read with an RBI notification dated April 20, 1999, provides that to carry on the business of an NBFC, an entity would have to be registered as an NBFC with the RBI and would be required to have a minimum net owned fund of ₹ 200 lakh. For this purpose, the RBI Act has defined 'net owned fund' to mean:

- i. the aggregate of the paid-up equity capital and free reserves as disclosed in the latest balance sheet of the company, after deducting:
 - a. accumulated balance of losses;
 - b. deferred revenue expenditure;
 - c. deferred tax asset (net) and
 - d. other intangible assets
- ii. further reduced by the amounts representing:
 - a. investment by such companies in shares of:
 - (a) its subsidiaries
 - (b) companies in the same group and
 - (c) other NBFCs; and
 - b. the book value of debentures, bonds, outstanding loans and advances (including hire purchase and lease finance) made to, and deposits with (a) subsidiaries of such company; and (b) companies in the same group, to the extent such amount exceeds 10% of (i) above.

(II) Reserve Fund

In addition to the above, the RBI Act requires NBFCs to create a reserve fund and transfer therein a sum of not less than 20% of its net profits earned annually, as disclosed in the statement of profit and loss, before declaration of dividend. Such sum cannot be appropriated by the NBFC except for the purposes specified by the RBI from time to time and every such appropriation is required to be reported to the RBI within 21 days from the date of such withdrawal.

(III) Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit-taking Company (Reserve Bank) Directions, 2016 vide DNBR.PD.008/03.10.119/2016-17 September 01, 2016 (updated as on February 17, 2020) ("NBFC- SI Directions")

- a) **Capital Adequacy:** Every Systemically Important NBFC shall maintain a minimum capital ratio consisting of Tier I and Tier II Capital which shall not be less than 15% of its aggregate risk weighted assets of on-balance sheet and of risk adjusted value of off-balance sheet items and the Tier I Capital in respect of applicable NBFCs (other than NBFC-MFI and IDFC-NBFC), at any point of time, shall not be less than 10%. For the above, 'Tier I Capital' means owned fund as reduced by investment in shares of other non-banking financial companies and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, ten per cent of the owned fund; and perpetual debt instruments issued by a non-deposit taking non-banking financial company in each year to the extent it does not exceed 15% of aggregate of Tier I Capital of such company as on March 31 of the previous accounting year. Further "Tier II Capital" means (a) preference shares not compulsorily convertible into equity; (b) revaluation reserves at a discounted rate of 55%; (c) general provisions and loss reserves, to the extent these are not attributable to an actual diminution in value or identifiable potential loss in any specific asset, and are available to meet unexpected losses, to the extent of 1.25% of risk weighted assets; (d) hybrid debt capital instruments; (e) subordinated debt and (f) perpetual debt instruments issued by a non-deposit taking non-banking financial company which is in excess of what qualifies for Tier I Capital. At any given time, "Tier II Capital" shall not exceed the total "Tier I Capital" of an NBFC.
- b) **Prudential Requirements:** The NBFC-SI Directions place several requirements that an NBFC must adhere to, inter alia, regarding income recognition, asset classification, provisioning requirement, capital adequacy, income from investments, the need to follow relevant accounting standards, the framing and implementation of an investment policy amongst others.

- c) **Loan Policy:** As per the NBFC-SI Directions, the Board of Directors granting / intending to grant demand / call loans shall frame a policy for the NBFC which includes, inter alia, a cut-off date within which the repayment of demand or call loan shall be demanded or called up and the rate of interest which shall be payable on such loans.
- d) **Non-Performing Assets ("NPAs")**
Under the NBFC-SI Directions, the following shall be considered as 'non-performing assets' ("NPAs"), if the accompanying conditions remain in existence for a period of 90 days or more for Fiscal 2021
- i. Assets, in respect of which interest has remained overdue;
 - ii. Term loans, inclusive of unpaid interest, when the instalment is overdue, or on which interest amounts remain overdue;-
 - iii. Demand or call loans, which has remained overdue, or on which interest amount remained overdue;
 - iv. Bills, which have remained overdue;
 - v. Interest in respect of a debt or income on receivables under the head 'other current assets,' being in the nature of short term loans / advances, which have remained overdue; or
 - vi. any dues on account of the sale of assets or services rendered, or reimbursement of expenses incurred, which have remained overdue.

Lease rental and hire purchase instalments shall be considered as NPAs if they remain overdue for three months or more in Fiscal 2020. In addition, where any of the above are classified as NPAs in relation to a borrower, the balance amount outstanding under other all credit facilities extended to them are also classified as NPAs. In terms of the NBFC-SI Directions, any income, including interest, discount, hire charges, lease rentals or other charges on an NPA shall be recognised as 'income' only when it is actually realised.

e) **Exposure Norms**

In order to ensure better risk management and avoidance of concentration of credit risks, the RBI has, in terms of the Master Direction, prescribed credit exposure limits for financial institutions in respect of their lending to single/ group borrowers. Credit exposure to a single borrower shall not exceed 15 per cent of the owned funds of the systemically important NBFC-ND/D, while the credit exposure to a single group of borrowers shall not exceed 25 per cent of the owned funds of the systemically important NBFC-ND/D. Further, the systemically important NBFC-ND/D may not invest in the shares of another company exceeding 15 per cent of its owned funds, and in the shares of a single group of companies exceeding 25 per cent of its owned funds. However, this prescribed ceiling shall not be applicable on a NBFC-ND/D-SI for investments in the equity capital of an insurance company to the extent specifically permitted by the RBI. Any NBFC-ND/D-SI not accessing public funds, either directly or indirectly, may make an application to the RBI for modifications in the prescribed ceilings. Any systemically important NBFC-ND/D classified as NBFC ICC by RBI may, in exceptional circumstances, exceed the above ceilings by 5 per cent of its owned fund with the approval of its Board of Directors.

The loans and investments of the systemically important NBFC-ND taken together may not exceed 25 per cent of its owned funds to or in single party and 40 per cent of its owned funds to or in single group of parties. A systemically important NBFC-ND may, make an application to the RBI for modification in the prescribed ceilings. Further, NBFC-ND-SI may exceed the concentration of credit/investment norms, by 5 per cent for any single party and by 10 per cent for a single group of parties, if the additional exposure is on account of infrastructure loan and/or investment. All NBFCs are required to frame a policy for demand and call loan that includes provisions on the cut-off date for recalling the loans, the rate of interest, periodicity of such interest and periodical reviews of such performance. The prudential norms also specifically prohibit NBFCs from lending against its own shares.

f) **Asset Classification**

The RBI Master Directions require that every NBFC shall, after taking into account the degree of well-defined credit weaknesses and extent of dependence on collateral security for realisation, classify its lease/hire purchase assets, loans and advances and any other forms of credit into the following classes:

- (i) Standard assets;
- (ii) Sub-standard assets;
- (iii) Doubtful assets; and
- (iv) Loss assets.

Further, such class of assets would not be entitled to be upgraded merely as a result of rescheduling, unless it satisfies the conditions required for such upgradation.

g) **Provisioning Requirements**

In the interests of counter cyclicalities and so as to ensure that NBFCs create a financial buffer to protect them from the effect of economic downturns, RBI vide their circular no. [DNBS.PD.CC](#), No.207/ 03.02.002/2010-11 dated January 17, 2011, introduced provisioning for Standard Assets by all NBFCs. NBFCs are required to make a general provision at 0.25% of the outstanding standard assets. RBI vide their circular no. DNBR (PD) CC No. 037/03.01.001/2014-15 dated June 3, 2015 raised the provision for standard assets to 0.40% to be met by March 2018. The provisions on standard assets are not reckoned for arriving at net NPAs. The provisions towards Standard Assets are not needed to be netted from gross advances but shown separately as 'Contingent Provisions against Standard Assets' in the balance sheet. NBFCs are allowed to include the 'General Provisions on Standard Assets' in Tier II Capital which together with other general provisions / loss reserves' will be admitted as Tier II Capital only up to a maximum of 1.25% of the total risk weighted assets.

NBFCs who are required to follow IND-AS shall hold impairment allowances as required by Ind AS. In parallel NBFCs shall also maintain the asset classification and compute provisions as per extant prudential norms on Income Recognition, Asset Classification and Provisioning (IRACP) including borrower/beneficiary wise classification, provisioning for standard as well as restructured assets, NPA ageing, etc.

The NBFC-SI Directions clarify that income recognition on NPAs and provisioning against NPAs are different aspects of the prudential norms specified therein. The provisioning requirements that such prudential norms specify shall be made on total outstanding balances, without regard to the fact that income on an NPA has not been recognized.

h) **Liquidity Risk Management Framework**

All non-deposit taking NBFCs with an asset size of ₹100 crore and above, systemically important Core Investment Companies and all deposit taking NBFCs irrespective of their asset size, shall adhere to Liquidity Risk Management framework issued by RBI dated November 4, 2019. The Liquidity risk management shall rest on the functioning of Board of Directors, Risk Management Committee, Asset Liability Management ("ALM") organization including an Asset Liability Committee ("ALCO") and ALM support groups and the ALM process including liquidity risk management, management of marketing risk, funding and capital planning, profit planning and growth projection, and forecasting/ preparation of contingency plans. It has been provided that the management committee of the board of directors or any other specific committee constituted by the board of directors should oversee the implementation of the system and reviews functioning periodically. The ALM Guidelines mainly address liquidity and interest rate risks. In case of structural liquidity, the negative gap (i.e. where outflows exceed inflows) in the 1 to 30 / 31 days' time-bucket should not exceed the prudential limit of 15% of outflows of each time-bucket and the cumulative gap of up to one year should not exceed 15% of the cumulative cash outflows of up to one year. In case these limits are exceeded, the measures proposed for bringing the gaps within the limit should be shown by a footnote in the relevant statement.

Guidelines on Maintenance of Liquidity Coverage Ratio ("LCR")

In addition, to the above guideline, guidelines the following categories of NBFCs shall adhere to the guidelines on LCR including disclosure standards as provided in Annex III to these Directions:

All non-deposit taking NBFCs with an asset size of ₹ 10,000 crore and above, and all deposit-taking NBFCs irrespective of their asset size, shall maintain a liquidity buffer in terms of LCR which will promote resilience of NBFCs to potential liquidity disruptions by ensuring that they have sufficient High Quality Liquid Asset ("HQLA") to survive any acute liquidity stress scenario lasting for 30 days. The stock of HQLA to be maintained by the NBFCs shall be minimum of 100% of total net cash outflows over the next 30 calendar days.

The LCR requirement shall be binding on NBFCs from December 1, 2020 with the minimum HQLAs to be held being 50% of the LCR, progressively reaching up to the required level of 100% by December 1, 2024, as per the time-line given below:

Dec 1, 2020	Dec 1, 2021	Dec1, 2022	Dec 1, 2023	Dec 1, 2024 onwards
50%	60%	70%	85%	100%

All non-deposit taking NBFCs with asset size of Rs. 5,000 crore and above but less than Rs. 10,000 crore shall also maintain the required level of LCR starting from December 1, 2020 as per the timeline mentioned below:

Dec 1, 2020	Dec 1, 2021	Dec1, 2022	Dec 1, 2023	Dec 1, 2024 onwards
30%	50%	60%	85%	100%

i) **Disclosure Requirements**

An NBFC-SI is required to separately disclose in its balance sheet the provisions made as per NBFC-SI Directions without netting them from the income or against the value of the assets. These provisions shall be distinctly indicated under separate heads of accounts for 'provisions for bad and doubtful debts' and 'provisions for depreciation in investments', and shall not be appropriated from the general provisions and loss reserves held, if any, by it. Such provisions for each year shall be debited to the statement of profit and loss, and the excess, if any, held as general provisions and loss reserves shall be written back without making adjustment against them.

j) **Corporate governance norms**

As per the NBFC-SI Directions, all NBFCs are required to adhere to certain corporate governance norms, including constitution of an audit committee, a nomination committee, an asset liability management committee and a risk management committee. The audit committee should consist of not less than three members of its board of directors, and it must ensure that an information system audit of the internal systems and processes is conducted at least once in two years to assess operational risks faced. Nomination Committee is required to ensure 'fit and proper' status of proposed/ existing directors and in order to manage the integrated risk, all NBFCs shall form a risk management committee, besides the asset liability management committee. In addition to this, all NBFCs shall ensure that a policy is put in place with the approval of the board of directors for ascertaining the fit and proper criteria of the directors at the time of appointment, and on a continuing basis. All NBFCs are also required to put up to the board of directors, at regular intervals, as may be prescribed the progress made in putting in place a progressive risk management system and risk management policy and strategy followed by the NBFC, in conformity with corporate governance standards viz., composition of various committees, their role and functions, periodicity of the meetings, compliance with coverage and review functions, etc. The NBFCs will also have to adhere to certain other norms in connection with disclosure, transparency and rotation of partners of the statutory audit firm. Our Company has put in place a policy on Internal Guidelines on Corporate Governance.

k) **Fair Practices Code ("FPC")**

As per the NBFC-SI Directions, NBFCs having customer interfaces should mandatorily adopt the guidelines wherein all communications to the borrower shall be in the vernacular language or a language as understood by the borrower. Loan application forms shall include necessary information which affects the interest of the borrower, so that a meaningful comparison with the terms and conditions offered by other NBFCs can be made and informed decision can be taken by the borrower. NBFCs should also give notice to the borrower in the vernacular language or a language as understood by the borrower of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc. NBFCs shall ensure that changes in interest rates and charges are affected only prospectively. The board of directors shall also lay down the appropriate grievance redressal mechanism within the organization. Such a mechanism shall ensure that all disputes arising out of the decisions of lending institutions' functionaries are heard and disposed of at least at the next higher level. In case of receipt of request from the borrower for transfer of borrowable account, the consent or otherwise i.e., objection of the NBFC, if any, shall be conveyed within 21 days from the date of receipt of request. Such transfer shall be as per transparent contractual terms in consonance with law and in the matter of recovery of loans, an NBFC shall not resort to undue harassment methods which include persistently bothering the borrowers at odd hours, use muscle power for recovery of loans etc. NBFC shall also ensure that the staffs are adequately trained to deal with the customers in an appropriate manner.

l) **Rating of Financial Product**

Pursuant to the NBFC-SI Directions, all NBFCs shall furnish information about downgrading / upgrading of the assigned rating of any financial product issued by them within 15 days of such a change in rating, to the regional office of the RBI under whose jurisdiction their registered office is functioning.

m) **Norms for Excessive Interest Rates**

The NBFC-SI Directions directs the board of directors of NBFCs to adopt an interest rate model, taking into account relevant factors such as cost of funds, margin and risk premium and determine the rate of interest to be charged for loans and advances. The rate of interest and the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers shall be disclosed to the borrower or customer in the application form and communicated explicitly in the sanction letter. The rates of interest and the approach for gradation of risks shall also be made available on the web-site of the companies or published in the relevant newspapers. The information published in the website or otherwise published shall be updated whenever there is a change in the rates of interest. The rate of interest should be annualised so that a borrower is aware of the exact rates that would be charged to the account.

(IV) **Other RBI Directions**

a) ***Reserve Bank of India Know Your Customer (“KYC”) Master Directions, dated February 25, 2016 (“KYC Directions”)***

The Department of Banking Regulation, RBI has issued the KYC Directions dated February 25, 2016, as amended from time to time, which are applicable inter alia to all NBFCs for the formulation of a ‘Know Your Customer’ (“KYC”) policy duly approved by the board of directors of the entity and ensure compliance with the same. The KYC policy formulated is required to include four key elements, being customer acceptance policy, risk management, customer identification procedures and monitoring of transactions. The regulated entities are required to ensure compliance with the KYC policy of the entity through specifying who constitutes ‘senior management’ for the purpose of KYC compliance, specifying allocation of responsibility for effective implementation of policies and procedures, independent evaluation of the compliance functions of the entity’s policies and procedures, including legal and regulatory requirements, implementing a concurrent / internal audit system to verify the compliance with KYC/AML policies and procedures, and the submission of quarterly audit notes and compliance to the audit committee.

b) ***Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016 (“NBFC Returns Directions, 2016”)***

The NBFC Returns Directions, 2016 mandate that all NBFCs shall put in place a reporting system for filing of various returns with the RBI. In addition, they also provide for the forms to be filed under various RBI Act, and the various directions thereunder. Further, they provide for details and the periodicity of form filings across various categories of NBFCs.

c) ***Enhancement of NBFCs’ Capital Raising Option for Capital Adequacy Purposes October 2008 (“Enhancement of Capital Raising Option”)***

The RBI has issued a notification on the “Enhancement of Capital Raising Option” whereby NBFCs-SI have been permitted to augment their capital funds by issuing perpetual debt instruments (“PDI”) in accordance with the prescribed guidelines provided thereunder. Such PDI shall be eligible for inclusion as Tier I Capital to the extent of 15% of total Tier I Capital as on March 31 of the previous accounting year. The amount of PDI in excess of amount admissible as Tier I Capital shall qualify as Tier II Capital, within the eligible limits.

d) ***Non-Banking Financial Companies Auditor’s Report (Reserve Bank) Directions, 2016 (“Auditor Report Directions”)***

In addition to the Report made by the auditor under Section 143 of the Companies Act, 2013 on the accounts of a non-banking financial company examined by him for every financial year ending on any day on or after the commencement of these Directions, for any NBFC-D, the auditor shall also make a separate report to the Board of Directors of the Company on compliances of quantum of acceptance of public deposits (compliance with Deposit Directions), minimum investment grade credit rating, determination of capital adequacy ratio, prudential norms, liquid assets requirement, submission of returns with RBI, any default in payment of the interest and/or principal amount to Depositors.

e) ***Accounting Standards and Accounting policies***

The Ministry of Corporate Affairs has amended the existing Indian Accounting Standards vide Companies (Indian Accounting Standards) (Amendment) Rules, 2017 on March 17, 2017 and the same is applicable to the Company from April 1, 2018. RBI has, vide notification number RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, framed regulatory guidance on Ind AS which will be applicable on Ind AS implementing NBFCs and Asset Reconstruction Companies (ARCs) for preparation of their financial statements from financial year 2019-20 onwards. These guidelines focus on the

need to ensure consistency in the application of the accounting standards in specific areas, including asset classification and provisioning, and provide clarifications on regulatory capital in the light of Ind AS implementation. The guidelines cover aspects on governance framework, prudential floor and computation of regulatory capital and regulatory ratios.

f) ***Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016 (“Fraud Directions, 2016”)***

As per Fraud Directions, 2016, NBFCs are required to put in place a reporting system for recording frauds to RBI and should fix staff accountability in respect of delays in reporting of fraud cases to the RBI. For this purpose, an official of the rank of general manager or equivalent should be nominated who will be responsible for submitting all the returns to the Bank and reporting referred to in these directions. If NBFCs do not adhere to the applicable time-frame for reporting fraud, they shall become liable for penal action. The Fraud Directions, 2016 classify frauds into the following categories:

- i. Misappropriation and criminal breach of trust;
- ii. Fraudulent encashment through forged instruments, manipulation of books of account or through fictitious accounts and conversion of property;
- iii. Unauthorised credit facilities extended for reward or for illegal gratification;
- iv. Negligence and cash shortages;
- v. Cheating and forgery;
- vi. Irregularities in foreign exchange transactions; and
- vii. Any other type of fraud.

g) ***Information Technology Framework for the NBFC Sector Directions, 2017 (the “IT Framework Directions”)***

The IT Framework Directions have been notified with the view of benchmarking the information technology / information security framework, business continuity planning, disaster recovery management, information technology (“IT”) audit and other processes to best practices for the NBFC sector. NBFC-SIs are required to comply with the IT Framework Directions by June 30, 2018. The IT Framework Directions provide for the following:

- i. **IT governance:** Under the IT Framework Directions, all NBFCs are required to form an IT Strategy Committee, under the chairmanship of an independent director of the NBFC-SI with the chief information officer and the chief technology officer as mandatory members. The IT strategy committee is empowered to review and amend the IT strategies of the NBFC-SI in line with its corporate strategies, board policy reviews, cyber security arrangements and any other matter related to IT governance and place its deliberations before the board of directors of the NBFC-SI.
- ii. **IT policy:** NBFCs are required to formulate a board-approved IT policy, in line with the objectives of the organisation. Such a policy must mandatorily provide for an IT organisational structure and the appointment of a chief information officer or an in-charge of IT operations. The policy so formed must also ensure the technical competence of senior and middle level management and periodic assessment of IT training requirements.
- iii. **Information and cyber security:** In addition to the IT policy, NBFCs must further formulate a board approved information security policy, which inter alia provides for the identification and classification of information assets, segregation of functions, personnel and physical security and incident management. NBFCs are additionally tasked with creating a framework for conducting periodic information security audits. Further, the NBFC must formulate a board approved cyber-security policy, which elucidates the strategy of the NBFC on countering cyber threats. Beyond these policies, the IT Framework Directions mandates several additional processes to be put in place, such as a cyber-crisis management plan, strategies for management and elimination of vulnerability and promoting cyber security awareness amongst stakeholders and the board of directors.
- iv. **IT operations:** The IT Framework Directions direct companies to create a steering committee to oversee and monitor IT project, and create policies to manage transitions in their IT systems. In addition, it requires NBFCs to put in place various management information systems for various types of data.
- v. **Business Continuity Planning:** NBFCs are required to identify critical business verticals, locations and shares resources, envisage the impact of unforeseen disasters on their business and are required to create recovery strategies or contingency plans in the case of the failure of the same.

- vi. **IT services outsourcing:** The IT Framework Directions provide for safeguards that an NBFC must adopt in their arrangements with service providers to whom they have outsourced their IT requirements.
- h) **Reserve Bank Directions on Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs, 2017 (“Outsourcing Directions”)**
The Outsourcing Directions provide for regulating outsourcing activities pertaining to financial services viz. application processing (loan origination, credit card), document processing, marketing and research, supervision of loans, data processing and back office related activities, besides others. The object of the said direction is to protect the interest of the customers of NBFCs and to ensure that the NBFC concerned and the Reserve Bank of India have access to all relevant books, records and information available with service provider. The direction, inter alia, provides risk management practices for outsourced financial services, role of the board and Senior Management team, and basic framework for the outsourcing agreement, responsibilities of Service Provider for monitoring and control of outsourced activities.
- i) **Reserve Bank Commercial Paper Directions, 2017 (“Commercial Paper Directions”)**
The Commercial Paper Directions regulate the issue of commercial papers. Commercial papers may be issued by companies including NBFCs, provided that any fund based facility they have availed from banks or financial institutions are classified as standard assets by all banks and financial institutions at the time of their issue. The Commercial Paper Directions determine the form, mode of issuance, rating and documentation procedures for the issue of commercial papers. In terms of the Commercial Paper Directions, commercial papers are issued as promissory notes, and are to be held in dematerialised form. They are issued at a discount to face value, in a minimum denomination of ₹5 lacs or multiples thereof. Issuers, whose total commercial paper issuance in a calendar year is ₹1,000 crore or more, must also obtain a credit rating for their commercial papers from at least two credit rating agencies, and adopt the lower of these ratings. The minimum rating for a commercial paper shall be ‘A3’. The directions further provide for secondary market trading in commercial papers, buyback of commercial papers and the obligations of the issuer, the issuing and paying agent and credit rating agencies in the issue of commercial papers.
- j) **Reserve Bank Ombudsman Scheme, 2018 (“Ombudsman Scheme”)**
The RBI has, vide notification bearing reference Ref.CPED.PRS.No.3590/13.01.004/2017-18 dated February 23, 2018, implemented the Ombudsman Scheme. The stated objective of the Scheme is to enable the resolution of complaints free of cost, relating to certain aspects of services rendered by the NBFC to facilitate the satisfaction or settlement of such complaints, and matters connected therewith. The Scheme provides appointment of one or more officers not below the rank of general manager as Ombudsman for a period not exceeding 3 years at a time to carry out the functions of Ombudsman under the Scheme. The Scheme will continue to be administered from the offices of the Ombudsman in four centres viz. Chennai, Kolkata, Mumbai and New Delhi for handling complaints from the respective zones, so as to cover the entire country.
- k) **Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions 2019**
Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions 2019 sets out a framework to ensure that there is an early recognition, reporting and time bound resolution of stressed assets. The Stressed Assets Directions apply to (a) Scheduled Commercial Banks (excluding Regional Rural Banks); (b) All India Term Financial Institutions (NABARD, NHB, EXIM Bank, and SIDBI); (c) Small Finance Banks; and (d) Systemically Important Non-Deposit Taking Non-Banking Financial Companies (NBFC-ND-SI) and NBFC-Ds. In the event of a default, the said lenders shall recognize the stress in the loan accounts and classify these loan accounts into three categories namely: (i) SMA-0, where the principal and/or interest, whether partly or wholly is overdue between 1-30 days; (ii) SMA-1, where the principal and/or interest, whether partly or wholly is overdue between 31-60 days; and (iii) SMA-2, where the principal and/or interest whether partly or wholly is overdue between 61-90 days. The said lenders shall report credit information, including classification of an account as SMA to Central Repository of Information on Large Credits (“CRILC”), on all borrowers having aggregate exposure of ₹ 500 lacs and above with them. Once a borrower is reported to be in default by any of the lenders mentioned at (a), (b) and (c) hereinabove, the lenders shall undertake a prima facie review of the borrower account within thirty days from such default (“Review Period”) to inter alia decide on a resolution strategy, including nature of the Resolution Plan (“RP”).

During the Review Period for the implementation of an RP, all lenders shall enter into an inter-creditor agreement, which shall among other things provide that any decision agreed by lenders representing 75 per cent by value of total outstanding credit facilities (fund based as well non-fund based) and 60 per cent of lenders by number shall be binding upon all the lenders. In particular, the RPs shall provide for payment not less than the liquidation value due to the dissenting lenders, being the estimated realisable value of the assets

of the relevant borrower, if such borrower were to be liquidated as on the date of commencement of the Review Period.

- l) **Reserve Bank of India Circular dated February 03, 2021 on Risk Based Internal Audit for NBFC-D**
As per circular bearing reference Ref. No. DoS. CO. PPG/ SEC.05/11.01.005/ 2020-21 dated February 03, 2021, RBI has mandated the Risk Based Internal Audit Framework (“RBI AF”) for all Deposit-taking NBFCs, irrespective of the size, before March 31, 2022.
- m) **Reserve Bank of India Circular RBI/2021-2022/125 titled “Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances - Clarifications” dated November 12, 2021 on classification and recognition of NPAs**
As per the circular bearing Ref. No. RBI/2021-2022/125 DOR.STR.REC.68/21.04.048/2021-22 dated November 12, 2021, RBI has issued clarification for all Non-Banking Financial Companies (including Housing Finance Companies) for mentioning specific details pertaining to repayment, classification as SMA and NPA, NPA classification in case of interest payments, Upgradation of accounts classified as NPAs, Income recognition policy for loans with moratorium on payment of interest and consumer education. The same has to be abided by the NBFC’s with immediate effect unless explicitly stated.
- n) **Regulatory measures on account of the COVID-19 pandemic**
The RBI has issued circulars, the Statement of Developmental and Regulatory Policies dated May 22, 2020 and Monetary Policy Statement, 2020-2021 and Resolution of Monetary Policy Committee dated May 22, 2020 announcing, certain additional regulatory measures with an aim to revive growth and mitigate the impact of COVID-19 on business and financial institutions in India, including:
- (a) permitting banks to grant a moratorium of six months on all term loan instalments and working capital facilities sanctioned in the form of cash credit/overdraft (“CC/OD”), falling due between March 1, 2020 and August 31, 2020, subject to the fulfilment of certain conditions;
 - (b) permitting the recalculation of ‘drawing power’ of working capital facilities sanctioned in the form of cash/ credit overdraft facilities by reducing the margins till the extended period, being August 31, 2020, and permitting lending institutions to restore the margins to the original levels by March 31, 2021;
 - (c) permitting the increase in the bank’s exposures to a group of connected counterparties from 25% to 30% of the eligible capital base of the bank, up to June 30, 2021;
 - (d) deferring the recovery of the interest applied in respect of all working capital facilities sanctioned in the form of cash/credit overdraft facilities during the period from March 1, 2020 to August 31, 2020;
 - (e) permitting lending institutions to convert the accumulated interest on working capital facilities up to the deferment period (up to August 31, 2020) into a funded interest term loan which shall be repayable not later than the end of the current financial year (being, March 31, 2021);
 - (f) permitting the lending institutions to exclude the moratorium period wherever granted in respect of term loans as stated in (a) above, from the number of days past due for the purpose of asset classification under the income recognition and asset classification norms, in respect of accounts classified as standard as on February 29, 2020, even if overdue;
 - (g) permitting the lending institutions to exclude deferment period on recovery of the interest applied, wherever granted as stated in (d) above, for the determination of out of order status, in respect of working capital facilities sanctioned in the form of CC/OD where the account is classified as standard, including special mention accounts, as on February 29, 2020 and
 - (h) requiring lending institutions to make general provisions of not less than 10% of the total outstanding of accounts in default but standard as on February 29, 2020 and asset classification benefit is availed, to be phased over two quarters as provided:(i) not less than 5% for the quarter ended March 31, 2020; and (ii) not less than 5% for the quarter ended June 30, 2020, subject to certain adjustments.

Pursuant to the order dated September 10, 2020 passed in relation to Gajendra Sharma vs. Union of India & Anr. (Civil Writ Petition No. 825/2020), the Supreme Court has extended its earlier interim order directing that accounts which were not declared as NPAs till August 31, 2020, shall not be declared as NPAs. Further, RBI has on August 6, 2020 notified the “Resolution framework for COVID-19-related stress (“Resolution Framework”). Pursuant to the Resolution Framework, RBI has on September 7, 2020, which requires all lending institutions to mandatorily consider certain specified key ratios while finalizing the resolution plans in respect of eligible borrowers (in terms of the Resolution Framework). The Hon’ble Supreme Court vide its judgement dated March 23, 2021 has ordered that the moratorium will not be extended beyond March 31, 2021 and has also ordered that the interest on interest levied shall be waived to all borrowers, irrespective of

size. RBI has directed the lending institutions to put in place a board approved scheme for the refund of the interest on interest levied by them during the Covid 19 moratorium period.

- o) **Prompt Corrective Action (PCA) Framework for Non-Banking Financial Companies (NBFCs)**
Reserve Bank of India has introduced a Prompt Corrective Action Framework (PCA) for NBFC. The objective of the PCA Framework is to enable Supervisory intervention at appropriate time and requires the Company to initiate and implement remedial measures in a timely manner, so as to restore its financial health. The PCA Framework is also intended to act as a tool for effective market discipline. The PCA Framework for NBFCs shall come into effect from October 1, 2022, based on the financial position of the Company on or after March 31, 2022.
- p) **Appointment of Internal Ombudsman by Non-Banking Financial Companies**
The Reserve Bank - Integrated Ombudsman Scheme, 2021 (the Scheme) was launched on November 12, 2021, wherein the scheme integrates existing three Ombudsman schemes of RBI namely, (i) the Banking Ombudsman Scheme, 2006; (ii) the Ombudsman Scheme for Non-Banking Financial Companies, 2018; and (iii) the Ombudsman Scheme for Digital Transactions, 2019. The Scheme adopts 'One Nation One Ombudsman' approach by making the RBI Ombudsman mechanism jurisdiction neutral.
- q) **Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs**
The SBR framework encompasses different facets of regulation of NBFCs covering capital requirements, governance standards, prudential regulation, etc., on the basis of regulatory structure of NBFCs. Pursuant to the said regulation NBFCs will be divided into 4 categories i.e. base layer, Middle layer, Upper layer and Top layer. These guidelines shall be effective from October 01, 2022.
- r) **Report of the Working Group on Digital Lending including Lending through Online Platforms and Mobile Apps**
The RBI has constituted a Working Group (WG) on digital lending including lending through online platforms and mobile apps. The WG was set up in the backdrop of business conduct and customer protection concerns arising out of the spurt in digital lending activities. The RBI released the report of the WG on digital lending on November 18, 2021, wherein stakeholders' feedback was invited till December 31, 2021. Once the comments are examined by the RBI, recommendations shall be taken up by the respective Regulators for implementation as deemed fit.

Laws in relation to the recovery of debts

(a) ***Insolvency and Bankruptcy Code, 2016 (the "IB Code")***

The IB Code primarily enables time-bound reorganisation and insolvency resolution of debtors. The primary objectives of the IB Code are:

- i. to consolidate and amend the laws relating to reorganisation and insolvency resolution of corporate persons, partnership firms and individuals in a time-bound manner for maximisation of value of assets of such persons;
- ii. to promote entrepreneurship, availability of credit and balance the interests of all the stakeholders, including alteration in the order of priority of payment of Government dues; and
- iii. to establish an Insolvency and Bankruptcy Board of India.

The IB Code specifies two different sets of adjudicating authorities to exercise judicial control over the insolvency and liquidation processes:

- i. In case of companies, limited liability partnerships and other limited liability entities, National Company Law Tribunals ("NCLT") shall act as the adjudicating authority; and appeals therefrom shall lie with the National Company Law Appellate Tribunal ("NCLAT").
- ii. In case of individuals and partnerships, Debt Recovery Tribunal ("DRT") shall act as the adjudicating authority and appeals therefrom shall lie with the Debt Recovery Appellate Tribunal ("DRAT").

The Supreme Court of India shall have appellate jurisdiction over NCLAT and DRAT.

The IB Code governs two corporate insolvency processes, i.e. (i) insolvency resolution; and (ii) liquidation:

- i. **Insolvency resolution:** Upon a default by a corporate debtor, a creditor or the debtor itself may initiate insolvency resolution proceedings. The IB Code prescribes a timeline of 180 days for the insolvency resolution process, subject to a single extension of 90 days, during which there shall be a moratorium on the institution or continuation of suits against the debtor, or interference with its assets. During such period, the creditors and the debtor will be expected to negotiate and finalise a resolution plan, with the

assistance of insolvency resolution professionals to be appointed by a committee of creditors formed for this purpose. Upon approval of such a plan by the adjudicating authority, the same shall become binding upon the creditors and the debtor.

- ii. **Liquidation:** In the event that no insolvency resolution is successfully formulated, or if the adjudicating authority so decides, a liquidation process may be initiated against the debtor. A liquidator is appointed, who takes the assets and properties of the debtor in his custody and verifies claims of creditors, selling such assets and properties and distributing the proceeds therefrom to creditors.

The bankruptcy of an individual can be initiated by the debtor, the creditors (either jointly or individually) or by any partner of a partnership firm (where the debtor is a firm), only after the failure of the Insolvency Resolution Process (“IRP”) or non-implementation of repayment plan. The bankruptcy trustee is responsible for administration of the estate of the bankrupt and for distribution of the proceeds on basis of the priority set out in the Code.

In addition, the IB Code establishes and provides for the functioning of the Insolvency and Bankruptcy Board of India (“IBBI”) which functions as the regulator for matters pertaining to insolvency and bankruptcy. The IBBI exercises a range of legislative, administrative and quasi-judicial functions, inter alia, in relation to the registration, regulation and monitoring of insolvency professional agencies, insolvency professionals and information utilities; publish information, data, research and studies as may be specified; constitute committees as may be required; and make regulations and guidelines in relation to insolvency and bankruptcy.

While the IB Code does not apply to financial service providers such as the Issuer, Section 227 of the IB Code authorises the Central Government to notify financial service providers or categories of financial service providers for the purpose of their insolvency and liquidation proceedings being conducted under the IB Code. Pursuant to the notification no. S.O. 4139(E) dated November 18, 2019 issued by the Ministry of Corporate Affairs read with Section 227 of the IB Code and the Insolvency and Bankruptcy (Insolvency and Liquidation Proceedings of Financial Service Providers and Application to Adjudicating Authority) Rules, 2019, non-banking financial companies (including housing financial companies) with asset size of at least INR 500,00,00,000 (Indian Rupees Five Hundred Crore) have been notified for the purpose of their insolvency and liquidation proceedings being conducted under the IB Code.

(b) ***Recovery of Debts due to Banks and Financial Institutions Act, 1993 (“Debts Recovery Act”)***

The Debts Recovery Act provides for establishment of DRTs for expeditious adjudication and recovery of debts due to a bank or financial institution, or a consortium of banks or financial institutions. The Debts Recovery Act is only applicable to such debts as are for a sum that is greater than ₹ 1 million, or in the case of particular debts that the Central Government may specify, greater than ₹ 0.1 million. A DRT established under the Debts Recovery Act exercises jurisdiction over applications from banks and financial institutions for the recovery of debts due to them, and no court or other authority can exercise jurisdiction in relation to matters covered by the Debts Recovery Act, except the higher Courts in India in certain circumstances. The Debts Recovery Act also provides for the establishment of DRATs, and any appeal from any order of a DRT lies with a DRAT. Further, the Debts Recovery Act provides for the procedure to be followed in proceedings before a DRT or DRAT.

(c) ***Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (“Securitisation Act”)***

The Securitisation Act grants certain special rights to banks and financial institutions to enforce their security interests upon non-payment of a secured debt. The Securitisation Act provides that a secured creditor may, in the case of a default in payment of a debt or an instalment thereof, classify the account of the borrower as an NPA, and give notice in writing to the borrower requiring it to discharge its liabilities within 60 days, failing which the following rights accrue to the secured creditor:

- i. taking possession of the assets constituting the security for the loan, including the right to transfer the assets by way of lease, assignment or sale of the asset;
- ii. taking over the management of the business of the borrower, including the right to sell or otherwise dispose of the assets, in case a significant portion of the debtor’s business is held as security;
- iii. appointment of a manager to manage the secured assets; and
- iv. requiring that any person who has acquired any of the secured assets from the borrower and from whom any money is or may become due to the debtor, to pay the secured creditor instead.

Where a secured creditor seeks to take a secured asset into its possession or sell or transfer the same under the provisions of the Securitisation Act, the secured creditor may make a written request to the Chief Metropolitan Magistrate or the District Magistrate within whose jurisdiction the secured asset or relevant documents may be situated or found. Upon such request, the Chief Metropolitan Magistrate or District Magistrate may take possession of such assets and/or relevant documents and forward the same to the creditor, using or directing the use of such force as may be necessary. In addition, the secured creditor may file an application before a DRT or a competent court for recovery of balance amounts, if any, and may take any other measures for the recovery of debts.

Further, the Securitisation Act provides for the creation of a central database by the Central Government for recording rights over any property or creation, modification or satisfaction of any security interest thereon. This registry is to be integrated with registration records under various central registrations, including the Companies Act, 2013, the Registration Act, 1908 and the Motor Vehicles Act, 1988. Any registration of transactions for creation, modification or satisfaction of security interest by a creditor or filing of attachment orders shall be deemed to constitute a public notice. Where a security interest or attachment order upon property in favour of a creditor is filed for registration, the claim of such creditor has priority over any subsequent security interest, transfer or attachment order upon the property.

In addition, the Securitisation Act regulates 'asset reconstruction companies', which are companies intended to carry on the business of securitisation or asset reconstruction. An asset reconstruction company, upon being registered by the RBI, may acquire the financial assets of a bank or financial institution, whereupon it shall be deemed to become the lender in place of the bank in relation to such financial assets, and all rights of the bank or financial institution in relation to such financial assets shall vest in the asset reconstruction company. For the purposes of asset reconstruction, an asset reconstruction company may inter alia provide for the management of the business of a borrower (including a change in or takeover of its management), sale or lease of the business of a borrower, rescheduling payment of debts, settlement of dues, enforcement or possession of security interests, or conversion of debt of a borrower into shares.

Anti-Money Laundering laws

i. **Prevention of Money Laundering Act, 2002 ("PMLA")**

The PMLA was enacted to prevent money laundering and to provide for confiscation of property derived from or involved in, money laundering. The Government, under the PMLA, has issued the Prevention of Money Laundering (Maintenance of Records of the Nature and Value of Transactions, the Procedure and Manner of Maintaining and Time for Furnishing Information and Verification and Maintenance of Records of the Identity of the Clients of the Banking Companies, Financial Institutions and Intermediaries) Rules, 2005 ("PML Rules"). The PMLA and PML Rules place various obligations upon banks, financial institutions and other intermediaries in relation to the maintenance of records of all transactions, verification of clients and identification of beneficial owners of clients.

ii. **'Know Your Customer' ("KYC") Guidelines – Anti Money Laundering Standards ("AML") 'Prevention of Money Laundering Act, 2002 - Obligations of NBFCs in terms of Rules notified thereunder' ("PMLA Master Circular")**

The RBI has issued the PMLA Master Circular dated July 1, 2015 to ensure that a proper policy framework for the implementation of the PMLA and PML Rules is put into place. Pursuant to the provisions of PMLA, PML Rules and the RBI guidelines, all NBFCs are advised to appoint a principal officer for internal reporting of suspicious transactions and cash transactions and to maintain a system of internal reporting for: (i) all cash transactions of value of more than ₹10 lakh; (ii) all series of cash transactions integrally connected to each other which have been valued below ₹10 lakh where such series of transactions have taken place within one month and the aggregate value of such transaction exceeds ₹1 million.

Under the PMLA Master Circular, all NBFCs are required to introduce a system of maintaining a proper record of certain transactions, and for the proper maintenance and preservation of account information in a manner that allows data to be retrieved easily and quickly whenever required or when requested by the competent authorities. NBFCs are also required to maintain for at least ten years from the date of transaction between the NBFCs and the client, all necessary records of transactions, both domestic or international, which will permit reconstruction of individual transactions (including the amounts and types of currency involved if any) so as to provide, if necessary, evidence for prosecution of persons involved in criminal activity. Further, NBFCs shall exercise on-going due diligence with respect to the business relationship with every

client and closely examine the transactions in order to ensure that they are consistent with their knowledge of the client, his business and risk profile and where necessary, the source of funds.

Laws in relation to foreign investment and external commercial borrowing

i. Foreign Exchange Management Act, 1999 (“FEMA”)

Foreign investment in Indian securities is regulated through the Consolidated Foreign Direct Investment (“FDI”) Policy and Foreign Exchange Management Act, 1999 (“FEMA”). The government bodies responsible for granting foreign investment approvals are the ministries / departments concerned of the Government of India and the RBI. The Union Cabinet has approved phasing out the Foreign Investment Promotion Board, as provided in the press release dated May 24, 2017. Accordingly, pursuant to the office memorandum dated June 5, 2017, issued by the Department of Economic Affairs, Ministry of Finance, approval of foreign investment under the FDI policy has been entrusted to ministries / departments concerned. Subsequently, the Department of Industrial Policy & Promotion (“DIPP”) issued the Standard Operating Procedure for Processing FDI Proposals on June 29, 2017 (the “SOP”). The SOP provides a list of the competent authorities for granting approval for foreign investment for sectors/activities requiring Government approval. For sectors or activities that are currently under automatic route but which required Government approval earlier as per the extant policy during the relevant period, the administrative ministry/department concerned shall act as the competent authority (the “Competent Authority”) for the grant of post facto approval of foreign investment. In circumstances where there is a doubt as to which department shall act as the Competent Authority, the DIPP shall identify the Competent Authority. The DIPP has from time to time made policy pronouncements on FDI through press notes and press releases which are notified by RBI as amendment to FEMA. In case of any conflict, FEMA prevails.

The Consolidated FDI Policy consolidates the policy framework in place as on October 15, 2020. Further, on January 4, 2018 the RBI released the Master Direction on Foreign Investment in India (updated from time to time). Under the approval route, prior approval from the FIPB or RBI is required. FDI for the items/activities that cannot be brought in under the automatic route may be brought in through the approval route. Approvals are accorded on the recommendation of the FIPB, which is chaired by the Secretary, DIPP, with the Union Finance Secretary, Commerce Secretary and other key Secretaries of the Government of India as its members.

As per the sector specific guidelines of the Government of India, 100% FDI/ Non-Resident Indian (“NRI”) investments are allowed under the automatic route in certain NBFC activities subject to compliance with guidelines of the RBI in this regard.

ii. External Commercial borrowing (“ECB”)

External Commercial Borrowings (“ECB”) are commercial loans raised by eligible resident entities from recognised non-resident entities. ECB transactions are governed by clause (d) of sub-section 3 of section 6 of FEMA, and by various regulations, notifications and RBI circulars, which have been consolidated in the RBI Master Direction on External Commercial Borrowings, Trade Credit, Borrowing and Lending in Foreign Currency by Authorised Dealers and Persons other than Authorised Dealers, dated March 26, 2019 (“ECB Master Direction” / “New ECB framework”). Under the above Master Direction and New ECB framework, a permitted resident may borrow from a recognised non-resident entity through bank loans; floating / fixed rate notes / bonds / (other than fully and compulsorily convertible instruments; trade credit beyond 3 years; FCCBs: FCEBs and financial Lease. Further plain Vanilla Rupee Denominated Bonds (RDBs) which can be placed privately or listed on exchanges as per host country regulations (only for INR denominated ECBs).

Borrowings through ECB may be raised through one of two options:

- (i) Foreign Currency denominated ECB
- (ii) INR denominated ECBs

ECB may be raised by either automatic route or the approval route. Under the automatic route, ECB cases are examined by the Authorised Dealer Category-I, to whom the RBI has delegated the function of monitoring and approving ECB transactions. In borrowings through the approval route, the prospective borrowers are required to forward requests to the RBI through an authorised dealer. The ECB Master Directions prescribe individual limits of ECB that may be raised by an entity under the automatic route per Fiscal, beyond which, the ECB proposals of such entities shall come under the approval route. Accordingly, an AFC is permitted to raise up to USD 750 million or equivalent through the automatic route.

Labour law regulations

We are required to comply with certain labour and industrial laws, which includes Employees' Provident Funds and Miscellaneous Provisions Act 1952, the Employees State Insurance Act, 1948, the Minimum Wages Act, 1948, the Maternity Benefit Act, 1961, the Payment of Bonus Act, 1965, the Payment of Gratuity Act, 1972, the Payment of Wages Act, 1936, Industrial Disputes Act, 1947, Industrial Employment (Standing Orders) Act, 1946, Equal Remuneration Act, 1976, Public Premises (Eviction of Unauthorized Occupants) Act, 1971, and the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, amongst others.

Tax legislations

The tax related laws that are applicable to our Company include the Central Goods and Services Tax Act, 2017, the Interstate Goods and Services Tax Act, 2017, various state goods and services tax legislations, the Income Tax Act, the Income Tax Rules, local body taxes in respective states and various applicable GST notifications and circulars.

Laws relating to intellectual property

Intellectual Property in India enjoys protection under both common law and statute. Under statute, India provides for patent protection under the Patents Act, 1970, copyright protection under the Copyright Act, 1957 and trademark protection under the Trade Marks Act, 1999. The above enactments provide for protection of intellectual property by imposing civil and criminal liability for infringement.

OUR MANAGEMENT

Board of Directors

The composition of the Board is in conformity with Section 149 of the Companies Act, 2013, the Articles of Association of our Company and SEBI Listing Regulations, as applicable. The Articles of Association of our Company provide that the number of directors shall not be more than 10 (ten) to be appointed as under:

- The Promoter
- 2 (two) Promoter Directors;
- Upto 5 (five) Investor Directors; and
- 2 (two) Independent Directors

At present, our Company has 6 Directors on its Board, out of which three are Independent Directors and one is Non-Executive Non-Independent Directors, Mr. Bhupinder Singh, Promoter is a Whole Time Director & Chief Executive Officer and Mr. Vivek Bansal is a Whole Time Director & Chief Financial Officer.

The following table provides information about the Directors as of the date of this Prospectus:

Name, designation and DIN, Date of Appointment and Address	Age (in years)	Other Directorships
Mr. Bhupinder Singh Whole Time Director and CEO DIN: 07342318 Date of appointment as Director: December 16, 2016 Date of appointment as Wholetime Director & CEO: May 16, 2019 Term: 3 years Address: Flat No. 3602, 3702, Vivarea Tower A, NR. Jacob Circle Sane Guruji Marg, Mahalaxmi, Mumbai- 400011	47	<ul style="list-style-type: none"> • InCred Capital Financial Services Private Limited (Formerly “Proud Securities and Credits Private Limited”) • InCred Wealth Private Limited (Formerly "InCred Capital Inclusion Advisory Services Private Limited") • Booth Fintech Private Limited • InCred Management and Technology Services Private Limited • InCred Wealth and Investment Services Private Limited • mValu Technology Services Private Limited • InCred.Ai Limited • Bee Finance Limited • B Singh Holdings Limited • B Singh & Partners PTE. Limited • InCred Global Wealth Pte Limited • Zennia United Limited • InCred Global Wealth Limited
Mr. Vivek Bansal Whole Time Director and CFO DIN: 07835456 Date of appointment: June 12, 2018 Term: 5 years Address: C-23, Kalpataru Sparkle, MIG CHSL Group-II Ltd, MIG Colony, Dharmadhikari Road, Bandra East, Mumbai-400051	44	<ul style="list-style-type: none"> • InCred Capital Financial Services Private Limited (Formerly “Proud Securities and Credits Private Limited”)
Mr. Vivek Anand PS Non-executive, Non-Independent Director DIN: 02363239 Date of appointment: March 19, 2018 Term: N.A. Address: No. 19, National High School Road, VV Puram, Bangalore- 560004	41	<ul style="list-style-type: none"> • Inara Capital Advisors Private Limited • Oaks Asset Management Private Limited

Name, designation and DIN, Date of Appointment and Address	Age (in years)	Other Directorships
<p>Mrs. Rupa Rajul Vora Independent Director DIN: 01831916 Date of appointment: October 27, 2017 Term: 5 years</p> <p>Address: 8, Hyde Park, 227 Sher E Punjab Soc, Mahakali Caves, Road Mumbai – 400093</p>	60	<ul style="list-style-type: none"> • Cravatex Brands Limited • Volkswagen Finance Private Limited • JM Financial Asset Reconstruction Company Limited • India Alternatives Investment Advisors Private Limited
<p>Mr. Debashish Dutta Gupta Independent Director DIN: 08950317 Date of appointment: December 01, 2020 Term: 5 years</p> <p>Address: 41, Windmills of your Mind EPIP Road 5B, Near KTPO WhiteFeild, Bangalore North Karnataka - 560 066</p>	53	Nil
<p>Mr. Karnam Sekar Independent Director DIN: 07400094 Date of appointment: December 17, 2021 Term: 5 years</p> <p>Address: 72, Hirise, KVR Paradise, Bachupally, Hyderabad - 500 090</p>	61	Nil

Relationship between Directors

None of the Directors of our Company are related to each other.

Brief profiles of our Directors

Mr. Bhupinder Singh, aged 47 years, is the Founder of the Incred Group. Prior to the InCred, he co-headed the Investment Banking and Securities division of Deutsche Bank for the Asia Pacific region with a USD 3 billion top line. In this role, he managed the Bank's Fixed Income, Equities and Investment Banking divisions. He was also the head of the Corporate Finance division for Deutsche Bank in the Asia Pacific region managing the bank's corporate coverage, investment banking, capital markets, advisory and treasury solutions businesses. Before his long stint with Deutsche Bank, he was part of the investment banking teams of Jardine Fleming and DSP Merrill Lynch in Mumbai. His professional odyssey has spanned across two decades in the financial services sector, with more than 7 years in running and supervising Indian businesses. He holds a Bachelors degree in Engineering (Electronics and Instrumentation) and Post Graduate Diploma in Management from the Indian Institute of Management, Ahmedabad.

Mr. Vivek Bansal, aged 44 years, has over two decades of experience in the field of banking & finance. He was previously associated with Yes Bank where he worked from 2011, with his last designation being Deputy Chief Financial Officer. At Yes Bank, he was responsible for overall financial management including cost accounting and management, budgeting, financial control and profitability, regulatory reporting, procurement and investment allocations. He also played an active role in capital raising, investor relations and management of rating agencies. Prior to Yes Bank, he worked with Fidelity Investments in London and Standard Chartered in Mumbai. He is a Chartered Accountant and a CFA.

Mr. Vivek Anand PS, aged 41 years, has over 20 years of experience in Banking & Financial Services. He is the Founder and Managing Director of OAKS Asset Management, a Private Equity Fund based in Mumbai. Prior to OAKS, he was associated with Bay Capital in the capacity of Managing Partner. He began his career at the Kotak Mahindra Group and spent about 10 years there, initially at Kotak Securities and then at Kotak Wealth Management. He was one of the founding members of the Private Wealth Management team and was part of the core team that conceptualized and incepted their Family Office Practice. He is an alumnus of The Sri Sathya Sai Institutions, Prashanti Nilayam & The Nilgiris and Mahaveer Jain College, Bangalore.

Mrs. Rupa Rajul Vora, aged 60 years, has an experience of over 3 decades with 11 years spent with IDFC Group managing Finance, Risk Management, Audit, Tax and Compliance in the capacity of Group Director & Chief Financial Officer – IDFC Alternatives Ltd. Prior to IDFC, she was associated with Antwerp Diamond Bank N.V. in the capacity of Chief Financial Officer. Her earlier banking experience was with KBC Bank N.V., Calyon Bank etc. Before joining the corporate world, she ran an independent practice as a Chartered Accountant for almost a decade. She was conferred with the “Women Leadership Excellence Award” at the IPE - BFSI Awards 2013 by the Institute of Public Enterprise and has also featured among India’s 10 most influential women in finance by Rediff.com in 2012. She holds bachelor’s degree in Commerce from Mumbai University and is a Chartered Accountant by profession.

Mr. Debashish Dutta Gupta, aged 53 years, joined banking in 1992 with Citibank in India. Over the years he has worked with Citibank in different roles in quantitative research, structuring, fixed income trading, structured credit, proprietary trading and most recently in private banking. His different roles in Citi Bank have been based in Singapore, Hong Kong and London. Debashish was also with Lehman Brothers in London managing their Emerging Market Credit group for 2 years from 2006 to 2008. In 2018, Debashish left Citibank to pursue his interest in quantitative trading research. He is also a co-founder of a family office advisory company based in Singapore. Debashish has B. Tech in Computer Science and Engineering from IIT Madras and a PGDM from IIM Calcutta.

Mr. Karnam Sekar, aged 61 is a professional banker with rich experience in all the facets of Indian Banking at a very senior level. He joined as a Probationary Officer with State Bank of India in 1983 and rose to the level of Deputy Managing Director. Selected as Managing Director of Public Sector Bank and has the rare distinction of heading two public sector Banks during very critical juncture of their history. As the Dy MD of SBI, contributed at the Board level deliberations of the Nation’s Largest Commercial Bank for more than four years. Operated as nominee director on the Boards of Clearing Corporation of India Ltd, National e-Governance Services Ltd (NeSL) etc.

Confirmations

No Director in our Company is a director, or is otherwise associated in any manner, with any company that appears in the list of the vanishing companies as maintained by the Ministry of Corporate Affairs, wilful defaulter list maintained by the RBI or Export Credit Guarantee Corporation of India Limited or any other regulatory or governmental authority.

None of our Directors was a promoter, director or person in control of any company which was delisted within a period of ten years preceding the date of this Prospectus, in accordance with Chapter V of the SEBI Delisting Regulations.

None of our Directors have committed any violation of securities laws in the past and no proceedings in such regard by SEBI, RBI or NHB are pending against any of our Directors.

None of our Director is restrained or prohibited or debarred by the Board from accessing the securities market or dealing in securities in any other manner.

None of our Director is in default of payment of interest or repayment of principal amount, in respect of debt securities issued to the public, for a period of more than six months.

The permanent account number of the Directors have been submitted to the Stock Exchanges at the time of filing of this Prospectus.

Except for Mr. Bhupinder Singh, who is the Promoter of our Company, no other Director has any interest in the promotion of our Company. For details of the Promoter of our Company, please refer to “Our Promoter” on page 127.

Terms of appointment and remuneration of our Whole Time Directors

Mr. Bhupinder Singh

Mr. Bhupinder Singh was appointed as the Wholetime Director & CEO of the Company w.e.f. May 16, 2019 for a period of 3 years at a following remuneration during his term:

- a. Fixed Pay: Rs. 4,00,00,000 per annum, no eligibility for variable pay component;

b. Company provided car and driver benefit (on actual basis)

Mr. Vivek Bansal

Mr. Vivek Bansal was appointed as the Wholetime Director & CFO of the Company w.e.f. June 12, 2018 for a period of 5 years. His remuneration structure was revised by the Board of Directors in its meeting held on May 7, 2021. The terms and conditions and remuneration of Mr. Bansal, as approved, are as below:

Particulars	(Amount in ₹)
(i) Fixed Pay	2,25,00,000*
(ii) ESOP (No. of options as on date)	42,00,000

* Excluding school fees reimbursement of ~INR 25L p.a.

Compensation of Directors:

Non-Executive Directors:

The following table sets forth the sitting fees paid by our Company to the Non-Executive Directors:

(Amount in ₹)					
Sr. No.	Name of the Non Executive Director	Six Months Period ended September 30, 2021	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
1.	Mr. Antonius Theodorus Maria Bruijninx	240,000	380,000	50,000	NA

The following table sets forth the sitting fees paid by our Company to the Independent Directors:

(Amount in ₹)					
Sr. No.	Name of the Independent Director	Six Months Period ended September 30, 2021	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
1.	Mrs. Rupa Rajul Vora	3,50,000	5,30,000	6,20,000	2,25,000
2.	Mr. Debashish Dutta Gupta	3,20,000	50,000	-	-
3.	Dr. Parvinder Singh Pasricha@	-	1,60,000	-	-
4.	Mr. Deepak Narang#	-	4,10,000	-	-
5.	Mr. Hoshang Sinor *	-	-	3,70,000	1,20,000
6.	Mr. Raj Vikas Verma%	-	-	-	45,000

@Dr. Parvinder Singh Pasricha ceased to be a Director w.e.f. September 3, 2020

#Mr. Deepak Narang ceased to be a Director w.e.f. June 11, 2021

*Mr. Hoshang Sinor ceased to be a Director w.e.f. December 5, 2019

%Mr. Raj Vikas Verma ceased to be a Director w.e.f. April 28, 2018

Except as disclosed above, no other payment has been made by our Company or our subsidiary to any of the Directors of our Company.

Interest of our Directors

Our Whole-time Directors may be deemed to be interested to the extent of remuneration paid by our Company, securities held and stock options granted as well as to the extent of reimbursement of expenses payable to them.

Our Independent Directors may be deemed to be interested to the extent of sitting fees, if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other reimbursement of expenses payable to them.

Except for Mr. Bhupinder Singh and Mr. Vivek Bansal, no other director of the Company holds shares or stock options in our Company. The above said Directors may be regarded as interested in the Equity Shares, if any, held by them and also to the extent of any dividend payable to them and other distributions in respect of the Equity Shares.

Our Directors may be deemed to be interested in the contracts, agreements or arrangements entered into or to be entered into by our Company with any company in which they hold directorships or any partnership firm in which they are partners.

Except as otherwise stated in this Prospectus and statutory registers maintained by our Company in this regard, we have not entered into any contract, agreements, arrangements during the preceding two years from the date of this Prospectus in which our Directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements, arrangements which are proposed to be made with them.

None of the Directors have any interest in immovable property acquired or proposed to be acquired by the Company in the preceding two years as of the date of this Prospectus.

None of the Directors are interested in their capacity as a member of any firm or company and no sums have been paid or are proposed to be paid to any Director or to such firm of company in which he is interested, by any person, in cash or shares or otherwise, either to induce them or to help them qualify as a director or for services rendered by him or by such firm or company, in connection with the promotion or formation of the Company.

There is no contribution being made by the Directors as part of the Issue or separately in furtherance of such objects of the Issue.

Other than as disclosed in this Prospectus, there are no outstanding transactions other than in the ordinary course of business undertaken by our Company, in which the Directors are interested.

Further, our Company has not availed any loans from the Directors which are currently outstanding. Our Company believes that its Board is constituted in compliance with the Companies Act, 2013 and SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015. The Board functions either as a full Board or through various committees constituted to oversee specific operational areas.

Borrowing Powers of the Board

Pursuant to resolutions passed by the Shareholders of our Company at the general meetings held on March 26, 2019 and August 24, 2021 and in accordance with provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act 2013 and the provisions of the Memorandum of Association and Articles of Association of our Company, the Board of Directors / Finance Committee is authorized to borrow from time to time, for the purpose of the Company's business any sum or sums of money as it may deem proper, notwithstanding that the money to be so borrowed together with the money already borrowed by the Company, if any (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves, i.e. reserves not set apart for any specific purpose; provided however, that the total amount of the money so borrowed by the Board together with the money already borrowed and outstanding at any point of time shall not exceed ₹ 4,000 crore (Rupees Four Thousand Crores only).

Holding of Debentures by the Directors of our Company

As on the date of this Prospectus, none of the Directors hold any debentures in our Company.

Shareholding of Directors including details of qualification shares held by Directors as on the date of this Prospectus

As on the date of this Prospectus, except the following, none of the Directors hold any Equity Shares or Stock Options:

Name of Director	Designation	Number of Equity Shares	%age of paid up equity capital *	Number of Stock Options
Mr. Bhupinder Singh	Whole Time Director and CEO	25,19,554	0.71%	-
Mr. Vivek Bansal	Whole Time Director and CFO	22,50,000	0.64%	42,00,000

* Based on the number of equity shares outstanding as on December 31, 2021 (i.e. 35,42,59,763)

Changes in the Directors of our Company during the last three years

The changes in the Board of Directors of our Company in the three years preceding the date of this Prospectus are as follows:

Name of the Director, Designation and DIN	Date of Appointment	Date of Resignation / Cessation, as applicable	Remarks
Mr. Karnam Sekar Independent Director DIN: 07400094	17/12/2021		Appointed as Independent Director

Name of the Director, Designation and DIN	Date of Appointment	Date of Resignation / Cessation, as applicable	Remarks
Mr. Debashish Dutta Gupta Independent Director DIN: 08950317	01/12/2020	-	Appointed as Independent Director
Dr. Parvinder Singh Pasricha Independent Director DIN: 02947755	04/03/2020	03/09/2020	Cessation on expiry of term as independent director
Mr. Deepak Narang Independent Director DIN: 03272814	04/03/2020	11/06/2021	Resigned due to pre occupation
Mr. Girish Nadkarni Director DIN: 00112657	19/03/2018	13/06/2021	Resigned due to reduction in threshold of shareholding of the Investor into the Company
Mr. Antonius Bruijininckx Director DIN: 08589813	06/11/2019	15/12/2021	Resigned due to exit of the Investor from the Company
Mr. Hoshang Sinor Independent Director DIN:07835456	24/07/2018	05/12/2019	Resigned due to attainment of age of 75 years
Mr. Sunil Agarwal Director DIN:02797996	19/03/2018	16/05/2019	Resigned due to personal reasons
Mr. Bhupinder Singh Whole Time Director & CEO DIN:07342318	13/12/2016	-	Appointed as a director w.e.f. 13/12/2016 and designated as Whole Time Director & CEO w.e.f. 16/05/2019

Key Managerial Personnel

In addition to Mr. Bhupinder Singh, Whole-Time Director & Chief Executive Officer, and Mr. Vivek Bansal, Whole Time Director and Chief Financial Officer, our Company's KMP includes Mr. Gajendra Singh Thakur, Company Secretary.

Mr. Gajendra Singh Thakur, Company Secretary, comes with around 20 years of experience in financial services in compliance, secretarial and legal roles. Prior to joining Incred, he was CS and VP legal, Secretarial and compliance of IIFL Finance Ltd. He has worked previously with Nippon Life India Asset Management Limited (Formerly "Reliance Capital Asset Management Limited") and Centrum group among others.

All our Key Managerial Personnel and senior management team members are permanent employees of our Company.

Shareholding of Key Managerial Personnel

Certain of our Key Managerial Personnel may also be regarded as interested in our Company to the extent of the Equity Shares, Stock Options and/or Share Appreciation Rights, if any, held by them and also to the extent of any dividend payable to them and other distributions in respect of such Shares held by them.

Other than as stated below, none of our Key Managerial Personnel hold any Equity Shares as on the date of this Prospectus:

Name	Number of shares held	Number of Stock Options
Mr. Bhupinder Singh	25,19,554	-
Mr. Vivek Bansal	22,50,000	42,00,000
Mr. Gajendra Singh Thakur	50,000	105,000

Other confirmations

None of the Directors, Promoter or Key Managerial Personnel of our Company has any financial or other material interest in the Issue.

Our Company does not have any bonus or profit-sharing plan with its Directors or Key Managerial Personnel other than the annual performance bonus that may be given to the Chief Financial Officer and Company Secretary.

Neither our Company, nor our Promoter or the companies with which our Promoter is or has been associated with as a promoter or a person in control, have been debarred from accessing capital markets under any order or direction passed by SEBI or any other governmental or regulatory or judicial authority.

Neither our Company nor Promoter have been declared as a Wilful Defaulter in the last ten years.

None of our Directors or Promoter have been declared as a Fugitive Economic Offender.

Related Party Transaction

For details of the related party transactions for the Financial Years ending 2021, 2020 and 2019 in accordance with the requirements under Ind AS 24 “Related Party Disclosures” notified under Section 133 of the Companies Act read with the Companies (Indian Accounting Standards) Rules 2015, as amended from time to time, please refer to section “History and Certain Corporate Matters - Related Party Transactions” on page 101 of the Prospectus.

Committees of the Board

Our Company has constituted the following committees of the Board, which have been constituted in accordance with the applicable law, including the Companies Act, 2013.

1. Audit Committee

The Audit Committee of our Company was last re-constituted vide a Board resolution dated December 17, 2021.

The members of the Audit Committee as on date of this Prospectus are:

Name of the Director	Designation	Designation in Committee
Mrs. Rupa Rajul Vora	Independent Director	Chairperson
Mr. Debashish Dutta Gupta	Independent Director	Member
Mr. Karnam Sekar	Independent Director	Member

2. Nomination and Remuneration Committee

The Nomination and Remuneration Committee of our Company was last re-constituted vide a Board resolution dated June 13, 2021.

The members of the Nomination and Remuneration Committee as on date of this Prospectus are:

Name of the Director	Designation	Designation in Committee
Mrs. Rupa Rajul Vora	Independent Director	Member
Mr. Debashish Dutta Gupta	Independent Director	Member
Mr. Bhupinder Singh	Wholetime Director & CEO	Member
Mr. Vivek Anand PS	Non-Executive Director	Member

3. Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee of our Company was last re-constituted vide a Board resolution dated December 17, 2021.

The members of the Corporate Social Responsibility Committee as on date of this Prospectus are:

Name of the Director	Designation	Designation in Committee
Mrs. Rupa Rajul Vora	Independent Director	Member
Mr. Vivek Bansal	Wholetime Director & CFO	Member
Mr. Karnam Sekar	Independent Director	Member

4. Risk Management Committee

The Risk Management Committee of our Company was last re-constituted vide a Board resolution dated October 13, 2021.

The members of the Risk Management Committee as on date of this Prospectus are:

Name of the Director	Designation	Designation in Committee
Mr. Bhupinder Singh	Wholetime Director & CEO	Chairperson
Mr. Vivek Bansal	Wholetime Director & CFO	Member
Mr. Saurabh Jhalaria	Head – SME	Member
Mr. Prithvi Chandrasekhar	Chief Risk Officer	Member
Mrs. Rupa Vora	Independent Director	Member

5. Asset Liability Management Committee

The Asset Liability Management Committee of our Company was constituted vide a Board resolution dated June 12, 2018.

The members of the Asset Liability Management Committee as on date of this Prospectus are:

Name of the Director	Designation	Designation in Committee
Mr. Bhupinder Singh	Wholetime Director & CEO	Member
Mr. Vivek Bansal	Wholetime Director & CFO	Member
Mr. Saurabh Jhalaria	Head – SME	Member
Mr. Prithvi Chandrasekhar	Chief Risk Officer	Member

6. IT Strategy Committee

The IT Strategy Committee of our Company was last re-constituted vide a Board resolution dated December 17, 2021.

The members of the IT Strategy Committee as on date of this Prospectus are:

Name of the Director	Designation	Designation in Committee
Mrs. Rupa Rajul Vora	Independent Director	Chairperson
Mr. Karnam Sekar	Independent Director	Member
Mr. Rahul Bhargava	Chief Technology Officer	Member

7. Finance Committee

The Finance Committee of our Company was constituted vide a Board resolution dated June 12, 2018.

The members of the Finance Committee as on date of this Prospectus are:

Name of the Director	Designation	Designation in Committee
Mr. Bhupinder Singh	Wholetime Director & CEO	Member
Mr. Vivek Bansal	Wholetime Director & CFO	Member

8. Stakeholders Relationship Committee

The Stakeholders Relationship Committee of our Company was constituted vide a Board resolution dated October 13, 2021.

The members of the Stakeholders Relationship Committee as on date of this Prospectus are:

Name of the Director	Designation	Designation in Committee
Mr. Debashish Dutta Gupta	Independent Director	Chairperson
Mr. Bhupinder Singh	Wholetime Director & CEO	Member
Mr. Vivek Bansal	Wholetime Director & CFO	Member

9. Review Committee

The Review Committee of our Company was constituted vide a Board resolution dated August 13, 2019.

The members of the Review Committee as on date of this Prospectus are:

Name of the Director	Designation	Designation in Committee
Mr. Bhupinder Singh	Wholetime Director & CEO	Chairperson
Mr. Karnam Sekar	Director	Member
Ms. Rupa Vora	Director	Member
Mr. Vivek Bansal	Wholetime Director & CFO	Member

10. Share Transfer and Allotment Committee

The Share Transfer and Allotment Committee of our Company was re-constituted vide a Board resolution dated March 25, 2019.

The members of the Share Transfer and Allotment Committee as on date of this Prospectus are:

Name of the Director	Designation	Designation in Committee
Mr. Bhupinder Singh	Wholetime Director & CEO	Chairperson
Mr. Vivek Bansal	Wholetime Director & CFO	Member

11. ESOP Committee

The ESOP Committee of our Company was constituted vide a Board resolution dated April 24, 2018.

The members of the ESOP Committee as on date of this Prospectus are:

Name of the Director	Designation	Designation in Committee
Mr. Bhupinder Singh	Wholetime Director & CEO	Chairperson
Mr. Kamlesh Dangi	Head – Human Resources	Member
Mr. Vivek Bansal	Wholetime Director & CFO	Member

Employee Stock Option Schemes

Our Company has one stock option plan, namely, InCred Financial Services Employee Incentive Scheme - 2018. The number of options outstanding as on September 30, 2021 is 2,70,69,238. The summary for the options outstanding during last three years is as under:

Particulars	FY 2020-21	FY 2019-20	FY 2018-19
No of ESOP options outstanding	1,80,44,938	1,25,05,584	50,80,781
No of options vested but not exercised	33,85,722	10,66,971	Nil

Further, our Promoter, Bee Finance Limited has also granted stock options to the employees of our Company. The summary for the options outstanding during last three years is as under:

Particulars	FY 2020-21	FY 2019-20	FY 2018-19
No of options vested but not exercised	241	248	549

OUR PROMOTER

Following are the promoters of our Company:

- (1) Mr. Bhupinder Singh, Whole-Time Director and Chief Executive Officer
- (2) Bee Finance Limited (BFL), Mauritius; and

In addition to the Promoters stated above, the following persons / entities holding equity shares in our Company also form part of the Promoter Group of our Company:

- (1) Mrs. Nisha Singh
- (2) Incred Capital Financial Services Private Limited

The details of our Promoters are provided below:

(1) Mr. Bhupinder Singh, Whole-Time Director and Chief Executive Officer



Name of the Promoter / Ultimate Beneficial Owner	: Bhupinder Singh, Whole-Time Director and Chief Executive Officer
Date of Birth	: November 14, 1974
Age	: 47 years
Personal Address	: Flat No. 3602, 3702, Vivarea Tower A, NR. Jacob Circle Sane Guruji Marg, Mahalaxmi, Mumbai- 400011
Educational Qualifications	: Bachelors degree in Engineering (Electronics and Instrumentation) and Post Graduate Diploma in Management from the Indian Institute of Management, Ahmedabad.
Experience and Positions / posts held in the past	: Mr. Singh is founder director of InCred group. Prior to this, Mr. Singh was head of the Corporate Finance division of Deutsche Bank and co-headed the Fixed Income, Equities and Investment Banking divisions for the Asia Pacific region. Mr. Singh is heading all the product of business of the company.
Other Directorships held	: <ul style="list-style-type: none"> • Booth Fintech Private Limited • Incred Management and Technology Services Private Limited • InCred Capital Financial Services Private Limited (Formerly known as Proud Securities and Credits Private Limited) • Mvalu Technology Services Private Limited • InCred Wealth Limited (Formerly known as InCred Capital Inclusion Advisory Services) Private Limited • InCred. AI Limited • B Singh Holdings Limited • B Singh & Partners PTE • Zennia United Limited • Bee Finance Limited • InCred Global Wealth Limited • InCred Global Wealth Pte Limited
Other ventures of the Promoter	: <ul style="list-style-type: none"> • InCred Capital Wealth Portfolio Managers Private Limited • InCred Research Services Private Limited
PAN	: ANVPS2558R

(2) Bee Finance Limited (BFL), Mauritius

Bee Finance Limited (BFL), Mauritius is the holding company of our Company. BFL is a company, limited by shares, incorporated on December 01, 2015 under the laws of Mauritius, with its registered office at 4th floor, Raffles Tower, 19, Cybercity Ebene 72201, Republic of Mauritius. As on December 31, 2021, BFL holds 59.42% in our Company.

Name of the Promoter	:	Bee Finance Limited (BFL), Mauritius
Date of Birth	:	N.A.
Age	:	N.A.
Permanent Address/ Personal Address	:	4th floor, Raffles Tower, 19, Cybercity Ebene 72201, Republic of Mauritius
Educational Qualifications	:	N.A.
Experience and Positions /posts held in the past	:	N.A.
Other Directorships held	:	N.A.
Other ventures of the Promoters	:	N.A.
Special Achievements	:	N.A.
Business and financial activities	:	Investment holding activities
Photograph	:	N.A.
PAN	:	AAGCB7120D

List of Directors of Bee Finance Limited:

Sr. No.	Name of Directors	Designation	Number of Shares held	% of Shareholding
1	Tevina Ramasaha Gulab	Director	-	-
2	Mahmad Hayder	Director	-	-
3	Gary Gowrea	Director	-	-
4	Bhupinder Singh	Director	-	-

Shareholding Pattern of Bee Finance Limited:

Sr. No.	Name of Shareholders	Number of Shares held	% of Shareholding
1	B Singh Holdings Limited *	47,209	47.21
2	MNI Ventures Limited	27,166	27.17
3	Madhav Dhar	1,567	1.57
4	Anshuman Jain	10,068	10.07
5	Sun Channel Limited	2,090	2.09
6	VOcean Investments Limited	4,440	4.44
7	Ravindran Pillai	2,036	2.04
8	SRA Capital Pte Ltd	1,474	1.47
9	Others	3,950	3.95
	Total	1,00,000	100

* including 1,401 shares held by Apex ESOP Trust

B Singh Holdings Limited is 100% held by Mr. Bhupinder Singh.

The Company confirms that, to the extent applicable, the permanent account number, aadhaar number, driving license number, bank account number(s) and passport number of the promoters and the permanent account number of directors have been submitted to the Stock Exchanges at the time of filing the Draft Prospectus.

Other Confirmations

Our Promoters have not been identified as a wilful defaulter by the RBI or any other governmental authority and are not Promoters of any such Company which has been identified as a wilful defaulter by the RBI or any other governmental authority or which has been in default of payment of interest or repayment of principal amount in respect of debt securities issued by it to the public, if any, for a period of more than six months.

Further, no violation of securities laws has been committed by our Promoters in the past and no regulatory action before SEBI or RBI is currently pending against our Promoters.

Our Promoters have not been debarred or prohibited from accessing the capital markets or restrained from buying, selling, or dealing in securities under any order or directions passed for any reasons by the SEBI or any other authority or refused listing of any of the securities issued by any such entity by any stock exchange in India or abroad and are not promoters, directors or person in control of any other company which is prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

Our Promoter has not been declared as a fugitive economic offender.

Interest of our Promoters in our Company

Except as disclosed in “History and Certain Corporate Matters - Related Party Transactions” on page 101 of the Prospectus and other than as our shareholders, to the extent of promoter or the companies in which they are promoter holding Equity Shares and also to the extent of any dividend payable to them on the aforesaid shareholding, our Promoters do not have any other interest in our Company’s business. Our Promoter may be also deemed to be interested to the extent of the remuneration and reimbursement of expenses, if any, received by him in the capacity as a Wholetime Director & CEO.

Our Promoters neither have any interest in any immovable property acquired in the preceding two years of filing this Prospectus with the Stock Exchanges or to be acquired by our Company nor do they have any interest in any transaction regarding the acquisition of land, construction of buildings and supply of machinery, etc. with respect to our Company.

There are no Loans due by the Promoter of our Company.

Promoter and Promoter Group holding in the Company as on December 31, 2021:

Sr. No.	Name of the Shareholder	Total No. of Equity Shares held	% of shareholding to the total equity share capital *	% of shareholding to the total equity share capital **	No. of Shares Pledged
1.	Bee Finance Limited (Mauritius)	23,03,73,125	65.03	59.41	Nil
2.	Mr. Bhupinder Singh	25,19,554	0.71	0.65	Nil
3.	Ms. Nisha Singh	29,89,867	0.84	0.77	Nil
4.	InCred Capital Financial Services Limited	1,10,21,974	3.11	2.84	Nil
	Total	24,69,04,520	69.70	63.68	NIL

* Based on the number of equity shares outstanding as on December 31, 2021 (i.e. 35,42,59,763)

** Based on fully diluted paid up share capital as on December 31, 2021 (i.e. after conversion of 3,34,79,624 CCCPS)

For aggregate equity shareholding of the promoter refer to “Capital Structure” on page 46.

Payment of benefit to the Promoter in last three years

Except as stated in this section and sections “Our Management” and “History and Certain Corporate Matters - Related Party Transactions” on pages 118 and 101 respectively, no amounts or benefits have been paid or given or intended to be paid or given to our Promoters within the three Financial Years preceding the date of this Prospectus. As on the date of this Prospectus, except as may be stated in the section “Our Management” on page 118, there is no bonus or profit-sharing plan for our Promoter.

Except as mentioned under the chapter “Capital Structure” on page 46 of the Prospectus, our Promoter and Promoter Group of our Company have not purchased or sold any securities in our Company, in six months immediately preceding the date of this Prospectus.

FINANCIAL INFORMATION

Reformatted Consolidated Financial Information of the Company as at and for the financial years ended on March 31, 2021, 2020 and 2019	F - 1
Reformatted Standalone Financial Information of the Company as at and for the financial years ended on March 31, 2021, 2020 and 2019	F - 84
Unaudited interim standalone financial results for the quarter and half year ended September 30, 2021	F - 177

Auditors' Report on the Reformatted Consolidated Statement of Assets and Liabilities as at March 31, 2021, 2020 and 2019 and Reformatted Consolidated Statement of Profit and Loss (including other comprehensive income), Reformatted Consolidated Statement of Cash Flows and Reformatted Consolidated Statement of Changes in Equity for each of the years ended March 31, 2021, 2020 and 2019 of Incred Financial Services Limited (collectively, the "Reformatted Consolidated Financial Information")

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

Dear Sirs/Madams,

1. We have examined the attached Reformatted Consolidated Financial Information of Incred Financial Services Limited (the “**Company**” or “**Holding Company**”), its subsidiaries and associate (the Company, its subsidiaries and associate referred to as the “**Group**”) as at and for each of the years ended on March 31, 2021, 2020 and 2019, annexed to this report and prepared by the Company for the purpose of inclusion in the offer document in connection with its proposed issue of Secured Redeemable Non-Convertible Debentures of face value of Rs.1,000 each (“**NCDs**”). The Reformatted Consolidated Financial Information which have been approved by the Finance Committee of the Board of Directors in its meeting held on January 7, 2022, have been prepared by the Company in accordance with the requirements of:
 - a) Section 26 of Part I of Chapter III of the Companies Act, 2013, as amended (the “**Act**”);
 - b) Relevant provisions of The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended (the “**Regulations**”), issued by the Securities and Exchange Board of India (“**SEBI**”), in pursuance of the Securities and Exchange Board of India Act, 1992 (the “**SEBI Act**”).

Management’s Responsibility for the Reformatted Consolidated Financial Information

2. The preparation of the Reformatted Consolidated Financial Information based on audited consolidated financial statements of the Group prepared in accordance with the Indian Accounting Standard as prescribed under section 133 of the Act read with Companies (Indian Accounting Standard), Rules 2015, as amended (“**Ind AS**”) and other accounting principles generally accepted in India, which are to be included in the Draft Prospectus and the Prospectus in connection with the proposed issue of NCDs, is the responsibility of the management of the Company. The Management’s responsibility includes designing, implementing and maintaining adequate internal controls relevant to the preparation and presentation of the Reformatted Consolidated Financial Information. The Management is also responsible for identifying and ensuring that the Company complies with the Act and the Regulations.

Auditors' Responsibilities

3. We have examined such Reformatted Consolidated Financial Information taking into consideration:
 - a) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated December 28, 2021 in connection with the Company’s Issue of NCDs;
 - b) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India (the “**Guidance Note**”); and;
 - c) The requirements of Section 26 of the Act and the Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act and the Regulations in connection with the issue of NCDs.
4. The Company proposes to make an offer which comprises an issue of Secured Redeemable Non-Convertible of Rs.1,000 each by the Company, as may be decided by the Board of Directors of the Company.

Reformatted Consolidated Financial Information

5. These Reformatted Consolidated Financial Information have been compiled by the management from audited Consolidated financial statements of the Group as at and for the years ended March 31, 2021, March 31, 2020 and March 31, 2019 which were prepared in accordance with the Indian Accounting Standards as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India (referred to as “**Ind AS**”), which have been approved by the Board of Directors at their meetings held on July 23, 2021, August 31, 2020 and August 13, 2019 respectively;
6. For the purpose of our examination, we have relied on:
- a) Auditors’ reports issued by B S R & Co. LLP (“**BSR**” or “Previous Auditors”) dated July 23, 2021, August 31, 2020 and August 13, 2019 on the consolidated financial statements of the Group as at and for the years ended March 31, 2021, 2020 and 2019 as referred in paragraph 5 above;

- b) Examination report submitted by BSR dated January 5, 2022, 2021 on the Reformatted Consolidated Financial Information of the Group as at and for the year ended March 31, 2021, 2020 and 2019. Our examination report included for the said years is based solely on these reports submitted by BSR.

BSR in their examination report had included following emphasis of matter which are reproduced below:

Emphasis of Matter

- c) We draw attention to paragraph 8 on the Reformatted Consolidated Financial Information of the Group which as described more fully in Note 33A(iv) to the reformatted consolidated financial information, the extent to which the COVID-19 pandemic will have impact on the Group's financial performance is dependent on future developments, which are highly uncertain.
- d) We draw attention to paragraph 9 on the Reformatted Consolidated Financial Information of the Group which As described in Note 33A(iv) to the reformatted consolidated financial information, in respect of accounts overdue but standard at 29 February 2020 where moratorium benefit has been granted, the staging of those accounts at 31 March 2020 is based on the days past due status as on 29 February 2020 in accordance with the Reserve Bank of India COVID-19 Regulatory Package. As described in Note 33A(iv) to the reformatted consolidated financial information, the extent to which the COVID-19 pandemic will impact the group's financial performance is dependent on future developments, which are highly uncertain.
- e) We draw attention to paragraph 10 on the Reformatted Consolidated Financial Information of the Group which draws attention to Note 46(i) of the reformatted consolidated financial information, which describes the InCred Housing Finance Private Limited ('IHFPL') (a wholly owned subsidiary of the Holding Company) management's strategic decision to exit from housing segment on account of various challenges in the affordable housing segment, the IHFPL Board's proposal of merger with the Holding Company and surrender of the housing finance license.
- f) We draw attention to paragraph 11 on the Reformatted Consolidated Financial Information of the Group which draws attention to Note 46(ii) of the reformatted consolidated financial information, which more fully describes InCred Management Technology and Services Private Limited ('IMTSPL') (a wholly owned subsidiary of the Holding Company) management's basis for concluding and continuing with the going concern assumption for preparation of the financial statements.
- g) We draw attention to paragraph 12 on the Reformatted Consolidated Financial Information of the Group which draws attention to ted 27 June 2019 on the financial statements of InCred Housing Finance Private Limited ('HFC'), a Subsidiary Company of the Holding Company, which describes that during the year, HFC has sold off significant part of its housing portfolio and the appropriateness of going concern assumption relating to HFC is dependent upon future plans and intension of the HFC to continues its lending activity. These events or conditions, along with the other matters as set forth in Note 46(i) to

reformatted consolidated financial information, indicates that a material uncertainty exists that may cast significant doubt on the HFC's ability to continue as a going concern.

- h) We draw attention to paragraph 13 on the Reformatted Consolidated Financial Information of the Group which draws attention to note 29(i) of the reformatted consolidated financial information which describe the impact of loss of control by Group over its one subsidiary (mValu Technologies Private Limited) in the current year. This has led to recognition of fair valuation gain of Rs 4,147.71 lakhs in the Consolidated statement of profit and loss. Consequently, deferred tax liability amounting to Rs. 1,207.81 lakhs has been created at a consolidated level in respect of fair value gain.

BSR in their examination report have not modified their opinion in respect of the above matters.

The examination report of BSR also includes following Other Matters:

Other Matters

- i) The reformatted consolidated financial information for the year ended 31 March 2019 include the Group's share of net loss (and other comprehensive income) of Rs. 77.85 lakhs for the year ended 31 March 2019, as considered in the reformatted consolidated financial information, in respect of one associate, whose financial statements/financial information have not been audited by us or by other auditors. These unaudited financial statements/financial information have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this associate, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid associate, is based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the management, these financial statements/financial information are not material to the Group.

BSR opinion is not modified in respect of the above matter with respect to their reliance on the work done and the reports of the other auditors and the financial statements/financial information certified by the management for the year ended 31 March 2019.

7. Taking into consideration the requirements of Section 26 of Part I of Chapter III of the Act, the Regulations and the terms of our engagement agreed with you, and having placed reliance on the examination report submitted by BSR dated January 5, 2022, we further report that:
- a) Reformatted Consolidated Financial Information of the Group as at and for each of the years ended March 31, 2021, 2020 and 2019 and Other Financial Information referred to in paragraph 8 below have been examined by us, as set out in Annexure I to Annexure IV to this report. These Reformatted Consolidated Financial Information have been prepared after regrouping, which is more fully described in significant accounting policies and notes (Refer Annexure V);
- b) based on our examination as above:
- i. the Reformatted Consolidated Financial Information have to be read in conjunction with the notes given in Annexure V; and
 - ii. the figures of earlier period have been regrouped (but not restated retrospectively for changes in accounting policies), wherever necessary, to conform to the classification adopted for the Reformatted Consolidated Financial Information as at and for the year ended March 31, 2021.

Other Financial Information

8. At the Company's request, we have also examined the following other financial information proposed to be included in the Draft Prospectus and the Prospectus prepared by the Management and approved by the Board of Directors of the Company and annexed to this report relating to the Company, as at and for each of the years ended March 31, 2021, 2020 and 2019 and have placed reliance on the examination report issued by BSR for the year ended March 31, 2021, 2020 and 2019 respectively:

- Statement of Dividend, enclosed as Annexure VI

Other Matters

9. We have not audited any financial statements of the Company or the Group as of any date or for any period subsequent to March 31, 2021. Accordingly, we express no opinion on the financial position, profit and loss or cash flows of the Company or the Group as of any date or for any period subsequent to March 31, 2021.
10. In the preparation and presentation of Reformatted Consolidated Financial Information based on audited Consolidated financial statements as referred to in paragraph 5 above, no adjustments have been made for any events occurring subsequent to dates of the audit reports specified in paragraph 6 above.
11. This Report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by the Previous Auditors, nor should this report be construed as a new opinion on any of the financial statements referred to herein.
12. We have no responsibility to update our Report for events and circumstances occurring after the date of the report.
13. This Report is intended solely for use of the management for inclusion in the Draft Prospectus and the Prospectus to be filed with Registrar of Companies, Mumbai, SEBI, National Stock Exchange of India Limited and BSE Limited in connection with the proposed Issue of NCDs of the Company and is not to be used, referred to or distributed for any other purpose.

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

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

Sarvesh
Warty

Digitally signed by Sarvesh Warty
DN: cn=Sarvesh Warty,
email=Sarvesh.Warty@srb.in
Date: 2022.01.07 22:23:49
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per Sarvesh Warty

Partner

Membership No. 121411

UDIN: 22121411AAAAAF4283

Mumbai

January 7, 2022

Reformatted Consolidated Statement of Assets and Liabilities as at March 31, 2021, March 31, 2020 and March 31, 2019

Annexure I
(Rs. in lakhs)

Particulars	Note No	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
ASSETS				
(1) Financial assets				
(a) Cash and cash equivalents	2	1,457.92	3,843.63	6,773.51
(b) Bank balance other than cash and cash equivalents	3	588.46	735.88	267.46
(c) Receivables				
(I) Trade receivables	4	3.76	141.01	13.18
(II) Other receivables	5	-	4.75	55.50
(d) Loans	6	2,55,359.84	2,04,849.17	1,73,800.39
(e) Investments	7	12,457.43	5,051.35	5,246.65
(f) Other financial assets	8	1,852.48	773.70	575.85
(2) Non-financial assets				
(a) Current tax assets (net)		737.72	1,282.51	962.32
(b) Deferred tax assets (net)	9	1,857.39	1,118.43	924.60
(c) Property, plant and equipment	10	3,440.94	3,145.49	1,309.66
(d) Capital work-in-progress		14.49	125.06	-
(e) Goodwill		652.65	652.65	652.65
(f) Other intangible assets	11	547.43	308.00	442.60
(g) Other non-financial assets	12	1,482.78	1,178.31	820.41
Total assets		2,80,453.29	2,23,209.94	1,91,844.78
LIABILITIES AND EQUITY				
LIABILITIES				
(1) Financial liabilities				
(a) Payables				
(I) Trade payables				
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	13	-	-	12.33
(II) Other payables				
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	14	23.13	58.11	343.10
(b) Debt securities	15	73,827.02	42,105.62	47,814.80
(c) Borrowings (other than debt securities)	16	93,021.85	70,321.28	77,497.73
(d) Other financial liabilities	17	4,272.27	3,345.35	918.14
(2) Non-financial liabilities				
(a) Current tax liabilities (net)		-	-	64.90
(b) Provisions	18	169.90	158.41	153.97
(c) Deferred tax liabilities (net)	9	832.27	1,069.68	1,205.53
(d) Other non-financial liabilities	19	2,905.65	2,101.09	1,982.55
EQUITY				
(a) Share capital	20 (A)	38,624.42	38,615.30	30,762.93
(b) Other equity	20 (B)	66,776.78	65,435.10	31,088.80
Total liabilities and equity		2,80,453.29	2,23,209.94	1,91,844.78

Significant accounting policies and key accounting estimates and judgements

1

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

As per our report of even date

For S. R. Batliboi & Associates LLP
Chartered Accountants

ICAI Firm Registration No.: 101049W/E300004


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DN: cn=Sarvesh Warty,
email=Sarvesh.Warty@srb.in
Date: 2022.01.07 22:24:07
+05'30'per Sarvesh Warty
Partner
Membership No: 121411Place: Mumbai
Date: January 07, 2022For and on behalf of the Board of Directors of
InCred Financial Services Limited
CIN: U74899MH1991PLC340312

Digitally signed by
BHUPINDER SINGH
ER SINGH
Date: 2022.01.07
20:58:59 +05'30'Bhupinder Singh
Whole Time Director and CEO
DIN: 07342318

Digitally signed by
GAJENDRA
SINGH
THAKUR
Date: 2022.01.07
20:59:58 +05'30'Gajendra Thakur
Company SecretaryPlace: Mumbai
Date: January 07, 2022

Digitally signed by
VIVEK BANSAL
by VIVEK BANSAL
Date: 2022.01.07
20:40:52 +05'30'Vivek Bansal
Whole Time Director and CFO
DIN: 07835456

Particulars	Note No	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Revenue From operations				
(i) Interest income	21	37,723.45	31,091.36	29,940.46
(ii) Fees and commission income	22	557.16	805.95	1,044.68
(iii) Net (loss)/gain on fair value changes	23	268.91	465.01	(5.14)
(I) Total revenue from operations		38,549.52	32,362.32	30,980.00
(II) Other income	24	698.13	904.34	1,717.36
(III) Total income (I + II)		39,247.65	33,266.66	32,697.36
Expenses				
(i) Finance costs	25	15,275.74	11,605.70	14,082.84
(ii) Impairment on financial instruments	26	8,868.63	5,634.50	3,643.13
(iii) Employee benefits expenses	27	9,448.81	9,174.99	8,636.15
(iv) Depreciation and amortisation	10 & 11	1,015.98	1,160.68	275.93
(v) Others expenses	28	3,936.45	4,485.49	5,234.09
(IV) Total expenses		38,545.61	32,061.36	31,872.15
(V) Profit before share of loss of Associates (III - IV)		702.04	1,205.30	825.22
(VI) Share of loss of associates		349.57	491.55	-
(VII) Profit before exceptional items and tax (V - VI)		352.47	713.75	825.22
(VIII) Exceptional item	29	-	-	3,316.63
(IX) Profit after exceptional items and before tax (VII + VIII)		352.47	713.75	4,141.85
(X) Tax Expense:	30			
(1) Current Tax		1,135.14	527.43	574.55
(2) Deferred Tax		(999.71)	(329.99)	795.24
(XI) Profit for the year (IX - X)		217.04	516.31	2,772.06
(XII) Other comprehensive income				
(A) (i) Items that will not be reclassified to profit or loss				
(a) Remeasurements Gain/(Loss) of the defined benefit plans		(26.29)	29.03	54.47
(b) Equity instruments through other comprehensive income		-	0.02	14.26
(ii) Income tax relating to items that will not be reclassified to profit or loss		6.62	(0.32)	(15.19)
Subtotal (A)		(19.67)	28.73	53.54
(B) Items that will be reclassified to profit or loss				
(a) Debt instruments through other comprehensive income		118.97	-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		(29.95)	-	-
Subtotal (B)		89.02	-	-
Other comprehensive income (A + B)		69.35	28.73	53.54
(XIII) Total comprehensive income for the year (XI + XII)		286.39	545.04	2,825.60
Profit is attributable to:				
Shareholders of the Group		217.04	516.31	2,453.24
Non controlling interests		-	-	318.82
Other Comprehensive Income is attributable to:				
Shareholders of the Group		69.35	28.73	53.54
Non controlling interests		-	-	-
Total Comprehensive Income is attributable to:				
Shareholders of the Group		286.40	545.04	2,506.78
Non controlling interests		-	-	318.82
(XIV) Earnings per equity share	31			
Basic (Rs.)		0.06	0.14	0.80
Diluted (Rs.)		0.06	0.14	0.80

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

1

As per our report of even date

For S. R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration No.: 101049W/E300004

Sarvesh Warty
Digitally signed by Sarvesh Warty
DN: cn=Sarvesh Warty,
email=Sarvesh.Warty@srb.in
Date: 2022.01.07 22:24:32
+05'30'

per Sarvesh Warty
Partner
Membership No: 121411

Place: Mumbai
Date: January 07, 2022

For and on behalf of the Board of Directors of

InCred Financial Services Limited

CIN: U74899MH1991PLC340312

BHUPINDER SINGH
Digitally signed by BHUPINDER SINGH
Date: 2022.01.07
21:00:59 +05'30'

Bhupinder Singh
Whole Time Director and CEO
DIN: 07342318

GAJENDRA SINGH THAKUR
Digitally signed by GAJENDRA SINGH THAKUR
Date: 2022.01.07
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Gajendra Thakur
Company Secretary

Place: Mumbai
Date: January 07, 2022

VIVEK BANSAL
Digitally signed by VIVEK BANSAL
Date: 2022.01.07
20:41:17 +05'30'

Vivek Bansal
Whole Time Director and CFO
DIN: 07835456

Particulars	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Cash flow from operating activities			
Profit / (Loss) before tax	352.47	713.75	4,141.85
Adjustments to reconcile net profit to net cash generated from / (used in) operating activities			
Depreciation and amortisation	1,015.98	1,160.68	275.93
Net (gain) on fair value changes	(268.91)	(465.01)	(4,142.57)
Interest Income	(37,723.45)	(31,078.05)	(29,940.46)
Finance Cost	15,275.74	11,453.91	14,082.84
Impairment loss	8,868.63	5,634.50	3,762.19
Fee and Commission income	-	-	(12.72)
Other expenses	-	-	15.63
Provision for employment benefits	(20.98)	32.28	(19.91)
Share based expense	1,027.90	583.88	201.79
Impairment of goodwill	-	-	831.08
Advertisement expense	28.02	30.61	140.00
Share in loss of associate	349.57	491.55	-
Interest expense on lease liability	156.73	151.78	-
Reversal of rent expense	(339.20)	(401.71)	-
Operating cash flow before working capital changes	(11,277.50)	(11,691.83)	(10,664.35)
Working capital adjustments			
(Increase) / decrease in other trade receivables	137.25	(127.83)	39.17
Decrease in other receivables	4.75	50.75	(55.50)
(Increase) in Loans	(59,183.00)	(36,677.02)	(36,913.50)
(Increase) in other financial assets	(1,078.78)	(205.92)	(273.04)
(Increase) in other non financial assets	(332.49)	(388.51)	(117.22)
(Decrease) in trade payables	-	(12.33)	(257.90)
(Decrease) / Increase in other payables	(34.98)	(284.99)	343.10
Increase in other financial liabilities	1,109.40	2,677.13	233.37
Increase in provisions	12.79	0.86	(50.52)
Increase in other non financial liabilities	804.56	88.71	630.89
Cash generated from operations	(69,838.00)	(46,570.98)	(47,085.50)
Interest received on loans	35,299.79	31,012.88	31,372.88
Interest paid on borrowings and debt	(17,585.83)	(13,157.80)	(11,226.05)
Income taxes paid	(567.01)	(912.13)	(1,206.53)
Net cash (used in) operating activities	(52,691.05)	(29,628.03)	(28,145.39)
Cash flow from investing activities			
Purchase of property, plant and equipment	(959.91)	(2,754.37)	(955.94)
Purchase of intangibles assets	(590.93)	(107.53)	(464.59)
Capital work in progress	110.57	(125.06)	-
(Payment made) / Amount received for acquisition of subsidiary	-	(1,050.25)	279.83
Purchase of investments	(1,56,146.89)	(1,11,881.19)	(3,44,582.29)
Proceeds from sale of investments	1,48,749.18	1,12,051.78	3,44,173.62
Investment in term deposits	(1,05,002.11)	(16,814.26)	(267.46)
Proceeds from maturity of term deposits	1,05,146.56	16,332.53	-
Interest on investments	2,061.09	40.22	87.75
Interest on term deposits	166.27	38.26	7.69
Net cash (used in) investing activities	(6,466.17)	(4,269.87)	(1,721.39)
Cash flow from financing activities			
Issue of equity shares (including securities premium)	36.48	42,715.90	1,097.10
Security issue expenses	-	(595.97)	(68.08)
Proceeds from issue of debt securities	62,173.39	12,511.61	30,000.00
Proceeds from borrowings (other than debt securities)	72,265.00	55,339.32	58,500.01
Redemption of debt securities	(28,044.83)	(17,500.00)	(5,000.00)
Redemption of borrowings (other than debt securities)	(48,668.31)	(57,065.32)	(60,344.76)
Net cash generated from financing activities	57,761.73	35,405.54	24,184.27
Net increase / (decrease) in cash and cash equivalents	(1,395.49)	1,507.64	(5,682.52)
Cash and cash equivalents at the beginning of the year	884.34	(623.30)	5,059.21
Cash and cash equivalents at the end of the year	(511.15)	884.34	(623.30)

Notes:

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

(b) Cash and cash equivalents comprises of

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Cash on hand	2.84	8.11	7.22
Balances with banks			
- Current Accounts	1,455.08	3,835.52	6,766.29
Cash and cash equivalents (Refer note 2)	1,457.92	3,843.63	6,773.51
Less: Bank overdraft and cash credit (Refer note 16)	(1,969.07)	(2,962.25)	(7,397.43)
Add: Impairment loss allowance on deposits with bank	-	2.96	0.62
Cash and cash equivalents in cash flow statement	(511.15)	884.34	(623.30)

As per our report of even date

For S. R. Batliboi & Associates LLP
Chartered Accountants

ICAI Firm Registration No.: 101049W/E300004

Sarvesh
WartyDigitally signed by Sarvesh Warty
DN: cn=Sarvesh Warty,
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Date: 2022.01.07 22:24:49
+05'30'per Sarvesh Warty
Partner
Membership No: 121411Place: Mumbai
Date: January 07, 2022For and on behalf of the Board of Directors of
InCred Financial Services Limited
CIN: U74899MH1991PLC340312BHUPINDER SINGH
ER SINGHBhupinder Singh
Whole Time Director and CEO
DIN: 07342318GAJENDRA SINGH
THAKURGajendra Thakur
Company Secretary

VIVEK BANSAL

Vivek Bansal
Whole Time Director and CFO
DIN: 07835456Place: Mumbai
Date: January 07, 2022

InCred Financial Services Limited

Reformatted Consolidated Statement of Changes in Equity for the year ended March 31, 2021, March 31, 2020 and March 31, 2019

Annexure IV

A. Equity share capital

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Balance as at the beginning of the year	30,763.67	30,762.93	26,408.02
Changes in equity share capital during the year	9.12	0.74	4,354.91
Balance as at the end of the year	30,772.79	30,763.67	30,762.93

B. Preference share capital

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Balance as at the beginning of the year	7,851.63	-	-
Changes in equity share capital during the year	-	7,851.63	-
Balance as at the end of the year	7,851.63	7,851.63	-

B. Other equity

(Rs. in lakhs)

Particulars	Equity component of optionally convertible debentures	Reserves and Surplus						Debt instruments through OCI	Equity instruments through OCI	Loss on change in proportion held by NCI	Non Controlling interest	Total
		Special reserve	Capital reserve	Securities premium	Capital contribution from parent	Share based payment reserve	Retained earnings					
Balance at March 31, 2018	1,191.65	242.42	(6,722.25)	26,476.07	-	-	(365.46)	-	4.83	-	-	20,827.26
Profit for the year	-	-	-	-	-	-	2,453.24	-	-	-	318.82	2,772.06
Remeasurement benefit of defined benefit plans	-	-	-	-	-	-	43.03	-	-	-	-	43.03
Other comprehensive income for the year	-	-	-	-	-	-	-	-	10.51	-	-	10.51
Total comprehensive income for the year (net of tax)	-	-	-	-	-	-	2,496.27	-	10.51	-	318.82	2,825.60
Transfer / utilisations	-	-	-	-	-	-	-	-	-	-	-	-
Additions during the period	370.35	-	5,793.86	-	65.70	-	-	-	-	-	36.70	6,266.61
Utilized during the year	-	-	-	(68.08)	-	-	-	-	-	-	-	(68.08)
Issue of equity shares	-	-	-	1,027.04	-	-	-	-	-	-	-	1,027.04
Transferred to special reserve from retained earnings	-	120.57	-	-	-	-	(120.57)	-	-	-	-	-
Employee stock option expense	-	-	-	-	-	136.09	-	-	-	-	-	136.09
Loss of control on Business combination	-	-	-	-	-	-	(3.57)	-	-	-	77.85	74.28
Transferred to capital reserve and retained earnings on conversion of optionally convertible debentures	(1,562.00)	-	928.39	-	-	-	633.61	-	-	-	-	0.00
Balance at March 31, 2019	-	362.99	-	27,435.03	65.70	136.09	2,640.28	-	15.34	-	433.37	31,088.80
Profit for the year	-	-	-	-	-	-	516.31	-	-	-	-	516.31
Remeasurement benefit of defined benefit plans	-	-	-	-	-	-	28.70	-	-	-	-	28.70
Other comprehensive income for the year	-	-	-	-	-	-	-	-	0.02	-	-	0.02
Total comprehensive income for the year (net of tax)	-	-	-	-	-	-	545.01	-	0.02	-	-	545.03
Transfer / utilisations	-	-	-	-	-	-	-	-	-	-	-	-
Additions during the period	-	-	34,863.53	-	-	-	-	-	-	-	-	34,863.53
Utilized during the year	-	-	-	(595.97)	-	-	-	-	-	-	-	(595.97)
Transferred to special reserve from retained earnings	-	89.04	-	-	-	-	(89.04)	-	-	-	-	-
Employee stock option expense	-	-	-	-	(14.80)	598.69	-	-	-	-	-	583.89
Transferred to reserve and on additional acquisition of shares	-	-	-	-	-	-	-	-	-	(616.81)	(433.37)	(1,050.18)
Balance at March 31, 2020	-	452.03	-	61,702.59	50.90	734.78	3,096.25	-	15.36	(616.81)	-	65,435.10
Profit for the year	-	-	-	-	-	-	217.03	-	-	-	-	217.03
Remeasurement benefit of defined benefit plans	-	-	-	-	-	-	(19.67)	-	-	-	-	(19.67)
Other comprehensive income for the year	-	-	-	-	-	-	-	89.03	-	-	-	89.03
Total comprehensive income for the year (net of tax)	-	-	-	-	-	-	197.36	89.03	-	-	-	286.39
Transfer / utilisations	-	-	-	-	-	-	-	-	-	-	-	-
Additions during the period	-	-	27.36	-	-	-	-	-	-	-	-	27.36
Utilized during the year	-	-	-	-	-	-	-	-	-	-	-	-
Transferred to special reserve from retained earnings	-	204.69	-	-	-	-	(204.69)	-	-	-	-	-
Employee stock option expense	-	-	-	-	11.38	1,016.55	-	-	-	-	-	1,027.93
Transferred to reserve and on additional acquisition of shares	-	-	-	-	-	-	-	-	-	-	-	-
Balance at March 31, 2021	-	656.72	-	61,729.95	62.28	1,751.33	3,088.92	89.03	15.36	(616.81)	-	66,776.78

As per our report of even date

For S. R. Batliboi & Associates LLP
Chartered Accountants

ICAI Firm Registration No.: 101049W/E300004

Sarvesh Warty

per Sarvesh Warty
Partner
Membership No: 121411

Place: Mumbai
Date: January 07, 2022

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

CIN: U74899MH1991PLC340312

BHUPINDER SINGH
ER SINGH

Bhupinder Singh
Whole Time Director and CEO
DIN: 07342318

Place: Mumbai
Date: January 07, 2022

VIVEK BANSAL

Vivek Bansal
Whole Time Director and CFO
DIN: 07835456

Place: Mumbai
Date: January 07, 2022

GAJENDRA SINGH THAKUR

Gajendra Thakur
Company Secretary

Place: Mumbai
Date: January 07, 2022

Incred Financial Services Limited

Notes to Reformatted Consolidated Financial Statements

1. Significant Accounting Policies and notes forming part of financial statements Annexure V

A. Corporate Information

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

The Parent has received a Certificate of Registration from the Reserve Bank of India ('RBI'), on August 30, 2000 to commence/carry on the business of Non-Banking Financial Institution ('NBFC') without accepting public deposits. The Parent qualifies to be a NBFC - Systematically Important as per "Master - Direction - Non-Banking Financial Company - Systematically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions 2016".

The registered office of the Company is Unit No. 1203, 12th floor, B Wing, The Capital, Plot No. C - 70, G Block, Bandra - Kurla Complex, Bandra East, Mumbai - 400 051 (erstwhile- 406, 4th Floor, Competent House , Middle Circle, F Block, Connaught Place, New Delhi -110001.)

B. Basis of preparation and presentation

(a) Basis of preparation of reformatted Consolidated financial information for the year ended March 31, 2021; March 31, 2020 and March 31, 2019

The Reformatted consolidated statement of Assets and Liabilities of the Company as at March 31, 2021; March 31, 2020 and March 31, 2019 and Reformatted Consolidated Statement of Profit and Loss and the Reformatted Statement of Cash Flows and Reformatted Consolidated Statement of change in equity and the Summary of Significant Accounting Policies and notes for the year ended March 31, 2021; March 31, 2020 and March 31, 2019 (together referred as "Reformatted Consolidated financial information" have been extracted by the Management from the Audited Financial Statements of the Company for the year ended March 31, 2021; March 31, 2020 and March 31, 2019 ("Audited Financial Statements") which have been approved by the Board of Directors at their meetings held on August 13, 2019; August 31, 2020 and July 23, 2021 respectively. The accounting policies have been applied by the Company in preparation of the Reformatted standalone financial information are consistent with those adopted in the preparation of financial statements for the respective year.

The Reformatted Ind AS Consolidated financial information have been prepared by the management in connection with the proposed listing of Secured Senior Listed Transferable Redeemable Non-Convertible Debentures of the Company with BSE Limited and NSE Limited ('the stock exchanges'), in accordance with the requirements of:

a) Section 26 of the Companies Act, 2013; and

b) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 ('the Regulations') issued by the Securities and Exchange Board of India ("SEBI"), as amended from time to time in pursuance of the Securities and Exchange Board of India Act, 1992 (the "SEBI Act")

Incred Financial Services Limited

Notes to Reformatted Consolidated Financial Statements

The reformatted Consolidated financial information of the Company has been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

(a) Statement of compliance

The Reformatted Consolidated financial statement of the Group and its associates have been prepared in accordance with Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) as applicable to NBFCs subject to RBI norms and regulations.

(b) Presentation of Reformatted consolidated financial information

The Reformatted Consolidated financial information of the Group are presented as per Schedule III ('Division III') of the Companies Act, 2013 applicable to NBFCs, as notified by the Ministry of Corporate Affairs ('MCA'). The Reformatted Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7, Reformatted Statement of Cash Flows. The disclosure requirements with respect to items in the Reformatted Statement of Assets and Liabilities and Reformatted 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, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended and RBI regulations to the extent applicable.

(c) Functional and presentation currency

The Reformatted Consolidated financial information 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 as per the requirements of Schedule III, unless otherwise indicated.

(d) Basis of measurement

The Reformatted Consolidated financial information have been prepared under the historical cost convention except for the following items:

- a. Certain financial assets 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

(e) Use of estimates and judgements

The preparation of Reformatted Consolidated financial information 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 information, reported amounts of revenues and expenses during the period. Actual results may defer from these estimates.

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

- **Significant judgements**

(i) Recognition and measurement of defined benefit obligations

The obligation arising from defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation, actuarial rates and life expectancy. The discount rate is determined by reference to market yields at the end of the reporting period on government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations. Due to complexities involved in the valuation and its long-term nature, defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed at each reporting period. Further details are disclosed in Note 35.

(ii) Recognition of deferred tax assets / liabilities

Deferred tax assets and liabilities are recognised for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases and unutilised business loss and depreciation carry forward and tax credits. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry forward and unused tax credits could be utilised. Further details are disclosed in Note 9.

(iii) Recognition and measurement of provisions and contingencies

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources and on past experience and circumstances known at the reporting date. The actual outflow of resources at a future date may, therefore, vary from the amount included in other provisions.

(iv) Discounting of long-term financial assets / liabilities

All financial assets / liabilities are required to be measured at fair value on initial recognition. In case of financial assets / liabilities which are required to be subsequently measured at amortised cost, interest is accrued using the effective interest method.

(v) Fair valuation of employee stock options

The fair valuation of the employee stock options is based on the Black-Scholes option pricing model used for valuation of options. Key assumptions and inputs for fair value made with respect to expected volatility includes share price, expected dividends and discount rate, under the Black-Scholes option pricing model. These assumptions / inputs and models are disclosed in Note 36.

(vi) Effective Interest Rate (EIR) Method

The Group recognizes interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loans given / taken. This estimation, by nature, requires an element of judgement regarding the expected behavior and life cycle of the instruments, as well as expected changes to other fee income/expense that are integral parts of the instrument

(vii) Impairment of financial assets

The Group recognises loss allowances for expected credit losses on its financial assets measured at amortised cost. At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit- impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Incred Financial Services Limited

Notes to Reformatted Consolidated Financial Statements

(viii) Leases

The Group has recognized the lease liability at the present value of the future lease payments over the lease term discounted at the incremental borrowing rate.

(f) Basis of Consolidation and equity accounting

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

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

(ii) 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.

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Notes to Reformatted Consolidated Financial Statements

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.

(iii) 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.

(g) 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

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Notes to Reformatted Consolidated Financial Statements

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. Significant Accounting Policies

(a) Revenue from operations

Recognition of interest income

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 calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Fee and commission income:

Fee based income are recognised when they become measurable and when it is probable to expect their ultimate collection. Commission and brokerage income earned for the services rendered are recognised as and when they are due. Other loan related charges such as cheque bounce charges, foreclosure charges, etc. are recognised only on receipt basis.

License income:

Revenue arising from licensing agreements is recognised on an accrual basis in accordance with the license agreement when it is probable that the economic benefits associated with the transaction will flow to the entity and the amount of revenue can be measured reliably.

Interest income on investments:

Interest income from on investments is recognised when it is certain that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

(b) Financial instruments

• **Recognition and initial measurement**

Trade receivables are initially recognised when they are originated. All other financial assets and liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss ('FVTPL'), transaction costs that are directly attributable to its acquisition.

• **Classification and subsequent measurement of financial assets:**

Financial assets

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

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

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the 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:

- the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- 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.

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Notes to Reformatted Consolidated Financial Statements

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:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- 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 Reformatted Consolidated statement of Profit and Loss.

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

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in Reformatted Consolidated Statement of Profit and Loss. Any gain or loss on derecognition is recognised in Reformatted Consolidated Statement of Profit and Loss.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income under the EIR method, foreign gains and losses and impairment are recognised in Reformatted 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 Reformatted Consolidated Statement of Profit and Loss.

Equity investments designated at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in Reformatted 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 Reformatted Consolidated Statement of Profit and Loss.

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Notes to Reformatted Consolidated Financial Statements

Financial assets at FVTPL

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

- **Classification and subsequent measurement of financial liabilities**

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

Financial liabilities and equity instruments issued by the 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.

- **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.

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 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 Reformatted Consolidated statement of Profit and Loss.

- **Offsetting of financial assets and liabilities**

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.

- **Compound financial instruments**

Compound financial instruments issued by the Group comprise convertible debentures in INR that can be converted to equity shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with the changes in the fair value.

The liability component of a compound financial instrument is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequently.

Interest related to financial liability is recognised in Reformatted Consolidated statement of Profit and Loss. In case of conversion at maturity, financial liability is reclassified to equity and no gain or loss is recognised.

- **Share capital**

- **Ordinary shares**

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

- **Impairment of financial assets**

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

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

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

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

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

Stage 1

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

Stage 2

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

Stage 3

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

Credit-impaired financial assets:

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

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

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

The mechanics of ECL:

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

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

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

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

Loss Given Default - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

Forward looking information

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

Write-offs

The Group reduces the gross carrying amount of a financial asset when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. Any subsequent recoveries against such loans are credited to the Reformatted Consolidated statement of profit and loss.

(c) Measurement of fair values

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

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

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Notes to Reformatted Consolidated Financial Statements

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.

(d) 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 Reformatted Consolidated 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.

(e) Share-based payment arrangements

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.

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

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Notes to Reformatted Consolidated Financial Statements

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 Reformatted Consolidated Statement of Profit and Loss.

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

(f) Lease accounting

For year ended March 31, 2021 and March 31, 2020

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.

For year ended March 31, 2019

In determining whether an arrangement is, or contains a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease date if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in the arrangement.

Incred Financial Services Limited

Notes to Reformatted Consolidated Financial Statements

(i) Lease payments

Payments made under operating leases are recognised in Reformatted Consolidated Statement of Profit and Loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increase.

(g) Income Tax

Income tax expense comprises current and deferred tax. It is recognised in Reformatted Consolidated 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').

(i) Current tax

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

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

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

(ii) 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:

- 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
- Temporary differences related to investments in associates to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

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

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

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

Deferred tax assets and liabilities are offset only if:

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

Minimum Alternative Tax credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the entity will pay normal income tax during the specified period. Such asset is reviewed at each balance sheet date.

(h) Property, plant and equipment

• 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:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates,
- 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 Reformatted Consolidated Statement of Profit and Loss.

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

• 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.

• Depreciation

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Depreciation is provided on straight-line method as per the useful life given under Schedule II of the Companies Act, 2013, and is generally recognised in the Reformatted 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	30 years
Furniture & fixtures	10 years
Office equipment	5 years
Computers and printers	3 years
Vehicles	8 years
Leasehold improvements	Over the lease period

Assets costing less than INR 5,000 are fully depreciated in the year in which they are purchased.

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

(i) Intangible assets

- **Recognition and measurement**

Intangible assets comprising of 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.

- **Goodwill**

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

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or Groups of cash-generating units that

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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.

- **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 Reformatted Consolidated Statement Profit and Loss as incurred.

- **Amortisation**

Amortisation is calculated to write down 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 Reformatted Consolidated Statement of Profit and Loss.

The intangible assets are amortised over the estimated useful life of 3 years as per the management's estimate.

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

- **Impairment of non-financial assets**

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

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

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

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

In respect of assets 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 Reformatted Consolidated Statement of Profit and Loss, to the

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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.

(j) 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 Reformatted Consolidated Statement of Profit and Loss.

(k) Finance Cost

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

(l) Earnings per share

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

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

(m) 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.

(n) Segment Reporting

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Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Group. Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Income / Costs which relate to the Group as a whole and are not allocable to segments on a reasonable basis, have been included under Unallocated Income / Costs.

(o) Employee benefits

- **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.

- **Contribution to provident fund and ESIC:**

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

- **Gratuity:**

The Group's liability towards gratuity schemes 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 Reformatted Consolidated 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 Reformatted Consolidated Statement of profit and loss in the subsequent period.

- **Compensated absences**

- **For year ended March 31, 2021**

- 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.

- **For year ended March 31, 2020 and March 31, 2019**

- The Group does not have a policy of encashment of unavailed leaves for its employees but are permitted to carry forward subject to a prescribed maximum days. The

Notes to Reformatted Consolidated Financial Statements

Group's liability towards compensated absence is based on an independent external actuarial valuation as at the balance sheet date using the projected unit credit method.

(p) Provisions, contingent liabilities and contingent assets

- **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 Reformatted 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.

- **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.

- **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 provision disclosure is made.

- **Contingent assets**

Contingent assets are not recognised in the Reformatted Consolidated financial information. 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.

(q) 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

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of the enterprise for the period, the nature and amount of such items is disclosed separately as exceptional items.

(r) Standards issued but not yet effective

For the year ended March 31, 2021 and March 31, 2020

There are neither new standards nor amendments to existing standards which are issued but not effective.

For the year ended March 31, 2019

- **Ind AS 116 – Leases**

Ind AS 116 is applicable for financial reporting periods beginning on or after April 1, 2019 and replaces existing lease accounting guidance, namely Ind AS 17 Leases. Ind AS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use ('ROU') asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The nature of expenses related to those leases will change as Ind AS 116 replaces the operating lease expense (i.e. rent) with depreciation charge for ROU assets and interest expense on lease liabilities. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. The Group plans to apply Ind AS 116 on April 1, 2019, using the modified retrospective approach. Therefore, the impact (if any) on adoption of the new standard will be recognised as an adjustment to the opening balance of retained earnings at April 1, 2019, with no restatement of comparative information.

The Group is in the process of analysing the impact of new lease standard on its financial information.

Amendments to existing Ind AS:

The following amended standards are not expected to have a significant impact on the Group's Reformatted Consolidated financial information. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group when it will adopt the respective amended standards.

- **Amendment to Ind AS 12 Income Taxes: Appendix C – Uncertainty over Income Tax Treatments**

The Appendix addresses how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment.

- **Amendments to Ind AS 109 Financial Instruments: Prepayment Features with Negative Compensation**

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Under Ind AS 109 – Financial instruments, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are ‘solely payments of principal and interest on the principal amount outstanding’ (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to Ind AS 109 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

- **Amendments to Ind AS 12 Income Taxes**

The amendments clarify that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.

- **Amendments to Ind AS 19 Employee Benefits**

This amendment requires:

To use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and

To recognise in Consolidated Statement of Profit and Loss as part of past service cost, or gain or loss on settlement, any reduction in surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

- **Amendments to Ind AS 103, Business Combinations and Ind AS 111, Joint Arrangements**

This amendment Clarifies that when an entity obtains control of a business that is a joint operation, then the acquirer would re-measure its previously held interest in that business. Such a transaction would be considered as a business combination achieved in stages and accounted for on that basis. If a party that participates in a joint operation, but does not have joint control, obtains joint control over the joint operation (constituting a business): Clarifies that it would not be required to re-measure its previously held interests in the joint operation.

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Notes to the Reformatted Consolidated Financial Statements

2. Cash and cash equivalents

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Cash on hand	2.84	8.11	7.22
Balances with banks	1,455.08	3,835.52	6,766.29
Total	1,457.92	3,843.63	6,773.51

3. Bank balance other than cash and cash equivalents

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Fixed deposit with bank*	588.46	738.84	268.08
Allowance for impairment loss	-	(2.96)	(0.62)
Total	588.46	735.88	267.46

* Earmarked for borrowings, bank guarantee and securitised transaction.

4. Trade Receivables

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good	-	141.67	13.21
Unsecured, considered doubtful	8.87	5.09	5.09
Allowance for impairment loss	(5.11)	(5.75)	(5.12)
Total	3.76	141.01	13.18

5. Other Receivables

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good	-	4.75	55.63
Allowance for impairment loss	-	-	(0.13)
Total	-	4.75	55.50

6. Loans

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
	Amortised cost	Amortised cost	Amortised cost
(A) (i) Term loans	2,46,338.20	1,98,335.79	1,58,743.18
(ii) Loans repayable on demand	18,126.53	11,852.47	18,002.56
Total - Gross	2,64,464.73	2,10,188.26	1,76,745.74
Less: Impairment loss allowance	(9,104.89)	(5,339.09)	(2,945.35)
Total - Net of impairment loss allowance (A)	2,55,359.84	2,04,849.17	1,73,800.39
(B) (i) Secured by tangible assets	93,266.30	84,293.71	73,429.10
(ii) Secured by intangible assets	37,712.37	16,269.02	12,249.23
(ii) Covered by Bank / Government guarantees	5,786.74	-	-
(iii) Unsecured	1,27,699.32	1,09,625.53	91,067.41
Total - Gross	2,64,464.73	2,10,188.26	1,76,745.74
Less: Impairment loss allowance	(9,104.89)	(5,339.09)	(2,945.35)
Total - Net of impairment loss allowance (B)	2,55,359.84	2,04,849.17	1,73,800.39
(C) Loans in India			
(i) Public sectors	-	-	-
(ii) Others	2,64,464.73	2,10,188.26	1,76,745.74
Total - Gross	2,64,464.73	2,10,188.26	1,76,745.74
Less: Impairment loss allowance	(9,104.89)	(5,339.09)	(2,945.35)
Total - Net of impairment loss allowance (C)	2,55,359.84	2,04,849.17	1,73,800.39

Notes to the Reformatted Consolidated Financial Statements

7. Investments

(Rs. in lakhs)

Particulars	As at March 31, 2021					As at March 31, 2020					As at March 31, 2019				
	Amortised cost	At Fair Value Through profit or loss	At Fair Value Through other comprehensive income	Others	Total	Amortised cost	At Fair Value Through profit or loss	At Fair Value Through other comprehensive income	Others	Total	Amortised cost	At Fair Value Through profit or loss	At Fair Value Through other comprehensive income	Others	Total
Mutual funds	-	-	-	-	-	-	1,003.81	-	-	1,003.81	-	-	-	-	-
Debt securities	2,120.56	-	6,652.06	-	8,772.62	-	-	-	-	-	587.75	-	-	587.75	
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
- Associates*	-	-	-	3,697.97	3,697.97	-	-	-	4,047.55	4,047.55	-	-	-	4,639.09	
- Strategic Investment	-	-	-	-	-	-	-	-	-	-	-	-	121.63	121.63	
Total - Gross (A)	2,120.56	-	6,652.06	3,697.97	12,470.60	-	1,003.81	-	4,047.55	5,051.35	587.75	-	121.63	4,639.09	5,348.47
Investments in India	2,120.56	-	6,652.06	3,697.97	12,470.60	-	1,003.81	-	4,047.55	5,051.35	587.75	-	121.63	4,639.09	5,348.47
Total - Gross (B)	2,120.56	-	6,652.06	3,697.97	12,470.60	-	1,003.81	-	4,047.55	5,051.35	587.75	-	121.63	4,639.09	5,348.47
Less: Allowance for impairment loss (C)	(0.05)	-	(13.12)	-	(13.17)	-	-	-	-	-	(1.82)	-	-	-	(1.82)
Less: Write off of investment (D)	-	-	-	-	-	-	-	-	-	-	-	-	-	(100.00)	(100.00)
Total - Net (A + C + D)	2,120.51	-	6,638.94	3,697.97	12,457.43	-	1,003.81	-	4,047.55	5,051.35	585.93	-	121.63	4,539.09	5,246.65

* For details of investment in associates, refer note 34 and note 50

8. Other financial assets

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Other receivables	72.71	277.02	25.87
Loan to employees	8.62	43.51	114.41
Security Deposits	261.42	387.24	659.51
Advances to related parties (Refer Note 34)	15.45	16.96	13.70
Advances recoverable in cash	1,499.61	50.72	63.15
Less: Allowance for impairment loss	(5.33)	(1.75)	(300.79)
Total	1,852.48	773.70	575.85

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Notes to the Reformatted Consolidated Financial Statements

9. Deferred tax

The major components of Deferred Tax Assets ('DTA') / Deferred Tax Liabilities ('DTL') arising on account of timing differences for the year ended March 31, 2021:

(Rs. in lakhs)

Particulars	As at April 1, 2020	Recognised in profit and loss	Recognised in OCI	Directly recognised in equity	As at March 31, 2021
Deferred tax assets					
Impairment on financial assets	1,193.91	890.67	-	-	2,084.58
Impairment on investments	25.17	(2.39)	-	-	22.78
Retirement benefit plans	37.68	(4.41)	6.62	-	39.89
Lease expense	29.82	24.36	-	-	54.18
Disallowance of expenses	-	119.56	-	-	119.56
Difference between book value of fixed assets as per the books of accounts and income tax	30.49	40.96	-	-	71.45
Total (A)	1,317.07	1,068.75	6.62	-	2,392.44
Deferred tax liabilities					
Net fair value gain on investment designated through FVOCI	-	-	(29.96)	-	(29.96)
EIR impact on financial instruments	(352.63)	(152.18)	-	-	(504.81)
Fair value of investments in associate	(920.25)	87.99	-	-	(832.26)
Others	4.56	(4.84)	-	-	(0.28)
Total (B)	(1,268.32)	(69.03)	(29.96)	-	(1,367.31)
Deferred tax assets (net) (A+B) *	48.75	999.72	(23.34)	-	1,025.12

* Movement in deferred tax has been disclosed on a net basis (DTA - DTL) i.e. (Rs 1,857.39 lakhs - Rs.860.21 lakhs)

(Rs. in lakhs)

Particulars	As at April 1, 2019	Recognised in profit and loss	Recognised in OCI	Directly recognised in equity	As at March 31, 2020
Deferred tax assets					
Impairment on financial assets	774.53	419.38	-	-	1,193.91
Impairment on investments	29.12	(3.95)	-	-	25.17
Retirement benefit plans	42.09	(4.41)	-	-	37.68
Lease expense	-	29.82	-	-	29.82
Minimum Alternate Tax credit entitlement	132.65	(132.65)	-	-	-
Difference between book value of fixed assets as per the books of accounts and income tax	(33.62)	64.11	-	-	30.49
Others	0.25	4.31	-	-	4.56
Total (A)	945.02	376.61	-	-	1,321.63
Deferred tax liabilities					
Net fair value gain on investment designated through FVOCI	(6.31)	-	6.31	-	-
EIR impact on financial instruments	(11.83)	(340.80)	-	-	(352.63)
Remeasurement of defined benefit plan	-	6.62	(6.62)	-	-
Fair value of investments in associate	(1,207.81)	287.56	-	0	(920.25)
Total (B)	(1,225.95)	(46.62)	(0.31)	-	(1,272.88)
Deferred tax assets (net) (A+B) *	(280.93)	329.99	(0.31)	-	48.75

* Movement in deferred tax has been disclosed on a net basis (DTA - DTL) i.e. (Rs 1,118.43 lakhs - Rs.1,0769.68 lakhs)

(Rs. in lakhs)

Particulars	As at April 1, 2018	Recognised in profit and loss #	Recognised in OCI	Directly recognised in equity	As at March 31, 2019
Deferred tax assets					
Impairment on financial assets	88.70	685.83	-	-	774.53
Impairment on investments	-	29.12	-	-	29.12
Retirement benefit plans	223.50	(181.41)	-	-	42.09
Provision for lease equalisation	3.03	(3.03)	-	-	-
Minimum Alternate Tax credit entitlement	-	132.65	-	-	132.65
Others	-	1.50	-	-	1.50
Total (A)	315.23	664.66	-	-	979.89
Deferred tax liabilities					
Difference between book value of fixed assets as per the books of accounts and income tax	(7.40)	(26.22)	-	-	(33.62)
Split of compound financial instruments	(630.66)	260.31	-	370.35	-
Net fair value gain on investment designated through FVOCI	(2.56)	-	(3.75)	-	(6.31)
Reversal of lease equalisation reserve	(3.00)	3.00	-	-	-
EIR impact on financial instruments	486.29	(498.12)	-	-	(11.83)
Remeasurement of defined benefit plan	-	11.44	(11.44)	-	-
Fair value of investments on account of loss of control	-	(1,207.81)	-	-	(1,207.81)
Others	(0.36)	(0.89)	-	-	(1.25)
Total (B)	(157.69)	(1,458.29)	(15.19)	370.35	(1,260.82)
Deferred tax assets (net) (A+B) *	157.54	(793.63)	(15.19)	370.35	(280.93)

Excludes Rs.1.60 lakhs directly recognised in statement of profit and loss on account of business combination with Booth Fintech Private Limited in FY 2018-19.

* Movement in deferred tax has been disclosed on a net basis (DTA - DTL) i.e. (Rs 924.60 lakhs - Rs.1,205.53 lakhs)

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Notes to the Reformatted Consolidated Financial Statements

10. Property, plant and equipment

(Rs. in lakhs)

Particulars	Buildings*	Furniture and fixtures	Leasehold Improvements	Office equipment	Computers & Printers	Vehicles	Right-of-use assets**	Total
Year ended March 31, 2019								
At carrying cost at the beginning of the year	22.71	9.55	-	16.59	237.14	278.83	-	564.82
Additions during the year	-	37.12	708.55	18.62	191.65	-	-	955.94
Disposals	-	-	-	-	-	-	-	-
Gross carrying value as March 31, 2019	22.71	46.67	708.55	35.21	428.79	278.83	-	1,520.76
Accumulated depreciation as at the beginning of the year	0.02	0.50	-	1.74	39.36	12.58	-	54.20
Depreciation for the year	0.38	2.01	0.40	5.14	112.29	36.68	-	156.90
Disposals	-	-	-	-	-	-	-	-
Accumulated depreciation as at March 31, 2019	0.40	2.51	0.40	6.88	151.65	49.26	-	211.10
Net carrying value as at March 31, 2019	22.31	44.16	708.15	28.33	277.14	229.57	-	1,309.66
Year ended March 31, 2020								
At carrying cost at the beginning of the year	22.71	46.67	708.55	35.21	428.79	278.83	-	1,520.76
Additions during the year	-	44.78	263.30	86.64	180.73	52.84	2,128.88	2,757.17
Disposals	-	(1.46)	-	(0.44)	(1.19)	-	-	(3.09)
Gross carrying value as March 31, 2020	22.71	89.99	971.85	121.41	608.33	331.67	2,128.88	4,274.84
Accumulated depreciation as at the beginning of the year	0.40	2.51	0.40	6.88	151.65	49.26	-	211.10
Depreciation for the year	0.38	6.67	323.41	18.59	160.95	40.15	368.39	918.54
Disposals	-	(0.18)	-	(0.11)	-	-	-	(0.29)
Accumulated depreciation as at March 31, 2020	0.78	9.00	323.81	25.36	312.60	89.41	368.39	1,129.35
Net carrying value as at March 31, 2020	21.93	80.99	648.04	96.05	295.73	242.26	1,760.49	3,145.49
Year ended March 31, 2021								
At carrying cost at the beginning of the year	22.71	89.99	971.85	121.41	608.33	331.67	2,128.88	4,274.84
Additions during the year	-	94.14	359.63	91.59	154.82	19.53	392.55	1,112.26
Disposals	-	(22.97)	-	(19.11)	(3.06)	-	(131.39)	(176.52)
Gross carrying value as March 31, 2021	22.71	161.16	1,331.48	193.89	760.09	351.20	2,390.04	5,210.57
Accumulated depreciation as at the beginning of the year	0.78	9.00	323.81	25.36	312.60	89.41	368.39	1,129.35
Depreciation for the year	0.38	13.62	91.71	37.78	193.13	45.99	417.54	800.14
Disposals	-	(7.88)	-	(15.99)	(0.37)	-	(135.63)	(159.86)
Accumulated depreciation as at March 31, 2021	1.16	14.74	415.52	47.15	505.36	135.40	650.30	1,769.63
Net carrying value as at March 31, 2021	21.55	146.42	915.96	146.74	254.74	215.79	1,739.75	3,440.94

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

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

InCred Financial Services Limited

Notes to the Reformatted Consolidated Financial Statements

11. Other intangible assets

(Rs. in lakhs)

Particulars	Computer software
Year ended March 31, 2019	
At cost at the beginning of the year	115.98
Additions during the year	464.59
Gross carrying value as March 31, 2019 (A)	580.57
Accumulated amortisation:	
Accumulated amortisation at the beginning of the year	18.94
Amortisation for the year	119.03
Accumulated amortisation as at March 31, 2019 (B)	137.97
Net carrying value as at March 31, 2019 (A-B)	442.60
Year ended March 31, 2020	
At cost at the beginning of the year	580.57
Additions during the year	107.54
Gross carrying value as March 31, 2020 (A)	688.11
Accumulated amortisation:	
Accumulated amortisation at the beginning of the year	137.97
Amortisation for the year	242.14
Accumulated amortisation as at March 31, 2020 (B)	380.11
Net carrying value as at March 31, 2020 (A-B)	308.00
Year ended March 31, 2021	
At cost at the beginning of the year	688.11
Additions during the year	590.92
Gross carrying value as March 31, 2021 (A)	1,279.03
Accumulated amortisation:	
Accumulated amortisation at the beginning of the year	380.11
Amortisation for the year	351.49
Accumulated amortisation as at March 31, 2021 (B)	731.60
Net carrying value as at March 31, 2021 (A-B)	547.43

12. Other non-financial assets

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Prepaid expenses	366.01	254.71	148.80
Advances recoverable in kind	201.49	77.67	114.32
Advance to employee	0.10	-	0.14
Goods and Service Tax ('GST') receivable	915.18	837.64	547.94
TDS receivable	-	8.29	9.21
Total	1,482.78	1,178.31	820.41

13. Trade Payables

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Trade Payables			
Total outstanding dues other than micro enterprises and small enterprises			
- Principal	-	-	12.33
- Interest due	-	-	-
Total	-	-	12.33

14. Other Payables

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Other Payables			
Total outstanding dues other than micro enterprises and small enterprises			
- Principal	23.13	58.11	343.10
- Interest due	-	-	-
Total	23.13	58.11	343.10

Notes to the Reformatted Consolidated Financial Statements

15. Debt Securities

(Rs. in lakhs)

Particulars	As at	As at	As at
	March 31, 2021	March 31, 2020	March 31, 2019
	Amortised cost	Amortised cost	Amortised cost
Debentures	73,827.02	42,105.62	47,814.80
Total	73,827.02	42,105.62	47,814.80
Debts securities in India	73,827.02	42,105.62	47,814.80
Debt securities outside India	-	-	-
Total	73,827.02	42,105.62	47,814.80

Terms and conditions

(Rs. in lakhs)

Sr No	Particulars	Nature of security	Terms of repayment	Maturity date	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	
1	750, 0% Secured Rated Listed Redeemable Non-Convertible Debentures of Rs. 10,00,000 each (callable)	1. Non- Convertible Debentures issued by the group are secured by way of a first pari- passu charge over the receivables of the group to the extent they meet the stipulated security cover ("Hypothecated Receivables") created pursuant to the deed of hypothecation executed by the group in favour of the Debenture Trustee. 2. Additionally secured by way of a pari- passu charge with other debenture holders over the identified immovable property owned by the group.	Maturity date - June 26, 2019; Maturity price - Rs. 11,17,183 each	26-Jun-19	-	-	8,209.85	
2	500, 0% Secured Rated Listed Redeemable Non-Convertible Debentures of Rs. 10,00,000 each (callable)		Put date - September 20, 2019; Put price - Rs. 11,65,327 each Call date - September 20, 2019; Call price - Rs. 11,65,327 each Maturity date - June 22, 2020; Maturity price - Rs. 12,60,582 each	22-Jun-20	-	6,068.98	5,524.47	
3	1500, 10.75% Secured Rated Listed Redeemable Non-Convertible Debentures of Rs. 10,00,000 each		Redeemable at par at the end of 825 days from the date of allotment. Coupon to be paid annually.	22-Jun-20	-	15,047.83	15,023.30	
4	750, 10.25% Secured Rated Listed Redeemable Non-Convertible Debentures of Rs. 10,00,000 each		Redeemable at par at the end of 1096 days from the date of allotment. Coupon to be paid annually.	26-Apr-21	8,213.51	8,208.86	8,176.38	
5	450, 10.25% Secured Rated Listed Redeemable Non-Convertible Debentures of Rs. 10,00,000 each (callable)		Redeemable at par at the end of 1096 days from the date of allotment. Annual payment of coupon.	25-May-21	-	-	4,900.45	
6	550, 10.25% Secured Rated Listed Redeemable Non-Convertible Debentures of Rs. 10,00,000 each (callable)		Redeemable at par at the end of 1091 days from the date of allotment. Annual payment of coupon.	25-May-21	-	-	5,980.35	
7	1000, 9.50% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 10,00,000 each		Redeemable at par at the end of 545 days from the date of allotment. Coupon to be paid annually and on maturity.	20-Dec-21	10,687.30	-	-	
8	500, 9.75% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 10,00,000 each		Redeemable at par at the end of 1095 days from the date of allotment. Coupon to be paid annually.	22-Jun-23	5,265.56	-	-	
9	1000, 9.75% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 10,00,000 each		Redeemable at par at the end of 1095 days from the date of allotment. Coupon to be paid annually.	26-Jun-23	10,649.39	-	-	
10	500, 9.50% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 10,00,000 each		Redeemable at par at the end of 546 days from the date of allotment. Coupon to be paid semi-annually.	28-Jan-22	5,050.83	-	-	
11	500, 9.40% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 10,00,000 each		Redeemable at par at the end of 549 days from the date of allotment. Coupon to be paid annually and on maturity.	10-Feb-22	5,277.22	-	-	
12	750, 9.40% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 10,00,000 each		Redeemable at par at the end of 549 days from the date of allotment. Coupon to be paid semi-annually.	14-Mar-22	7,491.67	-	-	
13	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	2,502.24	-	-	
14	156, Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000	Non- Convertible Market- Linked Debentures issued by the group are secured by way of a first pari passu charge over the receivables of the group to the extent they meet the stipulated security cover ("Hypothecated Receivables") created pursuant to the deed of hypothecation executed by the	Redeemable with agreed coupon at the end of 451 days from the date of allotment.	18-Jan-21	-	1,621.98	-	
15	192, Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 428 days from the date of allotment.	03-Feb-21	-	1,967.73	-	
15	158, Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 730 days from the date of allotment.	30-Sep-21	1,849.04	1,653.72	-	
16	348, Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 732 days from the date of allotment.	14-Dec-21	3,977.66	3,553.81	-	
17	502, Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 729 days from the date of allotment.	18-Feb-22	5,630.14	3,982.71	-	
18	550, Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 911 days from the date of allotment.	03-Mar-23	5,744.54	-	-	
19	150, Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 910 days from the date of allotment.	28-Jul-23	1,487.92	-	-	
Total						73,827.02	42,105.62	47,814.80

InCred Financial Services Limited

Notes to the Reformatted Consolidated Financial Statements

16. Borrowings (other than debt securities)

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
	Amortised cost	Amortised cost	Amortised cost
(a) Term loans			
(i) from banks	62,464.65	50,699.91	45,901.80
(ii) from other parties	16,338.37	15,145.11	19,664.54
(b) Inter corporate borrowings from related parties	5,801.94	-	-
(c) Inter corporate borrowings from other parties	1,000.25	-	-
(d) Loans repayable on demand			
(i) from banks	5,456.92	4,476.26	9,923.97
(ii) from other parties	-	-	2,007.42
(e) Commercial Papers	1,959.72	-	-
Total	93,021.85	70,321.28	77,497.73
Borrowings in India	93,021.85	70,321.28	77,497.73
Borrowings outside India	-	-	-
Total	93,021.85	70,321.28	77,497.73

Terms and conditions

(Rs. in lakhs)

Particulars	Nature of security	Terms of repayment	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Borrowings					
a) Banks	Term Loan from Banks are secured by way of a first pari passu charge over all the receivables, both present and future of the Company; to the extent they meet the requirement of each lender's asset cover stipulated in respect of the outstanding facilities.	Loans are repayable in monthly or quarterly installments with original tenure ranging from 3 to 60 months. Rate of Interest ("ROI") ranging from 6.32% p.a. to 11.65% p.a.	62,464.65	50,699.91	45,901.80
b) Others	Term Loan from Others are secured by way of a first pari passu charge over all the receivables; both present and future of the Company; to the extent they meet the requirement of each lender's asset cover stipulated in respect of the outstanding	Loans are repayable in monthly or quarterly installments with original tenure ranging from 33 to 39 months. ROI ranging from 10.35% p.a. to 12.45% p.a.	16,338.37	15,014.28	17,203.06
	Pass Through Certificate Borrowings are secured by way of charge on fixed deposits and receivable from the pool principal.	Based on the waterfall mechanism, the proceeds realised from the receivables shall be utilized for the purpose of repayment of borrowings. ROI ranging from 10.35% p.a. to 12.45% p.a.	-	130.83	2,461.48
Loans repayable on demand (WC DL and CC)	Working Capital Demand Loans ("WC DL") and Cash Credit ("CC") from Banks are secured by way of a first pari passu charge over all the receivables; both present and future of the Company; to the extent they meet the requirement of each lender's asset cover stipulated in respect of the outstanding	WC DL and CC facilities are repayable on demand. Interest is payable on a monthly basis. ROI ranging from 8.10% p.a. to 11.00% p.a.	5,456.92	4,476.26	11,931.39
Inter corporate borrowings from related parties (Refer Note 34)	Unsecured	The tenure is 6 months. Interest is payable on a monthly basis. ROI - 9.90% p.a.	5,801.94	-	-
Inter corporate borrowings from other parties	Unsecured	The tenure is 1 month. Interest is payable on maturity. ROI - 10.00% p.a.	1,000.25	-	-
Commercial Paper	Unsecured	Issued at a discount and redeemable at par. The tenure is 364 days with coupon of 9.00% p.a.	1,959.72	-	-
Total			93,021.85	70,321.28	77,497.73

InCred Financial Services Limited

Notes to the Reformatted Consolidated Financial Statements

17. Other financial liabilities

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Lease liability (Refer Note 37)	1,957.64	1,878.95	-
Advances from customers	2,273.22	1,432.21	705.05
Expense payable	23.43	18.97	191.07
Security deposits	10.57	10.57	7.37
Employee expenses payable	5.74	0.69	11.88
Others	1.67	3.96	2.77
Total	4,272.27	3,345.35	918.14

18. Provisions

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits (Refer Note 35)	158.90	153.59	150.34
Expected credit loss provision on undrawn commitments	11.00	4.82	3.63
Total	169.90	158.41	153.97

19. Other non-financial liabilities

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Provision for expenses	2,389.07	1,402.69	1,481.29
Statutory dues payable	516.58	698.40	501.26
Total	2,905.65	2,101.09	1,982.55

InCred Financial Services Limited

Notes to the Reformatted Consolidated Financial Statements

20 (A). Share capital

Particulars	As at March 31, 2021		As at March 31, 2020		As at March 31, 2019	
	Number	Amount	Number	Amount	Number	Amount
Authorised Capital						
Equity shares of Rs. 10/- each	2,00,00,00,000	2,00,000.00	2,00,00,00,000	2,00,000.00	2,00,00,00,000	2,00,000.00
Preference Shares of Rs. 10/- each	8,00,00,000	8,000.00	8,00,00,000	8,000.00	-	-
Total	2,08,00,00,000	2,08,000.00	2,08,00,00,000	2,08,000.00	2,00,00,00,000	2,00,000.00
Issued, subscribed and paid up capital						
Equity Shares of Rs. 10/- each fully paid up	30,77,27,936	30,772.79	30,76,36,727	30,763.67	30,76,29,303	30,762.93
Preference Shares of Rs. 10/- each fully paid	7,85,16,289	7,851.63	7,85,16,289	7,851.63	-	-
Total	38,62,44,225	38,624.42	38,61,53,016	38,615.30	30,76,29,303	30,762.93

Terms/rights attached to equity shares

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

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

Terms/rights attached to preference shares

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

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

Equity shares held by holding company

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

Name of shareholder	As at March 31, 2021		As at March 31, 2020		As at March 31, 2019	
	No. of shares held	Amount	No. of shares held	Amount	No. of shares held	Amount
Bee finance Limited (Mauritius), the holding company	23,03,73,125	23,037.31	23,03,73,125	23,037.31	23,03,73,125	23,037.31
Total	23,03,73,125	23,037.31	23,03,73,125	23,037.31	23,03,73,125	23,037.31

InCred Financial Services Limited

Notes to the Reformatted Consolidated Financial Statements

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

Name of shareholder	As at March 31, 2021		As at March 31, 2020		As at March 31, 2019	
	No. of shares held	% Holding	No. of shares held	% Holding	No. of shares held	% Holding
Bee finance Limited (Mauritius), the holding company	23,03,73,125	59.64%	23,03,73,125	59.66%	23,03,73,125	74.89%
Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.	4,50,36,765	11.66%	4,50,36,765	11.66%	-	0.00%
Oaks Asset Management Private Limited (formerly known as "Alpha Capital Advisors Private Limited A/C PMS")	2,61,31,606	6.77%	2,63,04,302	6.81%	-	0.00%
Investcorp Private Equity Fund II (formerly known as IDFC Private Equity IV)	1,42,41,228	3.69%	2,87,82,735	7.45%	2,87,82,735	9.36%
Total	31,57,82,724	81.76%	33,04,96,927	85.59%	25,91,55,860	84.24%

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

During the current financial year the group has issued Nil equity shares for consideration other than cash (March 31, 2020: Nil ; March 31, 2019: 18,24,514 shares). Further, during the year ended March 31, 2019 Optionally Convertible Debentures ("OCD") having face value of Rs. 10 per OCD were converted to 3,77,77,340 equity shares in 1:1 ratio.

Equity shares reconciliation

Particulars	As at March 31, 2021		As at March 31, 2020		As at March 31, 2019	
	Number	Amount	Number	Amount	Number	Amount
At the beginning of the year	30,76,36,727	30,763.67	30,76,29,303	30,762.93	26,40,80,247	26,408.02
<u>Add: Issued during the year</u>						
Shares issued during the year	-	-	-	-	4,35,49,056 *	4,354.91
ESOP exercised during the year	91,209	9.12	7,424	0.74	-	-
Bought during the year	-	-	-	-	-	-
At the end of the year	30,77,27,936	30,772.79	30,76,36,727	30,763.67	26,40,80,247	30,762.93

* includes shares issued on conversion of optionally convertible debentures .

Preference shares reconciliation

Particulars	As at March 31, 2021		As at March 31, 2020		As at March 31, 2019	
	Number	Amount	Number	Amount	Number	Amount
At the beginning of the year	7,85,16,289	7,851.63	-	-	-	-
<u>Add: Issued during the year</u>						
Shares issued during the period	-	-	7,85,16,289	7,851.63	-	-
Bought during the period	-	-	-	-	-	-
At the end of the year	7,85,16,289	7,851.63	7,85,16,289	7,851.63	-	-

Notes to the Reformatted Consolidated Financial Statements

20 (B). Other equity

(Rs. in lakhs)

Particulars	Equity component of optionally convertible debentures	Reserves and Surplus						Debt instruments through OCI	Equity instruments through OCI	Loss on change in proportion held by NCI	Non Controlling interest	Total
		Special reserve	Capital reserve	Securities premium	Capital contribution from parent	Share based payment reserve	Retained earnings					
Balance at March 31, 2018	1,191.65	242.42	(6,722.25)	26,476.07	-	-	(365.46)	4.83	-	-	-	20,827.26
Profit for the year	-	-	-	-	-	-	2,453.24	-	-	-	318.82	2,772.06
Remeasurement benefit of defined benefit plans	-	-	-	-	-	-	43.03	-	-	-	-	43.03
Other comprehensive income for the year	-	-	-	-	-	-	-	-	10.51	-	-	10.51
Total comprehensive income for the year (net of tax)	-	-	-	-	-	-	2,496.27	-	10.51	-	318.82	2,825.60
Transfer / utilizations	-	-	-	-	-	-	-	-	-	-	-	-
Additions during the period	370.35	-	5,793.86	-	65.70	-	-	-	-	-	36.70	6,266.61
Utilized during the year	-	-	-	(68.08)	-	-	-	-	-	-	-	(68.08)
Issue of equity shares	-	-	-	1,027.04	-	-	-	-	-	-	-	1,027.04
Transferred to special reserve from retained earnings	-	120.57	-	-	-	-	(120.57)	-	-	-	-	-
Employee stock option expense	-	-	-	-	-	136.09	-	-	-	-	-	136.09
Loss of control on business combination	-	-	-	-	-	-	(3.57)	-	-	-	77.85	74.28
Transferred to capital reserve and retained earnings on conversion of optionally convertible debentures	(1,562.00)	-	928.39	-	-	-	633.61	-	-	-	-	0.00
Balance at March 31, 2019	-	362.99	-	27,435.03	65.70	136.09	2,640.28	-	15.34	-	433.37	31,088.80
Profit for the year	-	-	-	-	-	-	516.31	-	-	-	-	516.31
Remeasurement benefit of defined benefit plans	-	-	-	-	-	-	28.70	-	-	-	-	28.70
Other comprehensive income for the year	-	-	-	-	-	-	-	-	0.02	-	-	0.02
Total comprehensive income for the year (net of tax)	-	-	-	-	-	-	545.02	-	0.02	-	-	545.03
Transfer / utilizations	-	-	-	-	-	-	-	-	-	-	-	-
Additions during the period	-	-	-	34,863.53	-	-	-	-	-	-	-	34,863.53
Utilized during the year	-	-	-	(595.97)	-	-	-	-	-	-	-	(595.97)
Transferred to special reserve from retained earnings	-	89.04	-	-	-	-	(89.04)	-	-	-	-	-
Employee stock option expense	-	-	-	-	(14.80)	598.69	-	-	-	-	-	583.89
Transferred to reserve and on additional acquisition of shares	-	-	-	-	-	-	-	-	-	(616.81)	(433.37)	(1,050.18)
Balance at March 31, 2020	-	452.03	-	61,702.59	50.90	734.78	3,096.25	-	15.36	(616.81)	-	65,435.10
Profit for the year	-	-	-	-	-	-	217.03	-	-	-	-	217.03
Remeasurement benefit of defined benefit plans	-	-	-	-	-	-	(16.69)	-	-	-	-	(16.67)
Other comprehensive income for the year	-	-	-	-	-	-	-	-	89.03	-	-	89.03
Total comprehensive income for the year (net of tax)	-	-	-	-	-	-	197.36	-	89.03	-	-	286.39
Transfer / utilizations	-	-	-	-	-	-	-	-	-	-	-	-
Additions during the period	-	-	-	27.36	-	-	-	-	-	-	-	27.36
Utilized during the year	-	-	-	-	-	-	-	-	-	-	-	-
Transferred to special reserve from retained earnings	-	204.69	-	-	-	-	(204.69)	-	-	-	-	-
Employee stock option expense	-	-	-	-	11.38	1,016.55	-	-	-	-	-	1,027.93
Transferred to reserve and on additional acquisition of shares	-	-	-	-	-	-	-	-	-	-	-	-
Balance at March 31, 2021	-	656.72	-	61,729.95	62.28	1,751.33	3,088.92	89.03	15.36	(616.81)	-	66,776.78

Description of nature and purpose of each reserve

Equity component of optionally convertible debentures - This is the equity component of the optionally convertible debentures. The liability component is reflected in debt securities.

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

Capital reserve - This reserve was created to record the excess carrying value of optionally convertible debentures provided through securities premium. The excess value is recorded by reversing the capital reserve with corresponding debit to debentures.

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

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

Share based payment reserve - The employee stock option outstanding reserve is used to recognise the grant date fair value of options issued to employees of the Group under stock option schemes of the Group.

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

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

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

Loss on change in proportion held by NCI - This represents the difference between the non-controlling interest and the fair value of the consideration paid for additional acquisition in subsidiary.

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Notes to the Reformatted Consolidated Financial Statements

21. Interest income

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
On financial assets measured at amortised cost:			
-Interest on loans	35,496.09	31,012.88	29,845.02
-Interest income from investments	523.59	40.22	87.75
-Interest on deposits with banks	166.27	38.26	7.69
On Financial Assets measured at fair value through Other Comprehensive Income:			
-Interest income from investments	1,537.50	-	-
Total	37,723.45	31,091.36	29,940.46

Note - No revenue from transactions with a single customer amounted to 10% or more of the Group's total revenue for the year ended 31 March 2021, 31 March 2020 and 31 March 2019.

22. Fees and commission income

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Other fees and charges	501.16	749.95	1,044.68
Service fees (Refer Note 34 for related party transaction)	56.00	56.00	-
Total	557.16	805.95	1,044.68

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

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Net (loss)/ gain on financial instruments at fair value through profit or loss			
- Investments	268.91	465.01	(5.14)
Total	268.91	465.01	(5.14)
Fair value changes:			
- Realised	268.91	461.20	(5.14)
- Unrealised	-	3.81	-

24. Other income

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Service fee income	401.46	628.56	-
Marketing fees	195.00	255.00	600.00
Premium on assignment	-	-	1,100.00
Other income	101.67	20.78	17.36
Total	698.13	904.34	1,717.36

Notes to the Reformatted Consolidated Financial Statements

25. Finance costs

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
	On financial liabilities measured at amortised cost	On financial liabilities measured at amortised cost	On financial liabilities measured at amortised cost
(i) Interest on borrowings	8,258.40	7,463.01	8,061.50
(ii) Discount on Commercial Paper	124.74	93.85	1,367.32
(iii) Interest on Debentures	6,499.73	3,801.05	4,654.02
(iv) Interest on Inter Corporate Debts ("ICD")	195.52	66.18	-
(v) Liability towards operating lease (Refer Note 37)	156.73	151.78	-
(vi) Other finance cost	40.62	29.83	-
Total	15,275.74	11,605.70	14,082.84

26. Impairment on financial instruments

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
	On Financial instruments measured at amortised cost		
- Loans	8,872.69	5,628.25	3,342.44
- Investments	0.05	(1.82)	0.02
- Other financial assets	(4.11)	8.07	300.67
Total	8,868.63	5,634.50	3,643.13

27. Employee benefits expenses

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
	Salaries and wages	8,072.43	8,085.02
Contribution to provident and other funds	227.81	260.68	202.50
Share based payment to employees	1,027.90	583.88	201.79
Staff welfare expenses	141.65	203.86	101.96
Retirement Benefit expenses	(20.98)	32.28	42.87
Others	(0.00)	9.27	8.84
Total	9,448.81	9,174.99	8,636.15

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Notes to the Reformatted Consolidated Financial Statements

28. Other expenses

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Rent (Refer Note 37)	275.89	275.89	757.15
Communication cost	78.64	94.04	89.23
Travelling and conveyance	129.70	344.41	396.04
Legal, professional and consultancy charges	434.57	350.68	691.38
IT expenses	672.66	657.32	544.72
Repairs and maintenance	20.62	25.01	27.01
Rating fees	104.25	47.84	71.00
Printing and stationary	5.76	30.08	35.04
Bank charges	32.23	28.57	15.30
Bureau charges	168.68	290.44	345.52
Directors' sitting fees	13.19	14.55	7.78
Payment to auditors	94.93	80.12	88.33
Advertisement, publicity and sales promotion expenses	389.18	477.95	472.59
Operation Cost	164.05	458.25	277.48
Office Expense	320.31	315.23	262.19
Postage & courier charges	12.07	62.45	51.76
Interest on statutory dues	14.41	5.53	1.34
Recruitment fees	32.51	126.88	126.96
Stamp Duty & Filing fees	10.64	86.65	62.72
Legal & Technical charges	25.64	88.74	359.02
Corporate Social responsibility (Refer Note 42)	20.05	16.93	5.40
Provision for diminution in the value of investment	-	-	100.00
Cost of collection	851.93	553.48	311.77
Miscellaneous expenses	64.54	54.45	134.36
Total	3,936.45	4,485.49	5,234.09

Payment to the auditors:

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Auditor's remuneration			
- Audit fees	84.12	71.95	77.20
In other capacity			
- Certification services	10.81	8.17	11.13
- Taxation	-	-	-
Out of pocket expenses	-	-	-
Total	94.93	80.12	88.33

Notes to the Reformatted Consolidated Financial Statements

29. Exceptional Gain

The Group did not have any exceptional items in the financial year ended March 31, 2021 and March 31, 2020. Appended below are the details of the exceptional items for the year ended March 31, 2019:

(i) Fair valuation gain on account of loss of control in a subsidiary

Booth Fintech Private Limited ("Booth") (subsidiary) invested Rs 391.39 lakhs in Class B Cumulative Convertible Preference Shares of mValu Technologies Private Limited ("mValu") on December 27, 2018 and accordingly gained control over mValu. On March 26, 2019, mValu issued additional shares to a third party which has resulted into dilution of Booth shareholding in mValu from 75.99% to 44.51% and thereby losing the control over mValu.

As per requirements of Ind AS 110, due to loss of control over a subsidiary, investment in mValu has been accounted for as an associate at fair value as on date of dilution in the consolidated financial statements. This has led to recognition of fair valuation gain of Rs 4,147.71 lakhs in the consolidated Profit and Loss statement. Consequently deferred tax liability amounting to Rs. 1,207.81 lakhs has been created at a consolidated level in respect of fair value gain of Booth's investment in mValu. The aforementioned gain has arisen due to compliance with applicable accounting standards pursuant to loss of control. This is not an operating income and is non-recurring in nature. There is no cash flow since the gain is recognised on deemed disposal.

(ii) Impairment of Goodwill

The Group had recognised goodwill of Rs 831.08 lakhs as at March 31, 2018 for the investment in its wholly owned subsidiary, Incred Housing Finance Private Limited ("HFC"). Based on impairment testing, an impairment of Rs. 831.08 has been recorded for the year ended March 31, 2019.

30. Tax expense

(a) Amounts recognised in profit and loss

(Rs. in lakhs)

Particulars	Year ended	Year ended	Year ended
	March 31, 2021	March 31, 2020	March 31, 2019
Current tax expense			
Current year	1,135.14	527.43	574.55
Deferred tax expense			
Origination and reversal of temporary differences	(999.71)	(329.99)	795.24
Tax expense for the year	135.43	197.44	1,369.79

(b) Amounts recognised in other comprehensive income

(Rs. in lakhs)

Particulars	Year ended March 31, 2021			Year ended March 31, 2020			Year ended March 31, 2019		
	Before tax	Tax (expense)	Net of tax	Before tax	Tax (expense)	Net of tax	Before tax	Tax (expense)	Net of tax
Items that will not be reclassified to profit or loss									
(a) Remeasurements of defined benefit liability (asset)	(26.29)	6.62	(19.67)	29.03	(6.62)	22.41	54.47	(11.44)	43.03
(b) Equity instruments through other comprehensive income				0.02	6.30	6.32	14.26	(3.75)	10.51
Items that will be reclassified to profit or loss									
(a) Debt instruments through other comprehensive income	118.97	(29.95)	89.03	-	-	-	-	-	-
Total	92.68	(23.33)	69.35	29.05	(0.32)	28.73	68.73	(15.19)	53.54

(c) Amounts recognised directly in equity

(Rs. in lakhs)

Particulars	Year ended March 31, 2021			Year ended March 31, 2020			Year ended March 31, 2019		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
	INR	INR	INR	INR	INR	INR	INR	INR	INR
Temporary difference arising from optionally convertible debentures	-	-	-	-	-	-	1,191.65	370.35	1,562.00
	-	-	-	-	-	-	1,191.65	370.35	1,562.00

(d) Reconciliation of effective tax rate

(Rs. in lakhs)

Particulars	Year ended	Year ended	Year ended
	March 31, 2021	March 31, 2020	March 31, 2019
Profit before tax as per Statement of profit and loss	352.47	713.75	4,141.85
Statutory tax rate	25.17%	25.17%	29.12%
Tax using the Company's domestic tax rate	88.72	179.65	1,206.11
Tax effect of:			
Tax effect of amounts which are not deductible in calculating taxable income	198.43	36.66	290.62
Effect of income exempt from income tax	(42.11)	(104.73)	(21.35)
Impact of change in tax rate	-	(56.41)	-
Tax pertaining to prior year	(96.38)	2.15	12.40
Other adjustments	(13.23)	7.47	(117.58)
Impact of MAT reversal	-	132.65	-
Tax impact of lower tax rate for subsidiaries	-	-	(0.41)
Total income tax expense	135.43	197.44	1,369.80
Effective tax rate	38.42%	27.66%	33.07%

(e) During the previous year, the Group had elected to exercise the option permitted under Section 115BAA of the income-tax Act, 1961, as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Group has recognised provision for income tax for the year ended March 31, 2020 and has reversed the MAT credit recognised earlier and re-measured its deferred tax assets and liabilities basis the rate prescribed in the said section. The full impact of the above mentioned change is a charge of Rs. 76.24 lakhs and has been recognised in the consolidated statement of profit and loss for the year ended March 31, 2020.

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Notes to the Reformatted Consolidated Financial Statements

31. Earnings per share

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

i. Profit attributable to Equity shareholders:

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Profit attributable to equity holders of the Company used in calculating basic earnings per share	217.04	516.31	2,453.24
Profit attributable to equity holders of the Company used in calculating diluted earnings per share	217.04	516.31	2,453.24

ii. Weighted average number of ordinary shares

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	38,51,19,843	38,03,66,142	30,51,86,859
Add: Adjustments for calculation of diluted earnings per share	14,19,853	-*	7,31,391
Weighted average number of equity shares and potential equity shares used as the denominator in calculating diluted earnings per share	38,65,39,696	38,03,66,142	30,59,18,250
Basic earnings per share	0.06	0.14	0.80
Diluted earnings per share	0.06	0.14	0.80

* The ESOPs outstanding are anti-dilutive in nature

Notes to the Reformatted Consolidated Financial Statements

32. Fair value measurements

A. Accounting classification

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

Particulars	As at March 31, 2021			As at March 31, 2020			As at March 31, 2019		
	FVTPL	FVOCI	Amortised Cost	FVTPL	FVOCI	Amortised Cost	FVTPL	FVOCI	Amortised Cost
Financial assets									
Cash and cash equivalents	-	-	1,457.92	-	-	3,843.63	-	-	6,773.51
Bank balance other than cash and cash equivalents	-	-	588.46	-	-	735.88	-	-	267.46
Receivables									
(I) Trade receivables	-	-	3.76	-	-	141.01	-	-	13.18
(II) Other receivables	-	-	-	-	-	4.75	-	-	55.50
Loans	-	-	2,55,359.84	-	-	2,04,849.17	-	-	1,73,800.39
Investments									
- Mutual funds	-	-	-	1,003.81	-	-	-	-	-
- Debt securities	-	6,638.94	2,120.51	-	-	-	-	-	585.93
- Strategic investment	-	-	-	-	-	-	-	121.63	-
Other financial assets	-	-	1,852.48	-	-	773.70	-	-	575.85
Total financial assets	-	6,638.94	2,61,382.97	1,003.81	-	2,10,348.14	-	121.63	1,82,071.82
Financial liabilities									
Payables									
- Trade payables	-	-	-	-	-	-	-	-	12.33
- Other payables	-	-	23.13	-	-	58.11	-	-	343.10
Debt securities	-	-	73,827.02	-	-	42,105.62	-	-	47,814.80
Borrowings (other than debt securities)	-	-	93,021.85	-	-	70,321.28	-	-	77,497.73
Other financial liabilities	-	-	4,272.27	-	-	3,345.35	-	-	918.14
Total financial liabilities	-	-	1,71,144.27	-	-	1,15,830.36	-	-	1,26,586.10

B. Fair Value

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

Particulars	Fair value											
	As at March 31, 2021				As at March 31, 2020				As at March 31, 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets												
Equity instruments (strategic investments)	-	-	-	-	-	-	-	-	-	-	121.63	121.63
Investment in mutual funds	-	-	-	-	1,003.81	-	-	1,003.81	-	-	-	-
Investment in debt securities	-	-	6,638.94	6,638.94	-	-	-	-	-	-	-	-
Total	-	-	6,638.94	6,638.94	1,003.81	-	-	1,003.81	-	-	121.63	121.63

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.

Particulars	Fair value											
	As at March 31, 2021				As at March 31, 2020				As at March 31, 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets												
Cash and cash equivalents	1,457.92	-	-	1,457.92	3,843.63	-	-	3,843.63	6,773.51	-	-	6,773.51
Bank balance other than cash and cash equivalents	588.46	-	-	588.46	735.88	-	-	735.88	267.46	-	-	267.46
Receivables												
(i) Trade receivables	-	-	3.76	3.76	-	-	141.01	141.01	-	-	13.18	13.18
(ii) Other receivables	-	-	-	-	-	-	4.75	4.75	-	-	55.50	55.50
Investments												
- Debt securities	-	-	2,120.51	2,120.51	-	-	-	-	-	-	585.93	585.93
Loans	-	-	2,70,436.30	2,70,436.30	-	-	2,06,237.47	2,06,237.47	-	-	1,76,248.42	1,76,248.42
Other financial assets	-	-	1,852.48	1,852.48	-	-	773.70	773.70	-	-	575.85	575.85
Total	2,046.38	-	2,74,413.05	2,76,459.43	4,579.51	-	2,07,156.93	2,11,736.44	7,040.96	-	1,77,478.88	1,84,519.85
Financial Liabilities												
Payables												
- Trade payables	-	-	-	-	-	-	-	-	-	-	12.33	12.33
- Other payables	-	-	23.13	23.13	-	-	58.11	58.11	-	-	343.10	343.10
Debt securities	-	-	74,320.09	74,320.09	-	-	42,112.57	42,112.57	-	-	47,814.80	47,814.80
Borrowings (other than debt securities)	-	-	93,038.76	93,038.76	-	-	70,306.94	70,306.94	-	-	77,497.73	77,497.73
Other financial liabilities	-	-	4,272.27	4,272.27	-	-	3,345.35	3,345.35	-	-	918.14	918.14
Total	-	-	1,71,654.25	1,71,654.25	-	-	1,15,822.97	1,15,822.97	-	-	1,26,586.10	1,26,586.10

Notes to the Reformatted Consolidated Financial Statements

(Rs. in lakhs)

Particulars	As at March 31, 2021		As at March 31, 2020		As at March 31, 2019	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets						
Cash and cash equivalents	1,457.92	1,457.92	3,843.63	3,843.63	6,773.51	6,773.51
Bank balance other than cash and cash equivalents	588.46	588.46	735.88	735.88	267.46	267.46
Receivables						
(I) Trade receivables	3.76	3.76	141.01	141.01	13.18	13.18
(II) Other receivables	-	-	4.75	4.75	55.50	55.50
Loans	2,55,359.84	2,70,436.30	2,04,849.17	2,06,237.47	1,73,800.39	1,76,248.42
Investments						
- Mutual funds	-	-	1,003.81	1,003.81	-	-
- Debt securities	8,759.45	8,759.45	-	-	585.93	585.93
- Equity instruments (strategic investments)	-	-	-	-	121.63	121.63
Other financial assets	1,852.48	1,852.48	773.70	773.70	575.85	575.85
Total	2,68,021.91	2,83,098.37	2,11,351.95	2,12,740.25	1,82,193.45	1,84,641.48
Financial liabilities						
Payables						
- Trade payables	-	-	-	-	12.33	12.33
- Other payables	23.13	23.13	58.11	58.11	343.10	343.10
Debt securities	73,827.02	74,320.09	42,105.62	42,112.57	47,814.80	47,814.80
Borrowings (other than debt securities)	93,021.85	93,038.76	70,321.28	70,306.94	77,497.73	77,497.73
Other financial liabilities	4,272.27	4,272.27	3,345.35	3,345.35	918.14	918.14
Total	1,71,144.27	1,71,654.25	1,15,830.35	1,15,822.97	1,26,586.10	1,26,586.10

Except for those financial instruments for which the fair value amounts are mentioned in the above table (different than the carrying amounts), 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 Reformatted Consolidated Financial Statements**Financial instruments held at amortised cost****i. Cash and bank balance:**

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

ii. Loans and advances to customers:

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

iii. Other financial assets:

Other financial assets comprise primarily of advances to related parties and other advances. The carrying amount of these financial instruments is considered to be a reasonable approximation of fair value as they are short term in nature.

iv. Investment in debt securities:

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

v. Debt securities and borrowings:

The estimated fair value of fixed interest bearing borrowings without quoted market prices is based on discounted cash flows using the prevailing rates at which Company has borrowed for debts with a similar credit risk and remaining maturity. For market linked debentures, the fair value published by CARE Rating Agency as at March 31, 2021 has been considered for fair valuation. For floating rate borrowings, the carrying value is a reasonable approximation to the fair value.

vi. Other financial liabilities:

Other financial liabilities comprise primarily of advances received from customers and other payables. The carrying amount of these financial instruments is considered to be a reasonable approximation of fair value as they are either short term in nature.

Financial instruments held at fair value**i. Investment in mutual fund:**

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

ii. Investment in debt securities:

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

ii. Investment in equity shares:

The Fair value of equity shares has been computed based on the discounted cash flow method provided by independent valuer or / and in accordance with the sale agreement. The said equity shares are sold in the month of April 2019.

Gains or losses on transfers amongst categories

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

Inter-level transfers

There are no transfers of financial assets and liabilities measured at fair value between Levels 1 and 2 and Level 2 and 3 during the financial years ended March 31, 2021; March 31, 2020 and March 31, 2019.

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

The following table presents the change in level 3 items for the year ended March 31, 2021 ; March 31, 2020 and March 31, 2019.

Particulars	(Rs. in lakhs)	
	Equity	Debt
As at March 31, 2018	107.37	-
Net Acquisitions/(Disposal)	-	-
Gains recognised in other comprehensive income	14.26	-
As at March 31, 2019	121.63	-
Net Acquisitions/(Disposal)	(121.61)	-
Gains recognised in other comprehensive income	(0.02)	-
As at March 31, 2020	-	-
Acquisitions/(Disposal)	-	6,519.96
Gains recognised in other comprehensive income	-	132.10
As at March 31, 2021	-	6,652.06

InCred Financial Services Limited

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33. Financial risk management

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

InCred Financial Services Limited

Notes to the Reformatted Consolidated Financial Statements

33. Financial risk management (continued)

A. Credit risk

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

i) Credit risk management

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

The key factors considered include:

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

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

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

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

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

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

Measurement of Expected Credit Losses ('ECL')

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

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

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

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

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

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

Write-offs

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

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Notes to the Reformatted Consolidated Financial Statements
As at March 31, 2021

(Rs. in lakhs)

Particulars	Asset group	Gross carrying amount of financial assets	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses (Stage 1)	Investments at amortised cost			
	- Debt securities	2,120.56	0.05	2,120.51
	Investments at FVOCI			
	- Debt securities	6,652.06	13.12	6,638.94
	Loans at amortised cost			
	- Term Loans and Loans repayable on demand	2,29,929.27	1,866.31	2,28,062.96
Loss allowance measured at life-time expected credit losses, not credit impaired (Stage 2)	Bank balance other than cash and cash equivalents	588.46	-	588.46
	Loan commitments	8,975.03	11.00	8,964.03
	Other financial assets	1,857.81	5.33	1,852.48
	Loans			
- Term Loans and Loans repayable on demand	24,329.43	2,008.79	22,320.64	
Loss allowance measured at life-time expected credit losses, credit impaired (Stage 3)	Loans			
	- Term Loans and Loans repayable on demand	10,206.03	5,229.79	4,976.24

As at March 31, 2020

(Rs. in lakhs)

Particulars	Asset group	Gross carrying amount of financial assets	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses (Stage 1)	Investments at amortised cost			
	- Debt securities	-	-	-
	Loans at amortised cost			
	- Term Loans and Loans repayable on demand	1,99,017.36	1,345.71	1,97,671.65
	Bank balance other than cash and cash equivalents	738.84	2.96	735.88
	Loan commitments	9,880.07	4.82	9,875.25
Loss allowance measured at life-time expected credit losses, not credit impaired (Stage 2)	Other assets	1,358.80	1.76	1,357.04
	Loans			
- Term Loans and Loans repayable on demand	4,355.24	317.58	4,037.66	
Loss allowance measured at life-time expected credit losses, credit impaired (Stage 3)	Loans			
	- Term Loans and Loans repayable on demand	6,815.66	3,675.81	3,139.85

As at March 31, 2019

(Rs. in lakhs)

Particulars	Asset group	Gross carrying amount of financial assets	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses (Stage 1)	Investments at amortised cost			
	- Debt securities	587.75	1.82	585.93
	Loans at amortised cost			
	- Term Loans and Loans repayable on demand	1,69,216.90	594.69	1,68,622.21
	Bank balance other than cash and cash equivalents	268.08	0.61	267.47
	Loan commitments	10,140.24	3.64	10,136.60
Loss allowance measured at life-time expected credit losses, not credit impaired (Stage 2)	Other assets	579.65	0.79	578.86
	Loans			
- Term Loans and Loans repayable on demand	3,941.90	202.21	3,739.69	
Loss allowance measured at life-time expected credit losses, credit impaired (Stage 3)	Loans			
	- Term Loans and Loans repayable on demand	3,586.95	2,148.45	1,438.50

Maximum exposure to credit risk

The table below shows the maximum exposure to credit risk for recognised financial instruments. The extent to which collateral and other credit enhancements mitigate the maximum exposure to credit risk is described in the footnotes to the table. For financial assets recognised on the balance sheet, the maximum exposure to credit risk equals their carrying amount.

(Rs. in lakhs)

Particulars	Gross Exposure as at March 31, 2021	Gross Exposure as at March 31, 2020	Gross Exposure as at March 31, 2019
Cash and cash equivalent	1,457.92	3,843.63	6,773.51
Balances with Banks	588.46	735.88	267.46
Trade receivables	3.76	141.01	13.18
Other receivables	-	4.75	55.50
Loans	2,55,359.84	2,04,849.17	1,73,800.39
Investment securities	8,772.62	-	5,246.65
Other financial assets	1,857.81	775.44	876.64
Total credit risk exposure	2,68,040.41	2,10,349.88	1,87,033.33

Collateral held

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

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

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The below table stratifies credit exposure for secured loans by ranges of Loan-to-value (LTV) ratio. LTV is calculated as the ratio of the Principal outstanding of the loan to the value of the collateral. The valuation of collateral is as of date of grant of loan and excludes any adjustments for obtaining and selling the collateral.

Secured Loans

(Rs. in lakhs)

LTV Ratio	Principal outstanding as at March 31, 2021	As at March 31, 2021	Principal outstanding as at March 31, 2020	As at March 31, 2020	Principal outstanding as at March 31, 2019	As at March 31, 2019
Less than 50%	53,647.27	39.96%	47,097.54	47.09%	43,958.12	51.02%
51-70%	18,554.37	13.82%	22,742.80	22.74%	18,966.70	22.01%
71-90%	11,474.72	8.55%	8,264.25	8.26%	18,369.91	21.32%
91-100%	46,912.45	34.94%	18,791.63	18.79%	1,230.17	1.43%
More than 100%	3,663.67	2.73%	3,117.75	3.12%	3,641.42	4.22%
Total	1,34,252.48	100.00%	1,00,013.97	100.00%	86,166.32	100.00%

Value of security of secured credit Impaired assets

The credit impaired assets as at the reporting dates were secured by charge on land and building and project receivables amounting to:

(Rs. in lakhs)

Particulars	Principal outstanding as at March 31, 2021	As at March 31, 2021	Principal outstanding as at March 31, 2020	As at March 31, 2020	Principal outstanding as at March 31, 2019	As at March 31, 2019
Value of Security	3,639.95	6,498.64	1,541.35	3,050.38	187.49	380.35

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

iii) Reconciliation of Loan exposure and Loan loss allowance

For Loan exposure

The below table signifies movement of loan exposure i.e outstanding principal and accrued interest thereon

(Rs. in lakhs)

Reconciliation of Loan exposure	Loss allowance measured at 12 month expected losses (Stage1)	Financial assets for which credit risk has increased significantly and not credit-impaired (Stage 2)	Loss allowance measured at life-time expected losses (Stage 3)
Loan exposure as on March 31, 2019	1,66,754.11	3,902.16	3,178.89
Remeasurement of net exposure	(76,016.63)	(2,301.48)	725.22
Assets originated or purchased	1,15,443.82	1,398.54	753.99
Transferred to 12-month ECL	858.10	(826.50)	(31.60)
Transferred to Lifetime ECL not credit impaired	(2,748.25)	2,750.49	(2.24)
Transferred to Lifetime ECL credit impaired	(4,204.36)	(694.28)	4,898.64
Write – offs	-	-	(3,579.84)
Loan exposure on March 31, 2020	2,00,086.79	4,228.93	5,943.06
Remeasurement of net exposure	(1,11,619.89)	(7,901.73)	(5,362.11)
Assets originated or purchased	1,60,934.35	17,437.99	6,845.50
Transferred to 12-month ECL	720.84	(710.69)	(10.15)
Transferred to Lifetime ECL not credit impaired	(12,243.37)	12,245.97	(2.60)
Transferred to Lifetime ECL credit impaired	(4,879.72)	(1,233.84)	6,113.56
Write – offs	-	-	(4,474.73)
Loan exposure on March 31, 2021	2,32,999.00	24,066.63	9,052.53

For Loan loss allowance:

(Rs. in lakhs)

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses (Stage1)	Financial assets for which credit risk has increased significantly and not credit-impaired (Stage 2)	Loss allowance measured at life-time expected losses (Stage 3)
Loss allowance on March 31, 2018	797.32	47.72	2.62
Remeasurement of loss allowance	1,937.73	(18.59)	505.26
Assets originated or purchased	458.43	138.32	561.06
Transferred to 12-month ECL	0.11	(0.11)	-
Transferred to Lifetime ECL not credit impaired	(82.62)	82.62	-
Transferred to Lifetime ECL credit impaired	(1,539.89)	(47.50)	1,587.39
Write – offs	(975.49)	(0.25)	(507.88)
Loss allowance on March 31, 2019	595.58	202.21	2,148.45
Remeasurement of loss allowance	47.94	(67.90)	2,055.25
Assets originated or purchased	739.48	116.72	407.66
Transferred to 12-month ECL	9.28	(39.97)	(21.89)
Transferred to Lifetime ECL not credit impaired	(17.97)	176.45	(2.21)
Transferred to Lifetime ECL credit impaired	(28.60)	(69.93)	2,627.76
Write – offs	-	-	(3,539.21)
Loss allowance on March 31, 2020	1,345.71	317.58	3,675.81
Remeasurement of loss allowance	(629.25)	(576.12)	(698.54)
Assets originated or purchased	1,384.79	1,561.99	3,431.52
Transferred to 12-month ECL	5.20	(25.23)	(8.09)
Transferred to Lifetime ECL not credit impaired	(121.88)	881.42	(3.86)
Transferred to Lifetime ECL credit impaired	(118.89)	(150.23)	3,307.70
Write – offs	-	-	(4,474.73)
Loss allowance on March 31, 2021	1,865.68	2,009.41	5,229.81

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For investments

(Rs. in lakhs)	
Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses (Stage 1)
Loss allowance on March 31, 2018	1.80
Changes in loss allowances due to Assets used or released	0.02
Loss allowance on March 31, 2019	1.82
Changes in loss allowances due to Assets used or released	(1.82)
Loss allowance on March 31, 2020	-
Changes in loss allowances due to Assets used or released	13.17
Loss allowance on March 31, 2021	13.17

For loan commitments

(Rs. in lakhs)	
Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses (Stage 1)
Loss allowance on 31 March 2018	34.23
Changes in loss allowances due to Assets used or released	(30.60)
Loss allowance on 31 March 2019	3.63
Changes in loss allowances due to Assets used or released	1.19
Loss allowance on 31 March 2020	4.82
Changes in loss allowances due to Assets used or released	6.18
Loss allowance on 31 March 2021	11.00

Concentration of credit risk

The Group monitors concentrations of credit risk by sector and by geographic location. An analysis of concentrations of credit risk from loans and advances, loan commitments, financial guarantees and investment securities is shown below.

Particulars	(Rs. in lakhs)					
	Loans and advances to customers			Loan commitments		
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Concentration by region						
North	45,263.88	30,112.17	34,440.26	985.91	1,215.32	2,174.25
South	1,27,616.29	1,00,098.22	80,391.06	4,251.67	4,456.38	3,316.98
East	9,525.25	9,254.90	5,409.10	491.33	574.73	451.91
West	82,059.31	70,722.97	56,504.76	3,246.12	3,633.64	4,197.10
Total	2,64,464.73	2,10,188.26	1,76,745.18	8,975.03	9,880.07	10,140.24

Offsetting financial assets and financial liabilities

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

Assessment of loan modifications on credit risk

In response to the economic fall-out on account of Covid-19 pandemic, RBI announced resolution plan framework via circular RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated 6th August 2020 - Resolution Framework for COVID-19-related Stress for personal loan customers and extended RBI notification RBI/2019-20/160 DOR.No.BP.BC.34/21.04.048/2019-20 dated February 11, 2020 via RBI Notification RBI/2020-21/17 DOR.No.BP.BC/4/21.04.048/2020-21 dated August 6, 2020 - Micro, Small and Medium Enterprises (MSME) sector - Restructuring of Advances for SME loans. Loan modifications executed under these schemes have not been classified as renegotiated as they are as a result of market-wide customer relief programme and not borrower specific. We continue to monitor the recoverability of loans granted in accordance with these circulars. The on-going and future performance of such loans remains an area of uncertainty as March 31, 2021. The relevant details in respect of these loans have been presented under note no. 48 and 49.

(iv) Impact of COVID-19

For the year ended March 31, 2021

(A) In accordance with the Board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated March 27, 2020, April 17, 2020 and May 23, 2020 relating to 'COVID-19 -Regulatory Package', the Group had granted moratorium up to six months on the payment of installments which became due between 1 March, 2020 and 31 August, 2020 to all eligible borrowers. This relaxation did not automatically trigger a significant increase in credit risk. The Group continued to recognize interest income during the moratorium period and in the absence of other credit risk indicators, the granting of a moratorium period did not result in accounts becoming past due and automatically triggering Stage 2 or Stage 3 classification criteria.

The impact of COVID-19 on the global economy and how governments, businesses and consumers respond is uncertain. The extent to which, how the Covid-19 pandemic will impact the Group will depend on the future developments which are highly uncertain. This uncertainty is reflected in the Group's assessment of impairment loss allowance on its loans which are subject to a number of management judgements and estimates. In relation to COVID-19, judgements and assumptions include the extent and duration of the pandemic, the impacts of actions of governments and other authorities, and the responses of businesses and consumers in different industries, along with the associated impact on the global economy. The Group has separately incorporated estimates, assumptions and judgements specific to the impact of the COVID-19 pandemic and the associated support packages in the measurement of impairment loss allowance. The Group's impairment loss allowance estimates are inherently uncertain and, as a result, actual results may differ from these estimates.

(B) The Honorable Supreme Court of India through an interim order had directed that the accounts which were not declared non-performing asset till August 31, 2020 shall not be declared non-performing after August 31, 2020, till further notice. Basis the interim order, the Group had not classified any standard account as of August 31, 2020 as per Indian Accounting Standards, as impaired (Stage 3) after August 31, 2020.

The interim order granted to not declare accounts as NPA stood vacated on March 23, 2021 vide the judgement of the Hon'ble SC in the matter of Small Scale Industrial manufacturers Association vs. UOI & Ors. and other connected matters. In accordance with the instructions in paragraph 5 of the RBI circular no. RBI/2021-22/17DOR. STR.REC.4/21.04.048/2021-22 dated April 07, 2021 issued in this connection, the Group has continued with the asset classification of borrower accounts as per the ECL model under Ind AS financial statements for the year ended March 31, 2021.

For the year ended March 31, 2020

The outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. The Reserve Bank of India (RBI) has issued guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and April 17, 2020 and in accordance therewith, the Company have provided a moratorium of three months on the payment of all principal amounts and/or interest, as applicable, falling due between March 1, 2020 and May 31, 2020 to all eligible borrowers classified as standard, even if the said amounts were overdue on February 29, 2020. RBI vide its notification dated May 23, 2020 has further extended moratorium period upto August 31, 2020 due to further intensification of COVID-19 impact. For all such accounts, where the moratorium is granted, the asset classification will remain standstill during the moratorium period (i.e., the number of days past due shall exclude the moratorium period for the purpose of asset classification as per the policy). The aforesaid relaxation has not been deemed to be triggering significant increase in credit risk.

The impact of COVID-19 on the global economy and how governments, businesses and consumers respond is uncertain. This uncertainty is reflected in the Group's assessment of impairment loss allowance on its loans which are subject to a number of management judgements and estimates. In relation to COVID-19, judgements and assumptions include the extent and duration of the pandemic, the impacts of actions of governments and other authorities, and the responses of businesses and consumers in different industries, along with the associated impact on the global economy. The Group has separately incorporated estimates, assumptions and judgements specific to the impact of the COVID-19 pandemic and the associated support packages in the measurement of impairment loss allowance. In addition to the above, the Group has also created a provision of Rs 300 lakhs against Ind AS staging benefit considered on account of moratorium. The Group's impairment loss allowance estimates are inherently uncertain and, as a result, actual results may differ from these estimates.

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33. Financial risk management (continued)

B. Liquidity risk

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

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

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

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Expiring within one year	10,090.93	11,038.25	4,364.57
Expiring beyond one year	-	-	-
Total	10,090.93	11,038.25	4,364.57

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

As at March 31, 2021

(Rs. in lakhs)

Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
Maturities of financial liabilities							
Other payables	14	23.13	(23.13)	(23.13)	-	-	-
Debt securities	15	73,827.02	(82,460.46)	(54,998.53)	(27,461.93)	-	-
Borrowings	16	93,021.85	(1,06,339.41)	(54,087.87)	(41,538.58)	(10,712.96)	-
Other financial liabilities	17	4,272.27	(4,272.27)	(4,272.27)	-	-	-
Loan commitments	38	8,975.03	(8,975.05)	(4,076.74)	(4,898.31)	-	-
Total		1,80,119.30	(2,02,070.32)	(1,17,458.54)	(73,898.82)	(10,712.96)	-

As at March 31, 2020

(Rs. in lakhs)

Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
Maturities of financial liabilities							
Other payables	14	58.11	(58.11)	(58.11)	-	-	-
Debt securities	15	42,105.62	(45,798.45)	(26,433.72)	(19,364.73)	-	-
Borrowings	16	70,321.28	(99,576.75)	(41,614.51)	(34,684.90)	(23,270.90)	-
Other financial liabilities	17	3,345.35	(3,345.34)	(26.77)	(3,318.57)	-	-
Loan commitments	38	9,880.07	(9,880.07)	(5,430.48)	(4,420.62)	(14.49)	(14.48)
Total		1,25,710.43	(1,58,658.72)	(73,563.59)	(61,788.82)	(23,285.39)	(14.48)

As at March 31, 2019

(Rs. in lakhs)

Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
Maturities of financial liabilities							
Trade payables	13	12.33	(12.33)	(12.33)	-	-	-
Other payables	14	343.10	(343.10)	(343.10)	-	-	-
Debt securities	15	47,814.80	(52,543.33)	(21,787.65)	(30,755.68)	-	-
Borrowings	16	77,497.73	(85,544.03)	(52,338.74)	(31,227.18)	(1,978.11)	-
Other financial liabilities	17	918.14	(918.14)	(910.77)	(7.37)	-	-
Loan commitments	38	10,140.24	(10,140.24)	-	-	(5,070.12)	(5,070.12)
Total		1,36,726.34	(1,49,501.17)	(75,392.59)	(61,990.23)	(7,048.23)	(5,070.12)

InCred Financial Services Limited

Notes to the Reformatted Consolidated Financial Statements

33. Financial risk management (continued)

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

As at March 31, 2021

(Rs. in lakhs)

Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
Maturities of financial assets							
Cash and cash equivalents	2	1,457.92	1,457.92	1,457.92	-	-	-
Bank deposits	3	588.46	588.46	588.46	-	-	-
Trade receivables	4	3.76	3.76	3.76	-	-	-
Other receivables	5	-	-	-	-	-	-
Loans	6	2,55,359.84	3,55,624.03	1,51,615.38	97,822.11	39,082.15	67,104.40
Investments	7	8,759.45	9,296.77	8,096.28	1,200.49	-	-
Other financial assets	8	1,852.48	-	-	-	-	-
Total		2,68,021.91	3,66,970.94	1,61,761.80	99,022.60	39,082.15	67,104.40

As at March 31, 2020

(Rs. in lakhs)

Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
Maturities of financial assets							
Cash and cash equivalents	2	3,843.63	3,843.63	3,843.63	-	-	-
Bank deposits	3	735.88	735.88	735.88	-	-	-
Trade receivables	4	141.01	141.01	141.01	-	-	-
Other receivables	5	4.75	4.75	4.75	-	-	-
Loans	6	2,04,849.17	2,92,481.19	1,07,760.15	79,892.48	36,729.10	68,099.46
Investments	7	1,003.81	1,003.81	1,003.81	-	-	-
Other financial assets	8	773.70	773.70	380.71	392.99	-	-
Total		2,11,351.95	2,98,983.97	1,13,869.94	80,285.47	36,729.10	68,099.46

As at March 31, 2019

(Rs. in lakhs)

Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
Maturities of financial assets							
Cash and cash equivalents	2	6,773.51	6,773.51	6,773.51	-	-	-
Bank deposits	3	267.46	285.83	141.73	144.10	-	-
Trade receivables	4	13.18	13.18	13.18	-	-	-
Other receivables	5	55.50	55.50	55.50	-	-	-
Loans	6	1,73,800.39	2,47,553.75	90,417.60	62,514.73	33,012.84	61,608.58
Investments	7	707.55	779.81	779.81	-	-	-
Other financial assets	8	575.85	575.85	217.13	358.72	-	-
Total		1,82,193.44	2,56,037.43	98,398.46	63,017.55	33,012.84	61,608.58

InCred Financial Services Limited

Notes to the Reformatted Consolidated Financial Statements

33. Financial risk management (continued)

C. Interest rate risk

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

Exposure to interest rate risk

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

Particulars	(Rs. in lakhs)		
	Nominal amount		
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Loans			
Fixed rate loans	1,30,872.89	1,08,509.09	73,311.89
Variable rate loans	1,32,493.60	99,181.42	1,02,096.22
Bank balance other than cash and cash equivalents	586.06	723.06	265.60
Investment in debentures	8,533.21	-	500.00
Total	2,72,485.76	2,08,413.57	1,76,173.71
Debt and Borrowings			
Fixed rate Debt and Borrowings	(94,222.18)	(47,092.03)	(47,449.67)
Variable rate Debt and Borrowings	(69,420.64)	(64,278.82)	(75,026.89)
Total	(1,63,642.82)	(1,11,370.85)	(1,22,476.56)

Fair value sensitivity analysis for fixed-rate instruments

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

Cash flow sensitivity analysis for variable-rate instruments

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

If interest rates related to loans and borrowings had been 100 bps higher/ lower and all other variables were held constant, the Group's Profit before tax for the year ended/ Other Equity (pre-tax) as on March 31, 2021, March 31, 2020 and March 31, 2019 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
March 31, 2021				
Variable-rate instruments	382.71	(382.71)	382.71	(382.71)
Cash flow sensitivity (net)	382.71	(382.71)	382.71	(382.71)
March 31, 2020				
Variable-rate instruments	349.03	(349.03)	349.03	(349.03)
Cash flow sensitivity (net)	349.03	(349.03)	349.03	(349.03)
March 31, 2019				
Variable-rate instruments	270.69	(270.69)	270.69	(270.69)
Cash flow sensitivity (net)	270.69	(270.69)	270.69	(270.69)

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

D. Price risk

The Group is exposed to price risk arising from investment in mutual funds and classified in the balance sheet at fair value through profit & loss. If the NAV of the mutual fund had been higher/lower by 1% from market price existing as at March 31, 2020, profit or loss(pre-tax) for the year ended March 31, 2020 would increase/decrease by Nil (March 31, 2020: Rs. 10.03 lakhs; March 31, 2019: Nil) with a corresponding increase/decrease in the Total Equity of the Group.

The Group is exposed to equity price risk arising from equity investment and classified in the balance sheet at fair value through other comprehensive income. If the equity prices had been higher/ lower by 5% from market price existing as at March 31, 2021, profit or loss(pre-tax) for the year ended March 31, 2021 would increase/ decrease by NIL (March 31, 2020: Nil ; March 31, 2019: 6.08 lakhs) with a corresponding increase/decrease in the Total Equity of the Group.

InCred Financial Services Limited

Notes to the Reformatted Consolidated Financial Statements

34. Related party disclosures

A. Names of related parties and nature of relationship:

Key Managerial Personnel (KMP)

Name of the KMP	Designation
Mr. Bhupinder Singh	Founder and Director (upto May 15, 2019) and Whole-time director and
Mr. Vivek Bansal	Whole-time director and Chief Financial Officer
Mr. Gajendra Thakur	Company Secretary (w.e.f. September 1, 2020)
Mrs. Nikita Hule	Company Secretary (upto August 31, 2020)
Mr. Deepak Narang	Independent Director (upto June 11, 2021)
Mrs. Rupa Rajul Vora	Independent Director
Mr. Debashish Dutta Gupta	Independent Director (w.e.f December 1, 2020)
Dr. Parvinder Singh Pasricha	Independent Director (w.e.f March 3, 2020 upto September 3, 2020)
Mr. Antonius Theodorus Maria Bruijninckx	Nominee Director
Mr. Girish Dinanath Nadkarni	Nominee Director (upto June 13, 2021)
Mr. Vivek Anand PS	Nominee Director
Mr. Sunil Agarwal, Director	Whole-time director (w.e.f. April 01, 2018 upto June 11, 2018)

Enterprises where key management personnel exercises control

1. InCred Capital Financial Services Private Limited (Formerly known as Proud Securities Private Limited)
2. InCred Wealth Private Limited (Formerly known as InCred Capital Inclusion Advisory Private Limited) (w.e.f. May 20, 2019)
3. InCred Asset Management Private Limited (Formerly known as InCred Capital Investment Advisors and Managers Private Limited)
4. BSH Corporate Advisors and Consultants Private Limited (w.e.f. February 13, 2018)

A. Names of related parties and nature of relationship

Holding Company	Country of Incorporation	Proportion of ownership interest (% holding)		
		As at	As at	As at
		March 31, 2021	March 31, 2020	March 31, 2019
Bee Finance Limited (Mauritius), Holding Co.	Mauritius	59.64%	59.66%	74.89%

Associate of Booth Fintech Private Limited

Name of subsidiaries	Country of Incorporation	Principal place of business	Proportion of ownership interest		
			As at	As at	As at
			March 31, 2021	March 31, 2020	March 31, 2019
mValu Technology Services Private Limited	India	Mumbai	40.96%	40.96%	NA

Associate Enterprise:

1. mValu Technology Services Private Limited (w.e.f. March 25, 2019)
2. Digilend Analytics and Technology Private Limited (on account of Board seat, till March 22, 2019)

Transactions with key management personnel

i. Key management personnel compensation

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Employee benefit expenses	575.33	570.22	211.05
Directors' sitting fees	13.19	14.55	7.78

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

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Notes to the Reformatted Consolidated Financial Statements

34. Related party disclosures (continued)

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

Nature of transactions	Holding Company			KMP/ KMP exercising influence/ close member of KMP			Enterprises owned or controlled by KMP			Associate of subsidiary		
	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Balance Sheet transactions												
Purchase of equity shares of subsidiary company	-	1,050.25	-	-	-	-	-	-	-	-	-	-
Security Deposit received	-	-	-	-	3.20	-	-	-	-	-	-	-
ICD taken	-	-	-	-	-	-	4,500.00	-	-	3,275.00	-	-
Repayment of ICD taken (including interest)	-	-	-	-	-	-	-	-	-	2,053.29	-	-
Purchase of Loan Portfolio	-	-	-	-	-	-	12,738.68	-	-	-	-	-
Proceeds from sale of Fixed Assets	-	-	-	-	-	-	1.88	-	-	-	-	-
Issue of MLD ("Market linked debentures")	-	-	-	-	-	-	830.00	-	-	-	-	-
Proceeds from redemption of MLDs	-	-	-	-	-	-	295.27	-	-	-	-	-
Reimbursement of credit loss	-	-	-	-	-	-	-	-	-	57.31	-	-
Proceeds from sale of Debentures	-	-	-	-	-	-	6,505.59	-	-	-	-	-
Issue of equity shares	-	-	-	-	-	-	-	-	-	-	-	-
Securities Premium received on issue of equity shares	-	-	-	-	-	454.90	-	-	-	-	-	-
Advance given	-	-	-	-	-	809.46	-	-	-	-	-	-
Advance repaid	-	-	-	-	-	440.99	-	-	70.17	-	-	10.00
	-	-	-	-	-	465.31	-	-	70.17	-	-	10.00
Income transactions												
License fees	-	-	-	-	-	-	-	-	-	56.00	56.00	12.73
Service fee	-	-	-	-	-	-	404.03	91.85	-	0.15	14.34	-
Profit on sale of Debentures	-	-	-	-	-	-	20.70	-	-	-	-	-
Expense transactions												
Interest on ICD	-	-	-	-	-	-	1.76	-	-	84.99	-	-
Fee and commission	-	-	-	-	-	-	187.63	19.01	-	14.90	-	40.73

Note: The Holding Company has issued employee stock options to its own and subsidiary employees (Refer Note 36 for further details).

InCred Financial Services Limited

Notes to the Reformatted Consolidated Financial Statements

34. Related party disclosures (continued)

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

(Rs. in lakhs)

Sr. No.	Balance outstanding	Holding Company			KMP/ KMP exercising influence/ close member of KMP			Enterprises owned or controlled by Key Managerial Personnel			Associate of subsidiary		
		For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
1	Advances/Receivables	-	-	-	-	-	-	31.74	99.19	-	15.47	17.11	13.75
2	ICD Payable	-	-	-	-	-	-	4,501.63	-	-	1,300.33	-	-
3	Other Payables	-	-	-	-	-	-	-	19.01	-	0.44	-	-
4	Security deposit payable	-	-	-	3.20	3.20	-	-	-	-	-	-	-
5	Number of options outstanding	241	248	549	-	-	-	-	-	-	-	-	-

For terms and conditions of transactions on payables to related parties, refer Note No 16

InCred Financial Services Limited

Notes to the Reformatted Consolidated Financial Statements

35. Employee benefits

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

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Provident fund	227.38	235.48	202.50

2. Gratuity

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

Table showing change in the present value of projected benefit obligation

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Change in benefit obligations			
Present value of benefit obligation at the beginning of the year	88.90	65.07	44.75
Interest cost	4.49	4.41	3.42
Current Service cost	39.23	48.46	60.20
Liability Transferred In/Acquisition	-	-	11.17
Actuarial (Gains) / Loss on Obligations - Due to Change in Demographic Assumptions	-	(38.03)	(32.76)
Actuarial (Gains) / Loss on Obligations - Due to Change in Financial Assumptions	4.98	2.11	(16.27)
Actuarial Losses on Obligations - Due to Experience	21.32	6.88	(5.44)
Liability at the end of the year	158.92	88.90	65.07

Amount recognized in the Balance Sheet

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Present value of benefit obligation at the end of the year	(158.92)	(88.90)	(65.07)
Fair value of plan assets at the end of the year			
Funded Status (Deficit)	(158.92)	(88.90)	(65.07)
Net (Liability) Recognized in the Balance Sheet	(158.92)	(88.90)	(65.07)

Expenses recognized in the Statement of Profit and Loss

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Current service cost	39.23	48.45	60.20
Net Interest cost	4.49	4.41	3.42
Expenses recognised	43.72	52.86	63.62

Expenses recognized in the Other comprehensive income (OCI)

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Actuarial (Gains) on obligation for the year	26.29	(29.03)	(54.47)
Net (Income) for the year recognized in OCI	26.29	(29.03)	(54.47)

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The actuarial assumptions used to determine benefit obligations as at March 31, 2021 and March 31, 2020 are as follows:

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Discount Rate	4.25%	5.21%	6.76% - 6.96%
Salary escalation rate	5% for next 1 year and 7% thereafter	5% - 7%	7% - 9%
Expected Rate of return on Plan Assets	N.A	N.A.	N.A.
Rate of Employee Turnover	35.00%	35.00%	20% - 25%
Mortality Rate during employment	Indian Assured lives mortality (2006-08)	Indian Assured lives mortality (2006-08)	Indian Assured lives mortality (2006-08)

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

Balance sheet reconciliation

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2020
Opening net liability	88.90	65.07	44.75
Expenses recognized in Statement of Profit and Loss	43.72	52.86	63.63
Expenses recognized in OCI	26.29	(29.03)	(54.47)
Net (Asset) Transfer In	-	-	11.17
Net liability recognized in the Balance Sheet	158.91	88.90	65.07

Maturity analysis of the benefit payments: from the employer

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Projected benefits payable in future years from the date of reporting			
1st following year	0.73	0.55	0.32
2nd following year	32.15	0.41	0.28
3rd following year	38.22	20.52	0.24
4th following year	33.79	24.07	13.51
5th following year	25.33	20.49	17.14
Sum of years 6 To 10	47.54	38.84	46.94
Sum of years 11 and above	7.87	6.86	21.86

Sensitivity analysis

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Projected benefit obligation on current assumptions	158.91	88.89	65.07
Delta effect of +1% change in rate of discounting	(5.20)	(3.56)	(3.62)
Delta effect of -1% change in rate of discounting	5.52	3.79	3.94
Delta effect of +1% change in rate of salary increase	4.96	3.62	3.85
Delta effect of -1% change in rate of salary increase	(4.83)	(3.50)	(3.62)
Delta effect of +1% change in rate of employee turnover	(4.15)	(3.44)	(2.82)
Delta effect of -1% change in rate of employee turnover	4.24	3.55	2.91

InCred Financial Services Limited

Notes to the Reformatted Consolidated Financial Statements

Qualitative disclosures

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

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

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

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

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

3. Compensated absences

The actuarially determined liability for compensated absences of accumulated leaves of the employees of the Group is given below:

Particulars	As at March 31, 2021*	As at March 31, 2020	As at March 31, 2019
Total actuarial liability			
Assumptions:			
Discount rate	NA	5.21%	6.76% - 6.96%
Salary escalation rate	NA	5% - 7%	7% - 9%
Rate of Employee Turnover	NA	35.00%	20% - 25%
Mortality Rate during employment	NA	Indian Assured lives mortality (2006-08)	Indian Assured lives mortality (2006-08)

*Note - As per the revised leave policy of the Group, the accumulated unavailed leave lapses as at March 31, 2021. Thus no liability has been determined for the current year.

Notes to the Reformatted Consolidated Financial Statements

36. Share-based payment arrangements

A. Description of share-based payment arrangements

i. Share option plans (equity-settled)

The Group has Employee Incentive Plan under which options have been granted to eligible employees to be vested from time to time.

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

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

A. Measurement of fair values

Equity-settled share-based payment arrangements

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

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

The model inputs for options granted during

Particulars / Grant date	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Fair value as on grant date (weighted average)	27.15 to 28.64	27.81 to 28.99	8.47 to 17.98
Share price as on grant date	55.25	54.40	27.79 to 40.46
Exercise price	40.00	40.00	40.00
Expected volatility (weighted average volatility)	35% to 40%	35%	35%
Expected life (expected weighted average life)	8.5 years	8.5 years	9.5 years
Risk-free interest rate (based on government bonds)	5.04% to 5.97%	6.49% to 7.08%	7.40% to 8.25%
Method used to determine expected volatility	The expected volatility is based on price volatility of listed companies in same industry.		

B. Reconciliation of outstanding share options

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

Particulars	Average exercise price per option	Number of options		
		As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Opening balance	40.00	1,25,05,584	50,80,781	-
Add: Options granted during the year	40.00	97,92,875	85,86,300	52,83,871
Less: Options exercised during the year	40.00	(91,209)	(6,924)	-
Less: Options lapsed during the year	40.00	(41,62,312)	(11,54,573)	(2,03,090)
Options outstanding as at the year end	40.00	1,80,44,938	1,25,05,584	50,80,781

Weighted average remaining contractual life of options outstanding at end of year

	8.1 years	9.5 years	9.5 years
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Notes to the Reformatted Consolidated Financial Statements

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

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

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

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

A. Measurement of fair values

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

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

The model inputs for options granted during the year ended March 31, 2021:

No fresh grants have been given during the year ended March 31, 2021 and year ended March 31, 2020

B. Reconciliation of outstanding share options

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

Particulars	As at March 31, 2021		As at March 31, 2020		As at March 31, 2019	
	Average exercise price per option	Number of options	Average exercise price per option	Number of options	Average exercise price per option	Number of options
Opening balance	48,033.52	248.00	53,031.00	549.00	-	-
Add: Options granted during the year	-	-	-	-	54,266.20	697.00
Less: Options lapsed during the year	55,650.73	(7.00)	55,363.75	(301.00)	52,451.99	(144.00)
Options outstanding as at the year end	47,728.27	241.00	48,033.52	248.00	52,981.27	553.00

Weighted average remaining contractual life of options outstanding at end of period 11.2 years

C. Expenses arising from share-based payment transactions

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

InCred Financial Services Limited

Notes to the Reformatted Consolidated Financial Statements

37. Lease accounting

1 Lease disclosures under Ind-AS 116 for the year ended 31 March 2020

A First time adoption of Ind AS 116

During the previous year, the Group had adopted the new standard, Ind AS 116 Leases with effect from 1st April, 2019 using the modified retrospective approach as per para C8 (b)(i) of Ind AS 116. The Group recorded the lease liability at the present value of the lease payments and the right of use asset at an amount equals to lease liability adjusted by an amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application, i.e., 1st April, 2019. The application of this method had no impact on retained earnings as on 1st April 2019. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted.

On transition, the adoption of the new standard resulted in recognition of Right-of-Use asset (ROU) of Rs. 930.97 lakhs and lease liability of Rs. 930.97 lakhs.

In statement of profit and loss for the current period, the nature of expenses in respect of operating leases has changed from lease rent in previous periods to depreciation cost for the right-to-use asset and finance cost for interest accrued on lease liability.

The following is the summary of practical expedients elected on initial application:

- i. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment.
- ii. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- iii. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

Lease disclosures under Ind-AS 116 for the year ended 31 March 2021

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

i. Following are the changes in the carrying value of right of use assets (ROU) for the year ended March 31, 2021:

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the year	1,760.49	930.97
Addition during the year	392.55	1,197.91
Disposals during the year	(131.39)	-
Depreciation for the year	(281.91)	(368.39)
Balance as at the end of the year	1,739.74	1,760.49

ii. The following is the movement in lease liabilities during the year ended March 31, 2021:

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the year	1,878.95	930.97
Addition during the year	247.56	1,197.91
Finance cost accrued during the year	156.73	151.78
Payment of Lease liabilities made during the year	(325.59)	(401.71)
Balance as at the end of the year	1,957.65	1,878.95

The table below provides details regarding the contractual maturities of lease liabilities as of March 31, 2021 on an
iii. undiscounted basis:

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Less than one year	261.42	424.93
Between one and five years	1,302.84	1,456.00
More than five years	221.24	713.46
Total	1,785.50	2,594.39

iv. Expenses recognised in the statement of Profit and Loss

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Depreciation expense on right-of-use assets (Refer Note 10)	281.91	368.39
Interest expense on lease liabilities (Refer Note 25)	156.73	151.78
Expense relating to short-term leases (Refer Note 28)	275.89	275.89
Expense relating to leases of low value assets	-	-

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

v. Amount recognised in the statement of Cash flow

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Total cash outflow for leases	325.59	401.71

vi. A reconciliation of the operating lease commitments at March 31, 2019, disclosed in the Group's 2019 financial statements, to the lease liabilities recognized in the statement of financial position at April 1, 2019 is provided below:

Particulars	As at April 1, 2019
Operating lease commitments disclosed as at March 31, 2019	1,609.64
Discounted using the incremental borrowing rate at April 1, 2019	(585.98)
(Less): short-term leases recognized on a straight-line basis as expense	(92.69)
(Less): low-value leases recognized on a straight-line basis as expense	-
Total	930.97

2 Lease disclosures under Ind-AS 17 for the comparative year ended March 31, 2019:

A. Leases as lessee

The Group leases a number of branch and office premises under operating leases. The leases typically run for a period ranging between 1 and 5 years, with an option to renew the lease after that date. Lease payments are increased every year to reflect market rentals.

i. Future minimum lease payments

Particulars	March 31, 2019
Less than one year	424.93
Between one and five years	1,456.00
More than five years	713.46
Total	2,594.39

ii. Amounts recognised in profit or loss

Particulars	March 31, 2019
Lease expense (Refer Note 28)	196.85

InCred Financial Services Limited

Notes to the Reformatted Consolidated Financial Statements

38. Contingent liabilities and commitments

(Rs. in lakhs)			
Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Commitments			
Commitments relating to loan sanctioned but undrawn	8,975.03	9,880.07	10,140.24
Total	8,975.03	9,880.07	10,140.24

As at March 31, 2021 and March 31, 2020

The Group does not have any pending litigations and proceedings and hence does not require any provision or mention under contingent liability.

The Group has a process whereby periodically all long-term contracts are assessed for material foreseeable losses. At the year end, the Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

As at March 31, 2019

Contribution to provident fund

There are numerous interpretative issues relating to Supreme Court (SC) judgement dated February 28, 2019, relating to components/ allowances paid that need to be taken while computing an employer's contribution of provident fund under the Employee Provident Fund Act. The Group is in the process of evaluating the method of computation of its PF contribution prospectively and would record any further effect in its standalone financial statement on receiving additional clarity on the subject.

39. Securitisation

Transfer of financial assets that do not result in derecognition

The Group was party to securitisation transaction involving transfer of pool of unsecured loan receivables (monthly instalment loans with original maturity up to 3 years)

In these transactions, the assets, interests in the assets, or beneficial interest in the cash flows arising from the assets, are transferred to a special purpose entity, which then issues pass through certificates ('PTC') to third party investors.

The Group has agreed to provide servicing assistance pursuant to the terms of servicing agreement.

In this securitisation where the Group transfers loans and advances to unconsolidated securitisation vehicle, it retains the credit risk principally by way of credit enhancements placed with the Special Purpose Vehicle ('SPV'). The Group does not transfer substantially all of the risks and rewards of these assets.

Hence, the Group continues to recognise the securitised loan portfolio in its books of accounts.

The following table shows the carrying amount of the securitised assets that have not resulted in derecognition, together with the associated liabilities:

(Rs. in lakhs)		
As at March 31, 2021	Loan receivables	Credit enhancements
Carrying amount of assets	-	-
Carrying amount of associated liabilities	-	-

(Rs. in lakhs)		
As at March 31, 2020	Loan receivables	Credit enhancements
Carrying amount of assets	421.33	137.00
Carrying amount of associated liabilities	130.83	-

(Rs. in lakhs)		
As at March 31, 2019	Loan receivables	Credit enhancements
Carrying amount of assets	2,526.87	265.59
Carrying amount of associated liabilities	2,461.48	-

InCred Financial Services Limited

Notes to the Reformatted Consolidated Financial Statements

40. Current and Non-Current Maturity

(Rs. in lakhs)

Particulars	As at March 31, 2021			As at March 31, 2020			As at March 31, 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS									
Financial assets									
Cash and cash equivalents	1,457.92	-	1,457.92	3,843.63	-	3,843.63	6,773.51	-	6,773.51
Bank Balance other than cash and cash equivalents	588.46	-	588.46	735.88	-	735.88	136.17	131.29	267.46
Receivables	-	-	-	-	-	-	-	-	-
(I) Trade receivables	3.76	-	3.76	141.01	-	141.01	13.18	-	13.18
(II) Other receivables	-	-	-	4.75	-	4.75	55.50	-	55.50
Loans	1,23,300.54	1,32,059.30	2,55,359.84	84,580.33	1,20,268.84	2,04,849.17	72,484.29	1,01,316.10	1,73,800.39
Investments	7,664.75	4,792.67	12,457.42	1,003.80	4,047.55	5,051.35	121.65	5,125.00	5,246.65
Other Financial assets	1,590.59	261.89	1,852.48	380.71	392.99	773.70	318.70	257.14	575.85
Sub total	1,34,606.02	1,37,113.87	2,71,719.89	90,690.11	1,24,709.38	2,15,399.49	79,903.00	1,06,829.53	1,86,732.53
Non-financial assets									
Current Tax assets (Net)	17.11	720.58	737.69	426.64	855.87	1,282.51	912.50	49.82	962.32
Deferred Tax assets (Net)	-	1,857.39	1,857.39	-	1,118.43	1,118.43	-	924.60	924.60
Property, plant and equipment	-	3,440.94	3,440.94	-	3,145.49	3,145.49	-	1,309.66	1,309.66
Capital work-in-progress	-	14.49	14.49	-	125.06	125.06	-	-	-
Goodwill	-	652.65	652.65	-	652.65	652.65	-	652.65	652.65
Other intangible assets	-	547.43	547.43	-	308.00	308.00	-	442.60	442.60
Other non-financial assets	677.23	805.55	1,482.78	591.96	586.35	1,178.31	762.21	58.20	820.42
Sub total	694.34	8,039.03	8,733.37	1,018.60	6,791.85	7,810.45	1,674.71	3,437.53	5,112.24
Total assets	1,35,300.36	1,45,152.90	2,80,453.26	91,708.71	1,31,501.23	2,23,209.94	81,577.71	1,10,267.06	1,91,844.77
LIABILITIES									
Financial liabilities									
Payables	-	-	-	-	-	-	-	-	-
(I) Trade payables	-	-	-	-	-	-	-	-	-
(i) Total outstanding dues of creditors other than micro and small enterprises	-	-	-	-	-	-	12.33	-	12.33
(II) Other payables	-	-	-	-	-	-	-	-	-
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	23.13	-	23.13	58.11	-	58.11	343.10	-	343.10
Debt securities	51,024.47	22,802.55	73,827.02	24,700.66	17,404.96	42,105.62	19,818.03	27,996.77	47,814.81
Borrowings (Other than Debt Securities)	47,210.12	45,811.73	93,021.85	35,358.69	34,962.59	70,321.28	47,829.92	29,667.81	77,497.73
Other Financial liabilities	292.29	3,979.98	4,272.27	26.77	3,318.58	3,345.35	910.77	7.37	918.14
Sub total	98,550.01	72,594.26	1,71,144.27	60,144.23	55,686.13	1,15,830.36	68,914.15	57,671.95	1,26,586.10
Non-Financial liabilities									
Current tax liabilities (Net)	-	-	-	-	-	-	43.11	21.79	64.90
Provisions	-	169.90	169.90	25.72	132.69	158.41	54.58	99.39	153.97
Deferred tax liabilities (Net)	-	832.27	832.27	-	1,069.68	1,069.68	-	1,205.53	1,205.53
Other non-financial liabilities	2,905.65	-	2,905.65	2,101.09	-	2,101.09	1,958.17	24.38	1,982.55
Sub total	2,905.65	1,002.16	3,907.81	2,126.81	1,202.37	3,329.18	2,055.86	1,351.10	3,406.95
Total liabilities	1,01,455.66	73,596.42	1,75,052.09	62,271.04	56,888.50	1,19,159.54	70,970.01	59,023.04	1,29,993.05

InCred Financial Services Limited

Notes to the Reformatted Consolidated Financial Statements

41. Foreign Currency Transactions

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Expenditure in foreign currency			
Business origination expenses	-	-	1.51
IT expenses	-	-	0.80
Directors' sitting fees	2.07	-	-
Legal, professional and consultancy charges	27.64	-	153.03
Recruitment fees	6.63	3.63	-
Legal & Technical charges	2.01	2.26	-
Total	38.35	5.89	155.34

42. Corporate social responsibility

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Amount required to be spent as per section 135 of the Companies Act, 2013	19.99	16.05	3.22
Amount spent during the year			
(i) Construction/ acquisition of any asset		-	
(ii) On purposes other than (i) above			
In cash	20.05	14.93	5.40
Yet to be paid in cash*	-	2.00	-
Total	20.05	16.93	5.40

* Paid in the month of April, 2020

43. Micro, Small and Medium Enterprises Development

In accordance with the Micro, Small and Medium Enterprises Development Act 2006 ('MSMED Act') the Company is required to identify the micro, small and medium suppliers and pay them interest on overdue beyond the specified period irrespective of the terms agreed with the suppliers. Based on the on the information available with the management, there are no dues outstanding to micro and small enterprises covered under the MSMED Act. The Auditors have placed reliance on such information.

44. Share issue expenses

In accordance with the provision of section 52 of the Companies Act, 2013 the following share issue expenses have been debited against securities premium account:

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Stamp duty	-	52.87	17.10
Legal and professional charges	-	543.10	50.98
Total	-	595.97	68.08

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45. Capital Management

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

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

Capital Management

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

(Rs. in lakhs)

Particulars	As at	As at	As at
	March 31, 2021	March 31, 2020	March 31, 2019
Common Equity Tier 1 (CET1) capital	1,01,900.06	1,01,648.11	59,335.33
Other Tier 2 capital	1,261.64	1,261.64	805.22
Total capital	1,03,161.71	1,02,909.75	60,140.55

Regulatory capital consists of CET 1 capital, which comprises share capital, share premium, retained earnings including current year profit and loss. Certain adjustments are made to Ind AS-based results and reserves. The other component of regulatory capital is other Tier 2 Capital, which also includes hybrid debt instruments.

46(i) For year ended March 31, 2020

The Board of Directors of the InCred Housing Finance Private Limited ('HFC'), at its meetings held on December 11, 2018 and December 17, 2018, had deliberated upon and approved the HFC's strategic decision to exit from housing segment on account of various challenges in the affordable housing segment and inadequate ROE expected in the business. In pursuance to the Board approval, HFC has taken various steps to run down the business which includes successful transfer of significant portion of its loan book to another financial institution. The Board in its meeting held on November 22, 2019 had approved the proposal of merger with InCred Financial Services Limited (the 'Parent') and surrender the housing finance license. The revised scheme of merger was approved by the Board in its meeting held on February 18, 2020. The scheme is yet to be filed with NCLT and the regulator.

46(i) For year ended March 31, 2019

The Board of Directors of InCred Housing Finance Private Limited ('HFC'), at its meetings held on December 11, 2018 and December 17, 2018, had deliberated upon and approved the HFC's strategic decision to exit from housing segment on account of various challenges in the affordable housing segment and inadequate ROE expected in the business. In pursuance to the Board approval, HFC has taken various steps to run down the business which includes successful transfer of significant portion of its loan book to another financial institution. HFC has sufficient liquidity as at the Balance Sheet date and is able to continue its operations and meet the minimum prescribed regulatory requirements.

46(ii) For year ended March 31, 2020

InCred Management & Technology Services Private Limited ('IMTS'), a wholly owned subsidiary of InCred Financial Services Limited ('IFSL') has incurred a loss of Rs. 164.68 lakhs during the year ended March 31, 2020 and has a negative net worth of Rs. 36.98 lakhs as at March 31, 2020. Further as of that date, IMTS's current liabilities exceeded its current assets by 379.71 lakhs. Subsequent to March 31, 2020, IFSL has infused additional capital of Rs. 1,800 lakhs in IMTS. Further, subsequent to March 31, 2020, IMTS has acquired a digital lending platform i.e. Qbera for consideration of Rs. 409.50 lakhs. The management believes that this investment is likely to generate profit to the Group in future.

47. During the current year, the Parent company has reported frauds to RBI aggregating to Rs. 739.00 lakhs (March 31, 2020: Rs. 72.28 lakhs ; March 31, 2019: Rs. 115.93 lakhs)

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48. Segment information

1. The Company is primarily engaged in the business of financing. All the activities of the company revolve around the main business. Further, the company does not have any separate geographic segments other than India.
2. During the year ended March 31, 2021, the Company has been organised into two operating segments i.e. SME and Retail based on products and services.
3. Income for each segment has been specifically identified. Expenditure, assets and liabilities are either specifically identifiable with individual segments or have been allocated to segments on a systematic basis. Based on such allocation, segment disclosures relating to revenue, results, assets and liabilities have been prepared.

Income, Expenditure, assets and liabilities which relates to the Company as a whole and not allocable to segments are disclosed under “unallocable segment”.

Segment results have not been adjusted for the exceptional items and have been included in “unallocable segment”. The corresponding segment assets have been carried under the respective segments without adjusting the exceptional item.

(Rs. in lakhs)

Particulars	Year ended March 31, 2021			Total
	SME Finance	Retail Finance	Unallocable	
Segment Income from Operations	18,952.75	19,307.76	289.01	38,549.52
Other Income	172.79	423.67	101.67	698.13
Total Segment Income	19,125.54	19,731.43	390.68	39,247.65
Segment results	366.10	88.92	(102.55)	352.47
Profit before tax	366.10	88.92	(102.55)	352.47
Tax expenses	-	-	135.43	135.43
Segment profit for the year	366.10	88.92	(237.98)	217.04
Segment Assets	1,42,978.71	1,27,435.97	10,038.57	2,80,453.26
Segment Liabilities	92,584.99	81,011.31	1,455.77	1,75,052.09
Depreciation and Amortisation	383.66	632.32	-	1,015.98

(Rs. in lakhs)

Particulars	Year ended March 31, 2020			Total
	SME Finance	Retail Finance	Unallocable	
Segment Income from Operations	12,878.64	19,349.20	389.48	32,617.32
Other Income	-	-	649.34	649.34
Total Segment Income	12,878.64	19,349.20	1,038.82	33,266.66
Segment results	336.38	143.04	234.33	713.75
Profit before tax	336.38	143.04	234.33	713.75
Tax expenses	-	-	197.44	197.44
Segment profit for the year	336.38	143.04	36.90	516.31
Segment Assets	85,044.00	1,25,002.81	13,163.13	2,23,209.94
Segment Liabilities	52,470.07	64,771.57	1,917.88	1,19,159.53
Depreciation and Amortisation	262.89	897.79	-	1,160.68

(Rs. in lakhs)

Particulars	Year ended March 31, 2019			Total
	SME Finance	Retail Finance	Unallocable	
Segment Income from Operations	12,602.96	18,274.00	703.04	31,580.00
Other Income	-	1,119.06	17.36	1,136.42
Total Segment Income	12,602.96	19,393.06	720.40	32,716.42
Segment results	500.41	236.40	88.40	825.22
Exceptional gain	-	-	3,316.63	3,316.63
Profit before tax	500.41	236.40	3,405.03	4,141.85
Tax expenses	-	-	1,369.79	1,369.79
Segment profit for the year	500.41	236.40	2,035.24	2,772.06
Segment Assets	83,254.70	93,011.22	15,578.86	1,91,844.78
Segment Liabilities	69,619.41	58,314.25	2,059.39	1,29,993.05
Depreciation and Amortisation	50.58	225.35	-	275.93

InCred Financial Services Limited

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49. Additional Information to the consolidated Financial Statements

Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013 for year ended March 31, 2021:

Name of the entity	Net assets		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	Amount	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated profit or loss
Parent								
Incred Financial Services Limited	1,06,692.64	101.23%	1,026.40	472.90%	69.35	100.00%	1,095.76	382.62%
Subsidiaries								
Incred Management and Technology Services Private Limited	(1,461.98)	-1.39%	(536.54)	-247.21%	-	0.00%	(536.54)	-187.35%
Booth Fintech Private Limited	170.51	0.16%	(272.83)	-125.70%	-	0.00%	(272.83)	-95.27%
Total	1,05,401.20	100.00%	217.04	100.00%	69.35	100.00%	286.39	100.00%

Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013 for year ended March 31, 2020:

Name of the entity	Net assets		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	Amount	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated profit or loss
Parent								
Incred Financial Services Limited	1,03,686.24	99.65%	1,391.42	269.49%	26.00	90.51%	1,417.42	260.06%
Subsidiaries								
Incred Housing Finance Private Limited*	(1,020.87)	-0.98%	(229.74)	-44.50%	2.73	9.49%	(227.01)	-41.65%
Incred Management and Technology Services Private Limited	(299.35)	-0.29%	(309.98)	-60.04%	-	0.00%	(309.98)	-56.87%
Booth Fintech Private Limited	1,684.38	1.62%	(335.39)	-64.96%	-	0.00%	(335.39)	-61.53%
Total	1,04,050.40	100.00%	516.31	100.00%	28.73	100.00%	545.04	100.00%

* Incred Housing Finance Private Limited has been merged with the Parent under a Scheme of Amalgamation which is approved by National Company Law Tribunal ("NCLT"), Mumbai bench vide order no 'CP(CAA)/1094/MB/2020 Connected with CA(CAA)/1105/MB /2020' on March 11, 2021 from the Appointed Date of April 1, 2020.

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, 2019:

Name of the entity	Net assets		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	Amount	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated profit or loss
Parent								
Incred Financial Services Limited	58,547.51	94.66%	(676.49)	-24.40%	38.35	71.63%	(638.13)	-22.58%
Subsidiaries								
Incred Housing Finance Private Limited*	719.58	1.16%	858.84	30.98%	15.19	28.37%	874.02	30.93%
Incred Management and Technology Services Private Limited	(385.80)	-0.62%	(266.21)	-9.60%	-	0.00%	(266.21)	-9.42%
Booth Fintech Private Limited	2,970.44	4.80%	2,855.92	103.03%	-	0.00%	2,855.92	101.07%
Total	61,851.72	100.00%	2,772.05	100.00%	53.54	100.00%	2,825.60	100.00%

InCred Financial Services Limited

Notes to the Reformatted Consolidated Financial Statements

50. 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	40.96%

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

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
A) Summarised Statement of net assets		
Financial assets	2,136.84	2,870.62
Non-Financial assets	332.31	266.16
Total assets (I)	2,469.15	3,136.78
Financial liabilities	105.32	133.63
Non-Financial liabilities	36.57	92.89
Total liabilities (II)	141.89	226.52
Net assets (I - II)	2,327.26	2,910.26
Group's share %	40.96%	40.96%
Group's share in amount	953.24	1,192.04
Carrying amount of Investment	3,697.97	4,047.55

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
B) Summarised Statement of Profit and Loss		
Revenue from operation	6.85	14.84
Other income	215.88	251.54
Total income (I)	222.73	266.38
Finance costs	65.69	9.95
Employee benefits expenses	757.26	1,129.09
Depreciation, amortization and impairment	49.16	46.30
Others expenses	204.07	271.88
Total expenses (II)	1,076.18	1,457.22
Loss before tax (III = I-II)	(853.45)	(1,190.84)
Tax expense	-	-
Loss after tax (V = III-IV)	(853.45)	(1,190.84)
Other Comprehensive income		
Total Comprehensive income	(853.45)	(1,190.84)
Group's share %	40.96%	40.96%
Group share in Amount in Profit and loss (A)	(349.57)	(487.77)
Group share in Amount in Other Comprehensive Income (B)	-	-
Total Group share in Amount (A+B)	(349.57)	(487.77)

Notes to the Reformatted Consolidated Financial Statements

51. Business Combination

(i) Booth Fintech Private Limited

On 12 June, 2019, the company acquired remaining 13.56 % of shares in Booth Fintech Private Limited for a consideration of Rs. 1,050.24 lakhs. As per Ind AS 110, the difference between the non-controlling interest and the fair value of the consideration paid have been recognised directly in equity and attribute it to the owners of the parent.

Below are the details of Business Combinations entered by the Group in the previous year ended March 31, 2019:

On 11 July, 2018, the company acquired 86.44 % of shares in Booth Fintech Private Limited.

(Rs. in lakhs)

Date of Acquisition	Proportion of voting equity interest acquired as on 31st March 2019	Consideration transferred
11-Jul-18	86.44%	367.11

(Rs. in lakhs)

(A) Consideration Transferred	As at July 11, 2018
Consideration other than cash	367.11
Total Consideration	367.11

(Rs. in lakhs)

(B) Identifiable assets and liabilities	As at July 11, 2018
Property, plant and equipment	0.97
Deferred tax assets	1.59
Cash and cash equivalents	279.83
Current tax assets (Net)	4.30
Other assets	1.26
Other financial liabilities	(16.53)
Other current liabilities	(0.76)
Non controlling interest	(36.70)
Net Worth	233.96

(C) Goodwill arising on acquisition is determined as follows:

(Rs. in lakhs)

Particulars	As at July 11, 2018
Consideration transferred (A)	367.11
Fair Value of identifiable assets (B)	233.96
Goodwill (A - B)	133.15

InCred Financial Services Limited

Notes to the Reformatted Consolidated Financial Statements

52. Non controlling interest ('NCI')

The Non controlling interest for the year ended March 31, 2020 is Rs. Nil. The following table summaries the information relating to the Group's subsidiaries that has material Non controlling interest for the year ended March 31, 2019:

NCI Percentage	13.56%
----------------	--------

(Rs. In lakhs)

Particulars	For the year ended March 31, 2019
Non-Current Assets	2.56
Current Assets	285.39
Current Liabilities	(17.29)
Net Assets	270.66
Net Assets attributable to NCI	36.70

Total Income	4,149.91
Profit for the year	2,846.20
Total Comprehensive Income for the year	2,846.20
Total Comprehensive Income attributable to NCI	318.85

Loss on control of business combination	77.82
--	--------------

Net cash (used in) operating activities	(17.87)
Net cash (used in) investing activities	(391.39)
Net cash generated from financing activities	395.18
Net (decrease) in cash and cash equivalents	(14.08)

Notes to the Reformatted Consolidated Financial Statements

53. First-time adoption of Ind AS

These are the Group's first financial statements prepared in accordance with Ind AS. For the year ended March 31, 2018, the Group had prepared its financial statements in accordance with Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act ('Indian GAAP').

The financial statements for the current year have been prepared under Ind AS. Previous year's figures have been regrouped, to confirm current year's presentation.

The accounting policies set out in Note 1 have been applied in preparing these financial statements for the year ended March 31, 2019 including the comparative information and in the preparation of an opening Ind AS balance sheet at April 1, 2017 (the "transition date").

In preparing opening Ind AS balance sheet and in presenting the comparative information, the Group has adjusted amounts reported in financial statements prepared in accordance with Indian GAAP. An explanation of how the transition from Indian GAAP to Ind AS has affected the financial performance, cash flows and financial position is set out in the following tables and the notes that accompany the tables.

Optional exemptions availed and mandatory exceptions

In preparing the first Ind AS financial statements, the Group has applied the below mentioned optional exemptions and mandatory exceptions.

A. Mandatory Exceptions

1. Estimates

On assessment of the estimates made under the Indian GAAP financial statements, the Group has concluded that there is no necessity to revise the estimates under Ind AS, as there is no objective evidence of an error in those estimates. However, estimates that were required under Ind AS but not required under Indian GAAP are made by the Group for the relevant reporting dates reflecting conditions existing as at that date. Key estimates considered in preparation of the financial statements that were not required under the Indian GAAP are listed below:

- Fair valuation of financial instruments carried at FVOCI/FVTPL
- Determination of the discounted value for financial instruments carried at amortized cost.
- Impairment of financial assets based on the expected credit loss model.

2. Classification and measurement of financial assets

As permitted under Ind AS 101, Group has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. In line with Ind AS 101, measurement of financial assets accounted at amortized cost has been done retrospectively except where the same is impracticable.

Reconciliation of net worth as per Indian GAAP and that computed under Ind AS

(Rs. in lakhs)

Particulars	Note	As at March 31, 2018
Net worth as reported under Indian GAAP		53,813.89
Summary of Ind AS adjustments		
Effective interest rate on financial assets and liabilities (net)	1	(557.45)
Optionally Convertible Debentures	1	(5,767.71)
Fair valuation of investments	2	7.39
Expected credit loss on financial assets	3	(256.89)
Fair valuation of security deposits	4	(2.47)
Reversal of lease equalization reserve	5	59.07
Fair valuation of staff loans	6	1.05
Deferred tax impact on above adjustments	7	(61.60)
Total Ind AS adjustments		(6,578.61)
Net worth under Ind AS		47,235.28

Notes to the Reformatted Consolidated Financial Statements

Notes to the reconciliation:

1. Effective interest rate (EIR) on financial assets and liabilities (net)

A. Loans and advances

Under Indian GAAP, all the loans and advances are measured at their transaction price and interest income is recognized using the contractual interest rate. However, as per Ind AS 109, loans and advances shall be measured at amortized cost, if it held within a business model whose objective is to hold assets to collect contractual cash flows and 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. Accordingly any upfront loan processing fees shall be amortised on EIR basis over the term of the loan.

B. Borrowings

(a) Optionally convertible debentures (OCD) - Under Indian GAAP, the amount received on the issue of OCD is recognised as Debentures to the extent of face value and excess is recognised as securities premium. However, as per Ind AS 32, the Group treats it as a compound financial instrument by recognizing separately the components of debt and equity. The present value of the redemption amount represents the financial liability, with any remaining proceeds being attributed to equity.

(b) Non-convertible debentures and other borrowings - Under Indian GAAP, borrowings are recorded at their issue price. However, as per Ind AS 109, these are measured at amortised cost. Any upfront transaction cost shall be amortised on EIR basis over the term of borrowing.

2. Fair valuation of investments

The Group has made investments in the following :

(a) Quoted mutual funds - Under Indian GAAP, these are treated as current investments and valued at the lower of cost or realizable value. Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments have been recognised in retained earnings as at the date of transition and subsequently in the profit or loss for the year ended March 31, 2018.

(b) Commercial papers - Under Indian GAAP, these are treated as current investments and valued at the lower of cost or realizable value. Under Ind AS, these investments are measured at fair value.

(c) Fair value changes with respect to investments in equity instruments designated as at FVOCI have been recognised in FVOCI - Under Indian GAAP, these are treated as non-current investments and valued at cost. Under Ind AS, these equity shares are measured at FVOCI, since, the Group, on initial recognition has made an irrevocable election to present the changes in fair value of equity instrument investments in Other comprehensive income.

3. Expected credit losses on financial assets

Ind AS 109, requires the Group to evaluate Expected Credit Loss (ECL) for all financial assets including off-balance sheet items. Accordingly the Group has created a provision for ECL on the following financial assets on transitioning to Ind AS loans and advances, investments in commercial papers measured at FVOCI, investments in debt securities measured at amortised cost, other financial assets etc.

4. Fair valuation of Security deposits

As per Ind AS 109, all financial assets and liabilities are required to be measured at their respective fair value. The interest free refundable security deposits are financial assets and are thus required to be measured at present value using an appropriate discount rate. The difference between the fair value and the transaction price has been recognised as prepaid rent and is amortised over the period of the lease on straight-line basis. Subsequently, these security deposits have been measured at amortised cost using the effective interest rate ("EIR") and the resultant interest is accounted as finance income.

5. Reversal of lease equalisation reserve

Under Indian GAAP, the operating lease rentals are recognized as an expense on a straight line basis over the lease period. Under Ind AS, where the escalation rate is in line with the general inflation rate, straight lining of lease rentals is not required.

6. Fair valuation of staff loans

The Group gives loans to its employees. As per Ind AS 109, such staff loans are financial assets and are required to be measured at present value using an appropriate discount rate. The difference between the present value and the loan given shall be recognized as a prepaid cost, to be amortized over the period of the loan. The unwinding of the staff loan as per the effective interest rate method will be recognized as a finance income over the period of the loan.

7. Deferred tax

The application of Ind AS has resulted in recognition of deferred tax on new temporary differences which were not required to be recognised under Previous GAAP.

B. Optional exemptions availed

1. Property, plant and equipment and Intangible assets

The Group has availed the exemption available under Ind AS 101 to continue the carrying value for all of its property, plant and equipment and intangibles as recognized in the financial statements as at the date of transition to Ind AS, measured as per the Indian GAAP and use that as its deemed cost as at the date of transition (April 1, 2017).

2. Deemed cost for investment in associates

The Group has elected to continue with the carrying value of its investments in associates as recognized in the financial statements as at the date of transition to Ind AS. Accordingly, the Group has measured all its investments in associates at their previous GAAP carrying value.

InCred Financial Services Limited

Notes to the Reformatted Consolidated Financial Statements

54. Reversal of Compound Interest

As per guidelines issued by RBI on 'Asset Classification and Income Recognition following the expiry of Covid-19 regulatory package' dated April 7, 2021 and the Indian Banks' Association ('IBA') advisory letter dated April 19, 2021, the Group has put in place a Board approved policy to refund/ adjust the 'interest on interest' charged to borrowers during the moratorium period i.e. March 1, 2020 to August 31, 2020. The Group has provided for reversal of interest on interest amounting to Rs. 106.64 lakhs on such loans in the financial statements for the year ended March 31, 2021.

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

As per our report of even date

For S. R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration No.: 101049W/E300004

**Sarvesh
Warty**

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per Sarvesh Warty

Partner

Membership No: 121411

Place: Mumbai

Date: January 07, 2022

For and on behalf of the Board of Directors of

InCred Financial Services Limited

CIN: U74899MH1991PLC340312

**BHUPINDER
SINGH**

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Bhupinder Singh

Whole Time Director and CEO

DIN: 07342318

**VIVEK
BANSAL**

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Vivek Bansal

Whole Time Director and CFO

DIN: 07835456

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THAKUR**

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Gajendra Thakur

Company Secretary

Place: Mumbai

Date: January 07, 2022

Annexure VI : Statement of Dividend

Particulars		For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Equity Share Capital (Rs. in Lakhs)		38,624.42	38,615.30	30,762.93
Face Value Per Equity Share (Rs.)	(a)	10	10	10
Interim Dividend on Equity Shares (Rs. per Equity Share)	(b)	-	-	-
Interim Dividend on Equity Shares (Rs. in Lakhs)		-	-	-
Interim Dividend Declared Rate (In %)	(c=b/a)	-	-	-
Final Dividend on Equity Shares (Rs. per Equity Share)	d	-	-	-
Final Dividend on Equity Shares (Rs. in Lakhs)		-	-	-
Final Dividend Declared Rate (In %)	(e=d/a)	-	-	-

As per our report of even date

For S. R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration No.: 101049W/E300004

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per Sarvesh Warty

Partner

Membership No: 121411

Place: Mumbai

Date: January 07, 2022

For and on behalf of the Board of Directors of

InCred Financial Services Limited

CIN: U74899MH1991PLC340312

**BHUPINDER
SINGH**

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Bhupinder Singh

Whole Time Director and CEO

DIN: 07342318

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Gajendra Thakur

Company Secretary

Place: Mumbai

Date: January 07, 2022

**VIVEK
BANSAL**

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Vivek Bansal

Whole Time Director and CFO

DIN: 07835456

Auditors' Report on the Reformatted Standalone Statement of Assets and Liabilities as at March 31, 2021, 2020 and 2019 and Reformatted Standalone Statement of Profit and Loss (including other comprehensive income), Reformatted Standalone Statement of Cash Flows and Reformatted Standalone Statement of Changes in Equity for each of the years ended March 31, 2021, 2020 and 2019 of Incred Financial Services Limited (collectively, the "Reformatted Standalone Financial Information")

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

Dear Sirs/Madams,

1. We have examined the attached Reformatted Standalone Financial Information of Incred Financial Services Limited (the “**Company**”) as at and for each of the years ended on March 31, 2021, 2020 and 2019, annexed to this report and prepared by the Company for the purpose of inclusion in the offer document in connection with its proposed issue of Secured Redeemable Non-Convertible Debentures of face value of Rs.1,000 each (“**NCDs**”). The Reformatted Standalone Financial Information which have been approved by the Finance Committee of the Board of Directors in its meeting held on January 7, 2022, have been prepared by the Company in accordance with the requirements of:
 - a) Section 26 of Part I of Chapter III of the Companies Act, 2013, as amended (the “**Act**”);
 - b) Relevant provisions of The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended (the “**Regulations**”), issued by the Securities and Exchange Board of India (“**SEBI**”), in pursuance of the Securities and Exchange Board of India Act, 1992 (the “**SEBI Act**”).

Management’s Responsibility for the Reformatted Standalone Financial Information

2. The preparation of the Reformatted Standalone Financial Information based on audited standalone financial statements of the Company prepared in accordance with the Indian Accounting Standard as prescribed under section 133 of the Act read with Companies (Indian Accounting Standard), Rules 2015, as amended (“**Ind AS**”) and other accounting principles generally accepted in India, which are to be included in the Draft Prospectus and the Prospectus in connection with the proposed issue of NCDs, is the responsibility of the management of the Company. The Management’s responsibility includes designing, implementing and maintaining adequate internal controls relevant to the preparation and presentation of the Reformatted Standalone Financial Information. The Management is also responsible for identifying and ensuring that the Company complies with the Act and the Regulations.

Auditors' Responsibilities

3. We have examined such Reformatted Standalone Financial Information taking into consideration:
 - a) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated December 28, 2021 in connection with the Company’s Issue of NCDs;
 - b) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India (the “**Guidance Note**”); and;
 - c) The requirements of Section 26 of the Act and the Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act and the Regulations in connection with the issue of NCDs.
4. The Company proposes to make an offer which comprises an issue of Secured Redeemable Non-Convertible of Rs.1,000 each by the Company, as may be decided by the Board of Directors of the Company.

Reformatted Standalone Financial Information

5. These Reformatted Standalone Financial Information have been compiled by the management from audited standalone financial statements of the Company as at and for the years ended March 31, 2021, March 31, 2020 and March 31, 2019 which were prepared in accordance with the Indian Accounting Standards as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India (referred to as “**Ind AS**”), which have been approved by the Board of Directors at their meetings held on May 7, 2021, June 11, 2020 and May 16, 2019 respectively;
6. For the purpose of our examination, we have relied on:
- a) Auditors’ reports issued by B S R & Co. LLP (“**BSR**” or “**Previous Auditors**”) dated May 7, 2021, June 11, 2020 and May 16, 2019 on the standalone financial statements of the Company as at and for the years ended March 31, 2021, 2020 and 2019 as referred in paragraph 5 above;
 - b) Examination report submitted by BSR dated January 5, 2022 on the Reformatted Standalone Financial Information of the Company as at and for the year ended March 31, 2021, 2020 and 2019. Our examination report included for the said years is based solely on these reports submitted by BSR.

BSR in their examination report had included following emphasis of matter which are reproduced below:

Emphasis of Matter

- c) We draw attention to paragraph 8 on the Reformatted Standalone Financial Information of the Company which draws attention to Note 42 of the reformatted standalone financial information which describes the accounting for the Scheme of Amalgamation of between the Company and InCred Housing Finance Limited, (wholly owned subsidiary). The Scheme has been approved by the National Company Law Tribunal (‘NCLT’) vide its order dated March 11, 2021, however due to the ongoing pandemic situation, the Company has not received the certified true copy of the Order from the NCLT and hence the same has not been filed by the Company with the Registrar of Companies, Mumbai. Pending the certified copy of the order being filed with Registrar of Companies, the Company has given effect of the merger in its standalone financial statements for the year ended March 31, 2021. Though the appointed date as per the NCLT approved Scheme is April 1, 2020, as per the requirements of Appendix C to 103 “Business Combination”, the merger has been accounted for as if it had occurred from the beginning of the preceding period in the standalone financial statements. Accordingly, the amounts relating to the year 2020 include the impact of the business combination and the corresponding amounts for the previous year ended March 31, 2020, have been restated by the Company after recognizing the effect of the amalgamation as above. The aforesaid note (Note 42) also describes the impact of the business combination on the reformatted standalone financial statements.
- d) We draw attention to paragraph 9 on the Reformatted Standalone Financial Information of the Company which as described in Note 28(A) to the reformatted standalone financial information, in respect of accounts overdue but standard at 29 February 2020 where moratorium benefit has been granted, the staging of those accounts at 31 March 2020 is based on the days past due status as on 29 February 2020 in accordance with the Reserve Bank of India COVID-19 Regulatory Package. Their opinion is not modified in respect of this matter.
- e) We draw attention to paragraph 10 on the Reformatted Standalone Financial Information of the Company which as described in Note 28(A) to the reformatted standalone financial information, the extent to which the COVID-19 pandemic will impact the Company’s financial performance is dependent on future developments, which are highly uncertain.

BSR in their examination report have not modified their opinion in respect of the above matters.

7. Taking into consideration the requirements of Section 26 of Part I of Chapter III of the Act, the Regulations and the terms of our engagement agreed with you, and having placed reliance on the examination report submitted by BSR dated January 5, 2022, we further report that:
- a) Reformatted Standalone Financial Information of the Company as at and for each of the years ended March 31, 2021, 2020 and 2019 and other financial information referred to in paragraph 8 below have been examined by us, as set out in Annexure I to Annexure IV to this report. These Reformatted Standalone

Financial Information have been prepared after regrouping, which is more fully described in significant accounting policies and notes (Refer Annexure V);

- b) based on our examination as above:
- i. the Reformatted Standalone Financial Information have to be read in conjunction with the notes given in Annexure V; and
 - ii. the figures of earlier period have been regrouped (but not restated retrospectively for changes in accounting policies), wherever necessary, to conform to the classification adopted for the Reformatted Standalone Financial Information as at and for the year ended March 31, 2021.

Other Financial Information

8. At the Company's request, we have also examined the following other financial information proposed to be included in the Draft Prospectus and the Prospectus prepared by the Management and approved by the Board of Directors of the Company and annexed to this report relating to the Company, as at and for each of the years ended March 31, 2021 2020 and 2019 and have placed reliance on the examination report issued by BSR for the year ended March 31, 2021, 2020 and 2019 respectively:

- Statement of Dividend, enclosed as Annexure VI

Other Matters

9. We have not audited any financial statements of the Company as of any date or for any period subsequent to March 31, 2021. Accordingly, we express no opinion on the financial position, profit and loss or cash flow of the Company as of any date or for any period subsequent to March 31, 2021.
10. In the preparation and presentation of Reformatted Standalone Financial Information based on audited standalone financial statements as referred to in paragraph 5 above, no adjustments have been made for any events occurring subsequent to dates of the audit reports specified in paragraph 6 above.
11. This Report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by the Previous Auditors, nor should this report be construed as a new opinion on any of the financial statements referred to herein.
12. We have no responsibility to update our Report for events and circumstances occurring after the date of the report.
13. This Report is intended solely for use of the management for inclusion in the Draft Prospectus and the Prospectus to be filed with Registrar of Companies, Mumbai, SEBI, National Stock Exchange of India Limited and BSE Limited in connection with the proposed Issue of NCDs of the Company and is not to be used, referred to or distributed for any other purpose.

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

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per Sarvesh Warty
Partner
Membership No. 121411

UDIN: 22121411AAAAAE2762
Mumbai
January 7, 2022

Reformatted Statement of Assets and Liabilities as at March 31, 2021, March 31, 2020 and March 31, 2019

Annexure I
(Rs. in lakhs)

Particulars	Note No	As at March 31, 2021	As at March 31, 2020 (Restated)*	As at March 31, 2019
ASSETS				
(1) Financial assets				
(a) Cash and cash equivalents	2	1,323.38	3,772.83	1,846.49
(b) Bank balance other than cash and cash equivalents	3	588.46	735.88	267.47
(c) Loans	4	2,55,359.84	2,04,849.17	1,73,310.29
(d) Investments	5	12,670.66	3,113.50	7,726.99
(e) Other financial assets	6	1,821.28	1,690.39	1,208.15
(2) Non-financial assets				
(a) Current tax assets (Net of provision for tax)		720.61	862.36	507.69
(b) Deferred tax assets (Net of deferred tax liabilities)	7	1,857.39	963.22	791.96
(c) Property, plant and equipment	8	3,276.35	2,975.07	1,039.95
(d) Capital work-in-progress		14.49	125.06	-
(e) Other intangible assets	9	222.49	299.97	396.96
(f) Other non-financial assets	10	1,285.55	1,046.22	654.15
Total assets		2,79,140.50	2,20,433.67	1,87,750.10
LIABILITIES AND EQUITY				
LIABILITIES				
(1) Financial liabilities				
(a) Debt securities	11	73,827.02	42,105.62	47,814.80
(b) Borrowings (other than debt securities)	12	93,422.08	70,321.28	77,497.73
(c) Other financial liabilities	13	4,231.88	3,342.57	864.68
(2) Non-financial liabilities				
(a) Provisions	14	169.48	158.41	148.14
(b) Other non-financial liabilities	15	2,905.26	2,078.21	1,857.90
EQUITY				
(a) Share capital	16 (A)	38,624.42	38,615.30	30,762.93
(b) Other equity	16 (B)	65,960.36	63,812.28	28,803.92
Total liabilities and equity		2,79,140.50	2,20,433.67	1,87,750.10

*Refer Note No 42 "Scheme of Amalgamation and arrangement"

Significant accounting policies and key accounting estimates and judgments

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

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As per our report of even date

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

Chartered Accountants

ICAI Firm Registration No.: 101049W/E300004

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per Sarvesh Warty

Partner

Membership No: 121411

Place: Mumbai

Date: January 07, 2022

For and on behalf of the Board of Directors of

InCred Financial Services Limited

CIN: U74899MH1991PLC340312

BHUPINDER SINGH

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Bhupinder Singh

Whole Time Director and CEO

DIN: 07342318

VIVEK BANSAL

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Vivek Bansal

Whole Time Director and CFO

DIN: 07835456

GAJENDRA SINGH THAKUR

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Gajendra Thakur

Company Secretary

Place: Mumbai

Date: January 07, 2022

Particulars	Note No	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)*	Year ended March 31, 2019
Revenue From operations				
(i) Interest income	17	37,711.75	31,103.32	28,331.82
(ii) Fees and commission income	18	557.16	805.95	729.97
(iii) Net gain/(loss) on fair value changes	19	268.91	465.01	(5.14)
(I) Total revenue from operations		38,537.82	32,374.28	29,056.65
(II) Other income	20	647.09	782.37	-
(III) Total income (I + II)		39,184.91	33,156.65	29,056.65
Expenses				
(i) Finance costs	21	15,271.40	11,605.69	13,783.97
(ii) Impairment on financial instruments	22	8,865.37	5,634.74	2,383.43
(iii) Employee benefits expenses	23	9,159.37	9,240.58	7,402.29
(iv) Depreciation, amortization and impairment	8 & 9	841.79	1,099.89	153.10
(v) Others expenses	24	3,805.92	4,271.24	4,772.80
(IV) Total expenses		37,943.86	31,852.14	28,495.59
(V) Profit before tax and exceptional items (III - IV)		1,241.06	1,304.51	561.05
(VI) Exceptional items	41	-	645.76	-
(VII) Profit before tax and after exceptional item (V - VI)		1,241.06	658.75	561.05
(VIII) Tax Expense:	25			
(1) Current Tax		1,135.14	527.43	444.48
(2) Deferred Tax		(917.52)	(144.09)	(260.89)
(IX) Profit for the year (VII-VIII)		1,023.44	275.41	377.46
(X) Other comprehensive income				
(A) (i) Items that will not be reclassified to profit or loss				
(a) Remeasurements of the defined benefit plans		(26.29)	29.03	39.28
(b) Equity instruments through other comprehensive income		-	0.02	14.26
(ii) Income tax relating to items that will not be reclassified to profit or loss		6.62	(0.32)	(15.19)
Subtotal (A)		(19.67)	28.73	38.35
(B) (i) Items that will be reclassified to profit or loss				
(a) Debt instruments through other comprehensive income		118.97	-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		(29.95)	-	-
Subtotal (B)		89.03	-	-
Other comprehensive income / (loss) (A + B)		69.35	28.73	38.35
(XI) Total comprehensive income for the year (IX + X)		1,092.79	304.14	415.81
(XII) Earnings per equity share	26			
Basic (Rs.)		0.27	0.07	0.12
Diluted (Rs.)		0.26	0.07	0.12

*Refer Note No 42 "Scheme of Amalgamation and arrangement"

Significant accounting policies and key accounting estimates and judgments

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


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Date: 2022.01.07 22:21:17
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per Sarvesh Warty

Partner

Membership No: 121411

Place: Mumbai

Date: January 07, 2022

For and on behalf of the Board of Directors of

InCred Financial Services Limited

CIN: U74899MH1991PLC340312



Bhupinder Singh

Whole Time Director and CEO
DIN: 07342318


Vivek Bansal

Whole Time Director and CFO
DIN: 07835456

Gajendra Thakur
Company Secretary

Place: Mumbai

Date: January 07, 2022

Reformatted Cash Flow Statement for the year ended March 31, 2021, March 31, 2020 and March 31, 2019

Annexure III
(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)*	Year ended March 31, 2019
Cash flow from operating activities			
Profit before tax	1,241.06	658.75	561.05
Adjustments to reconcile net profit to net cash generated from / (used in) operating activities			
Depreciation and amortisation	841.79	1,099.89	153.10
Net (gain)/loss on fair value changes	(268.91)	(465.01)	5.14
Interest income	(37,711.75)	(31,103.32)	(28,331.82)
Finance cost	15,119.25	11,453.91	13,783.97
Impairment loss	8,865.37	5,634.73	2,403.11
Provision for diminution in the value of investments	-	645.76	100.00
Share based expense	1,027.93	583.88	175.55
Advertisement expense	28.02	30.61	140.00
Fee and commission income	-	-	(12.72)
Retirement benefit expenses	(21.39)	32.28	62.78
Interest expense on lease liability	152.16	151.78	-
Reversal of rent expense	(292.95)	(401.71)	-
Operating profit before working capital changes	(11,019.42)	(11,678.45)	(10,959.84)
Working capital adjustments			
(Increase) in Loans	(59,179.73)	(35,416.46)	(40,138.47)
(Increase) / decrease in other financial assets	(130.88)	(453.33)	422.43
(Increase) in other non financial assets	(267.35)	(330.79)	(37.99)
Increase in other financial liabilities	1,030.10	2,340.72	232.60
Increase / (decrease) in provisions	12.79	(27.84)	(90.65)
Increase in other non financial liabilities	827.04	195.92	917.57
Cash generated from operations	(68,727.45)	(45,370.23)	(49,654.35)
Interest received on loans	37,515.45	30,229.32	28,251.15
Interest paid on borrowings	(17,429.34)	(10,668.87)	(11,179.08)
Income taxes paid (net)	(970.03)	(470.41)	(1,163.75)
Net cash (used in) operating activities	(49,611.37)	(26,280.19)	(33,746.03)
Cash flow from investing activities			
Purchase of property, plant and equipment	(876.18)	(2,755.54)	(953.70)
Purchase of intangibles assets	(189.42)	(107.54)	(449.58)
Capital work-in-progress	110.57	(125.06)	-
Purchase of investments	(1,56,146.89)	(1,08,350.45)	(3,44,216.26)
Proceeds from sale of investments	1,46,947.67	1,07,268.75	3,44,173.62
Investment in term deposits earmarked with banks	(96,580.25)	(5,814.26)	(267.47)
Proceeds from maturity of term deposits earmarked with banks	96,724.72	5,348.80	-
Net cash (used in) / generated from investing activities	(10,009.78)	(4,535.30)	(1,713.39)
Cash flow from financing activities			
Issue of equity shares (including securities premium)	36.48	42,361.30	1,097.10
Security issue expenses	-	(595.77)	(63.08)
Proceeds from borrowings (other than debt securities)	72,665.00	55,339.32	52,500.00
Proceeds from issue of debt securities	62,173.39	12,511.62	30,000.00
Repayment of borrowings (other than debt securities)	(48,668.11)	(58,279.10)	(53,616.20)
Redemption of debt securities	(28,044.83)	(18,807.33)	(5,000.00)
Net cash generated from financing activities	58,161.93	32,530.05	24,917.82
Net increase / (decrease) in cash and cash equivalents	(1,459.22)	1,714.56	(10,541.60)
Cash and cash equivalents at the beginning of the year	813.54	(901.02)	4,991.28
Cash and cash equivalents at the end of the year	(645.68)	813.54	(5,550.32)

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	As at	As at
	March 31, 2021	March 31, 2020 (Restated)*	March 31, 2019
Cash on hand	2.84	7.92	6.45
Balances with banks			
- Current Accounts	1,320.54	3,764.91	1,840.04
Deposit with bank with maturity less than 3 months	-	-	-
Cash and cash equivalents (Refer note 2)	1,323.38	3,772.83	1,846.49
Less: Bank overdraft and cash credit (Refer note 12)	(1,969.07)	(2,962.25)	(7,397.43)
Add: Impairment loss allowance on deposits with bank	-	2.96	0.62
Cash and cash equivalents in cash flow statement	(645.69)	813.54	(5,550.32)

*Refer Note No 42 "Scheme of Amalgamation and arrangement"

Significant accounting policies and key accounting estimates and judgments

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

**Sarvesh
Warty**

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email=Sarvesh.Warty@srb.in
Date: 2022.01.07 22:21:38
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per Sarvesh Warty

Partner

Membership No: 121411

Place: Mumbai

Date: January 07, 2022

For and on behalf of the Board of Directors of

InCred Financial Services Limited

CIN: U74899MH1991PLC340312

**BHUPINDER
SINGH**

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Bhupinder Singh

Whole Time Director and CEO

DIN: 07342318

**VIVEK
BANSAL**

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Vivek Bansal

Whole Time Director and CFO

DIN: 07835456

**GAJENDRA
SINGH
THAKUR**

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Gajendra Thakur

Company Secretary

Place: Mumbai

Date: January 07, 2022

InCred Financial Services Limited

Reformatted Statement of Changes in Equity for the year ended March 31, 2021, March 31, 2020 and March 31, 2019

Annexure IV

A. Equity share capital

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)*	As at March 31, 2019
Balance as at the beginning of the year	30,763.67	30,762.93	26,408.02
Changes in equity share capital during the year	9.12	0.74	4,354.91
Balance as at the end of the year	30,772.79	30,763.67	30,762.93

B. Preference share capital

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)*	As at March 31, 2019
Balance as at the beginning of the year	7,851.63	-	-
Changes in preference share capital during the year	-	7,851.63	-
Balance as at the end of the year	7,851.63	7,851.63	-

B. Other equity

(Rs. in lakhs)

Particulars	Equity component of optionally convertible debentures	Reserves and Surplus							Debt instruments through OCI	Equity instruments through OCI	Total
		Special reserve	Capital reserve	Securities premium	Deemed equity	Capital contribution from parent	Share based payment reserve	Retained earnings			
Balance at March 31, 2018	1,191.65	242.42	(6,722.25)	26,476.06	23.51	-	-	(155.80)	-	4.83	21,060.43
Profit for the year	-	-	-	-	-	-	-	377.46	-	-	377.46
Remeasurement benefit of defined benefit plans	-	-	-	-	-	-	-	27.84	-	-	27.84
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-	10.51	10.51
Total comprehensive income for the year (net of tax)	-	-	-	-	-	-	-	405.30	-	10.51	415.81
Transfer / utilisations	-	-	-	-	-	-	-	-	-	-	-
Additions during the period	370.35	-	5,793.86	-	(1.63)	65.05	-	-	-	-	6,227.63
Utilized during the year	-	-	(63.08)	-	-	-	-	-	-	-	(63.08)
Issue of equity shares	-	-	-	1,027.04	-	-	-	-	-	-	1,027.04
Transferred to special reserve from retained earnings	-	75.49	-	-	-	-	-	(75.49)	-	-	-
Employee stock option expense	-	-	-	-	-	-	-	136.09	-	-	136.09
Transferred to capital reserve and retained earnings on conversion of optionally convertible debentures	(1,562.00)	-	928.39	-	-	-	-	-	-	-	-
Balance at March 31, 2019	-	317.91	-	27,440.03	21.88	65.05	136.09	807.62	-	15.34	28,803.92
Balance at March 31, 2019 (Restated)*	-	362.99	-	27,435.03	27.74	65.70	136.09	613.61	-	15.34	28,656.50
Profit for the year	-	-	-	-	-	-	-	275.41	-	-	275.41
Remeasurement benefit of defined benefit plans	-	-	-	-	-	-	-	28.71	-	-	28.71
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-	0.02	0.02
Total comprehensive income for the year (net of tax)	-	-	-	-	-	-	-	304.12	-	0.02	304.14
Transfer / utilisations	-	-	-	-	-	-	-	-	-	-	-
Additions during the period	-	-	-	34,863.53	-	-	-	-	-	-	34,863.53
Utilized during the year	-	-	-	(595.77)	-	-	-	-	-	-	(595.77)
Transferred to special reserve from retained earnings	-	89.04	-	-	-	-	-	(89.04)	-	-	-
Employee stock option expense	-	-	-	-	-	(14.81)	598.69	-	-	-	583.88
Balance at March 31, 2020 (Restated)*	-	452.03	-	61,702.79	27.74	50.89	734.78	828.69	-	15.36	63,812.28
Profit for the year	-	-	-	-	-	-	-	1,023.44	-	-	1,023.44
Remeasurement benefit of defined benefit plans	-	-	-	-	-	-	-	(19.67)	-	-	(19.67)
Other comprehensive income for the year	-	-	-	-	-	-	-	-	89.03	-	89.03
Total comprehensive income for the year (net of tax)	-	-	-	-	-	-	-	1,003.76	89.03	-	1,092.79
Transfer / utilisations	-	-	-	-	-	-	-	-	-	-	-
Additions during the period	-	-	-	27.36	-	-	-	-	-	-	27.36
Utilized during the year	-	-	-	-	-	-	-	-	-	-	-
Transferred to special reserve from retained earnings	-	204.69	-	-	-	-	-	(204.69)	-	-	-
Employee stock option expense	-	-	-	-	-	11.38	1,016.55	-	-	-	1,027.93
Balance at March 31, 2021	-	656.72	-	61,730.15	27.74	62.27	1,751.33	1,627.76	89.03	15.36	65,960.36

*Refer Note No 42 'Scheme of Amalgamation and arrangement'
Significant accounting policies and key accounting estimates and judgments
The accompanying notes form an integral part of the standalone financial statements

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

Sarvesh Warty
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email=Sarvesh.Warty@srb.in
Date: 2022.01.07 22:22:03
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per Sarvesh Warty
Partner
Membership No: 121411

Place: Mumbai
Date: January 07, 2022

For and on behalf of the Board of Directors of
InCred Financial Services Limited
CIN: U74899MH1991PLC340312

BHUPINDER SINGH
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Date: 2022.01.07
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Bhupinder Singh
Whole Time Director and CEO
DIN: 07342318

Place: Mumbai
Date: January 07, 2022

VIVEK BANSAL
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Date: 2022.01.07
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Vivek Bansal
Whole Time Director and CFO
DIN: 07835456

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Gajendra Thakur
Company Secretary

(1) Significant Accounting Policies

Annexure V

A. Corporate Information

Incred Financial Services Limited (the 'Company') was incorporated in India on 8 January 1991, under the provisions of the Companies Act, 1956.

The Company has received a Certificate of Registration from the Reserve Bank of India ('RBI'), on 30th August 2000 to commence/carry on the business of Non-Banking Financial Institution ('NBFC') without accepting public deposits. The company qualifies to be a NBFC - Systematically Important Non-Deposit taking Company as per "Master - Direction - Non-Banking Financial Company - Systematically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions 2016".

The registered office of the Company is Unit No. 1203, 12th floor, B Wing, The Capital, Plot No. C - 70, G Block, Bandra - Kurla Complex, Bandra East, Mumbai - 400051 (erstwhile - 1502-A, The Capital, C-70, G Block, Bandra Kurla Complex, Mumbai, Maharashtra, India, 400051)

B. Basis of preparation of reformatted standalone financial information for the year ended 31 March 2021, 31 March 2020 and 31 March 2019

- i. The Reformatted standalone statement of Assets and Liabilities of the Company as at 31 March 2021; 31 March 2020 and 31 March 2019 and Reformatted Standalone Statement of Profit and Loss and the Reformatted Statement of Cash Flows and Reformatted Standalone Statement of change in equity and the Summary of Significant Accounting Policies and notes for the year ended 31 March 2021; 31 March 2020 and 31 March 2019 (together referred as "Reformatted financial information" have been extracted by the Management from the Ind AS Audited Financial Statements of the Company for the year ended 31 March 2021; 31 March 2020 and 31 March 2019 ("Audited Ind AS Financial Statements") which have been approved by the Board of Directors at their meetings held on May 16, 2019; June 11, 2020 and May 07, 2021 respectively. The accounting policies have been applied by the Company in preparation of the Reformatted standalone financial information are consistent with those adopted in the preparation of financial statements for the respective year.

The Reformatted standalone financial information have been prepared by the management in connection with the proposed listing of Secured Senior Listed Transferable Redeemable Non-Convertible Debentures of the Company with BSE Limited and NSE Limited ('the stock exchanges'), in accordance with the requirements of:

- a. Section 26 of the Companies Act, 2013; and
- b. Securities and Exchange Board of India (Issue and Listing of Non Convertible Securities) Regulations, 2021 ('the Regulations') issued by the Securities and Exchange Board of India ("SEBI"), as amended from time to time in pursuance of the Securities and Exchange Board of India Act, 1992 (the "SEBI Act")

The reformatted standalone financial information of the Company has been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

ii. Statement of compliance

The Reformatted standalone financial information of the Company have been prepared in accordance with Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) as applicable to NBFCs subject to RBI norms and regulations.

iii. Functional and presentation currency

The Reformatted financial information 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.

iv. Basis of measurement

The Reformatted financial information 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

v. Use of estimates and judgements

The preparation of Reformatted standalone financial information 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 Reformatted financial information, reported amounts of revenues and expenses during the period. Actual results may defer from these estimates.

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

Significant judgements

i. Recognition and measurement of defined benefit obligations

The obligation arising from defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation, actuarial rates and life expectancy. The discount rate is determined by reference to market yields at the end of the reporting period on government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations. Due to complexities involved in the valuation and its long term nature, defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed at each reporting period. Further details are disclosed in Note 30.

ii. Recognition of deferred tax assets / liabilities

Deferred tax assets and liabilities are recognised for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases and unutilised business loss and depreciation carry forward and tax credits. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary

differences, unused tax losses, depreciation carry forward and unused tax credits could be utilised. Further details are disclosed in Note 7.

iii. Recognition and measurement of provisions and contingencies

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources and on past experience and circumstances known at the reporting date. The actual outflow of resources at a future date may therefore, vary from the amount included in other provisions.

iv. Discounting of long-term financial assets / liabilities

All financial assets / liabilities are required to be measured at fair value on initial recognition. In case of financial assets / liabilities which are required to be subsequently measured at amortised cost, interest is accrued using the effective interest method.

v. Fair valuation of employee share options

The fair valuation of the employee share options is based on the Black-Scholes option pricing model used for valuation of options. Key assumptions and inputs for fair value made with respect to expected volatility includes share price, expected dividends and discount rate, under the Black-Scholes option pricing model. These assumptions / inputs and models are disclosed in Note 31.

vi. Impairment of financial assets

The Company recognises loss allowances for expected credit losses on its financial assets measured at amortised cost. At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

vii. Leases

The Company has recognized the lease liability at the present value of the future lease payments over the lease term discounted at the incremental borrowing rate.

C. Presentation of reformatted standalone financial information

The Reformatted standalone financial information of the Company is presented as per Schedule III ('Division III') of the Companies Act, 2013 applicable to NBFCs, as notified by the Ministry of Corporate Affairs ('MCA'). The Reformatted 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 Reformatted standalone Balance Sheet and Reformatted statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the Reformatted standalone financial information along with the other notes required to be disclosed under the notified Accounting Standards and RBI regulations to the extent applicable.

D. Significant accounting policies and other explanatory information

1. Measurement of fair values

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

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

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

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

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

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

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

2. Financial instruments

i. Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss ('FVTPL'), transaction costs that are directly attributable to its acquisition.

ii Classification and subsequent measurement of financial assets:

Financial assets

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

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

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

Financial assets measured at amortised cost

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

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

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

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

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

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

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

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

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign

exchange gains and losses and impairment are recognised in Reformatted standalone Statement of Profit and Loss. Any gain or loss on derecognition is recognised in Reformatted standalone Statement of Profit and Loss.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income under the EIR method, foreign gains and losses and impairment are recognised in Reformatted 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 Reformatted standalone Statement of Profit and Loss.

Equity investments designated at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in Reformatted 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 Reformatted standalone Statement of Profit and Loss.

Financial assets at FVTPL

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

iii. Classification and subsequent measurement of financial liabilities

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

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

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

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

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

iv. Derecognition

Financial assets

The Company derecognizes a financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) when the contractual rights to

receive cash flows from the financial asset expires or it transfers the rights to receive to receive the contractual cash flows in a transaction in which the company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the asset.

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

Financial liabilities

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

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

v. Offsetting of financial instruments

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

3. Compound financial instruments

Compound financial instruments issued by the company comprise convertible debentures in INR that can be converted to equity shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with the changes in the fair value.

The liability component of a compound financial instrument is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequently.

Interest related to financial liability is recognised in Reformatted standalone Statement of Profit and Loss. In case of conversion at maturity, financial liability is reclassified to equity and no gain or loss is recognised.

4. Share capital

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

5. Investment in subsidiaries

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

6. Business Combination

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

7. Impairment of financial assets

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

- The Company records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL, together with financial guarantee contracts, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under Ind AS 109.
- The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss)
- Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is the portion of Lifetime ECL that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both Lifetime ECLs and 12-month ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments. The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Company does the assessment of significant increase in credit risk at a borrower level. Based on the above, the Company categorises its loans into Stage 1, Stage 2 and Stage 3 as described below:

Stage 1

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

Stage 2

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

Stage 3

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

Credit-impaired financial assets:

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

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

The mechanics of ECL:

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

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

Probability of Default - The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The concept of PD is further explained in Note 28.

Exposure at Default - The Exposure at Default is an estimate of the exposure at a future default date. The concept of EAD is further explained in Note 28.

Loss Given Default - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive,

including from the realisation of any collateral. It is usually expressed as a percentage of the EAD. The concept of LGD is further explained in Note 28.

Forward looking information

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

Write-offs

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

8. Cash and cash equivalents

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

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

9. Share-based payment arrangements

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

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

10. Lease Accounting

For the year ended March 31, 2021 and March 31, 2020

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

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

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

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

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

For the year ended March 31, 2019

In determining whether an arrangement is, or contains a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease date if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in the arrangement.

(i) Lease payments

Payments made under operating leases are recognised in Reformatted Standalone Statement of Profit and Loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor’s expected inflationary cost increase.

11. Income Tax

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

Current tax

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

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

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

Deferred tax

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

Deferred tax is not recognised for:

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

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

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

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

Deferred tax assets and liabilities are offset only if:

- a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

12. Property, plant and equipment

i. Recognition and measurement

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

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

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

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

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

ii. Subsequent expenditure

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

iii. Depreciation

Depreciation is provided on written down value basis as per the useful life given under Schedule II of the Companies Act, 2013, and is generally recognised in the Reformatted standalone Statement of Profit and Loss.

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

The useful life as per Schedule II are as follows:

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

Assets costing less than INR 5,000 are fully depreciated in the year in which they are purchased.

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

13. Intangible assets

i. Recognition and measurement

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

ii. Subsequent expenditure

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

iii. Amortisation

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

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

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

14. Impairment of non-financial assets

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

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

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment loss is recognised in the Reformatted 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 Reformatted standalone Statement of Profit and Loss, to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

15. Revenue from operations

Recognition of interest and fee income or expense

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

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

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

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

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

Fee and commission income:

Under Ind AS, corporate guarantee issued on behalf of subsidiaries without any commission has been measured at fair value with corresponding impact adjusted with investment in the respective subsidiary. Consequently, guarantee commission for the respective period has been recognised through income statement. Other loan related charges such as cheque bounce charges, foreclosure charges, etc. are recognised only on receipt basis.

16. Finance Cost

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

17. Employee benefits

i. Short-term employee benefits

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

ii. Contribution to provident fund and ESIC

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

iii. Gratuity

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

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

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

iv. Compensated absence
For year ended March 31, 2021

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.

For year ended March 31, 2020 and March 31, 2019

The Company does not have a policy of encashment of unavailed leaves for its employees but are permitted to carry forward subject to a prescribed maximum days. The Company's liability towards compensated absence is based on an independent external actuarial valuation as at the balance sheet date using the projected unit credit method.

18. Foreign currency

Transaction and balances

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

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

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 Reformatted standalone Statement of Profit and Loss.

19. Earnings per share

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

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

20. Statement of Cash flows

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

21. Segment Reporting

The Company is considered to have two operating segments 'Consumer Retail' and 'SME.' As per Ind AS-108 'Operating segments', if a financial report contains both the consolidated financial statements of a parent as well as the parent's separate financial statements, segment information is required only in the consolidated financial statements. Accordingly, information required to be presented under Ind AS-108 'Operating segments' will be given in the Consolidated Financial Information.

22. Provisions, contingent liabilities and contingent assets

a. Provisions

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

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

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

b. Onerous contracts

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

c. Contingent liabilities

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

d. Contingent assets

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

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

23. Exceptional items

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

24. Standards issued but not yet effective

For the year ended March 31, 2021 and March 31, 2020

There are neither new standards nor amendments to existing standards which are issued but not effective.

For the year ended March 31, 2019

- **Ind AS 116 – Leases**

Ind AS 116 is applicable for financial reporting periods beginning on or after April 1, 2019 and replaces existing lease accounting guidance, namely Ind AS 17 Leases. Ind AS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use ('ROU') asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The nature of expenses related to those leases will change as Ind AS 116 replaces the operating lease expense (i.e. rent) with depreciation charge for ROU assets and interest expense on lease liabilities. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. The Company plans to apply Ind AS 116 on April 1, 2019, using the modified retrospective approach. Therefore, the impact (if any) on adoption of the new standard will be recognised as an adjustment to the opening balance of retained earnings at April 1, 2019, with no restatement of comparative information.

The Company is in the process of analysing the impact of new lease standard on its financial information.

Amendments to existing Ind AS:

The following amended standards are not expected to have a significant impact on the Company's Reformatted Standalone financial information. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Company when it will adopt the respective amended standards.

- **Amendment to Ind AS 12 Income Taxes: Appendix C – Uncertainty over Income Tax Treatments**

The Appendix addresses how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment.

- **Amendments to Ind AS 109 Financial Instruments: Prepayment Features with Negative Compensation**

Under Ind AS 109 – Financial instruments, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are ‘solely payments of principal and interest on the principal amount outstanding’ (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to Ind AS 109 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

- **Amendments to Ind AS 12 Income Taxes**

The amendments clarify that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.

- **Amendments to Ind AS 19 Employee Benefits**

This amendment requires:

To use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and

To recognise in Standalone Statement of Profit and Loss as part of past service cost, or gain or loss on settlement, any reduction in surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

- **Amendments to Ind AS 103, Business Combinations and Ind AS 111, Joint Arrangements**

This amendment Clarifies that when an entity obtains control of a business that is a joint operation, then the acquirer would re-measure its previously held interest in that business. Such a transaction would be considered as a business combination achieved in stages and accounted for on that basis. If a party that participates in a joint operation, but does not have joint control, obtains joint control over the joint operation (constituting a business): Clarifies that it would not be required to re-measure its previously held interests in the joint operation.

InCred Financial Services Limited

Notes to the Reformatted Financial Statements

2. Cash and cash equivalents

(Rs. in lakhs)

Particulars	As at March 31,2021	As at March 31,2020 (Restated)	As at March 31,2019
Cash on hand	2.84	7.92	6.45
Balances with banks (of the nature of cash and cash equivalent)	1,320.54	3,764.91	1,840.04
Total	1,323.38	3,772.83	1,846.49

3. Bank balance other than cash and cash equivalents

(Rs. in lakhs)

Particulars	As at March 31,2021	As at March 31,2020 (Restated)	As at March 31,2019
Earmarked balances with banks *	588.46	738.84	268.08
Expected credit Loss	-	(2.96)	(0.61)
Total	588.46	735.88	267.47

* Earmarked for borrowings, bank guarantee and securitised transaction.

4. Loans

(Rs. in lakhs)

Particulars	As at March 31,2021	As at March 31,2020 (Restated)	As at March 31,2019
	Amortised cost	Amortised cost	Amortised cost
(A) (i) Term loans	2,46,338.20	1,98,335.79	1,57,841.25
(ii) Loans repayable on demand	18,126.53	11,852.47	18,407.24
Total - Gross (A)	2,64,464.73	2,10,188.26	1,76,248.49
Less: Impairment loss allowance	(9,104.89)	(5,339.09)	(2,938.20)
Total - Net of impairment loss allowance (A)	2,55,359.84	2,04,849.17	1,73,310.29
(B) (i) Secured by tangible assets	93,266.30	84,293.71	72,527.17
(ii) Secured by intangible assets	37,712.37	16,269.02	12,249.23
(ii) Covered by Bank / Government guarantees	5,786.74	-	-
(iii) Unsecured	1,27,699.32	1,09,625.53	91,472.09
Total - Gross (B)	2,64,464.73	2,10,188.26	1,76,248.49
Less: Impairment loss allowance	(9,104.89)	(5,339.09)	(2,938.20)
Total - Net of impairment loss allowance (B)	2,55,359.84	2,04,849.17	1,73,310.29
(C) Loans in India			
(i) Public sectors	-	-	-
(ii) Others	2,64,464.73	2,10,188.26	1,76,248.49
Total - Gross (C)	2,64,464.73	2,10,188.26	1,76,248.49
Less: Impairment loss allowance	(9,104.89)	(5,339.09)	(2,938.20)
Total - Net of impairment loss allowance (C)	2,55,359.84	2,04,849.17	1,73,310.29

InCred Financial Services Limited

Notes to the Reformatted Financial Statements

5. Investments

(Rs. in lakhs)

Particulars	As at March 31, 2021					As at March 31, 2020 (Restated)					As at March 31, 2019				
	Amortised cost	At Fair Value				Amortised cost	At Fair Value				Amortised cost	At Fair Value			
		Through other comprehensive income	Through profit or loss	Others*	Total		Through other comprehensive income	Through profit or loss	Others*	Total		Through other comprehensive income	Through profit or loss	Others*	Total
Mutual funds	-	-	-	-	-	-	-	1,003.81	-	1,003.81	-	-	-	-	
Debt securities	2,120.55	6,652.06	-	-	8,772.61	-	-	-	-	587.75	-	-	-	587.75	
Equity instruments															
-Subsidiaries**	-	-	-	3,911.22	3,911.22	-	-	-	2,109.69	2,109.69	-	-	7,019.44	7,019.44	
-Associates**	-	-	-	-	-	-	-	-	-	-	-	-	100.00	100.00	
-Strategic Investment	-	-	-	-	-	-	-	-	-	-	121.62	-	-	121.62	
Total - Gross (A)	2,120.55	6,652.06	-	3,911.22	12,683.83	-	-	1,003.81	2,109.69	3,113.50	587.75	121.62	-	7,119.44	
Investments in India (B)	2,120.55	6,652.06	-	3,911.22	12,683.83	-	-	1,003.81	2,109.69	3,113.50	587.75	121.62	-	7,119.44	
Total - Gross (B)	2,120.55	6,652.06	-	3,911.22	12,683.83	-	-	1,003.81	2,109.69	3,113.50	587.75	121.62	-	7,119.44	
Less: Allowance for impairment loss (C)	(0.05)	(13.12)	-	-	(13.17)	-	-	-	-	(1.82)	-	-	-	(1.82)	
Less: Provision for diminution in value of investment (D)	-	-	-	-	-	-	-	-	-	-	-	-	(100.00)	(100.00)	
Total - Net (B - C - D)	2,120.50	6,638.94	-	3,911.22	12,670.66	-	-	1,003.81	2,109.69	3,113.50	585.93	121.62	-	7,019.44	

* Others are measured at cost.

** For details of investment in subsidiaries, refer Note no 29

6. Other financial assets

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)	As at March 31, 2019
Other receivables	72.71	277.01	25.87
Loan to employees	8.62	43.51	114.41
Security Deposits (Unsecured, considered good)	230.06	273.74	138.53
Advances to related parties	15.46	1,046.10	870.07
Advances recoverable in cash	1,499.61	55.47	61.55
Less: Allowance for impairment loss	(5.18)	(5.44)	(2.28)
Total	1,821.28	1,690.39	1,208.15

InCred Financial Services Limited

Notes to the Reformatted Financial Statements

7. Deferred tax

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

(Rs. in lakhs)					
Particulars	Net balance April 01, 2020 (Restated)	Recognised in profit or loss	Recognised in OCI	Directly recognised in equity	Net balance as at March 31, 2021
Deferred tax assets					
Impairment loss on financial assets	1,193.91	883.35	-	-	2,084.58
Impairment on investments	180.40	4.93	-	-	22.78
Remeasurement of retirement benefit plans	37.68	(4.41)	6.62	-	39.89
Disallowance of expenses	-	119.56	-	-	119.56
Lease expense	29.82	24.36	-	-	54.18
Difference between written down value of fixed assets as per the books of accounts and income tax	30.49	40.96	-	-	71.45
(A)	1,472.31	1,068.73	6.62	-	2,392.44
Deferred tax liabilities					
Net fair value gain on investment designated through FVOCI	-	-	(29.96)	-	(29.96)
EIR impact on financial instruments	(352.63)	(152.18)	-	-	(504.81)
Others	(1.24)	0.96	-	-	(0.28)
(B)	(353.87)	(151.22)	(29.96)	-	(535.05)
Deferred tax asset (net) (A+B)	1,118.44	917.51	(23.34)	-	1,857.39

(Rs. in lakhs)					
Particulars	Net balance April 01, 2019	Recognised in profit or loss	Recognised in OCI	Directly recognised in equity	Net balance as at March 31, 2020
Deferred tax assets					
Impairment loss on financial assets	772.25	421.66	-	-	1,193.91
Impairment on investments	29.12	151.28	-	-	180.40
Retirement benefit plans	42.11	(4.43)	-	-	37.68
Lease expense	-	29.82	-	-	29.82
Difference between written down value of fixed assets as per the books of accounts and income tax	(33.63)	64.12	-	-	30.49
(A)	809.86	662.44	-	-	1,472.31
Deferred tax liabilities					
Net fair value gain on investment designated through FVOCI	(6.30)	-	6.30	-	-
EIR impact on financial instruments	(11.83)	(340.80)	-	-	(352.63)
Remeasurement of defined benefit plan	-	6.62	(6.62)	-	-
Others	0.24	(1.48)	-	-	(1.24)
(B)	(17.89)	(335.66)	(0.32)	-	(353.87)
Deferred tax asset (net) (A+B)	791.96	326.79	(0.32)	-	1,118.44

(Rs. in lakhs)					
Particulars	Net balance April 01, 2018	Recognised in profit or loss	Recognised in OCI	Directly recognised in equity	Net balance as at March 31, 2019
Deferred tax assets					
Impairment loss on financial assets	107.05	665.20	-	-	772.25
Impairment on investments	-	29.12	-	-	29.12
Retirement benefit plans	223.52	(181.41)	-	-	42.11
Provision for lease equalisation	3.03	(3.03)	-	-	-
Others	-	1.50	-	-	1.50
(A)	333.60	511.38	-	-	844.98
Deferred tax liabilities					
Difference between written down value of fixed assets as per the books of accounts and income tax	(7.41)	(26.22)	-	-	(33.63)
Split of Compound Financial Instruments	(630.67)	260.31	-	370.36	-
Net fair value gain on investment designated through FVOCI	(2.56)	-	(3.75)	-	(6.30)
Reversal of lease equalisation reserve	(3.00)	3.00	-	-	-
EIR impact on financial instruments	486.29	(498.12)	-	-	(11.83)
Remeasurement of defined benefit plan	-	11.44	(11.44)	-	-
Others	(0.36)	(0.90)	-	-	(1.26)
(B)	(157.71)	(250.49)	(15.19)	370.36	(53.02)
Deferred tax asset (net) (A+B)	175.89	260.89	(15.19)	370.36	791.96

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Notes to the Reformatted Financial Statements

8. Property, plant and equipment

(Rs. in lakhs)

Particulars	Buildings*	Furniture and fixtures	Leasehold Improvements	Office equipment	Computer & Printer	Vehicles	Right-of-use assets**	Total
Year ended March 31, 2019								
At carrying cost at the beginning of the year	22.71	0.91	-	3.00	174.03	-	-	200.64
Additions during the year	-	35.66	708.55	17.99	191.50	-	-	953.70
Disposals	-	-	-	-	-	-	-	-
Gross carrying value as March 31, 2019	22.71	36.57	708.55	20.99	365.53	-	-	1,154.34
Accumulated depreciation as at the beginning of the year	0.02	0.00	-	0.07	14.39	-	-	14.49
Depreciation for the year	0.38	1.01	0.40	1.93	96.18	-	-	99.90
Disposals	-	-	-	-	-	-	-	-
Accumulated depreciation as at March 31, 2019	0.40	1.01	0.40	2.00	110.57	-	-	114.39
Net carrying value as at March 31, 2019	22.31	35.56	708.14	18.99	254.95	-	-	1,039.95
Year ended March 31, 2020 (Restated)								
At carrying cost at the beginning of the year	22.71	38.03	708.55	21.43	402.03	51.91	-	1,244.66
Additions	-	44.78	263.30	86.64	180.71	52.84	2,128.88	2,757.15
Disposals	-	(1.46)	(250.30)	(0.44)	-	-	-	(252.20)
Gross carrying value as March 31, 2020 (Restated)	22.71	81.35	721.55	107.63	582.74	104.75	2,128.88	3,749.61
Accumulated depreciation as at the beginning of the year	0.40	1.12	0.40	2.06	126.57	8.70	-	139.25
Depreciation for the year	0.38	5.80	323.41	15.74	160.45	11.71	368.39	885.88
Disposals	-	(0.18)	(250.30)	(0.11)	-	-	-	(250.59)
Accumulated depreciation as at March 31, 2020 (Restated)	0.78	6.74	73.51	17.69	287.02	20.41	368.39	774.54
Net carrying value as at March 31, 2020 (Restated)	21.93	74.61	648.04	89.94	295.73	84.34	1,760.49	2,975.07
Year ended March 31, 2021								
At carrying cost at the beginning of the year	22.71	81.35	721.55	107.63	582.74	104.75	2,128.88	3,749.61
Additions during the year	-	94.14	359.63	83.14	151.00	19.53	321.04	1,028.48
Disposals	-	(17.89)	-	(3.99)	(3.06)	-	(131.39)	(156.33)
Gross carrying value as March 31, 2021	22.71	157.60	1,081.18	186.78	730.68	124.28	2,318.53	4,621.76
Accumulated depreciation as at the beginning of the year	0.78	6.74	73.51	17.69	287.02	20.41	368.39	774.54
Depreciation for the year	0.38	9.58	91.71	25.50	192.55	17.61	373.20	710.52
Disposals	-	(2.80)	-	(0.87)	(0.37)	-	(135.63)	(139.67)
Accumulated depreciation as at March 31, 2021	1.16	13.52	165.22	42.32	479.20	38.02	605.96	1,345.40
Net carrying value as at March 31, 2021	21.55	144.08	915.96	144.46	251.48	86.26	1,712.57	3,276.36

* Immovable properties have been pledged against debt securities issued. Refer Note 11

** Refer Note 32 for recognition of right-of-use assets

InCred Financial Services Limited

Notes to the Reformatted Financial Statements

9. Other intangible assets

(Rs. in lakhs)

Particulars	Computer software
Year ended March 31, 20219	
At cost at the beginning of the year	0.57
Additions during the year	449.58
Gross carrying value as March 31, 2019	450.16
Accumulated amortisation:	
Accumulated amortisation as at the beginning of the year	0.00
Amortisation for the year	53.20
Accumulated amortisation as at March 31, 2019	53.20
Net carrying value as at March 31, 2019	396.96
Year ended March 31, 2020 (Restated)	
At cost at the beginning of the year	450.16
Additions during the year	107.54
Gross carrying value as March 31, 2020 (Restated)	572.70
Accumulated amortisation:	
Accumulated amortisation as at the beginning of the year	53.20
Amortisation for the year	214.01
Accumulated amortisation as at March 31, 2020 (Restated)	272.73
Net carrying value as at March 31, 2020 (Restated)	299.97
Year ended March 31, 2021	
At cost at the beginning of the year	572.70
Additions during the year	189.42
Gross carrying value as March 31, 2021	762.12
Accumulated amortisation:	
Accumulated amortisation as at the beginning of the year	272.73
Amortisation for the year	266.89
Accumulated amortisation as at March 31, 2021	539.62
Net carrying value as at March 31, 2021	222.50

10. Other non-financial assets

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)	As at March 31, 2019
Prepaid expenses	360.27	254.71	141.31
Advances recoverable in kind (Unsecured, considered good)	201.49	77.67	114.06
GST receivable	723.79	713.84	398.78
Total	1,285.55	1,046.22	654.15

InCred Financial Services Limited

Notes to the Reformatted Financial Statements

11. Debt Securities

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)	As at March 31, 2019
	Amortised cost	Amortised cost	Amortised cost
Debentures	73,827.02	42,105.62	47,814.80
Total	73,827.02	42,105.62	47,814.80
Debt securities in India	73,827.02	42,105.62	47,814.80
Debt securities outside India	-	-	-
Total	73,827.02	42,105.62	47,814.80

Terms and conditions

(Rs. in lakhs)

Sr No	Particulars	Nature of security	Terms of repayment	Maturity date	As at March 31, 2021	As at March 31, 2020 (Restated)	As at March 31, 2019	
1	750, 0% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 10,00,000 each (callable)	1. Non-Convertible Debentures issued by the company are secured by way of a first pari-passu charge over the receivables of the Company to the extent they meet the stipulated security cover ("Hypothecated Receivables") created pursuant to the deed of hypothecation executed by the Company in favour of the Debenture Trustee. 2. Additionally secured by way of a pari-passu charge with other debenture holders over the identified immovable property owned by the Company.	Redeemable at par at the end of 1096 days from the date of allotment. Coupon to be paid annually.	26-Jun-19	-	-	8,209.85	
2	450, 10.25% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 10,00,000 each		Redeemable at par at the end of 1096 days from the date of allotment. Coupon to be paid annually.	25-May-21	-	-	4,900.45	
3	550, 10.25% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 10,00,000 each		Redeemable at par at the end of 1096 days from the date of allotment. Coupon to be paid annually.	25-May-21	-	-	5,980.35	
4	500, 0% Secured Rated Listed Redeemable Non-Convertible Debentures of Rs. 10,00,000 each (callable)		Put date - September 20, 2019; Put price - Rs. 11,65,327 each Call date - September 20, 2019; Call price - Rs. 11,65,327 each Maturity date - June 22, 2020; Maturity price - Rs. 12,60,582 each	22-Jun-20	-	6,068.98	5,524.48	
5	1500, 10.75% Secured Rated Listed Redeemable Non-Convertible Debentures of Rs. 10,00,000 each		Redeemable at par at the end of 825 days from the date of allotment. Coupon to be paid annually.	22-Jun-20	-	15,047.83	15,023.30	
6	750, 10.25% Secured Rated Listed Redeemable Non-Convertible Debentures of Rs. 10,00,000 each		Redeemable at par at the end of 1096 days from the date of allotment. Coupon to be paid annually.	26-Apr-21	8,213.51	8,208.86	8,176.38	
7	1000, 9.50% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 10,00,000 each		Redeemable at par at the end of 545 days from the date of allotment. Coupon to be paid annually and on maturity.	20-Dec-21	10,687.30	-	-	
8	500, 9.75% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 10,00,000 each		Redeemable at par at the end of 1095 days from the date of allotment. Coupon to be paid annually.	22-Jun-23	5,265.56	-	-	
9	1000, 9.75% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 10,00,000 each		Redeemable at par at the end of 1095 days from the date of allotment. Coupon to be paid annually.	26-Jun-23	10,649.39	-	-	
10	500, 9.50% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 10,00,000 each		Redeemable at par at the end of 546 days from the date of allotment. Coupon to be paid semi-annually.	28-Jan-22	5,050.83	-	-	
11	500, 9.40% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 10,00,000 each		Redeemable at par at the end of 549 days from the date of allotment. Coupon to be paid annually and on maturity.	10-Feb-22	5,277.22	-	-	
12	750, 9.40% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 10,00,000 each		Redeemable at par at the end of 549 days from the date of allotment. Coupon to be paid semi-annually.	14-Mar-22	7,491.67	-	-	
13	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	2,502.24	-	-	
14	156, Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000	Non-Convertible Market-Linked Debentures issued by the company are secured by way of a first pari passu charge over the receivables of the Company to the extent they meet the stipulated security cover ("Hypothecated Receivables") created pursuant to the deed of hypothecation executed by the Company in favour of the Debenture Trustee.	Redeemable with agreed coupon at the end of 451 days from the date of allotment.	18-Jan-21	-	1,621.98	-	
15	192, Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 428 days from the date of allotment.	03-Feb-21	-	1,967.73	-	
16	158, Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 730 days from the date of allotment.	30-Sep-21	1,849.04	1,653.72	-	
16	348, Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 732 days from the date of allotment.	14-Dec-21	3,977.66	3,553.81	-	
17	502, Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 729 days from the date of allotment.	18-Feb-22	5,630.14	3,982.71	-	
18	550, Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 911 days from the date of allotment.	03-Mar-23	5,744.54	-	-	
19	150, Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 910 days from the date of allotment.	28-Jul-23	1,487.92	-	-	
Total						73,827.02	42,105.62	47,814.80

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Notes to the Reformatted Financial Statements

12. Borrowings (other than debt securities)

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)	As at March 31, 2019
	Amortised cost	Amortised cost	Amortised cost
(a) Term loans			
(i) from banks	62,464.65	50,699.91	45,901.80
(ii) from other parties	16,338.37	15,145.11	19,664.54
(b) Inter corporate borrowings from related parties	6,202.16	-	-
(c) Inter corporate borrowings from other parties	1,000.25	-	-
(d) Loans repayable on demand			
(i) from banks	5,456.93	4,476.26	9,923.97
(ii) from other parties	-	-	2,007.42
(e) Commercial Papers	1,959.72	-	-
Total	93,422.08	70,321.28	77,497.73
Borrowings in India	93,422.08	70,321.28	77,497.73
Borrowings outside India	-	-	-
Total	93,422.08	70,321.28	77,497.73

Terms and conditions

(Rs. in lakhs)

Particulars	Nature of security	Terms of repayment	As at March 31, 2021	As at March 31, 2020 (Restated)	As at March 31, 2019
Borrowings					
a) Banks	Term Loan from Banks are secured by way of a first pari passu charge over all the receivables; both present and future of the Company; to the extent they meet the requirement of each lender's asset cover stipulated in respect of the outstanding facilities.	Loans are repayable in monthly or quarterly installments with original tenure ranging from 3 to 60 months. Rate of Interest ("ROI") ranging from 6.32% p.a. to 11.65% p.a.	62,464.65	50,699.91	45,901.80
b) Others	Term Loan from Others are secured by way of a first pari passu charge over all the receivables; both present and future of the Company; to the extent they meet the requirement of each lender's asset cover stipulated in respect of the outstanding facilities.	Loans are repayable in monthly or quarterly installments with original tenure ranging from 33 to 39 months. ROI ranging from 10.35% p.a. to 12.45% p.a.	16,338.37	15,014.28	17,203.06
	Pass Through Certificate Borrowings are secured by way of charge on fixed deposits and receivable from the pool principal.	Based on the waterfall mechanism, the proceeds realised from the receivables shall be utilized for the purpose of repayment of borrowings. ROI ranging from 10.35% p.a. to 12.45% p.a.	-	130.83	2,461.48
Loans repayable on demand (WC DL and CC)	Working Capital Demand Loans ("WC DL") and Cash Credit ("CC") from Banks are secured by way of a first pari passu charge over all the receivables; both present and future of the Company; to the extent they meet the requirement of each lender's asset cover stipulated in respect of the outstanding facilities.	WC DL and CC facilities are repayable on demand. Interest is payable on a monthly basis. ROI ranging from 8.10% p.a. to 11.00% p.a.	5,456.93	4,476.26	11,931.39
Inter corporate borrowings from related parties (Refer Note 29)	Unsecured	The tenure is 6 months. Interest is payable on a monthly basis. ROI - 9.90% p.a.	6,202.16	-	-
Inter corporate borrowings from other parties	Unsecured	The tenure is 1 month. Interest is payable on maturity. ROI - 10.00% p.a.	1,000.25	-	-
Commercial Paper	Unsecured	Issued at a discount and redeemable at par. The tenure is 364 days with coupon of 9.00% p.a.	1,959.72	-	-
Total			93,422.08	70,321.28	77,497.73

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Notes to the Reformatted Financial Statements

13. Other financial liabilities

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)	As at March 31, 2019
Lease liability (Refer Note 32)	1,927.82	1,878.95	-
Advances from customers	2,273.22	1,432.21	659.71
Sundry Creditors	18.59	16.19	182.95
Security deposits	10.57	10.57	7.37
Employee expenses payable	0.01	0.69	11.88
Others	1.67	3.96	2.77
Total	4,231.88	3,342.57	864.68

14. Provisions

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)	As at March 31, 2019
Provision for employee benefits (Refer Note 30)	158.48	153.59	144.60
Expected credit loss provision on undrawn commitments	11.00	4.82	3.54
Total	169.48	158.41	148.14

15. Other non-financial liabilities

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)	As at March 31, 2019
Statutory dues payable	516.18	658.23	376.61
Provision for expenses	2,389.08	1,419.98	1,481.29
Total	2,905.26	2,078.21	1,857.90

InCred Financial Services Limited

Notes to the Reformatted Financial Statements

16 (A). Share capital

(Rs. in lakhs)

Particulars	As at March 31, 2021		As at March 31, 2020 (Restated)		As at March 31, 2019	
	Number	Amount	Number	Amount	Number	Amount
Authorised Capital						
Equity shares of Rs. 10/- each	2,00,00,00,000	2,00,000.00	2,00,00,00,000	2,00,000.00	2,00,00,00,000	2,00,000.00
Preference Shares of Rs. 10/- each	8,00,00,000	8,000.00	8,00,00,000	8,000.00		
Total	2,08,00,00,000	2,08,000.00	2,08,00,00,000	2,08,000.00	2,00,00,00,000	2,00,000.00
Issued, subscribed and paid up capital						
Equity Shares of Rs. 10/- each fully paid up	30,77,27,936	30,772.79	30,76,36,727	30,763.67	30,76,29,303	30,762.93
Preference Shares of Rs. 10/- each fully paid	7,85,16,289	7,851.63	7,85,16,289	7,851.63	-	-
Total	38,62,44,225	38,624.42	38,61,53,016	38,615.30	30,76,29,303	30,762.93

Terms/rights attached to equity shares

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

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

Terms/rights attached to preference shares

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

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

Equity shares held by holding company

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

(Rs. in lakhs)

Name of shareholder	As at March 31, 2021		As at March 31, 2020 (Restated)		As at March 31, 2019	
	No. of shares held	Amount	No. of shares held	Amount	No. of shares held	Amount
Bee finance Limited (Mauritius), the holding company	23,03,73,125	23,037.31	23,03,73,125	23,037.31	23,03,73,125	23,037.31
Total	23,03,73,125	23,037.31	23,03,73,125	23,037.31	23,03,73,125	23,037.31

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

Name of shareholder	As at March 31, 2021		As at March 31, 2020 (Restated)		As at March 31, 2019	
	No. of shares held	% Holding	No. of shares held	% Holding	No. of shares held	% Holding
Bee finance Limited (Mauritius), the holding company	23,03,73,125	59.64%	23,03,73,125	59.66%	23,03,73,125	74.89%
Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.	4,50,36,765	11.66%	4,50,36,765	11.66%		
Oaks Asset Management Private Limited (formerly known as "Alpha Capital Advisors Private Limited A/C PMS")	2,61,31,606	6.77%	2,63,04,302	6.81%		
Investcorp Private Equity Fund II (formerly known as IDFC Private Equity IV)	1,42,41,228	3.69%	2,87,82,735	7.45%	2,87,82,735	9.36%
Total	31,57,82,724	81.76%	33,04,96,927	85.59%	25,91,55,860	84.24%

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

During the current financial year the Company has issued Nil equity shares for consideration other than cash (March 31, 2020: Nil ; March 31, 2019: 18,24,514 shares). Further, during the year ended March 31, 2019 Optionally Convertible Debentures ("OCD") having face value of Rs. 10 per OCD were converted to 3,77,77,340 equity shares in 1:1 ratio.

Equity shares reconciliation

Particulars	As at March 31, 2021		As at March 31, 2020 (Restated)		As at March 31, 2019	
	Number	Amount	Number	Amount	Number	Amount
At the beginning of the year	30,76,36,727	30,763.67	30,76,29,303	30,762.93	26,40,80,247	26,408.02
Add: Issued during the year	-	-	-	-	-	-
Shares issued during the year *	-	-	-	-	4,35,49,056	4,354.91
ESOP exercised during the year	91,209	9.12	7,424	0.74	-	-
Bought during the year	-	-	-	-	-	-
At the end of the year	30,77,27,936	30,772.79	30,76,36,727	30,763.67	30,76,29,303	30,762.93

(Rs. in lakhs)

* includes shares issued on conversion of optionally convertible debentures

Preference shares reconciliation

Particulars	As at March 31, 2021		As at March 31, 2020 (Restated)		As at March 31, 2019	
	Number	Amount	Number	Amount	Number	Amount
At the beginning of the year	7,85,16,289	7,851.63	-	-	-	-
Add: Issued during the year	-	-	-	-	-	-
Shares issued during the period	-	-	7,85,16,289	7,851.63	-	-
Bought during the period	-	-	-	-	-	-
At the end of the year	7,85,16,289	7,851.63	7,85,16,289	7,851.63	-	-

(Rs. in lakhs)

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16 (B). Other Equity

(Rs. in lakhs)

Particulars	Equity component of optionally convertible debentures	Reserves and Surplus							Debt instruments through OCI	Equity instruments through OCI	Total
		Special reserve	Capital reserve	Securities premium	Deemed equity	Capital contribution from parent	Share based payment reserve	Retained earnings			
Balance at March 31, 2018	1,191.65	242.42	(6,722.25)	26,476.06	23.51	-	-	(155.80)	-	4.83	21,060.43
Profit for the year	-	-	-	-	-	-	-	377.46	-	-	377.46
Remeasurement benefit of defined benefit plans	-	-	-	-	-	-	-	27.84	-	-	27.84
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-	10.51	10.51
Total comprehensive income for the year (net of tax)	-	-	-	-	-	-	-	405.30	-	10.51	415.81
Transfer / utilisations											
Additions during the period	370.35	-	5,793.86	-	(1.63)	65.05	-	-	-	-	6,227.63
Utilized during the year	-	-	-	(63.08)	-	-	-	-	-	-	(63.08)
Issue of equity shares	-	-	-	1,027.04	-	-	-	-	-	-	1,027.04
Transferred to special reserve from retained earnings	-	75.49	-	-	-	-	-	(75.49)	-	-	-
Employee stock option expense	-	-	-	-	-	-	-	-	136.09	-	136.09
Transferred to capital reserve and retained earnings on conversion of optionally convertible debentures	(1,562.00)	-	928.39	-	-	-	-	-	-	-	-
Balance at March 31, 2019	-	317.91	-	27,440.03	21.88	65.05	136.09	807.62	-	15.34	28,803.92
Balance at March 31, 2019 (Restated)	-	362.99	-	27,435.03	27.74	65.70	136.09	613.61	-	15.34	28,656.50
Profit for the year	-	-	-	-	-	-	-	275.41	-	-	275.41
Remeasurement benefit of defined benefit plans	-	-	-	-	-	-	-	28.71	-	-	28.71
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-	0.02	0.02
Total comprehensive income for the year (net of tax)	-	-	-	-	-	-	-	304.13	-	0.02	304.14
Transfer / utilisations											
Additions during the period	-	-	-	34,863.53	-	-	-	-	-	-	34,863.53
Utilized during the year	-	-	-	(595.77)	-	-	-	-	-	-	(595.77)
Transferred to special reserve from retained earnings	-	89.04	-	-	-	-	-	(89.04)	-	-	-
Employee stock option expense	-	-	-	-	-	(14.81)	598.69	-	-	-	583.88
Balance at March 31, 2020 (Restated)	-	452.03	-	61,702.79	27.74	50.89	734.78	828.69	-	15.36	63,812.28
Profit for the year	-	-	-	-	-	-	-	1,023.44	-	-	1,023.44
Remeasurement benefit of defined benefit plans	-	-	-	-	-	-	-	(19.67)	-	-	(19.67)
Other comprehensive income for the year	-	-	-	-	-	-	-	-	89.03	-	89.03
Total comprehensive income for the year (net of tax)	-	-	-	-	-	-	-	1,003.76	89.03	-	1,092.79
Transfer / utilisations											
Additions during the period	-	-	-	27.36	-	-	-	-	-	-	27.36
Utilized during the year	-	-	-	-	-	-	-	-	-	-	-
Transferred to special reserve from retained earnings	-	204.69	-	-	-	-	-	(204.69)	-	-	-
Employee stock option expense	-	-	-	-	-	11.38	1,016.55	-	-	-	1,027.93
Balance at March 31, 2021	-	656.72	-	61,730.15	27.74	62.27	1,751.33	1,627.76	89.03	15.36	65,960.36

Nature and purpose of each reserves

Equity component of optionally convertible debentures - This is the equity component of the optionally convertible debentures. The liability component is reflected in debt securities

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

Capital reserve - This reserve was created to record the excess carrying value of optionally convertible debentures provided through securities premium. The excess value is recorded by reversing the capital reserve with corresponding debit to debentures.

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

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

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

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

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

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

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

InCred Financial Services Limited

Notes to the Reformatted Financial Statements

17. Interest income

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)	Year ended March 31, 2019
On financial assets measured at amortised cost:			
-Interest on loans	35,496.52	31,024.84	28,236.38
-Interest income from investments	523.59	40.22	87.75
-Interest on deposits with banks	154.14	38.26	7.69
On Financial Assets measured at fair value through Other Comprehensive Income:			
-Interest income from investments	1,537.50	-	-
Total	37,711.75	31,103.32	28,331.82

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, 2021; March 31, 2020 and March 31, 2019.

18. Fees and commission income

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)	Year ended March 31, 2019
Other fees and charges	501.16	749.95	717.24
Service fees (Refer Note 29 for related party transaction)	56.00	56.00	12.73
Total	557.16	805.95	729.97

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

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)	Year ended March 31, 2019
Net gain/ (loss) on financial instruments at fair value through profit or loss			
-Investments	268.91	465.01	(5.14)
Total	268.91	465.01	(5.14)
Fair value changes:			
-Realised	268.91	461.20	(5.14)
-Unrealised	-	3.81	-

20. Other income

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)	Year ended March 31, 2019
Marketing income	195.00	135.00	-
Service fee income (Refer Note 29 for related party transaction)	401.46	628.56	-
Other income	50.63	18.81	-
Total	647.09	782.37	-

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21. Finance costs

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)	Year ended March 31, 2019
On financial liabilities measured at amortised cost:			
(i) Interest on borrowings	8,258.41	7,463.00	7,762.63
(ii) Discount on Commercial Paper	124.74	93.85	1,367.32
(iii) Interest on Debentures	6,499.73	3,801.05	4,654.02
(iv) Interest on Inter Corporate Debts ("ICD") (Refer Note 29)	195.74	66.18	-
(v) Liability towards operating lease (Refer Note 32)	152.16	151.78	-
(vi) Other finance cost	40.62	29.83	-
Total	15,271.40	11,605.69	13,783.97

22. Impairment on financial instruments

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)	Year ended March 31, 2019
On Financial instruments measured at amortised cost:			
(i) Loans (including amount written off, net of recovery)	8,868.53	5,631.53	2,380.82
(ii) Investments	0.05	(1.82)	0.02
(iii) Others	(3.21)	5.03	2.60
Total	8,865.37	5,634.74	2,383.43

23. Employee benefits expenses

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)	Year ended March 31, 2019
Salaries and wages	7,799.95	8,154.92	6,934.28
Contribution to provident and other funds	216.00	260.68	154.00
Share based payment to employees (Refer Note 31)	1,026.38	583.88	175.55
Staff welfare expenses	138.43	199.55	66.84
Retirement Benefit expenses (Refer Note 30)	(21.39)	32.28	62.78
Others	-	9.27	8.84
Total	9,159.37	9,240.58	7,402.29

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Notes to the Reformatted Financial Statements

24. Other expenses

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)	Year ended March 31, 2019
Rent (Refer Note 32)	275.89	198.41	637.84
Communication cost	76.38	96.11	82.86
Provision for diminution in the value of investments	-	-	100.00
Travelling and conveyance	129.22	344.41	406.98
Legal, professional and consultancy charges	441.41	316.89	669.60
Membership and Subscription	5.50	4.27	10.91
IT expenses	593.96	657.31	513.26
Repairs and maintenance	15.28	25.01	23.23
Rating fees	104.25	47.84	67.49
Printing and stationary	4.56	29.67	35.95
Bank charges	31.94	28.55	14.21
Bureau charges	168.68	290.44	334.14
Directors' sitting fees (Refer Note 29)	13.19	14.55	4.27
Payment to auditors	84.93	73.54	59.95
Advertisement, publicity and sales promotion expenses	389.18	385.90	466.85
Operation Cost	164.00	458.25	268.82
Office Expense	286.25	316.03	254.66
Postage & courier charges	11.63	62.45	50.02
Interest on statutory dues	10.03	0.18	0.33
Recruitment fees	32.51	126.88	126.49
Stamp Duty & Filing fees	8.10	62.22	54.62
Legal & Technical charges	25.64	88.74	224.61
Corporate Social responsibility (Refer Note 37)	20.05	16.93	8.02
Cost of Collection	851.93	553.48	314.20
Miscellaneous expenses	61.41	73.18	43.48
Total	3,805.92	4,271.24	4,772.80

Payment to the auditors:

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)	Year ended March 31, 2019
Auditor's remuneration			
- Audit fees	74.12	65.95	54.50
In other capacity			
- Certification services	10.81	7.59	5.45
- Taxation	-	-	-
Total	84.93	73.54	59.95

Notes to the Reformatted Financial Statements

25. Tax expense

(a) Amounts recognised in profit and loss

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)	Year ended March 31, 2019
Current tax expense			
Current year	1,135.14	527.43	444.48
	1,135.14	527.43	444.48
Deferred tax expense			
Origination and reversal of temporary differences	(917.52)	(144.09)	(260.89)
	(917.52)	(144.09)	(260.89)
Tax expense for the year	217.61	383.34	183.59

(b) Amounts recognised in other comprehensive income

(Rs. in lakhs)

Particulars	Year ended March 31, 2021			Year ended March 31, 2020 (Restated)			Year ended March 31, 2019		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Items that will not be reclassified to profit or loss									
(a) Remeasurements of defined benefit liability (asset)	(26.29)	6.62	(19.67)	29.03	(0.32)	28.71	39.28	(11.44)	27.84
(b) Equity instruments through other comprehensive income	-	-	-	0.02	-	0.02	14.26	(3.75)	10.51
Items that will be reclassified to profit or loss									
(a) Debt instruments through other comprehensive income	118.97	(29.95)	89.03	-	-	-	-	-	-
	92.68	(23.33)	69.35	29.05	(0.32)	28.74	53.54	(15.19)	38.35

(c) Amounts recognised directly in equity

(Rs. in lakhs)

Particulars	Year ended March 31, 2021			Year ended March 31, 2020 (Restated)			Year ended March 31, 2019		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
	INR	INR	INR	INR	INR	INR	INR	INR	INR
Temporary difference arising from optionally convertible debentures	-	-	-	-	-	-	1,191.65	370.35	1,562.00
	-	-	-	-	-	-	1,191.65	370.35	1,562.00

(d) Reconciliation of effective tax rate

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)	Year ended March 31, 2019
Profit before tax as per Statement of profit and loss (A)	1,241.06	658.75	561.05
Statutory tax rate	25.17%	25.17%	29.12%
Tax using the Company's domestic tax rate (B)	312.37	165.81	163.38
Tax effect of:			
Tax effect of amounts which are not deductible in calculating taxable income	8.42	18.45	24.30
Effect of income exempt from income tax	(42.11)	(97.74)	(19.97)
Tax pertaining to prior year	(47.84)	(4.85)	16.29
Other adjustments	(13.23)	11.54	(0.41)
Reversal of Deferred tax on account of merger (Refer Note No 42)	-	182.70	-
Impact for change in tax rate	-	107.43	-
Effective tax amount	217.61	383.34	183.59
Effective tax rate	17.53%	58.19%	32.72%

(e) During the previous year, the Company had elected to exercise the option permitted under Section 115BAA of the income-tax Act, 1961, as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company had recognised provision for income tax for the year ended March 31, 2020 and re-measured its deferred tax assets basis the rate prescribed in the said section. The full impact of the above mentioned change of Rs. 107.43 lakhs has been recognised in the standalone statement of profit and loss for the year ended March 31, 2020.

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26. Earnings per share

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

i. Profit attributable to Equity shareholders:

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)	Year ended March 31, 2019
Profit attributable to equity holders of the Company used in calculating basic earnings per share	1,023.44	275.41	377.46
Profit attributable to equity holders of the Company used in calculating diluted earnings per share	1,023.44	275.41	377.46

ii. Weighted average number of ordinary shares

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)	As at March 31, 2019
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	38,51,19,843	38,03,66,142	30,51,86,859
Adjustments for calculation of diluted earnings per share:	14,19,853	-*	7,31,391
Weighted average number of equity shares and potential equity shares used as the denominator in calculating diluted earnings per share	38,65,39,696	38,03,66,142	30,59,18,250
Basic earnings per share	0.27	0.07	0.12
Diluted earnings per share	0.26	0.07	0.12

* The ESOPs outstanding are anti-dilutive in nature

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Notes to the Reformatted 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, 2021				As at March 31, 2020 (Restated)				As at March 31, 2019			
	FVTPL	FVOCI	Amortised Cost	Others	FVTPL	FVOCI	Amortised Cost	Others	FVTPL	FVOCI	Amortised Cost	Others
Financial assets												
Cash and cash equivalents	-	-	1,323.38	-	-	-	3,772.83	-	-	-	1,846.49	-
Bank balance other than cash and cash equivalents	-	-	588.46	-	-	-	735.88	-	-	-	267.47	-
Loans	-	-	2,55,359.84	-	-	-	2,04,849.17	-	-	-	1,73,310.29	-
Investments												
-Mutual funds	-	-	-	-	1,003.81	-	-	-	-	-	-	-
-Debt securities	-	6,638.94	2,120.55	-	-	-	-	-	-	-	585.93	-
-Equity instruments (Strategic instruments)	-	-	-	-	-	-	-	-	-	121.62	-	-
Other financial assets	-	-	1,821.28	-	-	-	1,690.39	-	-	-	1,208.15	-
Total financial assets	-	6,638.94	2,61,213.51	-	1,003.81	-	2,11,048.27	-	-	121.62	1,77,218.33	-
Financial liabilities												
Debt securities	-	-	73,827.02	-	-	-	42,105.62	-	-	-	47,814.80	-
Borrowings (other than debt securities)	-	-	93,422.08	-	-	-	70,321.28	-	-	-	77,497.73	-
Other financial liabilities	-	-	4,231.88	-	-	-	3,342.57	-	-	-	864.68	-
Total financial liabilities	-	-	1,71,480.98	-	-	-	1,15,769.47	-	-	-	1,26,177.21	-

Note: Investment in subsidiaries amounting to Rs. 3,911.22 lakhs (March 31, 2020: Rs. 2,109.69 lakhs; March 31, 2019 : 7,019.44 lakhs) is carried at cost in accordance with Ind AS 27 and does not form part of the above.

B. Fair Value

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

(Rs. in lakhs)

Particulars	Fair value											
	As at March 31, 2021				As at March 31, 2020 (Restated)				As at March 31, 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets												
Strategic investments	-	-	-	-	-	-	-	-	-	-	121.62	-
Investment in mutual funds	-	-	-	-	1,003.81	-	-	1,003.81	-	-	-	-
Investment in debt securities	-	-	6,638.94	6,638.94	-	-	-	-	-	-	-	-
Total	-	-	6,638.94	6,638.94	1,003.81	-	-	1,003.81	-	-	121.62	-

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Notes to the Reformatted Financial Statements

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

(Rs. in lakhs)

Particulars	Fair value											
	As at March 31, 2021				As at March 31, 2020 (Restated)				As at March 31, 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets												
Cash and cash equivalents	1,323.38	-	-	1,323.38	3,772.83	-	-	3,772.83	1,846.49	-	-	1,846.49
Bank balance other than cash and cash equivalents	588.46	-	-	588.46	735.88	-	-	735.88	267.47	-	-	267.47
Investments	-	-	-	-	-	-	-	-	-	-	-	-
- Debt securities	-	-	2,120.55	2,120.55	-	-	-	-	-	-	-	-
- Optionally Convertible Debentures	-	-	-	-	-	-	-	-	-	-	587.75	587.75
Loans	-	-	2,70,436.30	2,70,436.30	-	-	2,06,237.47	2,06,237.47	-	-	1,75,354.54	1,75,354.54
Other financial assets	-	-	1,821.28	1,821.28	-	-	1,690.39	1,690.39	-	-	1,208.15	1,208.15
Total	1,911.84	-	2,74,378.13	2,76,289.97	4,508.71	-	2,07,927.86	2,12,436.57	2,113.96	-	1,77,150.44	1,79,264.40
Financial Liabilities												
Debt securities	-	-	74,320.09	74,320.09	-	-	42,112.57	42,112.57	-	-	47,814.80	47,814.80
Borrowings (other than debt securities)	-	-	93,438.98	93,438.98	-	-	70,306.94	70,306.94	-	-	77,497.73	77,497.73
Other financial liabilities	-	-	4,231.88	4,231.88	-	-	3,342.57	3,342.57	-	-	864.68	864.68
Total	-	-	1,71,990.95	1,71,990.95	-	-	1,15,762.08	1,15,762.08	-	-	1,26,177.21	1,26,177.21

(Rs. in lakhs)

Particulars	As at March 31, 2021		As at March 31, 2020 (Restated)		As at March 31, 2019	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets						
Cash and cash equivalents	1,323.38	1,323.38	3,772.83	3,772.83	1,846.49	1,846.49
Bank balance other than cash and cash equivalents	588.46	588.46	735.88	735.88	267.47	267.47
Loans	2,55,359.84	2,70,436.30	2,04,849.17	2,06,237.47	1,73,310.29	1,75,354.54
Investments						
-Mutual funds	-	-	1,003.81	1,003.81	-	-
-Debt securities	8,759.49	8,759.49	-	-	585.93	585.93
-Equity instruments (Strategic instruments)	-	-	-	-	121.62	121.62
Other financial assets	1,821.28	1,821.28	1,690.39	1,690.39	1,208.15	1,208.15
Total	2,67,852.45	2,82,928.91	2,12,052.08	2,13,440.38	1,77,339.96	1,79,384.21
Financial Liabilities						
Debt securities	73,827.02	74,320.09	42,105.62	42,105.62	47,814.80	47,814.80
Borrowings (other than debt securities)	93,422.08	93,438.98	70,321.28	70,321.28	77,497.73	77,497.73
Other financial liabilities	4,231.88	4,231.88	3,342.57	3,342.57	864.68	864.68
Total	1,71,480.98	1,71,990.95	1,15,769.47	1,15,769.47	1,26,177.21	1,26,177.21

InCred Financial Services Limited

Notes to the Reformatted Financial Statements

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

C. Measurement of fair values

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

Financial instruments held at amortised cost

i. Cash and bank balance:

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

ii. Loans and advances to customers:

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

iii. Other financial assets:

Other financial assets comprise primarily of advances to related parties and other advances. The carrying amount of these financial instruments is considered to be a reasonable approximation of fair value as they are short term in nature.

iv. Investment in debt securities:

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

v. Debt securities and borrowings:

The estimated fair value of fixed interest bearing borrowings without quoted market prices is based on discounted cash flows using the prevailing rates at which Company has borrowed for debts with a similar credit risk and remaining maturity. For market linked debentures, the fair value published by CARE Rating Agency as at March 31, 2021 has been considered for fair valuation. For floating rate borrowings, the carrying value is a reasonable approximation to the fair value.

vi. Other financial liabilities:

Other financial liabilities comprise primarily of advances received from customers and other payables. The carrying amount of these financial instruments is considered to be a reasonable approximation of fair value as they are either short term in nature.

InCred Financial Services Limited**Notes to the Reformatted Financial Statements****Financial Instruments held at fair value****i. Investment in mutual fund:**

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

ii. Investment in debt securities:

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

ii. Investment in equity shares:

The fair value of equity instruments has been computed based on the discounted cash flow method provided by independent valuer or /and in accordance with the sale agreement. The said equity shares are sold in the month of April 2019.

Gains or losses on transfers amongst categories

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

Inter-level transfers

There are no transfers of financial assets and liabilities measured at fair value between Levels 1 and 2 and Level 2 and 3 during the financial years ended March 31, 2021; March 31, 2020 and March 31, 2019.

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

The following table presents the change in level 3 items for the year ended March 31, 2021, March 31, 2020 and March 31, 2019
(Rs. in lakhs)

Particulars	Equity	Debt Instruments
As at March 31, 2018	107.37	-
Net Acquisitions/(Disposal)	-	-
Gains recognised in other comprehensive income	14.26	-
As at March 31, 2019 (Restated)	121.63	-
Net Acquisitions/(Disposal)	(121.61)	-
Gains recognised in other comprehensive income	(0.02)	-
As at March 31, 2020 (Restated)	-	-
Net Acquisitions/(Disposal)	-	6,519.96
Gains recognised in other comprehensive income	-	132.10
As at March 31, 2021	-	6,652.06

InCred Financial Services Limited

Notes to the Reformatted 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 & liquidity risk. The Company's primary focus is to achieve better predictability of financial markets and seek to minimize potential adverse effects on its financial performance.

The financial risks are managed in accordance with the Company's risk management policy which has been approved by its Board of Directors.

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

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

InCred Financial Services Limited

Notes to the Reformatted Financial Statements

28. Financial risk management (continued)

A. Credit risk

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

i) Credit risk management

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

The key factors considered include:

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

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

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

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

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

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

Measurement of Expected Credit Losses ('ECL')

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

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

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

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

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

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

Write-offs

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

InCred Financial Services Limited

Notes to the Reformatted Financial Statements
As at March 31, 2021

(Rs. in lakhs)

Particulars	Asset group	Gross carrying amount of financial assets	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses (Stage 1)	Investments at amortised cost			
	- Debt securities	2,120.55	0.05	2,120.50
	Investments at FVOCI			
	- Debt securities	6,652.06	13.12	6,638.94
	Loans at amortised cost			
	- Term Loans and Loans repayable on demand	2,29,929.27	1,866.31	2,28,062.96
Loss allowance measured at life-time expected credit losses, not credit impaired (Stage 2)	Bank balance other than cash and cash equivalents	588.46	-	588.46
	Loan commitments	8,975.03	11.00	8,964.03
	Other financial assets	1,826.46	5.18	1,821.28
	Loans			
- Term Loans and Loans repayable on demand	24,329.43	2,008.79	22,320.64	
Loss allowance measured at life-time expected credit losses, credit impaired (Stage 3)	Loans			
	- Term Loans and Loans repayable on demand	10,206.03	5,229.79	4,976.24

As at March 31, 2020 (Restated)

(Rs. in lakhs)

Particulars	Asset group	Gross carrying amount of financial assets	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses (Stage 1)	Investments at amortised cost			
	- Debt securities	-	-	-
	Loans at amortised cost			
	- Term Loans and Loans repayable on demand	1,99,017.36	1,345.71	1,97,671.65
	Bank balance other than cash and cash equivalents	738.84	2.96	735.88
	Loan commitments	9,880.07	4.82	9,875.25
Loss allowance measured at life-time expected credit losses, not credit impaired (Stage 2)	Other assets	1,695.83	5.44	1,690.39
	Loans			
- Term Loans and Loans repayable on demand	4,355.24	317.58	4,037.68	
Loss allowance measured at life-time expected credit losses, credit impaired (Stage 3)	Loans			
	- Term Loans and Loans repayable on demand	6,815.66	3,675.81	3,139.85

As at March 31, 2019

(Rs. in lakhs)

Particulars	Asset group	Gross carrying amount of financial assets	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses (Stage 1)	Investments at amortised cost			
	- Debt securities	587.75	1.82	585.93
	Loans at amortised cost	1,68,739.64	592.54	1,68,147.10
	Bank balance other than cash and cash equivalents	268.08	0.61	267.47
	Loan commitments	10,100.84	3.54	10,097.30
	Other assets	1,210.43	2.28	1,208.15
Loss allowance measured at life-time expected credit losses, not credit impaired (Stage 2)	Loans			
	- Term Loans and Loans repayable on demand	3,921.90	197.21	3,724.69
Loss allowance measured at life-time expected credit losses, credit impaired (Stage 3)	Loans			
	- Term Loans and Loans repayable on demand	3,586.95	2,148.45	1,438.50

Maximum exposure to credit risk

The table below shows the maximum exposure to credit risk for recognised financial instruments. The extent to which collateral and other credit enhancements mitigate the maximum exposure to credit risk is described in the footnotes to the table. For financial assets recognised on the balance sheet, the maximum exposure to credit risk equals their carrying amount.

(Rs. in lakhs)

Particulars	Gross Exposure as at March 31, 2021	Gross Exposure as at March 31, 2020 (Restated)	Gross Exposure as at March 31, 2019
Cash and cash equivalent	1,323.38	3,772.83	1,846.49
Balances with Banks	588.46	738.84	268.08
Loans	2,64,464.73	2,10,188.26	1,76,248.49
Investment securities	8,772.61	-	587.75
Other financial assets	1,826.46	1,695.82	1,210.43
Total credit risk exposure	2,76,975.64	2,16,395.75	1,80,161.24

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Notes to the Reformatted Financial Statements

Collateral held

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

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

The below table stratifies credit exposure for secured loans by ranges of Loan-to-value (LTV) ratio. LTV is calculated as the ratio of the Principal outstanding of the loan to the value of the collateral. The valuation of collateral is as of date of grant of loan and excludes any adjustments for obtaining and selling the collateral.

Secured Loans

(Rs. in lakhs)						
LTV Ratio	Principal outstanding as at March 31, 2021	As at March 31, 2021	Principal outstanding as at March 31, 2020 (Restated)	As at March 31, 2020 (Restated)	Principal outstanding as at March 31, 2019	As at March 31, 2019
Less than 50%	53,647.27	39.96%	47,097.54	47.09%	43,958.12	51.02%
51-70%	18,554.37	13.82%	22,742.80	22.74%	18,966.70	22.01%
71-90%	11,474.72	8.55%	8,264.25	8.26%	18,369.91	21.32%
91-100%	46,912.45	34.94%	18,791.63	18.79%	1,230.17	1.43%
More than 100%	3,663.67	2.73%	3,117.75	3.12%	3,641.42	4.23%
Total	1,34,252.48	100.00%	1,00,013.97	100.00%	86,166.32	100.00%

Value of security of secured credit Impaired assets

The credit impaired assets as at the reporting dates were secured by charge on land and building and project receivables amounting to:

(Rs. in lakhs)						
Particulars	Principal outstanding as at March 31, 2021	As at March 31, 2021	Principal outstanding as at March 31, 2020 (Restated)	As at March 31, 2020 (Restated)	Principal outstanding as at March 31, 2019	As at March 31, 2019
Value of Security	3,639.95	6,498.64	1,541.35	3,050.38	187.49	380.35

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

iii) Reconciliation of Loan exposure and Loan loss allowance

For Loan exposure

The below table signifies movement of loan exposure i.e outstanding principal and accrued interest thereon

(Rs. in lakhs)			
Reconciliation of Loan exposure*	Loss allowance measured at 12 month expected losses (Stage1)	Financial assets for which credit risk has increased significantly and not credit-impaired (Stage 2)	Loss allowance measured at life-time expected losses (Stage 3)
Loan exposure as on March 31, 2019 (Restated)	1,66,754.11	3,902.16	3,178.89
Remeasurement of net exposure	(76,016.63)	(2,301.48)	725.22
Assets originated or purchased	1,15,443.82	1,398.54	753.99
Transferred to 12-month ECL	858.10	(826.50)	(31.60)
Transferred to Lifetime ECL not credit impaired	(2,748.25)	2,750.49	(2.24)
Transferred to Lifetime ECL credit impaired	(4,204.36)	(694.28)	4,898.64
Write – offs	-	-	(3,579.84)
Loan exposure on March 31, 2020 (Restated)	2,00,086.79	4,228.93	5,943.06
Remeasurement of net exposure	(1,11,619.89)	(7,901.73)	(5,362.11)
Assets originated or purchased	1,60,934.35	17,437.99	6,845.50
Transferred to 12-month ECL	720.84	(710.69)	(10.15)
Transferred to Lifetime ECL not credit impaired	(12,243.37)	12,245.97	(2.60)
Transferred to Lifetime ECL credit impaired	(4,879.72)	(1,233.84)	6,113.56
Write – offs	-	-	(4,474.73)
Loan exposure on March 31, 2021	2,32,999.00	24,066.63	9,052.53

For Loan loss allowance:

(Rs. in lakhs)			
Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses (Stage1)	Financial assets for which credit risk has increased significantly and not credit-impaired (Stage 2)	Loss allowance measured at life-time expected losses (Stage 3)
Loss allowance on March 31, 2018	774.59	47.47	-
Remeasurement of loss allowance	-	-	-
Assets originated or purchased	1,413.75	85.10	882.37
Transferred to 12-month ECL	1.46	(1.46)	-
Transferred to Lifetime ECL not credit impaired	(66.09)	66.09	-
Transferred to Lifetime ECL credit impaired	(1,536.43)	-	1,536.43
Write – offs	-	-	(467.26)
Loss allowance on March 31, 2019 (Restated)	595.58	202.21	2,148.45
Remeasurement of loss allowance	47.94	(67.90)	2,055.25
Assets originated or purchased	739.48	116.72	407.66
Transferred to 12-month ECL	9.28	(39.97)	(21.89)
Transferred to Lifetime ECL not credit impaired	(17.97)	176.45	(2.21)
Transferred to Lifetime ECL credit impaired	(28.60)	(69.93)	2,627.76
Write – offs	-	-	(3,539.21)
Loss allowance on March 31, 2020 (Restated)	1,345.71	317.58	3,675.81
Remeasurement of loss allowance	(629.25)	(576.12)	(698.54)
Assets originated or purchased	1,384.79	1,561.99	3,431.52
Transferred to 12-month ECL	5.20	(25.23)	(8.09)
Transferred to Lifetime ECL not credit impaired	(121.88)	881.42	(3.86)
Transferred to Lifetime ECL credit impaired	(118.89)	(150.23)	3,307.70
Write – offs	-	-	(4,474.73)
Loss allowance on March 31, 2021	1,865.68	2,009.41	5,229.81

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Notes to the Reformatted Financial Statements

For investments

(Rs. in lakhs)	
Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses (Stage 1)
Loss allowance on March 31, 2018	1.80
Changes in loss allowances due to Assets used or released	0.02
Loss allowance on March 31, 2019 (Restated)	1.82
Changes in loss allowances due to Assets used or released	(1.82)
Loss allowance on March 31, 2020 (Restated)	-
Changes in loss allowances due to Assets used or released	13.17
Loss allowance on March 31, 2021	13.17

For loan commitments

(Rs. in lakhs)	
Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses (Stage 1)
Loss allowance on 31 March 2018	27.13
Changes in loss allowances due to Assets used or released	(23.59)
Loss allowance on 31 March 2019 (Restated)	3.63
Changes in loss allowances due to Assets used or released	1.19
Loss allowance on 31 March 2020 (Restated)	4.82
Changes in loss allowances due to Assets used or released	6.18
Loss allowance on 31 March 2021	11.00

Concentration of credit risk

The Company monitors concentrations of credit risk by sector and by geographic location. An analysis of concentrations of credit risk from loans and advances, loan commitments, financial guarantees and investment securities is shown below.

Particulars	(Rs. in lakhs)					
	Loans and advances to customers			Loan commitments		
	As at March 31, 2021	As at March 31, 2020 (Restated)	As at March 31, 2019	As at March 31, 2021	As at March 31, 2020 (Restated)	As at March 31, 2019
Concentration by region						
North	45,263.88	30,112.17	34,440.26	985.91	1,215.32	2,174.25
South	1,27,616.29	1,00,098.22	79,489.13	4,251.67	4,456.38	3,277.59
East	9,525.25	9,254.90	5,409.10	491.33	574.73	451.91
West	82,059.31	70,722.97	56,910.00	3,246.12	3,633.64	4,197.10
Total	2,64,464.73	2,10,188.26	1,76,248.49	8,975.03	9,880.07	10,100.85

Offsetting financial assets and financial liabilities

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

Assessment of loan modifications on credit risk

In response to the economic fall-out on account of Covid-19 pandemic, RBI announced resolution plan framework via circular RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated 6th August 2020 - Resolution Framework for COVID-19-related Stress for personal loan customers and extended RBI notification RBI/2019-20/160 DOR.No.BP.BC.34/21.04.048/2019-20 dated February 11, 2020 via RBI Notification RBI/2020-21/17 DOR.No.BP.BC/4/21.04.048/2020-21 dated August 6, 2020 - Micro, Small and Medium Enterprises (MSME) sector - Restructuring of Advances for SME loans. Loan modifications executed under these schemes have not been classified as renegotiated as they are as a result of market-wide customer relief programme and not borrower specific. We continue to monitor the recoverability of loans granted in accordance with these circulars. The on-going and future performance of such loans remains an area of uncertainty as March 31, 2021. The relevant details in respect of these loans have been presented under note no. 43 and 44.

(iv) Impact of COVID-19

(A) In accordance with the Board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated March 27, 2020, April 17, 2020 and May 23, 2020 relating to 'COVID-19 -Regulatory Package', the Company had granted moratorium up to six months on the payment of installments which became due between 1 March, 2020 and 31 August, 2020 to all eligible borrowers. This relaxation did not automatically trigger a significant increase in credit risk. The Company continued to recognize interest income during the moratorium period and in the absence of other credit risk indicators, the granting of a moratorium period did not result in accounts becoming past due and automatically triggering Stage 2 or Stage 3 classification criteria.

The impact of COVID-19 on the global economy and how governments, businesses and consumers respond is uncertain. This uncertainty is reflected in the Company's assessment of impairment loss allowance on its loans which are subject to a number of management judgements and estimates. In relation to COVID-19, judgements and assumptions include the extent and duration of the pandemic, the impacts of actions of governments and other authorities, and the responses of businesses and consumers in different industries, along with the associated impact on the global economy. The Company has separately incorporated estimates, assumptions and judgements specific to the impact of the COVID-19 pandemic and the associated support packages in the measurement of impairment loss allowance. In addition to the above, the Company has also created a provision of Rs 300 lakhs against Ind AS staging benefit considered on account of moratorium for the year ended March 31, 2020. The Company's impairment loss allowance estimates are inherently uncertain and, as a result, actual results may differ from these estimates.

(B) The Honorable Supreme Court of India through an interim order had directed that the accounts which were not declared non-performing asset till August 31, 2020 shall not be declared non-performing after August 31, 2020, till further notice. Basis the interim order, the Company had not classified any standard account as of August 31, 2020 as per Indian Accounting Standards, as impaired (Stage 3) after August 31, 2020.

The interim order granted to not declare accounts as NPA stood vacated on March 23, 2021 vide the judgement of the Hon'ble SC in the matter of Small Scale Industrial manufacturers Association vs. UOI & Ors. and other connected matters. In accordance with the instructions in paragraph 5 of the RBI circular no. RBI/2021-22/17DOR. STR.REC.4/21.04.048/2021-22 dated April 07, 2021 issued in this connection, the Company has continued with the asset classification of borrower accounts as per the ECL model under Ind AS financial statements for the year ended March 31, 2021.

InCred Financial Services Limited

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

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

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)	As at March 31, 2019
- Expiring within one year	10,090.93	11,038.25	4,364.57
- Expiring beyond one year	-	-	-
Total	10,090.93	11,038.25	4,364.57

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

As at March 31, 2021

(Rs. in lakhs)

Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
Maturities of financial liabilities							
Debt securities	11	73,827.02	(82,460.46)	(54,998.53)	(27,461.93)	-	-
Borrowings (other than debt securities)	12	93,422.08	(1,06,739.63)	(54,488.09)	(41,538.58)	(10,712.96)	-
Other financial liabilities	13	4,231.88	(4,231.88)	(4,231.88)	-	-	-
Loan commitments	33	8,975.03	(8,975.05)	(4,076.74)	(4,898.31)	-	-
Total		1,80,456.01	(2,02,407.02)	(1,17,795.24)	(73,898.81)	(10,712.96)	-

InCred Financial Services Limited

Notes to the Reformatted Financial Statements

(Rs. in lakhs)

As at March 31, 2020 (Restated)							
Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
Maturities of financial liabilities							
Debt securities	11	42,105.62	(45,798.45)	(26,433.72)	(19,364.73)	-	-
Borrowings (other than debt securities)	12	70,321.28	(99,576.75)	(41,614.51)	(34,684.90)	(23,277.34)	-
Other financial liabilities	13	3,342.57	(3,342.57)	(24.00)	(3,318.57)	-	-
Loan commitments	33	9,880.07	(9,880.07)	(5,430.48)	(4,420.62)	(14.49)	(14.48)
Total		1,25,649.54	(1,58,597.84)	(73,502.71)	(61,788.82)	(23,291.83)	(14.48)

As at March 31, 2019

(Rs. in lakhs)

As at March 31, 2019							
Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
Maturities of financial liabilities							
Debt securities	11	47,814.80	(52,543.33)	(21,787.65)	(30,755.68)	-	-
Borrowings (other than debt securities)	12	77,497.73	(85,544.03)	(52,338.74)	(31,227.18)	(1,978.11)	-
Other financial liabilities	13	864.68	(864.68)	(857.31)	(7.37)	-	-
Loan commitments	33	10,100.85	(10,100.85)	-	-	(5,050.42)	(5,050.42)
Total		1,36,278.06	(1,49,052.89)	(74,983.70)	(61,990.23)	(7,028.53)	(5,050.42)

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the

As at March 31, 2021

(Rs. in lakhs)

As at March 31, 2021							
Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
Maturities of financial assets							
Cash and cash equivalents	2	1,323.38	1,323.38	1,323.38	-	-	-
Bank deposits	3	588.46	613.99	613.99	-	-	-
Loans	4	2,55,359.84	3,55,624.04	1,51,615.38	97,822.11	39,082.15	67,104.40
Investments (other than subsidiaries)	5	8,759.44	9,296.77	8,096.28	1,200.49	-	-
Other financial assets	6	1,821.28	1,821.28	1,821.28	-	-	-
Total		2,67,852.40	3,68,679.46	1,63,470.31	99,022.60	39,082.15	67,104.40

As at March 31, 2020 (Restated)

(Rs. in lakhs)

As at March 31, 2020 (Restated)							
Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
Maturities of financial assets							
Cash and cash equivalents	2	3,772.83	3,419.63	3,419.63	-	-	-
Bank deposits	3	735.88	766.12	766.12	-	-	-
Loans	4	2,04,849.17	2,92,481.19	1,07,760.15	79,892.48	36,729.10	68,099.46
Investments (other than subsidiaries)	5	1,003.81	1,003.81	1,003.81	-	-	-
Other financial assets	6	1,690.39	1,690.39	1,410.43	279.96	-	-
Total		2,12,052.08	2,99,361.14	1,14,360.14	80,172.44	36,729.10	68,099.46

As at March 31, 2019

(Rs. in lakhs)

As at March 31, 2019							
Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
Maturities of financial assets							
Cash and cash equivalents	2	1,846.49	1,846.49	1,846.49	-	-	-
Bank deposits	3	267.47	285.83	141.73	144.10	-	-
Loans	4	1,73,310.29	2,45,869.61	90,664.78	62,201.54	32,699.65	60,303.63
Investments (other than subsidiaries)	5	707.54	779.81	779.81	-	-	-
Other financial assets	6	1,208.15	1,208.15	1,167.69	40.46	-	-
Total		1,77,339.94	2,49,989.89	94,600.50	62,386.10	32,699.65	60,303.63

InCred Financial Services Limited

Notes to the Reformatted Financial Statements

28. Financial risk management (continued)

C. Interest rate risk

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

Exposure to interest rate risk

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

(Rs. in lakhs)

Particulars	Nominal amount		
	As at March 31, 2021	As at March 31, 2020 (Restated)	As at March 31, 2019
Loans			
Fixed rate loans	1,30,872.89	1,08,509.09	73,311.89
Variable rate loans	1,32,493.60	99,181.42	1,01,186.24
Bank balance other than cash and cash equivalents	586.06	723.06	265.60
Fixed rate investments in debt securities	8,533.21	-	500.00
Total	2,72,485.76	2,08,413.57	1,75,263.73
Debt and Borrowings			
Fixed rate Debt and Borrowings	(94,622.40)	(47,449.67)	(47,449.67)
Variable rate Debt and Borrowings	(69,420.64)	(75,026.89)	(75,026.89)
Total	(1,64,043.04)	(1,22,476.56)	(1,22,476.56)

Fair value sensitivity analysis for fixed-rate instruments

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

Cash flow sensitivity analysis for variable-rate instruments

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

If interest rates related to loans and borrowings had been 100 bps higher/ lower and all other variables were held constant, the Company's Profit before tax for the year ended/ Other Equity (pre-tax) as on March 31, 2021 and March 31, 2020 would increase/ (decrease) by the following amounts:

(Rs. in lakhs)

Particulars	Profit or (loss)		Equity (before of tax)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
March 31, 2021				
Variable-rate instruments	630.73	(630.73)	630.73	(630.73)
Cash flow sensitivity (net)	630.73	(630.73)	630.73	(630.73)
March 31, 2020 (Restated)				
Variable-rate instruments	241.55	(241.55)	241.55	(241.55)
Cash flow sensitivity (net)	241.55	(241.55)	241.55	(241.55)
March 31, 2019				
Variable-rate instruments	261.59	(261.59)	261.59	(261.59)
Cash flow sensitivity (net)	261.59	(261.59)	261.59	(261.59)

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

D. Price risk

The Company is exposed to price risk arising from investment in mutual funds and classified in the balance sheet at fair value through profit & loss. If the NAV of the mutual fund had been higher/ lower by 1% from market price existing as at March 31, 2021, profit or loss(pre-tax) for the year ended March 31, 2021 would increase/ decrease by NIL (March 31, 2020: Rs. 10.03 lakhs; March 31, 2019: NIL) with a corresponding increase/decrease in the Total Equity of the Company as at March 31, 2021.

The Company is exposed to equity price risk arising from equity investment and classified in the balance sheet at fair value through other comprehensive income. If the equity prices had been higher/ lower by 5% from market price existing as at March 31, 2021, profit or loss(pre-tax) for the year ended March 31, 2021 would increase/ decrease by NIL (March 31, 2020: Nil ; March 31, 2019: 6.08 lakhs) with a corresponding increase/decrease in the Total Equity of the Company as at March 31, 2021.

InCred Financial Services Limited

Notes to the Reformatted Financial Statements

29. Related party disclosures

Key managerial personnel ("KMP")

Name of the KMP	Designation
Mr. Bhupinder Singh	Founder and Director (upto May 15, 2019) and Whole-time director and Chief Executive Officer (w.e.f. May 16, 2019)
Mr. Vivek Bansal	Whole-time director and Chief Financial Officer
Mr. Gajendra Thakur	Company Secretary (w.e.f. September 1, 2020)
Mrs. Nikita Hule	Company Secretary (upto August 31, 2020)
Mr. Deepak Narang	Independent Director
Mrs. Rupa Rajul Vora	Independent Director
Mr. Debashish Dutta Gupta	Independent Director
Dr. Parvinder Singh Pasricha	Independent Director (w.e.f March 3, 2020 upto September 3, 2020)
Mr. Antonius Theodorus Maria Bruijninx	Nominee Director
Mr. Girish Dinanath Nadkarni	Nominee Director
Mr. Vivek Anand PS	Nominee Director
Mr. Sunil Agarwal, Director	Whole-time director (w.e.f. April 01, 2018 upto June 11, 2018)

Enterprises where key management personnel exercises control

- InCred Capital Financial Services Private Limited (Formerly known as Proud Securities Private Limited)
- InCred Wealth Private Limited (Formerly known as InCred Capital Inclusion Advisory Private Limited) (w.e.f. May 20, 2019)
- InCred Asset Management Private Limited (Formerly known as InCred Capital Investment Advisors and Managers Private Limited)
- BSH Corporate Advisors and Consultants Private Limited (w.e.f. February 13, 2018 upto April 18, 2019)

A. Names of related parties and nature of relationship

Holding Company	Country of Incorporation	Proportion of ownership interest (% holding)		
		As at March 31, 2021	As at March 31, 2020 (Restated)	As at March 31, 2021
Bee Finance Limited (Mauritius), Holding Co.	Mauritius	59.64%	59.66%	74.89%

Direct subsidiaries:

Name of subsidiaries	Country of Incorporation	Principal place of business	Proportion of ownership interest (% holding)		
			As at March 31, 2021	As at March 31, 2020 (Restated)	As at March 31, 2019
Incred Management and Technology Services Private Limited	India	Mumbai	100.00%	100.00%	100.00%
Booth Fintech Private Limited	India	Mumbai	100.00%	100.00%	86.44%

Associate of Booth Fintech Private Limited

Name of subsidiaries	Country of Incorporation	Principal place of business	Proportion of ownership interest		
			As at March 31, 2021	As at March 31, 2020 (Restated)	As at March 31, 2019
mValu Technology Services Private Limited (w.e.f. March 25, 2019)	India	Mumbai	40.96%	40.96%	38.47%

Indirect subsidiary (subsidiary of Booth Fintech Private Limited)

Name of subsidiaries	Country of Incorporation	Principal place of business	Proportion of ownership interest		
			As at March 31, 2021	As at March 31, 2020 (Restated)	As at March 31, 2019
mValu Technology Services Private Limited (w.e.f. December 27, 2018 till March 24, 2019) (Holding 65.69%)	India	Mumbai	NA	NA	38.47%

Associate Enterprise

- mValu Technology Private Limited (w.e.f March 25, 2019)
- Digilend Analytics and Technology Private Limited (on account of Board seat, till March 22, 2019)

i. Key management personnel compensation

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)	Year ended March 31, 2019
Employee benefit expenses	575.33	570.22	211.05
Directors' sitting fees	13.19	14.55	4.27

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

InCred Financial Services Limited

Notes to the Reformatted Financial Statements

29. Related party disclosures (continued)

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

Nature of transactions	Holding Company			Subsidiaries			KMP/ KMP exercising influence/ close member of KMP			Enterprises owned or controlled by KMP			Associate of subsidiary			Associate		
	For the year ended March 31, 2021	For the year ended March 31, 2020 (Revised)	For the year ended March 31, 2019	For the year ended March 31, 2021	For the year ended March 31, 2020 (Revised)	For the year ended March 31, 2019	For the year ended March 31, 2021	For the year ended March 31, 2020 (Revised)	For the year ended March 31, 2019	For the year ended March 31, 2021	For the year ended March 31, 2020 (Revised)	For the year ended March 31, 2019	For the year ended March 31, 2021	For the year ended March 31, 2020 (Revised)	For the year ended March 31, 2019	For the year ended March 31, 2021	For the year ended March 31, 2020 (Revised)	For the year ended March 31, 2019
Balance Sheet transactions																		
Purchase of equity shares of subsidiary company	-	1,050.25	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment in equity shares	-	-	-	1,800.00	-	200.20	-	-	-	-	-	-	-	-	-	-	-	-
Security Deposit received	-	-	-	-	-	367.11	-	-	-	-	-	-	-	-	-	-	-	-
ICD given	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ICD taken	-	-	-	400.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repayment of ICD given (including interest)	-	-	-	-	395.75	27,982.17	-	-	-	-	-	4,500.00	-	-	3,275.00	-	-	-
Repayment of ICD taken (including interest)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,053.29	-	-
Advances given	-	-	-	-	-	437.00	-	-	-	-	-	-	-	-	-	-	-	-
Advances repaid	-	-	-	-	-	1,637.00	-	-	-	-	-	-	-	-	-	-	-	-
Refund of security Deposit	-	-	-	75.63	-	1,674.00	-	-	-	-	-	-	-	-	-	-	-	-
Payment against expenses	-	-	-	24.99	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Refund of amount given for expenses	-	-	-	1,110.60	-	20.25	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Loan Portfolio	-	-	-	-	-	-	-	-	-	-	-	12,738.68	-	-	-	-	-	-
Proceeds from sale of Fixed Assets	-	-	-	0.47	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issue of MLD	-	-	-	-	-	-	-	-	-	-	-	1.88	-	-	-	-	-	-
Proceeds from redemption of MLDs	-	-	-	-	-	-	-	-	-	-	-	830.00	-	-	-	-	-	-
Reimbursement of credit loss	-	-	-	-	-	-	-	-	-	-	-	295.27	-	-	-	-	-	-
Proceeds from sale of Debentures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issue of equity shares	-	-	-	-	-	-	-	-	-	-	-	6,555.59	-	-	57.31	-	-	-
Securities premium received on issue of equity	-	-	-	-	-	-	-	-	-	-	-	454.90	-	-	-	-	-	-
Income transactions																		
License fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	56.00	56.00	12.73	-
Interest on ICD	-	-	-	-	-	11.95	1,416.24	-	-	-	-	-	-	-	-	-	-	-
Service fee	-	-	-	-	-	-	-	-	-	-	-	404.03	91.85	-	0.15	14.34	-	-
Profit on sale of Debentures	-	-	-	-	-	-	-	-	-	-	-	20.70	-	-	-	-	-	-
Expense transactions																		
License fees	-	-	-	5.45	-	5.45	1.24	-	-	-	-	-	-	-	-	-	-	-
Interest on ICD	-	-	-	0.22	-	-	-	-	-	-	-	1.76	-	-	84.99	-	-	-
Expenses on account of reimbursement	-	-	-	43.56	-	244.83	463.60	-	-	-	-	-	-	-	-	-	-	-
Fee and commission	-	-	-	-	-	-	-	-	-	-	-	187.63	19.01	-	14.90	-	-	40.73

Note: During the current year the Company and the Holding Company has issued employee stock options to its own and subsidiary employees (Refer Note 31 for further details).

InCred Financial Services Limited

Notes to the Reformatted Financial Statements

29. Related party disclosures (continued)

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

(Rs. in lakhs)

Sr. No.	Balance outstanding	Holding Company			Subsidiaries			KMP / KMP exercising influence/ close member of KMP			Enterprises owned or controlled by Key Managerial Personnel			Associate of subsidiary		
		For the year ended March 31, 2021	For the year ended March 31, 2020 (Restated)	For the year ended March 31, 2019	For the year ended March 31, 2021	For the year ended March 31, 2020 (Restated)	For the year ended March 31, 2019	For the year ended March 31, 2021	For the year ended March 31, 2020 (Restated)	For the year ended March 31, 2019	For the year ended March 31, 2021	For the year ended March 31, 2020 (Restated)	For the year ended March 31, 2019	For the year ended March 31, 2021	For the year ended March 31, 2020 (Restated)	For the year ended March 31, 2019
1	Advances/Receivables	-	-	-	-	1,041.24	856.31	-	-	-	31.74	99.19	-	15.47	17.11	13.75
2	Investments (at cost)	-	-	-	3,909.69	2,109.68	7,010.44	-	-	-	-	-	-	-	-	-
3	Loans	-	-	-	-	-	392.81	-	-	-	-	-	-	-	-	-
4	ICD Payable	-	-	-	400.20	-	-	-	-	-	4,501.63	-	-	1,300.33	-	-
5	Other Payables	-	-	-	-29.35	-	-	-	-	-	-	19.01	-	0.44	-	-
6	Security deposit payable	-	-	-	-	-	-	3.20	3.20	-	-	-	-	-	-	-
7	Number of options outstanding	241	248	549	24,000	-	10,00,000	-	-	-	-	-	-	-	-	-

For terms and conditions of transactions on payables to related parties, refer Note No 12

InCred Financial Services Limited

Notes to the Reformatted Financial Statements

30. Employee benefits

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

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)	Year ended March 31, 2019
Provident fund	215.57	235.48	154.00

2. Gratuity

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

Table showing change in the present value of projected benefit obligation

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)	As at March 31, 2019
Change in benefit obligations			
Present value of benefit obligation at the beginning of the year	88.90	65.06	38.09
Interest cost	4.49	4.41	2.91
Current Service cost	38.82	48.46	48.70
Liability Transferred In/Acquisition	-	-	11.17
Actuarial (Gains) on Obligations - Due to Change in Demographic Assumptions	-	(38.03)	(31.96)
Actuarial (Gains) on Obligations - Due to Change in Financial Assumptions	4.98	2.11	(16.21)
Actuarial Losses on Obligations - Due to Experience	21.32	6.89	8.89
Liability at the end of the year	158.50	88.90	61.59

Amount recognized in the Balance Sheet

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)	As at March 31, 2019
Present value of benefit obligation at the end of the year	(158.50)	(88.89)	(61.59)
Fair value of plan assets at the end of the year			
Funded Status (Deficit)	(158.50)	(88.89)	(61.59)
Net (Liability)/Asset Recognized in the Balance Sheet	(158.50)	(88.90)	(61.59)

Expenses recognized in the Statement of Profit and Loss

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)	Year ended March 31, 2019
Current service cost	38.82	48.45	48.70
Net Interest cost	4.49	4.41	2.91
Expenses recognised	43.31	52.86	51.61

Expenses recognized in the Other comprehensive income (OCI)

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)	Year ended March 31, 2019
Actuarial (Gains) on obligation for the year	26.29	(29.03)	(39.28)
Net (Income) for the year recognized in OCI	26.29	(29.03)	(39.28)

The actuarial assumptions used to determine benefit obligations as at March 31, 2021 and March 31, 2020 are as follows:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)	Year ended March 31, 2019
Discount Rate	4.25%	5.21%	6.76%
Salary escalation rate	5% for next 1 year and 7% thereafter	7.00%	7.00%
Expected Rate of return on Plan Assets	N.A	N.A.	N.A.
Rate of Employee Turnover	35%	35%	25%
Mortality Rate during employment	Indian Assured lives mortality (2006-08)	Indian Assured lives mortality (2006-08)	Indian Assured lives mortality (2006-08)

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

Balance sheet reconciliation

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)	As at March 31, 2019
Opening net liability	88.89	65.06	38.09
Expenses recognized in Statement of Profit and Loss	40.54	52.86	51.61
Expenses recognized in OCI	26.29	(29.03)	(39.28)
Net (Asset) Transfer In	-	-	11.17
Net liability recognized in the Balance Sheet	155.72	88.89	61.59

Cash Flow Projection

Maturity analysis of the benefit payments: from the employer

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)	As at March 31, 2019
Projected benefits payable in future years from the date of reporting			
1st following year	0.72	0.55	0.30
2nd following year	32.14	0.41	0.26
3rd following year	38.21	20.52	0.22
4th following year	33.63	24.07	12.73
5th following year	25.02	20.49	16.44
Sum of years 6 to 10	46.94	38.84	44.61
Sum of years 11 and above	7.76	6.86	20.15

Sensitivity analysis

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)	As at March 31, 2019
Projected benefit obligation on current assumptions	155.72	88.89	61.59
Delta effect of +1% change in rate of discounting	(5.18)	(3.56)	(3.41)
Delta effect of -1% change in rate of discounting	5.50	3.79	3.71
Delta effect of +1% change in rate of salary increase	4.94	3.62	3.63
Delta effect of -1% change in rate of salary increase	(4.81)	(3.50)	(3.42)
Delta effect of +1% change in rate of employee turnover	(4.12)	(3.44)	(2.68)
Delta effect of -1% change in rate of employee turnover	4.21	3.55	2.77

Qualitative disclosures

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

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

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

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

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

3. Compensated absences

The actuarially determined liability for compensated absences of accumulated leaves of the employees of the Company is given below:

Particulars	As at March 31, 2021*	As at March 31, 2020 (Restated)	As at March 31, 2019
Assumptions:			
Discount rate	NA	5.21%	6.76%
Salary escalation rate	NA	7.00%	7.00%
Rate of Employee Turnover	NA	35.00%	25.00%

*Note - As per the revised leave policy of the Company, the accumulated unavailed leave lapses as at March 31, 2021. Thus no liability has been determined for the current year.

Notes to the Reformatted Financial Statements

31. Share-based payment arrangements

A. Description of share-based payment arrangements

i. Share option plans (equity-settled)

The Company has Employee Incentive Plan under which options have been granted to eligible employees to be vested from time to time.

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

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

A. Measurement of fair values

Equity-settled share-based payment arrangements

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

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

The model inputs for options granted during

Particulars / Grant date	For the year ended March 31, 2021	For the year ended March 31, 2020 (Restated)	For the year ended March 31, 2019
Fair value as on grant date (weighted average)	27.15 to 28.64	27.81 to 28.99	8.47 to 17.98
Share price as on grant date	55.25	54.40	27.79 to 40.46
Exercise price	40.00	40.00	40.00
Expected volatility (weighted average volatility)	35% to 40%	35%	35%
Expected life (expected weighted average life)	8.5 years	8.5 years	9.5 years
Risk-free interest rate (based on government bonds)	5.04% to 5.97%	6.49% to 7.08%	7.40% to 8.25%
Method used to determine expected volatility	The expected volatility is based on price volatility of listed companies in same industry.		

B. Reconciliation of outstanding share options

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

Particulars	Average exercise price per option	Number of options		
		As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Opening balance	40.00	1,25,05,584	50,80,781	52,83,871
Add: Options granted during the year	40.00	97,92,875	85,86,300	-
Less: Options exercised during the year	40.00	(91,209)	(6,924)	-
Less: Options lapsed during the year	40.00	(41,62,312)	(11,54,573)	(2,03,090)
Options outstanding as at the year end	40.00	1,80,44,938	1,25,05,584	50,80,781

Weighted average remaining contractual life of options outstanding at end of period

	8.1 years	9.5 years	9.5 years
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Notes to the Reformatted Financial Statements

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

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

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

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

A. Measurement of fair values

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

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

The model inputs for options granted during the year ended March 31, 2021 and March 31, 2020:

No fresh grants have been given during the year ended March 31, 2021 and year ended March 31, 2020

The model inputs for options granted during the year ended March 31, 2019:

Particulars	Category A - C	Category D - F	Category G - H	Category I
Fair value as on grant date (weighted average)	64,021	64,021	64,021	64,021
Share price as on grant date	64,021	64,021	64,021	64,021
Exercise price	46,102	46,102	89,643	46,102
Expected volatility (weighted average volatility)	35%	35%	35%	35%
Expected life (expected weighted average life)	11.2 years	11.72 years	11.93 years	10.68 years
Risk-free interest rate (based on government bonds)	6%	8%	8%	8%
Method used to determine expected volatility	The expected volatility is based on price volatility of listed companies in same or similar industry.			

B. Reconciliation of outstanding share options

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

Particulars	As at March 31, 2021		As at March 31, 2020 (Restated)		As at March 31, 2019	
	Average exercise price per option	Number of options	Average exercise price per option	Number of options	Average exercise price per option	Number of options
Opening balance	48,033.52	248.00	53,031.00	549.00	-	-
Add: Options granted during the year	-	-	-	-	53,973.00	610.00
Less: Options lapsed during the year	55,650.73	(7.00)	55,363.75	(301.00)	46,102.00	(61.00)
Options outstanding as at the year end	47,728.27	241.00	48,033.52	248.00	53,031.00	549.00

Weighted average remaining contractual life of options outstanding at end of period 11.2 years

C. Expenses arising from share-based payment transactions

Refer Note 23 on employee benefit expense, for share based payment expense charged to Statement of Profit and Loss.

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Notes to the Reformatted Financial Statements

32. Lease accounting

Lease disclosures under Ind-AS 116 for the year ended 31 March 2020

A First time adoption of Ind AS 116

During the previous year, the Company had adopted the new standard, Ind AS 116 Leases with effect from 1st April, 2019 using the modified retrospective approach as per para C8 (b)(i) of Ind AS 116. The Company recorded the lease liability at the present value of the lease payments and the right of use asset at an amount equals to lease liability adjusted by an amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application, i.e., 1st April, 2019. The application of this method had no impact on retained earnings as on 1st April 2019. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted.

On transition, the adoption of the new standard resulted in recognition of Right-of-Use asset (ROU) of Rs. 930.97 lakhs and lease liability of Rs. 930.97 lakhs.

In statement of profit and loss for the current period, the nature of expenses in respect of operating leases has changed from lease rent in previous periods to depreciation cost for the right-to-use asset and finance cost for interest accrued on lease liability.

The following is the summary of practical expedients elected on initial application:

- Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment.
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

Lease disclosures under Ind-AS 116 for the year ended 31 March 2021

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

i. Following are the changes in the carrying value of right of use assets (ROU) for the year ended March 31, 2021:

Particulars	(Rs. in lakhs)	
	As at March 31, 2021	As at March 31, 2020 (Restated)
Balance at the beginning of the year	1,760.49	930.97
Addition during the year	321.04	1,197.91
Disposals during the year	(131.39)	-
Depreciation for the year	(237.57)	(368.39)
Balance as at the end of the year	1,712.57	1,760.49

ii. The following is the movement in lease liabilities during the year ended March 31, 2021:

Particulars	(Rs. in lakhs)	
	As at March 31, 2021	As at March 31, 2020 (Restated)
Balance at the beginning of the year	1,878.95	930.97
Addition during the year	176.05	1,197.91
Finance cost accrued during the year	152.16	151.78
Payment of Lease liabilities made during the year	(279.34)	(401.71)
Balance as at the end of the year	1,927.82	1,878.95

iii. The table below provides details regarding the contractual maturities of lease liabilities as of March 31, 2021 on an undiscounted basis:

Particulars	(Rs. in lakhs)	
	As at March 31, 2021	As at March 31, 2020 (Restated)
Less than one year	231.60	424.93
Between one and five years	1,302.84	1,456.00
More than five years	221.24	713.46
Total	1,755.68	2,594.39

iv. Expenses recognised in the statement of Profit and Loss

Particulars	(Rs. in lakhs)	
	As at March 31, 2021	As at March 31, 2020 (Restated)
Depreciation expense on right-of-use assets (Refer Note 8)	237.57	368.39
Interest expense on lease liabilities (Refer Note 21)	152.16	151.78
Expense relating to short-term leases (Refer Note 24)	275.89	198.41
Expense relating to leases of low value assets	-	-

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

v. Amount recognised in the statement of Cash flow

Particulars	(Rs. in lakhs)	
	As at March 31, 2021	As at March 31, 2020 (Restated)
Total cash outflow for leases	279.34	401.71

vi. A reconciliation of the operating lease commitments at March 31, 2019, disclosed in the Company's 2019 financial statements, to the lease liabilities recognized in the statement of financial position at April 1, 2019 is provided below:

Particulars	As at March 31, 2020 (Restated)
	Operating lease commitments disclosed as at March 31, 2019
Discounted using the incremental borrowing rate at April 1, 2019	(585.98)
(Less): short-term leases recognized on a straight-line basis as expense	(92.69)
(Less): low-value leases recognized on a straight-line basis as expense	-
Total	930.97

2 Lease disclosures under Ind-AS 17 for the comparative year ended March 31, 2019:

A. Leases as lessee

The Company leases a number of branch and office premises under operating leases. The leases typically run for a period ranging between 1 and 5 years, with an option to renew the lease after that date. Lease payments are increased every year to reflect market rentals.

i. Future minimum lease payments

Particulars	March 31, 2019
Less than one year	424.93
Between one and five years	1,456.00
More than five years	713.46
Total	2,594.39

ii. Amounts recognised in profit or loss

Particulars	March 31, 2019
Lease expense (Refer Note 24)	196.85

Notes to the Reformatted Financial Statements

33. Contingent liabilities and commitments

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)	As at March 31, 2019
Commitments			
Undrawn committed credit lines	8,975.03	9,880.07	10,100.85
Total	8,975.03	9,880.07	10,100.85

As at March 31, 2021 and March 31, 2020

The Company does not have any pending litigations and proceedings and hence does not require any provision or mention under contingent liability.

The Company has a process whereby periodically all long-term contracts are assessed for material foreseeable losses. At the year end, the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

As at March 31, 2019**Contribution to provident fund**

There are numerous interpretative issues relating to Supreme Court (SC) judgement dated February 28, 2019, relating to components/allowances paid that need to be taken while computing an employer's contribution of provident fund under the Employee Provident Fund Act. The Company is in the process of evaluating the method of computation of its PF contribution prospectively and would record any further effect in its standalone financial statement on receiving additional clarity on the subject.

34. Securitisation

Transfer of financial assets that do not result in derecognition

The Company was party to securitisation transaction involving transfer of pool of unsecured loan receivables (monthly instalment loans with original maturity upto 3 years)

In these transactions, the assets, interests in the assets, or beneficial interest in the cash flows arising from the assets, are transferred to a special purpose entity, which then issues pass through certificates ('PTC') to third party investors.

The Company agreed to provide servicing assistance pursuant to the terms of servicing agreement.

In this securitisation where the Company transfers loans and advances to unconsolidated securitisation vehicle, it retains the credit risk principally by way of credit enhancements placed with the Special Purpose Vehicle ('SPV'). The Company does not transfer substantially all of the risks and rewards of these assets.

Hence, the company continues to recognise the securitised loan portfolio in its books of accounts.

The following table shows the carrying amount of the securitised assets that have not resulted in derecognition, together with the associated liabilities :

(Rs. in lakhs)

As at March 31, 2021	Loan receivables	Credit enhancements
Carrying amount of assets	-	-
Carrying amount of associated liabilities	-	-

(Rs. in lakhs)

As at March 31, 2020 (Restated)	Loan receivables	Credit enhancements
Carrying amount of assets	421.33	137.00
Carrying amount of associated liabilities	130.83	-

(Rs. in lakhs)

As at March 31, 2019	Loan receivables	Credit enhancements
Carrying amount of assets	2,526.87	265.59
Carrying amount of associated liabilities	2,461.48	-

Notes to the Reformatted Financial Statements

35. Current and Non-current maturity

(Rs. in lakhs)

Particulars	As at March 31, 2021			As at March 31, 2020 (Restated)			As at March 31, 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS									
Financial assets									
Cash and cash equivalents	1,323.38	-	1,323.38	3,772.83	-	3,772.83	1,846.49	-	1,846.49
Bank Balance other than cash and cash equivalents	588.46	-	588.46	735.88	-	735.88	136.18	131.29	267.47
Loans	1,23,300.54	1,32,059.30	2,55,359.84	84,546.08	1,20,303.09	2,04,849.17	72,445.48	1,00,864.81	1,73,310.29
Investments	7,664.75	5,005.91	12,670.66	1,003.81	2,109.69	3,113.50	121.63	7,605.36	7,726.99
Other Financial assets	1,590.60	230.68	1,821.28	1,410.43	279.96	1,690.39	1,167.69	40.46	1,208.15
Sub total	1,34,467.73	1,37,295.89	2,71,763.62	91,469.03	1,22,692.74	2,14,161.77	75,717.47	1,08,641.92	1,84,359.39
Non-financial assets									
Current Tax assets (Net of provision for tax)	-	720.61	720.61	-	862.36	862.36	507.69	-	507.69
Deferred Tax assets (Net of deferred tax liabilities)	-	1,857.39	1,857.39	-	963.22	963.22	-	791.96	791.96
Property, plant and equipment	-	3,276.35	3,276.35	-	2,975.07	2,975.07	-	1,039.95	1,039.95
Capital Work-in-progress	-	14.49	14.49	-	125.06	125.06	-	-	-
Other intangible assets	-	222.49	222.49	-	299.97	299.97	-	396.96	396.96
Other non-financial assets	480.00	805.55	1,285.55	420.00	626.22	1,046.22	595.95	58.20	654.15
Sub total	480.00	6,896.88	7,376.88	420.00	5,851.90	6,271.90	1,103.64	2,287.07	3,390.71
Total assets	1,34,947.73	1,44,192.77	2,79,140.50	91,889.03	1,28,544.64	2,20,433.67	76,821.11	1,10,928.99	1,87,750.10
LIABILITIES AND EQUITY									
LIABILITIES									
Financial liabilities									
Debt securities	51,024.47	22,802.55	73,827.02	24,700.66	17,404.96	42,105.62	19,818.03	27,996.77	47,814.80
Borrowings (Other than Debt Securities)	47,610.34	45,811.74	93,422.08	35,358.69	34,962.59	70,321.28	47,434.74	30,062.99	77,497.73
Other Financial liabilities	251.87	3,980.01	4,231.88	445.76	2,896.81	3,342.57	857.31	7.37	864.68
Sub total	98,886.68	72,594.30	1,71,480.98	60,505.11	55,264.36	1,15,769.47	68,110.08	58,067.13	1,26,177.21
Non-Financial liabilities									
Provisions	-	169.48	169.48	25.72	132.69	158.41	54.58	93.56	148.14
Other non-financial liabilities	2,905.26	-	2,905.26	2,078.21	-	2,078.21	1,857.90	-	1,857.90
Sub total	2,905.26	169.48	3,074.74	2,103.93	132.69	2,236.62	1,912.48	93.56	2,006.04
Total liabilities	1,01,791.94	72,763.78	1,74,555.72	62,609.04	55,397.05	1,18,006.09	70,022.56	58,160.69	1,28,183.25

Notes to the Reformatted Financial Statements

36. Foreign currency transactions

(Rs. in lakhs)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020 (Restated)	Year Ended March 31, 2019
Expenditure in foreign currency			
Business origination expenses	-	-	1.51
IT expenses	-	-	0.80
Directors' sitting fees	2.07	-	-
Legal, professional and consultancy charges	27.64	-	153.03
Recruitment fees	6.63	3.63	-
Legal & Technical charges	2.01	2.26	-
Total	38.35	5.89	155.34

37. Corporate social responsibility

(Rs. in lakhs)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020 (Restated)	Year Ended March 31, 2019
Amount required to be spent as per section 135 of the Companies Act, 2013:			
Amount spent during the year	19.99	16.05	3.22
(i) Construction/ acquisition of any asset	-	-	
(ii) On purposes other than (i) above			
In cash	20.05	14.93	5.40
Yet to be paid in cash*	-	2.00	-
Total	20.05	16.93	5.40

* Paid in the month of April, 2020

38. Micro, Small and Medium Enterprises Development

In accordance with the Micro, Small and Medium Enterprises Development Act 2006 ('MSMED Act') the Company is required to identify the micro, small and medium suppliers and pay them interest on overdue beyond the specified period irrespective of the terms agreed with the suppliers. Based on the on the information available with the management, there are no dues outstanding to micro and small enterprises covered under the MSMED Act. The Auditors have placed reliance on such information.

39. Share issue expenses

In accordance with the provision of section 52 of the Companies Act, 2013 the following share issue expenses have been debited against securities premium account:

(Rs. in lakhs)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020 (Restated)	Year Ended March 31, 2019
Stamp duty	-	52.67	12.10
Legal and professional charges	-	543.10	50.98
Total	-	595.77	63.08

Notes to the Reformatted Financial Statements

40. Capital Management

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

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

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

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)	As at March 31, 2019
Common Equity Tier1 (CET1) capital	1,02,012.53	1,00,841.20	55,811.79
Other Tier 2 capital	1,843.20	1,261.64	798.07
Total capital	1,03,855.73	1,02,102.84	56,609.86

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

Refer Note 46 (2) for further details.

Notes to the Reformatted Financial Statements

41. Impairment of goodwill

The Board of Directors of InCred Housing Finance Private Limited ('HFC'), subsidiary of the Company, had approved the HFC's strategic decision to exit from housing segment on account of various challenges in the affordable housing segment and inadequate ROE expected in the business. Considering the aforementioned strategic decision, the Company had tested the investment for impairment and recognised an impairment loss of Rs. 645.76 lakhs as an exceptional item for the year ended March 31, 2020.

42. Scheme of Amalgamation and arrangement

The Board of Directors of the Company on February 18, 2020 had approved a Scheme of Amalgamation ("Scheme") of Incred Housing Finance Private Limited (a wholly-owned subsidiary of the Company) with the Company. The Company had filed the scheme with National Company Law Tribunal ("NCLT") on October 6, 2020. During the half year ended March 31, 2021, the NCLT, Mumbai bench has approved the Scheme of Amalgamation ("Scheme") vide order no 'CP(CAA)/1094/MB/2020 Connected with CA(CAA)/1105/MB /2020' on March 11, 2021 from the Appointed Date of April 1, 2020. The Scheme will be made effective upon filing of the certified true copy of the order with the Registrar of Companies, from the Appointed Date of April 1, 2020.

On account of NCLT Mumbai Bench being shut (except for urgent hearing matters through video conference w.e.f. April 20, 2021 as notified by circular dated April 19, 2021) in accordance with the government guidelines in view of unprecedented pandemic situation in the country, the certified true copies could not be obtained. In view of the same, though the certified copy of the order is yet to be filed with Registrar of Companies, the Company has given effect of the merger in its standalone audited financial statements for the year ended March 31, 2021.

In accordance with the requirements of Para 9(iii) of Appendix C of Ind AS 103, the standalone financial statements of the Company in respect of the previous year have been restated from the Appointed Date. Summary of effect of restatement of previous published numbers are as below:

(A) Summary of Restated Balance Sheet:

(Rs. in lakhs)

Particulars	As at March 31, 2020	Effect of restatement	As at March 31, 2020
	(as previously reported)		(Restated)
ASSETS			
Financial assets			
(a) Cash and cash equivalents	3,419.63	353.20	3,772.83
(b) Bank balance other than cash and cash equivalents	735.88	-	735.88
(c) Loans	2,04,172.53	676.64	2,04,849.17
(d) Investments	8,695.58	(5,582.07)	3,113.50
(e) Other financial assets	1,712.77	(22.38)	1,690.39
Non-financial assets			
(a) Current tax assets (Net of provision for tax)	787.48	74.88	862.36
(b) Deferred tax assets (Net of deferred tax liabilities)	1,118.43	(155.20)	963.22
(c) Property, plant and equipment	2,928.71	46.37	2,975.07
(d) Capital work-in-progress	125.06	-	125.06
(e) Other intangible assets	295.49	4.48	299.97
(f) Other non-financial assets	1,006.35	39.87	1,046.22
Total assets	2,24,997.90	(4,564.21)	2,20,433.67
LIABILITIES AND EQUITY			
Financial liabilities			
(a) Debt securities	42,105.62	-	42,105.62
(b) Borrowings (other than debt securities)	74,615.66	(4,294.38)	70,321.28
(c) Other financial liabilities	3,339.41	3.16	3,342.57
Non-financial liabilities			
(a) Provisions	153.90	4.51	158.41
(b) Other non-financial liabilities	2,052.09	26.13	2,078.21
Total Equity			
(a) Equity share capital	38,615.30	-	38,615.30
(b) Other equity	64,115.93	(303.63)	63,812.28
Total liabilities and equity	2,24,997.90	(4,564.21)	2,20,433.67

Notes to the Reformatted Financial Statements

42. Scheme of Amalgamation and arrangement (continued)

(A) Summary of Restated Statement of Profit and Loss:

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Effect of restatement	Year ended March 31, 2020
	(as previously reported)		(Restated)
(i) Interest income	30,997.60	105.72	31,103.32
(ii) Fees and commission income	805.82	0.13	805.95
(iii) Net gain/(loss) on fair value changes	365.98	99.03	465.01
(I) Total revenue from operations	32,169.39	204.88	32,374.28
(II) Other income	752.25	30.11	782.37
Total income	32,921.65	234.99	33,156.65
Expenses			
(i) Finance costs	11,861.40	(255.71)	11,605.69
(ii) Impairment on financial instruments	5,530.23	104.51	5,634.74
(iii) Employee benefits expenses	9,068.92	171.66	9,240.58
(iv) Depreciation, amortization and impairment	1,077.41	22.48	1,099.89
(v) Others expenses	4,151.14	120.10	4,271.24
(IV) Total expenses	31,689.11	163.03	31,852.14
Profit before tax and exceptional items	1,232.54	71.96	1,304.52
Exceptional items	616.74	29.02	645.76
Profit before tax and after exceptional item	615.80	42.94	658.75
Tax Expense:			
(1) Current Tax	508.89	18.53	527.43
(2) Deferred Tax	(326.79)	182.70	(144.09)
Profit after tax for the period	433.70	(158.29)	275.41
(X) Other comprehensive income			
(A) (i) Items that will not be reclassified to profit or loss			
(a) Remeasurements of the defined benefit plans	26.31	2.73	29.03
(b) Equity instruments through other comprehensive income	0.02	-	0.02
(ii) Income tax relating to items that will not be reclassified to profit or loss	(0.32)	0.00	(0.32)
Subtotal (A)	26.01	2.73	28.74
(B) (i) Items that will be reclassified to profit or loss			
(a) Debt instruments through other comprehensive income	-	-	-
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-
Subtotal (B)	-	-	-
Other comprehensive income / (loss)	26.01	2.73	28.74
Total comprehensive income for the period	459.71	(155.57)	304.14

InCred Financial Services Limited

Notes to the Reformatted Financial Statements

43. Disclosure as required in paragraph 52 of RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated 6th August 2020 - Resolution Framework for COVID-19-related Stress

(Rs. in lakhs)

Type of borrower	(A) Number of accounts where resolution plan has been implemented under this window	(B) exposure to accounts mentioned at (A) before implementation of the plan	(C) Of (B), aggregate amount of debt that was converted into other securities	(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation	(E) Increase in provisions on account of the implementation of the resolution plan
Personal Loans	7,351	6,789.43	-	-	NA*
Corporate persons	-	-	-	-	-
- of which, MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	7,351	6,789.43	-	-	-

*The Company, being NBFC, has complied with Ind-AS and guidelines duly approved by the Board for recognition of the impairments. The Company has made adequate provision on impairment loss allowance as per ECL model for the year ended March 31, 2021

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

(Rs. in lakhs)

For the year ended March 31, 2021		For the year ended March 31, 2020 (Restated)	
No. of accounts restructured	Amount	No. of accounts restructured	Amount
124	9,370.49	12	126.08

45. Reversal of Compound Interest

As per guidelines issued by RBI on 'Asset Classification and Income Recognition following the expiry of Covid-19 regulatory package' dated April 7, 2021 and the Indian Banks' Association ('IBA') advisory letter dated April 19, 2021, the Company has put in place a Board approved policy to refund/ adjust the 'interest on interest' charged to borrowers during the moratorium period i.e. March 1, 2020 to August 31, 2020. The Company has provided for reversal of interest on interest amounting to Rs. 106.64 lakhs on such loans in the financial statements for the year ended March 31, 2021.

Notes to the Reformatted Financial Statements

46. First-time adoption of Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS. For the year ended March 31, 2018, the company had prepared its financial statements in accordance with Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act ('Indian GAAP').

The financial statements for the current year have been prepared under Ind AS. Previous year's figures have been regrouped, to confirm current year's presentation.

The accounting policies set out in Note 1 have been applied in preparing these financial statements for the year ended March 31, 2019 including the comparative information and in the preparation of an opening Ind AS balance sheet at April 1, 2017 (the "transition date").

In preparing opening Ind AS balance sheet and in presenting the comparative information, the company has adjusted amounts reported in financial statements prepared in accordance with Indian GAAP. An explanation of how the transition from Indian GAAP to Ind AS has affected the financial performance, cash flows and financial position is set out in the following tables and the notes that accompany the tables.

Optional exemptions availed and mandatory exceptions

In preparing the first Ind AS financial statements, the Company has applied the below mentioned optional exemptions and mandatory exceptions.

A. Mandatory Exceptions

1. Estimates

On assessment of the estimates made under the Indian GAAP financial statements, the Company has concluded that there is no necessity to revise the estimates under Ind AS, as there is no objective evidence of an error in those estimates. However, estimates that were required under Ind AS but not required under Indian GAAP are made by the Company for the relevant reporting dates reflecting conditions existing as at that date. Key estimates considered in preparation of the financial statements that were not required under the Indian GAAP are listed below:

- Fair valuation of financial instruments carried at FVOCI/FVTPL
- Determination of the discounted value for financial instruments carried at amortized cost.
- Impairment of financial assets based on the expected credit loss model.

2. Classification and measurement of financial assets

As permitted under Ind AS 101, Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. In line with Ind AS 101, measurement of financial assets accounted at amortized cost has been done retrospectively except where the same is impracticable.

42. First-time adoption of Ind AS (continued)

Reconciliation of net worth as per Indian GAAP and that computed under Ind AS

(Rs. in lakhs)

Particulars	Note	As at March 31, 2018
Net worth as reported under Indian GAAP		54,093.96
Summary of Ind AS adjustments		
Effective interest rate on financial assets and liabilities (net)	1	(537.36)
Optionally Convertible Debentures	1	(5,767.71)
Fair valuation of investments	2	7.39
Expected credit loss on financial assets	3	(309.33)
Fair valuation of security deposits	4	15.04
Reversal of lease equalization reserve	5	8.66
Fair valuation of staff loans	6	1.05
Deferred tax impact on above adjustments	7	(43.25)
Total Ind AS adjustments		(6,625.51)
Net worth under Ind AS		47,468.45

Notes to the Reformatted Financial Statements

Notes to the reconciliation:

1. Effective interest rate (EIR) on financial assets and liabilities (net)

A. Loans and advances

Under Indian GAAP, all the loans and advances are measured at their transaction price and interest income is recognized using the contractual interest rate. However, as per Ind AS 109, loans and advances shall be measured at amortized cost, if it held within a business model whose objective is to hold assets to collect contractual cash flows and 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. Accordingly any upfront loan processing fees shall be amortised on EIR basis over the term of the loan.

B. Borrowings

(a) Optionally convertible debentures (OCD) - Under Indian GAAP, the amount received on the issue of OCD is recognised as Debentures to the extent of face value and excess is recognised as securities premium. However, as per Ind AS 32, the Company treats it as a compound financial instrument by recognizing separately the components of debt and equity. The present value of the redemption amount represents the financial liability, with any remaining proceeds being attributed to equity.

(b) Non-convertible debentures and other borrowings - Under Indian GAAP, borrowings are recorded at their issue price. However, as per Ind AS 109, these are measured at Amortised cost. Any upfront transaction cost shall be amortised on EIR basis over the term of borrowing.

2. Fair valuation of investments

The Company has made investments in the following :

(a) Quoted mutual funds - Under Indian GAAP, these are treated as current investments and valued at the lower of cost or realizable value. Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments have been recognised in retained earnings as at the date of transition and subsequently in the profit or loss for the year ended March 31, 2018.

(b) Commercial papers - Under Indian GAAP, these are treated as current investments and valued at the lower of cost or realizable value. Under Ind AS, these investments are measured at fair value.

(c) Fair value changes with respect to investments in equity instruments designated as at FVOCI have been recognised in FVOCI - Under Indian GAAP, these are treated as non-current investments and valued at cost. Under Ind AS, these equity shares are measured at FVOCI, since, the company, on initial recognition has made an irrevocable election to present the changes in fair value of equity instrument investments in Other comprehensive income.

3. Expected credit losses on financial assets

Ind AS 109, requires the Company to evaluate Expected Credit Loss (ECL) for all financial assets including off-balance sheet items such as guarantees. Accordingly the Company has created a provision for ECL on the following financial assets on transitioning to Ind AS:

- a. Loans and advances
- b. Investments in Commercial Papers measured at FVOCI
- c. Investments in debt securities measured at amortised cost
- d. Other financial assets

4. Fair valuation of Security deposits

As per Ind AS 109, all financial assets and liabilities are required to be measured at their respective fair value. The interest free refundable security deposits are financial assets and are thus required to be measured at present value using an appropriate discount rate. The difference between the fair value and the transaction price has been recognised as prepaid rent and is amortised over the period of the lease on straight-line basis. Subsequently, these security deposits have been measured at amortised cost using the effective interest rate ("EIR") and the resultant interest is accounted as finance income.

5. Reversal of lease equalisation reserve

Under Indian GAAP, the operating lease rentals are recognized as an expense on a straight line basis over the lease period. Under Ind AS, where the escalation rate is in line with the general inflation rate, straight lining of lease rentals is not required.

6. Fair valuation of staff loans

The Company gives loans to its employees. As per Ind AS 109, such staff loans are financial assets and are required to be measured at present value using an appropriate discount rate. The difference between the present value and the loan given shall be recognized as a prepaid cost, to be amortized over the period of the loan. The unwinding of the staff loan as per the effective interest rate method will be recognized as a finance income over the period of the loan.

7. Deferred tax

The application of Ind AS has resulted in recognition of deferred tax on new temporary differences which were not required to be recognised under Previous GAAP.

B. Optional exemptions availed

1. Property, plant and equipment and Intangible assets

The Company has availed the exemption available under Ind AS 101 to continue the carrying value for all of its property, plant and equipment and intangibles as recognized in the financial statements as at the date of transition to Ind AS, measured as per the Indian GAAP and use that as its deemed cost as at the date of transition (April 1, 2017).

Notes to the Reformatted Financial Statements

2. Deemed cost for investment in subsidiary and associates

The Company has elected to continue with the carrying value of its investments in subsidiaries as recognized in the financial statements as at the date of transition to Ind AS. Accordingly, the Company has measured all its investments in subsidiaries at their previous GAAP carrying value.

InCred Financial Services Limited

Notes to the Reformatted Financial Statements

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

RBI disclosures have been prepared based on IndAS financials.

1 Fraud reported during the year

The Company has reported frauds aggregating Rs. 739.00 lakhs (March 31, 2020: Rs. 72.28 lakhs ; March 31, 2019: Rs. 115.93 lakhs) based on management reporting to risk committee and to the RBI through prescribed returns FMR-1.

(Rs. In lakhs)

No of cases	Amount involved	Amount recovered	Amount written off
1	739.00	-	731.33

2 Capital to Risk Assets Ratio (CRAR)

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

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)	As at March 31, 2019
i) CRAR (%)	37.20%	46.89%	29.56%
ii) CRAR - Tier I Capital (%)	36.54%	46.31%	29.15%
iii) CRAR - Tier II Capital (%)	0.66%	0.58%	0.42%
iv) Amount of subordinated debt raised as Tier-II capital	-	-	-
v) Amount raised by issue of Perpetual Debt Instruments	-	-	-
vi) Risk weighted asset	2,79,168.54	2,17,752.82	1,91,474.22

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Notes to the Reformatted Financial Statements

3 Investments

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)	As at March 31, 2019
(1) Value of investments			
(i) Gross value of investments			
(a) In India	12,683.83	3,113.50	7,828.81
(b) Outside India	-	-	-
(ii) Provisions for depreciation			
(a) In India	13.17	-	101.82
(b) Outside India	-	-	-
(iii) Net value of investments			
(a) In India	12,670.65	3,113.50	7,726.99
(b) Outside India	-	-	-
(2) Movement of provisions held towards depreciation on investments			
(i) Opening balance	-	1.82	1.80
(ii) Add : Provisions made during the year	13.17	-	100.02
(iii) Less : Write-off/(write-back)of excess provisions during the year	-	(1.82)	(100.00)
(iv) Closing balance	13.17	-	1.82

4 Derivatives

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)	As at March 31, 2019
(i) Transactions/exposure in derivative during the year	Nil	Nil	Nil
(ii) Unhedged foreign currency exposure as at the year end	Nil	Nil	Nil

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Notes to the Reformatted Financial Statements

5 Disclosures relating to securitisation

- (a) The information on securitisation of the Company as an originator in respect of outstanding amount of securitised assets is given below:

(Rs. in lakhs)				
Sr. No.	Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)	As at March 31, 2019
1	No of SPVs sponsored by the NBFC for securitisation transactions (in No.)	-	1	1
2	Total amount of securitised assets as per books of the SPVs sponsored	-	421.00	3,319.90
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of Balance Sheet			
	(a) Off-Balance Sheet exposures			
	First loss	-	-	-
	Others	-	-	-
	(b) On-Balance Sheet exposures			
	First loss	-	137.00	265.59
	Others	-	331.99	331.99
4	Amount of exposures to securitisation transactions other than MRR			
	(a) Off-Balance Sheet exposures			
	(i) Exposure to own securitisations			
	First loss	-	-	-
	Loss	-	-	-
	(ii) Exposure to third party securitisations	-	-	-
	First loss	-	-	-
	Others	-	-	-
	(b) On-Balance Sheet exposures			
	(i) Exposure to own securitisations	-	-	-
	First loss	-	-	-
	Others	-	-	-
	(ii) Exposure to third party securitisations	-	-	-
	First loss	-	-	-
	Others	-	-	-

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

- (c) The Company has not purchased/sold non-performing assets for the year ended March 31, 2021 , March 31, 2020 and March 31, 2019.

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Notes to the Reformatted Financial Statements

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

(Rs. in lakhs)

Particulars	Up to 30/31 days	Over 1 month up to 2 months	Over 2 months up to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-
Advances	20,636.94	17,076.51	16,817.08	27,879.93	40,890.07	68,296.59	23,993.82	39,768.89	2,55,359.84
Investments	1,098.44	542.19	166.57	4,129.53	1,728.01	1,094.70	-	3,911.22	12,670.66
Borrowings	14,369.27	2,235.84	7,569.00	16,541.89	57,918.88	58,756.50	9,857.72	-	1,67,249.10
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-

Asset liability management maturity pattern of certain items of assets and liabilities as at March 31, 2020 (Restated)

(Rs. in lakhs)

Particulars	Up to 30/31 days	Over 1 month up to 2 months	Over 2 months up to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-
Advances	17,426.19	9,257.39	8,001.27	19,306.14	30,555.09	53,954.26	21,285.94	45,062.89	2,04,849.17
Investments	1,003.81	-	-	-	-	-	-	2,109.69	3,113.50
Borrowings	2,295.98	2,729.53	23,387.59	8,961.54	22,684.70	47,970.99	4,396.56	-	1,12,426.90
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-

Asset liability management maturity pattern of certain items of assets and liabilities as at March 31, 2019

(Rs. in lakhs)

Particulars	Up to 30/31 days	Over 1 month up to 2 months	Over 2 months up to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-
Advances	16,244.32	10,618.64	6,995.39	15,063.22	23,331.10	40,074.58	18,901.09	45,020.15	1,76,248.49
Investments	121.63	-	-	-	587.75	-	-	7,019.44	7,728.81
Borrowings	11,649.49	2,794.73	3,198.84	20,379.30	19,266.47	66,155.45	1,868.24	-	1,25,312.53
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-

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Notes to the Reformatted Financial Statements

7 Exposure to real estate sector

(Rs. in lakhs)

Particulars		As at March 31, 2021	As at March 31, 2020 (Restated)	As at March 31, 2019
	Direct Exposure			
	Residential Mortgages -			
a)(i)	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	3,179.03	1,051.10	715.72
	Commercial Real Estate -			
a)(ii)	Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based limits	57,821.14	45,596.50	46,387.87
a)(iii)	Investments in Mortgage Backed Securities (MBS) and other securitised exposures -			
	a. Residential	-	-	-
	b. Commercial Real Estate	-	-	-
	Indirect Exposure			
	Fund based and non based exposures on National housing Bank and Housing Finance Companies	-	-	-

8 Exposure to capital market

(Rs. in lakhs)

Particulars		As at March 31, 2021	As at March 31, 2020 (Restated)	As at March 31, 2019
(i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	3,911.22	2,109.69	7,726.99
(ii)	Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-	-
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-	-
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds 'does not fully cover the advances;	-	-	-
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-	-
(vi)	Loans sanctioned to corporates against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-	-
(vii)	Bridge loans to companies against expected equity flows/issues;	-	-	-
(viii)	All exposures to Venture Capital Funds (both registered and unregistered)	-	-	-
	Total exposure to capital market	3,911.22	2,109.69	7,726.99

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

The Company has not exceeded the prudential exposure limits for Single Borrower Limit (SGL) / Group Borrower Limit (GBL).

10 Unsecured advances

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

11 Miscellaneous

- (a) Registration obtained from other financial sector regulators

Particulars	Reg. Number
RBI Registration Number (COR)*	B-13.02395
Corporate Identification number (CIN)*	U74899MH1991PLC340312
Central Registry of Securitization Asset	JB867

* The Company has received requisite approval for change of registered office from Delhi to Maharashtra with effect from June 5, 2020. Consequently, the Corporate Identification Number and RBI Regulation Number of the Company has also changed. The erstwhile CIN is U74899DL1991PLC042659 and CoR is B-14.01801

- (b) Disclosure of Penalties imposed by RBI and other regulators: None

- (c) Related Party Transactions

Refer Note 29 to the Financial statements for the transaction with the related parties.

- (d) Credit rating

Particulars	As at	As at	As at
	March 31, 2021	March 31, 2020 (Restated)	March 31, 2019
Long term bank facilities	CRISIL A (Stable) / CARE A (Negative)	CARE A (Stable)	CARE A (Stable)
Non-Convertible Debenture	CRISIL A(Stable) / CARE A (Negative)	CARE A (Stable)	CARE A (Stable)
Market Linked Debentures	CRISIL PP-MLD Ar (Stable) / CARE PP-MLD A (Negative)	CARE PP-MLD A (Stable)	NA
Short term bank facilities	CRISIL A1 / ICRA A1	NA	NA
Commercial Paper	CARE A1 / CRISIL A1	NA	CARE A1

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Notes to the Reformatted Financial Statements

12 Additional disclosures

(a) Provisions and contingencies

(Rs. in lakhs)

Break up of 'Provisions and contingencies' shown under the head expenditure in Profit and Loss account	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)	Year ended March 31, 2019
Provisions for depreciation on investment	13.17	-	100.02
Provision towards NPA/ Write off*	6,028.74	5,066.57	2,456.80
Provision made towards income tax	217.61	383.34	183.59
Provision for Standard Assets/(Reversal of Provision)**	2,211.80	865.49	(54.30)

* Provision on stage 3 assets and write off

** Stage 1 and 2 assets

(b) Draw down from reserves

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

(c) Concentration of Advances, Exposures and NPAs

(c) (i) Concentration of advances

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)	As at March 31, 2019
Total advances to twenty largest borrowers	23,622.22	14,882.01	13,718.95
Percentage of advances to twenty largest borrowers to total advances of the NBFC	8.97%	7.17%	7.78%

(c) (ii) Concentration of exposures

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)	As at March 31, 2019
Total exposure to twenty largest borrowers/customers	23,622.22	14,882.01	13,718.95
Percentage of exposures to twenty largest borrowers/customers to total exposure of the NBFC on borrowers/customers	8.67%	6.84%	7.78%

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Notes to the Reformatted Financial Statements

(c) (iii) Concentration of NPAs*

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)	As at March 31, 2019
Total exposure to top four NPA accounts	1,514.17	1,288.45	1,387.35

* NPA accounts refer to stage 3 assets

(c) (iv) Sector-wise NPAs*

Sr. No.	Sector	Percentage of NPAs to Total Advances in that sector		
		As at March 31, 2021	As at March 31, 2020 (Restated)	As at March 31, 2019
1	Agriculture & allied activities	-	-	-
2	MSME	4.23%	6.28%	2.82%
3	Corporate borrowers	-	-	-
4	Services	2.45%	1.54%	0.45%
5	Unsecured personal loans	3.50%	2.11%	2.08%
6	Auto loans	7.02%	2.30%	0.41%
7	Other personal loans	20.47%	2.08%	-

* NPA accounts refer to stage 3 assets

13 Movement of NPAs*

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)	Year ended March 31, 2019
(i) Net NPAs to net advances (%)	1.71%	1.36%	0.71%
(ii) Movement of NPAs (Gross)			
(a) Opening balance	5,943.06	3,178.63	-
(b) Additions during the year	10,792.43	6,533.25	3,683.89
(c) Reductions during the year	7,698.82	3,768.82	505.26
(d) Closing balance	9,036.67	5,943.06	3,178.62
(iii) Movement of Net NPAs			
(a) Opening balance	2,783.21	1,227.35	-
(b) Additions during the year	5,283.97	3,467.75	1,227.35
(c) Reductions during the year	3,642.64	1,911.89	-
(d) Closing balance	4,424.54	2,783.21	1,227.35
(iv) Movement of provisions for NPAs (excluding provisions on standard assets**)			
(a) Opening balance	3,159.85	1,951.28	-
(b) Provisions made during the year	5,508.45	3,065.50	2,456.54
(c) Write-off of excess provisions	4,056.18	1,856.93	505.26
(d) Closing balance	4,612.12	3,159.85	1,951.28

* NPA accounts refer to stage 3 assets

** Standard assets refer to stage 1 and Stage 2 assets as defined under IND-AS

InCred Financial Services Limited

14 Disclosure of Complaints

Customer Complaints

Sr. No	Particulars	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)	Year ended March 31, 2019
(a)	No. of complaints pending at the beginning of the year	1	4	5
(b)	No. of complaints received during the year	858	514	1096
(c)	No. of complaints redressed during the year	855	517	1097
(d)	No. of complaints pending at the end of the year	4	1	4

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

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

- 16 In accordance with Master Direction Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, the Company has not lent against gold jewellery during the year ended 31 March 2021 (31 March 2020:NIL)

InCred Financial Services Limited

Notes to the Reformatted Financial Statements

Schedule to the Balance Sheet of a Non-Deposit taking Non-Banking Financial Company (as required in terms of paragraph 18 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016)

Schedule to the Balance Sheet

17 Loans & Advances availed by the Non-Banking Financial company inclusive of interest accrued thereon but not paid: (Rs. in lakhs)

Sr. No.	Particulars	As at March 31, 2021		As at March 31, 2020 (Restated)		As at March 31, 2019	
		Amount outstanding	Amount overdue	Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
(1)	Liabilities side :						
	Loans and advances availed by the NBFs inclusive of interest accrued thereon but not paid:						
	(a) Debentures*						
	- Secured	73,827.02	-	42,105.62	-	47,814.80	-
	- Unsecured	-	-	-	-	-	-
	(b) Deferred Credits	-	-	-	-	-	-
	(c) Term Loans	78,803.02	-	65,845.02	-	65,566.34	-
	(d) Inter-corporate loans and borrowing	7,202.41	-	-	-	-	-
	(e) Commercial Paper	1,959.72	-	-	-	-	-
	(f) Public Deposits	-	-	-	-	-	-
	(g) Other Loans	5,456.93	-	4,476.26	-	11,931.39	-
	*other than falling within the meaning of public deposits						
(2)	Assets side :						
	Break-up of loans and advances including bills receivables:						
	(a) Secured	1,36,765.41	1,743.78	1,00,562.73	741.92	83,944.46	166.79
	(b) Unsecured	1,27,699.32	5,707.84	1,09,625.53	2,946.11	89,365.83	1,045.32

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

(Rs. in lakhs)

Sr. No.	Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)	As at March 31, 2019
(i)	Lease assets including lease rentals under sundry debtors:			
	(a) Financial lease	-	-	-
	(b) Operating lease	-	-	-
(ii)	Stock on hire including hire charges under sundry debtors:			
	(a) Assets on hire	-	-	-
	(b) Repossessed Assets	-	-	-
(iii)	Other loans counting towards AFC activities:			
	(a) Loans where assets have been repossessed	-	-	-
	(b) Loans other than (a) above	-	-	-

19 Break-up of investments:

(Rs. in lakhs)

Sr. No.	Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)	As at March 31, 2019
	Current investments :			
1	Quoted:			
	(i) Shares : (a) Equity	-	-	-
	(b) Preference	-	-	-
	(ii) Debenture and bonds	-	-	-
	(iii) Units of mutual funds	-	1,003.81	-
	(iv) Government securities	-	-	-
	(v) Others	-	-	-
2	Unquoted:			
	(i) Shares: (a) Equity	-	-	121.63
	(b) Preference	-	-	-
	(ii) Debentures and bonds	6,652.06	-	-
	(iii) Units of mutual funds	-	-	-
	(iv) Government securities	-	-	-
	(v) Others	2,120.55	-	-
	Non-current investments:			
1	Quoted:			
	(i) Shares : (a) Equity	-	-	-
	(b) Preference	-	-	-
	(ii) Debentures and bonds	-	-	-
	(iii) Units of mutual funds	-	-	-
	(iv) Government securities	-	-	-
	(v) Others	-	-	-
2	Unquoted:			
	(i) Shares: (a) Equity	3,911.22	2,109.69	2,019.44
	(b) Preference	-	-	5,000.00
	(ii) Debentures and bonds	-	-	585.93
	(iii) Units of mutual funds	-	-	-
	(iv) Government securities	-	-	-
	(v) Others	-	-	-

InCred Financial Services Limited

Notes to the Reformatted Financial Statements

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

(Rs. in lakhs)

Sr. No.	Category	As at March 31, 2021		
		Amount (Net of provisions)		
		Secured	Unsecured	Total
1. Related Parties				
(a) Subsidiaries	-	-	-	-
(b) Companies in the same group	-	-	-	-
(c) Other related parties	-	-	-	-
2. Other than related parties	1,33,514.07	1,21,845.76	2,55,359.84	
Total	1,33,514.07	1,21,845.76	2,55,359.84	

(Rs. in lakhs)

Sr. No.	Category	As at March 31, 2020		
		Amount (Net of provisions)		
		Secured	Unsecured	Total
1. Related Parties				
(a) Subsidiaries	-	-	-	-
(b) Companies in the same group	-	-	-	-
(c) Other related parties	-	-	-	-
2. Other than related parties	99,208.70	1,05,640.47	2,04,849.17	
Total	99,208.70	1,05,640.47	2,04,849.17	

(Rs. in lakhs)

Category	As at March 31, 2019		
	Amount (Net of provisions)		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	-	391.91	391.91
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2. Other than related parties	83,944.46	88,973.92	1,72,918.38
Total	83,944.46	89,365.83	1,73,310.29

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

(Rs. in lakhs)

Sr. No.	Category	As at March 31, 2021		As at March 31, 2020 (Restated)		As at March 31, 2019	
		Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties							
(a) Subsidiaries		3,911.22	3,911.22	2,109.69	2,109.69	7,019.44	7,019.44
(b) Companies in the same group		-	-	-	-	-	-
(c) Other related parties		-	-	-	-	-	-
2. Other than related parties		8,772.61	8,759.44	1,003.81	1,003.81	709.37	707.55
Total		12,683.83	12,670.66	3,113.50	3,113.50	7,728.81	7,726.99

22 Other information

(Rs. in lakhs)

Sr. No.	Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)	As at March 31, 2019
		(i) Gross non-performing assets*		
(a) Related parties	-	-	-	
(b) Other than related parties	9,036.67	5,943.06	3,178.63	
(ii) Net non-performing assets*				
(a) Related parties	-	-	-	
(b) Other than related parties	4,424.54	2,783.21	1,227.35	
(iii) Assets acquired in satisfaction of debt	-	-	-	

*NPA accounts refer to stage 3 assets

InCred Financial Services Limited

Notes to the Reformatted Financial Statements

Disclosure as per

As required in RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated 4th November, 2019 - Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies

23 Funding Concentration based on significant counterparty

For the year ended March 31, 2021 (Rs. in lakhs)

Sr. No.	Number of Significant Counterparties	Amount	% of Total Deposits	% of Total liabilities
1	20	1,43,447.99	NA	82.18%

For the year ended March 31, 2020 (Rs. in lakhs)

Sr. No.	Number of Significant Counterparties	Amount	% of Total Deposits	% of Total liabilities
1	18	1,05,626.29	NA	86.39%

24 Top 20 large deposits : NA

25 Top 10 Borrowings

(Rs. in lakhs)

Sr. No.	For year ended March 31, 2021		For year ended March 31, 2020	
	Amount	% of Total borrowings	Amount	% of Total borrowings
1	19,947.87	11.93%	29,325.68	25.12%
2	14,655.49	8.76%	20,318.48	17.41%
3	14,536.03	8.69%	12,405.71	10.63%
4	14,393.36	8.61%	5,387.17	4.62%
5	9,905.24	5.92%	4,925.11	4.22%
6	9,450.24	5.65%	4,436.08	3.80%
7	8,941.82	5.35%	4,294.38	3.68%
8	8,213.51	4.91%	3,747.81	3.21%
9	6,199.78	3.71%	2,974.14	2.55%
10	5,033.80	3.01%	2,521.53	2.16%

26 Funding Concentration based on significant instrument/product

(Rs. in lakhs)

Sr. No.	Name of Instrument	For year ended March 31, 2021		For year ended March 31, 2020	
		Amount	% of Total liabilities	Amount	% of Total liabilities
1	Term Loan	78,803.02	45.14%	65,714.19	53.75%
2	Non Convertible Debentures	55,137.72	31.59%	29,325.68	23.99%
3	Market Linked Debentures	18,689.37	10.71%	12,779.94	10.45%
4	Inter Corporate borrowings	7,202.41	4.13%	4,294.38	3.51%
5	Cash Credit / WCCL	5,456.92	3.13%	4,476.26	3.66%
6	Commercial paper	1,959.72	1.12%	-	0.00%

27 Stock Ratios

For the year ended March 31, 2021

Sr. No.	Name of Instrument	% of Total public funds	% of Total Liabilities	% of Total Assets
a	Commercial paper	1.17%	1.12%	0.70%
b	Non-convertible debentures (Original maturity of less than 1 year)	0.00%	0.00%	0.00%
c	Other short term liabilities	60.72%	58.18%	36.38%

For the year ended March 31, 2020

Sr. No.	Name of Instrument	% of Total public funds	% of Total Liabilities	% of Total Assets
a	Commercial paper as a % to total liabilities	0.00%	0.00%	0.00%
b	Non-convertible debentures as a % to total liabilities	0.00%	0.00%	0.00%
c	Other short term liabilities as a % to total liabilities	53.43%	51.00%	27.72%

Notes to the Reformatted Financial Statements

28. Disclosure as required in paragraph 10 of RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2019-20 dated 17th April 2020 -COVID19 Regulatory Package - Asset Classification and Provisioning

(Rs. in lakhs)

Particulars	Amount (Total POS as on 31st March 2021)	Amount (Total POS as on 31st March 2020) (Restated)
Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended in terms of paragraph 2 and 3;*	69,052.68	57,839.55
Respective amount where asset classification benefits is extended	NIL**	1,061.91
Provisions made during the Q4FY2020 and Q1FY2021 in terms of paragraph 5***	NA	NA
Provisions adjusted during the respective accounting periods against slippages and the residual provisions in terms of paragraph 6	NIL	NIL

*Outstanding as on 31 March 2021 and 31 March 2020 respectively on account of all cases in SMA/ overdue categories where moratorium benefit was extended by the Company up to 31 August 2020

**There are NIL accounts where asset classification benefit is extended till 31 March 2021. Post the moratorium period, the movement of aging has been at actuals.

***The Company, being NBFC, has complied with Ind-AS and guidelines duly approved by the Board for recognition of the impairments. The Company has made adequate provision on impairment loss allowance as per ECL model for the year ended March 31, 2021

Notes to the Reformatted Financial Statements

29. Restructuring of Loans

(Rs. in lakhs)

Sr. No.	Type of Restructuring		Others				
	Asset Classification		Standard	Sub-standard	Doubtful	Loss	Total
	Details						
1	Restructured Accounts as on April 1, 2020 (Restated)						
	No. of borrowers		14	2	-	-	16
	Amount outstanding		127.95	11.74	-	-	139.69
2	Fresh Restructuring during the year						
	No. of borrowers		129	3,817	-	-	3,946
	Amount outstanding		9,449.92	1,050.21	-	-	10,500.13
3	Upgradations to restructured standard category during the FY*						
	No. of borrowers		2	6	-	-	8
	Amount outstanding		74.21	20.79	-	-	95.00
4	Restructured Standard Advances which cease to attract higher provisioning and/ or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY						
	No. of borrowers		-	-	-	-	-
	Amount outstanding		-	-	-	-	-
5	Down gradations of restructured accounts during the FY						
	No. of borrowers		-3	3	-	-	-
	Amount outstanding		(29.64)	29.64	-	-	-
6	Write-offs of restructured accounts during the FY						
	No. of borrowers		-	-	-	-	-
	Amount outstanding		-	-	-	-	-
7	Restructured Accounts as on March 31, 2021						
	No. of borrowers		138	3,816	-	-	3,954
	Amount outstanding		9,474.01	1,070.79	-	-	10,544.80
	Provision thereon		603.52	476.93	-	-	1,080.45

Notes to the Reformatted Financial Statements

29. Restructuring of Loans (Continued)

(Rs. in lakhs)

Sr. No.	Type of Restructuring		Others				
	Asset Classification		Standard	Sub-standard	Doubtful	Loss	Total
	Details						
1	Restructured Accounts as on April 1, 2019 (Restated)	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
2	Fresh Restructuring during the year	No. of borrowers	14.00	2.00	-	-	16.00
		Amount outstanding	153.56	12.05	-	-	165.61
		Provision thereon	14.33	7.83	-	-	22.16
3	Upgradations to restructured standard category during the FY*	No. of borrowers	-	-	-	-	-
		Amount outstanding	25.61	0.32	-	-	25.94
		Provision thereon	2.17	0.21	-	-	2.38
4	Restructured Standard Advances which cease to attract higher provisioning and/ or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
5	Down gradations of restructured accounts during the FY	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
6	Write-offs of restructured accounts during the FY	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
7	Restructured Accounts as on March 31, 2020 (Restated)	No. of borrowers	14.00	2.00	-	-	16.00
		Amount outstanding	127.95	11.74	-	-	139.68
		Provision thereon	12.16	7.63	-	-	19.79

*Includes accounts closed/settled or repayments received from restructured accounts during the current year and previous year

There are no cases restructured on account of CDR mechanism or SME debt restructuring in the current year and previous year.

The Company has availed asset classification benefit under RBI Notification RBI/2018-19/100 DBR.No.BP.BC.18/21.04.048/2018-19 dated January 1, 2019 extended via RBI notification RBI/2019-20/160 DOR.No.BP.BC.34/21.04.048/2019-20 dated February 11, 2020 extended further via RBI Notification RBI/2020-21/17 DOR.No.BP.BC/4/21.04.048/2020-21 dated August 6, 2020 - Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances during FY 2020-21 and FY 2019-20.

The above disclosure does not include assets where resolution plan is implemented under RBI circular RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated 6th August 2020 - Resolution Framework for COVID-19-related Stress.

Notes to the Reformatted Financial Statements

30. Disclosure pursuant to RBI notification 'RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20' dated March 13, 2020 - implementation of Indian Accounting Standards

(Rs. in lakhs)

Asset Classification as per RBI Norms for year ended 31st March 2021	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7)=(4)-(6)
Performing Assets						
	Stage 1	2,29,929.27	1,866.31	2,28,062.96	922.15	944.16
Standard	Stage 2	24,329.43	2,008.79	22,320.64	1,260.74	748.05
Subtotal		2,54,258.70	3,875.10	2,50,383.60	2,182.89	1,692.21
Non-Performing Assets (NPA)						
Substandard	Stage 3	10,206.03	5,229.79	4,976.24	829.56	4,400.23
Doubtful - up to 1 year	Stage 3	-	-	-	328.05	(328.05)
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		-	-	-	328.05	(328.05)
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		10,206.03	5,229.79	4,976.24	1,157.61	4,072.18
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	8,975.03	11.00	8,964.03	-	11.00
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		8,975.03	11.00	8,964.03	-	11.00
Total	Stage 1	2,38,904.30	1,877.31	2,37,026.99	922.15	955.16
	Stage 2	24,329.43	2,008.79	22,320.64	1,260.74	748.05
	Stage 3	10,206.03	5,229.79	4,976.24	1,157.61	4,072.18
	Total	2,73,439.76	9,115.89	2,64,323.87	3,340.50	5,775.39

Notes to the Reformatted Financial Statements

30. Disclosure pursuant to RBI notification 'RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20' dated March 13, 2020 - implementation of Indian Accounting Standards (Continued)

(Rs. in lakhs)

Asset Classification as per RBI Norms for year ended 31st March 2020 (Restated)	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7)=(4)-(6)
Performing Assets						
	Stage 1	1,99,017.36	1,345.71	1,97,671.65	790.46	555.25
Standard	Stage 2	4,355.24	317.58	4,037.68	67.78	249.80
Subtotal		2,03,372.60	1,663.29	2,01,709.33	858.24	805.05
Non-Performing Assets (NPA)						
Substandard	Stage 3	6,815.66	3,675.81	3,139.85	1,202.20	2,473.61
Doubtful - up to 1 year	Stage 3	-	-	-	45.35	(45.35)
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		-	-	-	45.35	(45.35)
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		6,815.66	3,675.81	3,139.85	1,247.55	2,428.26
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	9,880.07	4.82	9,875.25	-	4.82
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		9,880.07	4.82	9,875.25	-	4.82
Total	Stage 1	2,08,897.43	1,350.53	2,07,546.90	790.46	560.07
	Stage 2	4,355.24	317.58	4,037.68	67.78	249.80
	Stage 3	6,815.66	3,675.81	3,139.85	1,247.55	2,428.26
	Total	2,20,068.33	5,343.92	2,14,724.43	2,105.79	3,238.13

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

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

As per our report of even date

For S. R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration No.: 101049W/E300004

**Sarvesh
Warty**

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DN: cn=Sarvesh Warty,
email=Sarvesh.Warty@srb.in
Date: 2022.01.07 22:22:35
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per Sarvesh Warty

Partner

Membership No: 121411

Place: Mumbai

Date: January 07, 2022

For and on behalf of the Board of Directors of

InCred Financial Services Limited

CIN: U74899MH1991PLC340312

**BHUPINDER
SINGH**

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BHUPINDER SINGH
Date: 2022.01.07
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Bhupinder Singh

Whole Time Director and CEO

DIN: 07342318

**VIVEK
BANSAL**

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by VIVEK BANSAL
Date: 2022.01.07
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Vivek Bansal

Whole Time Director and CFO

DIN: 07835456

**GAJENDR
A SINGH
THAKUR**

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Date: 2022.01.07
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Gajendra Thakur

Company Secretary

Place: Mumbai

Date: January 07, 2022

Annexure VI : Statement of Dividend

Particulars		For the year ended March 31, 2021	For the year ended March 31, 2020 (Restated)	For the year ended March 31, 2019
Equity Share Capital (Rs. in Lakhs)		38,624.42	38,615.30	30,762.93
Face Value Per Equity Share (Rs.)	(a)	10	10	10
Interim Dividend on Equity Shares (Rs. per Equity Share)	(b)	-	-	-
Interim Dividend on Equity Shares (Rs. in Lakhs)		-	-	-
Interim Dividend Declared Rate (In %)	(c=b/a)	-	-	-
Final Dividend on Equity Shares (Rs. per Equity Share)	d	-	-	-
Final Dividend on Equity Shares (Rs. in Lakhs)		-	-	-
Final Dividend Declared Rate (In %)	(e=d/a)	-	-	-

As per our report of even date

For S. R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration No.: 101049W/E300004

Sarvesh Warty
Digitally signed by Sarvesh Warty
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per Sarvesh Warty

Partner

Membership No: 121411

Place: Mumbai

Date: January 07, 2022

For and on behalf of the Board of Directors of

InCred Financial Services Limited

CIN: U74899MH1991PLC340312

BHUPINDER SINGH
Digitally signed by
BHUPINDER SINGH
Date: 2022.01.07
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Bhupinder Singh

Whole Time Director and CEO

DIN: 07342318

GAJENDRA SINGH THAKUR
Digitally signed by
GAJENDRA SINGH
THAKUR
Date: 2022.01.07
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Gajendra Thakur

Company Secretary

Place: Mumbai

Date: January 07, 2022

VIVEK BANSAL
Digitally signed
by VIVEK BANSAL
Date: 2022.01.07
20:37:52 +05'30'

Vivek Bansal

Whole Time Director and CFO

DIN: 07835456

Independent Auditor's Review Report on the Quarterly and Year to Date Unaudited Standalone Financial Results of the Company Pursuant to the Regulation 52(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

Review Report to
The Board of Directors
InCred Financial Services Limited

1. We have reviewed the accompanying statement of unaudited standalone financial results of InCred Financial Services Limited (the "Company") for the quarter ended September 30, 2021 and year to date from April 1, 2021 to September 30, 2021 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 52(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, 'Interim Financial Reporting' ("Ind AS 34") prescribed under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Ind AS 34 prescribed under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.
5. We draw attention to note 9 to the Statement, which describes the uncertainty continued to be caused by COVID-19 pandemic and related events which could impact the Company's estimates of impairment of loans to customers. Our conclusion is not modified in respect of this matter.
6. The figures for the previous quarter ended June 30, 2021, as reported in these unaudited standalone financial results have been approved by the Company's Board of Directors, but have not been subjected to a review.



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

7. The comparative financial information of the Company for the corresponding period ended September 30, 2020, included in these standalone Ind AS financial results, were reviewed by the predecessor auditor and the Ind AS financial statements of the Company for the year ended March 31, 2021, were audited by predecessor auditor who expressed an unmodified conclusion and unmodified opinion on those financial information on November 6, 2020 and May 7, 2021 respectively.

For S. R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

Sarvesh Warty.

per Sarvesh Warty

Partner

Membership No: 121411

UDIN: 21121411AAACDY4162

Mumbai

October 25, 2021



INCRD FINANCIAL SERVICES LIMITED

Corporate Office and Registered Office:

Unit 1203, 12th Floor, B wing, The Capital, Plot no C-7D, G Block, Bandra Kurla Complex, Mumbai, India, 400051

CIN: U74899MH1991PLC340312 | Email: incrd.compliance@incrd.com | Contact: 022-4097 7000 | Website-www.incrd.com

STANDALONE STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2021

(INR in lakhs)

Particulars	Quarter ended		Half year ended		Year Ended
	September 30, 2021 Unaudited	June 30, 2021 Unaudited	September 30, 2021 Unaudited	September 30, 2020 Unaudited (Restated)	March 31, 2021 Audited
	(Refer Note 11)	(Refer Note 11)		(Refer Note 8)	
Revenue From operations					
(i) Interest income	11,196.46	10,616.82	21,813.27	17,555.07	37,711.75
(ii) Fees and commission income	281.75	130.14	411.89	159.97	557.16
(iii) Net gain on fair value changes	26.49	24.79	51.28	78.38	268.91
(I) Total revenue from operations	11,504.70	10,771.75	22,276.44	17,793.42	38,537.82
(II) Other income	902.81	203.09	1,105.89	205.19	647.09
(III) Total income (I + II)	12,407.51	10,974.84	23,382.33	17,998.61	39,184.91
Expenses					
(i) Finance costs	5,109.43	4,272.42	9,381.85	7,306.39	15,271.40
(ii) Impairment on financial instruments	979.61	2,056.10	3,035.71	2,923.38	8,865.37
(iii) Employee benefits expenses	3,664.28	3,002.17	6,665.45	4,442.34	9,159.37
(iv) Depreciation, amortization and impairment	213.31	188.31	401.63	496.78	841.79
(v) Others expenses	1,606.77	1,349.24	2,956.01	1,566.33	3,805.92
(IV) Total expenses	11,573.40	10,868.24	22,441.65	16,735.22	37,943.86
(V) Profit before exceptional items and tax (III - IV)	834.11	106.60	940.68	1,263.39	1,241.06
(VI) Exceptional Items	-	-	-	-	-
(VII) Profit before tax (V - VI)	834.11	106.60	940.68	1,263.39	1,241.06
(VIII) Tax Expense:					
(i) Current Tax	159.30	22.81	182.11	1,020.05	1,135.14
(ii) Deferred Tax	41.93	-	41.93	(780.44)	(917.52)
(IX) Profit for the period (VII - VIII)	632.88	83.79	716.64	1,023.78	1,023.44
(X) Other comprehensive income					
(A) (i) Items that will not be reclassified to profit or loss					
(a) Remeasurements of the defined benefit plans	(51.96)	-	(51.96)	(6.03)	(26.29)
(b) Equity instruments through other comprehensive income	-	-	-	-	-
(ii) Income tax relating to items that will not be reclassified to profit or loss	13.08	-	13.08	1.52	6.62
Subtotal (A)	(38.88)	-	(38.88)	(4.51)	(19.67)
(B) Items that will be reclassified to profit or loss					
(i) Items that will be reclassified to profit or loss					
(a) Debt Instruments through other comprehensive income	(124.94)	-	(124.94)	393.82	118.97
(b) The effective portion of gains and loss on hedging instruments in a cash flow hedge	(59.80)	-	(59.80)	-	-
(ii) Income tax relating to items that will be reclassified to profit or loss	46.50	-	46.50	(99.13)	(29.95)
Subtotal (B)	(138.24)	-	(138.24)	294.69	89.03
Other comprehensive Income (A + B)	(177.12)	-	(177.12)	290.18	69.35
(XI) Total comprehensive income for the period (IX + X)	455.76	83.79	539.52	1,313.96	1,092.79
(XII) Earnings per equity share (EPS) (refer note 4)					
(Face value of INR 10 each)					
Basic (INR)	0.16	0.02	0.19	0.27	0.27
Diluted (INR)	0.16	0.02	0.18	0.27	0.26



Notes -

1. Statement of Assets and Liabilities as at September 30, 2021

(INR in lakhs)

Particulars	As at September 30, 2021	As at March 31, 2021
	Unaudited	Audited
ASSETS		
(1) Financial assets		
(a) Cash and cash equivalents	10,806.42	1,323.38
(b) Bank balance other than cash and cash equivalents	1,833.23	588.46
(c) Derivative financial instruments	429.48	-
(d) Loans	2,87,707.20	2,55,359.84
(e) Investments	23,934.33	12,670.66
(f) Other financial assets	4,834.81	1,821.28
	3,29,545.47	2,71,763.62
(2) Non-financial assets		
(a) Current tax assets (Net)	1,374.90	720.61
(b) Deferred tax assets (Net)	1,875.05	1,857.39
(c) Property, plant and equipment	3,140.83	3,276.35
(d) Capital work-in-progress	16.53	14.49
(e) Other intangible assets	196.17	222.49
(f) Other non-financial assets	1,409.85	1,285.55
	8,013.33	7,376.88
Total assets	3,37,558.80	2,79,140.50
LIABILITIES AND EQUITY		
LIABILITIES		
(1) Financial liabilities		
(a) Debt securities	1,14,954.82	73,827.02
(b) Borrowings (other than debt securities)	1,07,552.67	93,422.08
(c) Other financial liabilities	4,209.42	4,231.88
	2,26,716.91	1,71,480.98
(2) Non-financial liabilities		
(a) Provisions	258.14	169.48
(b) Other non-financial liabilities	3,499.63	2,905.26
	3,757.77	3,074.74
EQUITY		
(a) Equity share capital	38,769.26	38,624.42
(b) Other equity	68,314.86	65,960.36
	1,07,084.12	1,04,584.78
Total liabilities and equity	3,37,558.80	2,79,140.50



2. Cash Flow Statement for the half year ended September 30, 2021

(INR in lakhs)

Particulars	Period ended September 30, 2021
Cash flow from operating activities	
Profit before tax	940.68
Adjustments to reconcile net profit to net cash generated from / (used in) operating activities	
Depreciation and amortisation	401.63
Net (gain)/loss on fair value changes	(51.28)
Interest income	(21,813.27)
Finance cost	9,284.66
Impairment loss	3,035.71
Share based expense	1,380.33
Advertisement expense	15.31
Retirement benefit expenses	30.26
Interest expense on lease liability	97.19
Reversal of rent expense	(197.84)
Operating profit before working capital changes	(6,876.62)
Working capital adjustments	
(Increase) in Loans	(34,759.50)
(Increase) in other financial assets	(3,013.53)
(Increase) in other non financial assets	(139.61)
Increase in other financial liabilities	78.18
Increase in provisions	6.44
Increase in other non financial liabilities	594.37
Cash generated from operations	(44,110.27)
Interest received on loans	20,535.86
Interest paid on borrowings	(8,765.26)
Income taxes paid (net)	(961.23)
Net cash (used in) operating activities	(33,300.90)
Cash flow from investing activities	
Purchase of property, plant and equipment	(207.04)
Purchase of intangibles assets	(32.74)
Capital work-in-progress	(2.03)
Purchase of investments	(2,09,341.57)
Proceeds from sale of investments	1,98,293.88
Investment in term deposits earmarked with banks	(44,719.26)
Proceeds from maturity of term deposits earmarked with banks	43,534.14
Net cash (used in) investing activities	(12,474.62)
Cash flow from financing activities	
Issue of equity shares (including securities premium)	579.34
Proceeds from borrowings (other than debt securities)	48,670.00
Proceeds from issue of debt securities	51,850.00
Repayment of borrowings (other than debt securities)	(32,701.08)
Redemption of debt securities	(11,170.63)
Net cash generated from financing activities	57,227.63
Net increase / (decrease) in cash and cash equivalents	11,452.11
Cash and cash equivalents at the beginning of the year	(645.69)
Cash and cash equivalents at the end of the year	10,806.42

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



Notes:

- The above standalone financial results of Incred Financial Services Limited ("the Company") have been reviewed and recommended by the audit committee to the Board of Directors and the same has been approved at the meeting held on October 25, 2021.
- The standalone financial results have been prepared in accordance with Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016, prescribed under section 133 of the Companies Act 2013 ('the Act') read with relevant rules issued thereunder and the other accounting principles generally accepted in India. Any application guidance / Clarifications/Directions issued by Reserve Bank of India or other regulators are implemented as and when they are issued / applicable.
- In compliance with Regulation 52 of the Securities Exchange Board of India ('SEBI') (Listing Obligations and Disclosure Requirements) Regulations 2015 a 'Limited Review' of standalone financial results for the quarter and half year ended September 30, 2021 has been carried out by the Statutory Auditors of the Company.
- Earnings per equity share for the quarter ended September 30, 2021 and June 30, 2021 and for half year ended September 30, 2021 and September 30, 2020 have not been annualised.
- These standalone financial results have been prepared in accordance with the requirement of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended.
- During the previous year, to relieve COVID-19 pandemic related stress, the Company has invoked resolution plans for eligible borrowers based on the parameters laid down in accordance with the resolution policy approved by the Board of Directors of the Company and in accordance with the guidelines issued by the RBI on August 6, 2020.

i) Disclosure as per format prescribed under notification no. RBI/2020-21/16 DOR.No.BP.BC/3/21.04.04B/2020-21 for the half year ended September 30, 2021:

(INR in lakhs)

Type of borrower	(A) Number of accounts where resolution plan has been implemented under this window	(B) exposure to accounts mentioned at (A) before implementation of the plan	(C) Of (B), aggregate amount of debt that was converted into other securities	(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation	(E) Increase in provisions on account of the implementation of the resolution plan*
Personal Loans#	7,351	6,789.43	-	-	917.58
Corporate persons	-	-	-	-	-
- of which, MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	7,351	6,789.43	-	-	917.58

*The Company, being NBFC, has complied with Ind-AS and has made adequate provision on impairment loss allowance as per ECL model for the year ended March 31, 2021

Out of the above, there are no accounts, for which resolution framework under RBI circular "Resolution framework for COVID related stress dated 6th August 2020" has been implemented post March 31, 2021

ii) Disclosure as per format prescribed under notification no. RBI/2020-21/16 DOR.No.BP.BC/3/21.04.04B/2020-21 for the half year ended September 30, 2021:

(INR in lakhs)

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year (A)	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A) amount written off during the half-year*	Of (A) amount paid by the borrowers during the half-year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year
Personal Loans	7,492.72	1,095.39	106.34	738.82	5,552.17
Corporate persons	-	-	-	-	-
- of which, MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	7,492.72	1,095.39	106.34	738.82	5,552.17

* Accounts written off during the half year were classified as NPA prior to being written off

iii) Disclosure as per format prescribed under notification no. RBI/2021-22/31 DOR.STR.REC.11/21.04.04B/2021-22 for the half year ended September 30, 2021:

Sl. No	Description	Individual Borrowers		Small businesses
		Personal Loans	Business Loans	
(A)	Number of requests received for invoking resolution process under Part A	1,595	2	-
(B)	Number of accounts where resolution plan has been implemented under this window	1,595	2	-
(C)	Exposure to accounts mentioned at (B) before implementation of the plan	324.60	23.91	-
(D)	Of (C), aggregate amount of debt that was converted into other securities	-	-	-
(E)	Additional funding sanctioned, if any, including between invocation of the plan and implementation	-	-	-
(F)	Increase in provisions on account of the implementation of the resolution plan*	0.32	0.06	-

*The Company, being NBFC, has complied with Ind-AS and has made adequate provision on impairment loss allowance as per ECL model for the period ended September 30, 2021.



7. On August 16, 2021, the Company entered into agreements with KKR India Financial Services Limited ("KIFS") for the demerger of the retail lending, SME lending, housing finance business and ancillary activities of the Company to KIFS ("Proposed Demerger"). The Board of Directors of the Company at their meeting held on September 3, 2021 has approved a composite scheme of arrangement ("Scheme") amongst KKR Capital Markets India Private Limited, Bee Finance Limited, KIFS and the Company and their respective shareholders for the Proposed Demerger. The Scheme has been filed with the National Company Law Tribunal on September 27, 2021. The Scheme will be effective post completion of customary conditions, including receipt of approvals from the relevant statutory authorities.
8. During the previous year ended March 31, 2021, the NCLT, Mumbai bench had approved the Scheme of Amalgamation ("Scheme") of Incred Housing Finance Private Limited ("IHFPL") (a wholly-owned subsidiary of the Company) with the Company vide order no 'CP(CAA)/1094/MB/2020 Connected with CA(CAA)/1105/MB /2020' on March 11, 2021 from the Appointed Date of April 1, 2020. The Scheme was filed with the Registrar of Companies, Maharashtra at Mumbai on June 3, 2021. In accordance with the requirements of Para 9(iii) of Appendix C of Ind AS 103, the standalone financial results of the Company in respect of the previous period have been restated from the Appointed Date to include the half year unaudited results of IHFPL for comparative purpose.
9. In accordance with the Board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated 27 March 2020, 17 April 2020 and 23 May 2020 relating to 'COVID19 -Regulatory Package', the Company had granted moratorium up to six months on the payment of instalments which became due between 1 March, 2020 and 31 August, 2020 to all eligible borrowers. During the half year, the Company has provided loan moratorium in respect of certain loan accounts pursuant to RBI's Resolution Framework 2.0. dated May 5, 2021 for COVID-19 induced stress. As at September 30, 2021, the Company holds adequate impairment allowance on the loan portfolio as per requirements of Ind AS 109. However, giving the dynamic and evolving nature of the pandemic, these estimates are subject to uncertainty caused by resurgence of COVID-19 pandemic and related factors.
10. The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September, 2020. The effective date from which the changes are applicable is yet to be notified and the rules for quantifying the financial impact are yet to be framed. The Company will assess the impact of the Code when it comes into effect and the rules are framed. The Company will record any related impact in the period the Code becomes effective.
11. The statement of standalone financial results includes the results for the quarter ended September 30, 2021 being the balancing figure between year to date figures up to the half year of the current financial year and quarter ended June 30, 2021 of current financial year. The figures for quarter ended June 30, 2021 are approved by the Board of Directors and were not subject to limited review by Statutory Auditors of the Company.
12. Pursuant to SEBI circular dated October 5, 2021, the Company has elected an option to not present the figures for the corresponding quarter dated September 30, 2020 and cash flow statement for the half year ended September 30, 2020 and also has elected the option of not presenting the consolidated financial results for any interim periods and the same shall be provided on an annual basis.
13. All secured Non Convertible Debentures ("NCDs") issued by the Company are secured by pari-passu charge on the Company's property (wherever applicable) and /or exclusive charge on receivables under book debts to the minimum extent of 100% or such higher security as per the respective term sheets of the outstanding secured NCDs.
14. There is no separate reportable segment as per Ind AS 108 on 'Operating Segments' in respect of the Company.
15. The previous period's / year's figures have been regrouped / reclassified, wherever necessary, to correspond with the current period's / year's classification / disclosure.

For InCred Financial Services Limited



Vivek Bansal

Whole Time Director & CFO

DIN: 07835456

Place: Mumbai

Date: October 25, 2021



KEY OPERATIONAL AND FINANCIAL PARAMETERS

This section should be read together with the Reformatted Standalone Financial Information, including the notes thereto, in “Financial Information” on page 130. All figures given in this chapter are in Rs. in lakhs, unless otherwise stated.

Our financial year commences on April 1 and ends on March 31 of the immediately subsequent year, and references to a particular financial year are to the 12 months ended March 31 of that year. Unless otherwise in dictated or the context otherwise requires, the financial information included herein is derived from our Reformatted Standalone Financial Information included in this Prospectus.

Key Performance Indicators - Based on the Reformatted Consolidated Financial Information

Particulars	(Rs. in lakhs, except per share data and ratios)		
	As at and for the year ended March 31		
	2021	2020	2019
Balance Sheet			
Net Fixed assets (including intangible assets)	4,002.87	3,578.55	1,752.27
Current assets	1,35,300.39	91,708.71	81,577.72
Deferred tax assets (net)	1,857.39	1,118.43	924.60
Non-current assets	1,39,292.64	1,26,804.25	1,07,590.19
Total Assets	2,80,453.29	2,23,209.94	1,91,844.78
Non-Current Liabilities (including maturities of long-term borrowings and short-term borrowings)			
Financial (borrowings, trade payables, and other financial liabilities)	72,594.26	55,686.13	57,671.95
Provisions	169.90	132.69	99.39
Deferred tax liabilities (net)	832.27	1,069.68	1,205.53
Other non-current liabilities	-	-	46.17
Current Liabilities			
Financial (borrowings, trade payables, and other financial liabilities)	98,550.01	60,144.23	68,914.15
Provisions	-	25.72	54.58
Current tax liabilities (net)	-	-	43.11
Other current liabilities	2,905.65	2,101.09	1,958.17
Equity (equity and other equity)	1,05,401.20	1,04,050.40	61,851.73
Total Equity and Liabilities	2,80,453.29	2,23,209.94	1,91,844.78
Profit and Loss			
Total revenue	39,247.65	33,266.65	36,013.99
Revenue from operations	38,549.52	32,362.32	30,980.00
Other income	698.13	904.34	5,033.99
Total Expenses	38,895.18	32,552.91	31,872.15
Total comprehensive income	286.39	545.04	2,825.60
Profit / (loss)	352.47	713.75	4,141.85
Other comprehensive income	69.35	28.73	53.54
Profit / (loss) after tax	217.04	516.31	2,772.06
Earnings per equity share: Basic; (Continuing operations)	0.06	0.14	0.80
Earnings per equity share: Diluted (Continuing operations)	0.06	0.14	0.80
Earnings per equity share: Basic (Discontinued operations)	NA	NA	NA
Earnings per equity share: Diluted (Discontinued operations)	NA	NA	NA
Earnings per equity share: Basic (Total Continuing and discontinued operations)	0.06	0.14	0.80
Earnings per equity share: Diluted (Total Continuing and discontinued operations)	0.06	0.14	0.80

Particulars	As at and for the year ended March 31		
	2021	2020	2019
Cash Flow			
Net cash generated from operating activities	(52,691.05)	(29,628.03)	(28,145.39)
Net cash used in / generated from investing activities	(6,466.17)	(4,269.87)	(1,721.39)
Net cash used in financing activities	57,761.73	35,405.54	24,184.27
Cash and cash equivalents (net change)	(1,395.49)	1,507.65	(5,682.51)
Balance as per statement of cash flows	(511.15)	884.34	(623.30)
Additional Information			
Net worth	1,05,401.20	1,04,050.40	61,851.73
Cash and Cash Equivalents	1,457.92	3,843.63	6,773.51
Current Investments	7,664.75	1,003.80	121.65
Assets Under Management	2,55,359.84	2,04,849.17	1,73,800.39
Off Balance Sheet Assets	-	-	-
Total Debts to Total assets (times)	0.61	0.52	0.66
Debt Service Coverage Ratios (times)	0.15	0.16	0.14
Interest Income	37,723.45	31,091.36	29,940.46
Interest Expense	15,275.74	11,605.70	14,082.84
Interest service coverage ratio (times)	1.02	1.06	1.29
Provisioning & Write-offs	8,868.63	5,634.50	3,643.13
Bad debts to Account receivable ratio (times)	0.02	0.02	0.01
Gross NPA (%)	3.43%	2.86%	1.81%
Net NPA (%)	1.71%	1.36%	0.71%
Tier I Capital Adequacy Ratio (%)	NA	NA	NA
Tier II Capital Adequacy Ratio (%)	NA	NA	NA

Debt Equity Ratio of the Company (as on March 31, 2021)

Debt Equity Ratio before Issue of the Debt Securities	1.62
Debt Equity Ratio after Issue of the Debt Securities	1.76

Note 1: The debt-equity ratio post the Issue is indicative and is on account of inflow of ₹ 15,000 lakhs from the proposed public issue without considering the funds raised and repaid during the current financial year and does not include contingent and off-balance sheet liabilities. The actual debt-equity ratio post the Issue would depend upon the actual position of debt and shareholders fund on the date of allotment.

Note 2: The debt equity ratio pre-issue is calculated based on the Reformatted Consolidated Financial Information for the year ended March 31, 2021.

Note 3:

1. Short term borrowings represent borrowings which are due within twelve months from the end of respective financial year.
2. Long term borrowings represent debts other than short term borrowings, as defined above, including current maturities of long-term borrowings.
3. The figures disclosed above are based on the Reformatted Consolidated Financial Information of the Company as at and for the year ended March 31, 2021, 2020 and 2019.
4. Total Debts to Total assets = Short term borrowings + Long term borrowings including current maturity of long-term borrowings / Total Assets.
5. Debt Service Coverage Ratios = Earnings before Interest and Taxes / Total Debt (Borrowings)
6. Interest service coverage ratio = Earnings before Interest and Taxes / Finance Cost
7. Bad debts to Account receivable ratio = Bad Debts written off / Trade Receivables (Loan Receivables)
8. Debt / Equity Ratio = Total Debt (Borrowings) / Net worth.

Key Performance Indicators - Based on the Reformatted Standalone Financial Information

(Rs. in lakhs, except per share data and ratios)

Particulars	As at and for the year ended March 31		
	2021	2020	2019
Balance Sheet			
Net Fixed assets (including intangible assets)	3,513.33	3,400.10	1,436.91
Current assets	1,34,947.73	91,889.03	76,821.11

Particulars	As at and for the year ended March 31		
	2021	2020	2019
Deferred tax assets (net)	1,857.39	963.22	791.96
Non-current assets	1,38,822.05	1,24,181.32	1,08,700.13
Total Assets	2,79,140.50	2,20,433.67	1,87,750.10
Non-Current Liabilities (including maturities of long-term borrowings and short-term borrowings)			
Financial (borrowings, trade payables, and other financial liabilities)	72,594.30	55,264.36	58,067.13
Provisions	169.48	132.69	93.56
Deferred tax liabilities (net)	-	-	-
Other non-current liabilities	-	-	-
Current Liabilities			
Financial (borrowings, trade payables, and other financial liabilities)	98,886.68	60,505.11	68,110.08
Provisions	-	25.72	54.58
Current tax liabilities (net)	-	-	-
Other current liabilities	2,905.26	2,078.21	1,857.90
Equity (equity and other equity)	1,04,584.78	1,02,427.58	59,566.85
Total Equity and Liabilities	2,79,140.50	2,20,433.67	1,87,750.10
Profit and Loss			
Total revenue	39,184.90	33,156.65	29,075.72
Revenue from operations	38,537.82	32,374.28	29,056.66
Other income	647.09	782.37	19.06
Total Expenses	37,943.86	32,497.90	28,514.65
Total comprehensive income	1,092.79	304.14	415.81
Profit / (loss)	1,241.04	658.75	561.06
Other comprehensive income	69.35	28.73	38.35
Profit / (loss) after tax	1,023.44	275.41	377.39
Earnings per equity share: Basic; (Continuing operations)	0.27	0.07	0.12
Earnings per equity share: Diluted (Continuing operations)	0.26	0.07	0.12
Earnings per equity share: Basic (Discontinued operations)	NA	NA	NA
Earnings per equity share: Diluted (Discontinued operations)	NA	NA	NA
Earnings per equity share: Basic (Total Continuing and discontinued operations)	0.27	0.07	0.12
Earnings per equity share: Diluted (Total Continuing and discontinued operations)	0.26	0.07	0.12
Cash Flow			
Net cash generated from operating activities	(49,611.37)	(26,280.19)	(33,746.03)
Net cash used in / generated from investing activities	(10,009.79)	(4,535.30)	(1,713.39)
Net cash used in financing activities	58,161.93	32,530.05	24,917.82
Cash and cash equivalents (net change)	(1,459.22)	1,714.56	(10,541.60)
Balance as per statement of cash flows	(645.69)	813.54	(5,550.32)
Additional Information			
Net worth	1,04,584.78	1,02,427.58	59,566.77
Cash and Cash Equivalents	1,323.38	3,772.83	1,846.49
Current Investments	7,664.75	1,003.81	121.63
Assets Under Management	2,64,464.73	2,10,188.26	1,76,248.49
Off Balance Sheet Assets	-	-	-
Total Debts to Total assets (times)	0.61	0.53	0.67
Debt Service Coverage Ratios (times)	0.15	0.16	0.13
Interest Income	37,711.75	31,103.32	28,331.82
Interest Expense	15,271.40	11,605.69	13,783.97
Interest service coverage ratio (times)	1.08	1.06	1.04

Particulars	As at and for the year ended March 31		
	2021	2020	2019
Provisioning & Write-offs	8,865.37	5,634.74	2,402.49
Bad debts to Account receivable ratio (times)	0.02	0.02	0.00
Gross NPA (%)	3.43%	2.86%	1.82%
Net NPA (%)	1.71%	1.36%	0.71%
Tier I Capital Adequacy Ratio (%)	36.54%	46.31%	29.15%
Tier II Capital Adequacy Ratio (%)	0.66%	0.58%	0.42%

Debt Equity Ratio of the Company (as on March 31, 2021)

Debt Equity Ratio before Issue of the Debt Securities	1.60
Debt Equity Ratio after Issue of the Debt Securities	1.74

Note 1: The debt-equity ratio post the Issue is indicative and is on account of inflow of ₹ 15,000 lakhs from the proposed public issue without considering the funds raised and repaid during the current financial year and does not include contingent and off-balance sheet liabilities. The actual debt-equity ratio post the Issue would depend upon the actual position of debt and shareholders fund on the date of allotment.

Note 2: The debt equity ratio pre-issue is calculated based on the Reformatted Standalone Financial Information for the year ended March 31, 2021.

Note 3:

1. Short term borrowings represent borrowings which are due within twelve months from the end of respective financial year.
2. Long term borrowings represent debts other than short term borrowings, as defined above, including current maturities of long-term borrowings.
3. The figures disclosed above are based on the Reformatted Standalone Financial Information of the Company as at and for the year ended March 31, 2021, 2020 and 2019.
4. Total Debts to Total assets = Short term borrowings + Long term borrowings including current maturity of long-term borrowings / Total Assets.
5. Debt Service Coverage Ratios = Earnings before Interest and Taxes/ Total Debt (Borrowings)
6. Interest service coverage ratio = Earnings before Interest and Taxes / Finance Cost
7. Bad debts to Account receivable ratio = Bad Debts written off / Trade Receivables (Loan Receivables)
8. Debt / Equity Ratio = Total Debt (Borrowings) / Net worth.

FINANCIAL INDEBTEDNESS

Details of the outstanding borrowings of our Company as on September 30, 2021:

S. No.	Nature of Borrowing	Amount (in ₹ Lakh)	%age
1.	Secured Borrowings	2,20,507.50	99.10
2.	Unsecured Borrowings	2,000.00	0.90
	Total	2,22,507.50	100.00

Standalone	Amount (in ₹ Lakh)
Debt Securities	1,14,954.82
Borrowings (Other than Debt Securities)	1,07,552.67
Total	2,22,507.50

Set forth below, is a brief summary of the borrowings by our Company as on September 30, 2021, together with a brief description of certain significant terms of such financing arrangements.

Secured Loan Facilities

Our Company's secured borrowings as on September 30, 2021 amount to ₹ 2,20,507.50 lakh.

The details of the secured borrowings are set out below:

Term Loans

The total sanctioned amount of term loans availed from banks and financial institutions as on September 30, 2021 is ₹ 1,52,060.00 lacs, the total amount outstanding (as per Ind-AS) as on September 30, 2021 is ₹ 1,05,605.64 lacs. The details of the term loans as of September 30, 2021 are set out below:

Sr. No.	Lender Name	Date of Disbursement/ Sanction	Sanctioned Amount (₹ in lakh)	Amount Outstanding (As per Ind-AS) (₹ in lakh)	Maturity Date	Repayment Schedule	Prepayment Clause	Penalty Clause
1.	IDFC First Bank Limited	28 May 2019	10,000	5,802.91	28-Jun-23	12 months moratorium followed by 36 equal monthly instalments.	Unless otherwise agreed and specified in the sanction letter, the Borrower shall not without prior written approval of the Bank, prepay the outstanding principal amounts of the Facility in full or in part, before the Due Dates.	The Borrower irrevocably acknowledges that the occurrence of any breach of terms and conditions of this Agreement shall be deemed to require reassessment of initial credit parameters of the Borrower and as a consequence thereof, the Borrower shall without demur/ protest be liable to pay to the Bank Revised Applicable Rate of Interest and/or Modified Applicable Rate of Interest (in lieu of Applicable Rate of Interest) as the case may be, from the date of happening/ non-happening of the relevant conditions till

Sr. No.	Lender Name	Date of Disbursement/ Sanction	Sanctioned Amount (₹ in lakh)	Amount Outstanding (As per Ind-AS) (₹ in lakh)	Maturity Date	Repayment Schedule	Prepayment Clause	Penalty Clause
								such conditions are complied with to the satisfaction of the Bank.
2.	Bank of Baroda	28 Sep 2018	15,0000	3,713.89	30-Sep-22	Repayable in 16 quarterly instalments starting from 29.12.2018.	No prepayment charges, if prepayment is made from internal sources.	Penal interest of 2% p.a. till default continues in case of breach of the financial covenants and other terms and conditions, as per the sanction letter.
3.	Bank of Baroda	01 Jul 2019	15,0000	4,094.17	12-Jul-22	Repayable in 36 equal monthly instalments without any moratorium	No prepayment charges, if prepayment is made from internal sources.	Penal interest of 2% p.a. till default continues in case of breach of the financial covenants and other terms and conditions, as per the sanction letter.
4.	Bank of Baroda	09 Sep 2019	10,000	9,701.95	27-Jan-24	Repayable in 48 equal monthly instalments without any moratorium.	The Borrower may prepay the whole or any part of loan from internal sources by providing a 30 days' prior written notice to the Bank without any prepayment penalty.	Penal interest of 2% p.a. till default continues in case of breach of the financial covenants and other terms and conditions, as per the sanction letter and term loan agreement.
5.	Bank of Maharashtra	16 Jan 2020	2,000	1,236.68	26-Jan-24	Repayable in 16 equal quarterly instalments.	Prepayment penalty shall be levied upto 1% of the prepaid amount, if the repayment is not out of own sources. Prepayment penalty @ 1% on the amount prepaid may stipulated if prepayment is by way of refinance from any other bank/FI. If entire or any part of loan is prepaid from internal accruals or from fresh equity infusion, prepayment penalty should be Nil.	Penal interest @ 1% p.a. is applicable for non – compliance of terms of sanction, non – creation of security and penal interest @ 2% p.a. is applicable in case of payment default. Where simultaneous defaults are observed under various heads where penal interest is applicable, the maximum penal interest to be charged over and above the normal applicable rate of interest shall be restricted to 2% p.a.
6.	Bank of Maharashtra	04 Dec 2020	5,000	4,394.36	15-Sep-25	Repayable in 18 quarterly equal instalments after moratorium period of 3 months	Prepayment charges are waived in the following cases: a. In case the loan is paid off by internal cash accruals and/or own sources;	Penal interest @ 1% p.a. is applicable for non – compliance of terms of sanction/non – creation of security and penal interest at the rate 1% p.a. is applicable in case of payment default. Where simultaneous defaults are observed

Sr. No.	Lender Name	Date of Disbursement/ Sanction	Sanctioned Amount (₹ in lakh)	Amount Outstanding (As per Ind-AS) (₹ in lakh)	Maturity Date	Repayment Schedule	Prepayment Clause	Penalty Clause
							<p>b. At the time of ROI reset when the company can prepay amount with 30 days' notice.</p> <p>Prepayment Penalty shall be levied upto 1% of the prepaid amount if the repayment is not out of own sources.</p>	under various heads where penal interest is applicable, the maximum penal interest to be charged over and above the normal applicable rate of interest shall be restricted to 2% p.a.
7.	Bank of India	03 Jan 2020	5,000	3,568.66	30-Nov-24	<p>Repayable in 18 quarterly instalments after moratorium period of 6 months</p>	<p>The Borrower shall have the option to prepay the whole or any part of the Facility in full or in part on payment of prepayment charge of 1.00% of the amount prepaid for the residual period of the Facility on simple interest basis, if paid out of own funds. Provided that the Borrower shall have right to prepay the Facility, without payment of any prepayment charge, by giving the Lender a 30 (thirty) days prior notice in writing, if prepayment is made by the Borrower from its internal accruals or equity infusion.</p> <p>Prepayment fees shall be charged at 2% on the outstanding liability in case of take-over of the loan by other bank / FI</p>	<p>Penal interest of 1% p.a. will be attracted in case of any default in complying with the terms of sanction letter</p> <p>Penal interest of 2% shall be charged for the period of overdue of interest or non-compliance in terms of sanction letter.</p>
8.	State Bank of India	20 Dec 2019	7,500	5,431.69	28-Feb-25	<p>Repayable in 19 equal quarterly instalments after moratorium period of 3 months</p>	<p>The Borrower shall have the option to prepay the whole or any part of the Facility in full or in part on payment of prepayment charge of 2.00% of the amount prepaid for the residual period of the Facility on simple interest basis. Provided that the Borrower shall have right to prepay the Facility, without payment of any prepayment charge, by</p>	<p>a. In case of delayed submission of Asset cover statement by 20th of succeeding month, a penal charge of Rs. 1000 for per day of delay</p> <p>b. In case of non-submission of renewal data including</p>

Sr. No.	Lender Name	Date of Disbursement/ Sanction	Sanctioned Amount (₹ in lakh)	Amount Outstanding (As per Ind-AS) (₹ in lakh)	Maturity Date	Repayment Schedule	Prepayment Clause	Penalty Clause
							<p>giving the Lender a 30 (thirty) days prior notice in writing, if prepayment is made</p> <p>a. Payment at the instance of lenders.</p> <p>b. Loans prepaid out of higher cash accrual/ equity infusion by promoter.</p> <p>c. In the instances, where the Bank has strategically decided to exit from the exposure.</p>	<p>audited balance sheet within 6 months of the closure of the financial year of the borrowing entity, a penal charge of Rs. 50,000 upto due date of renewal and Rs. 1,00,000 per month thereafter till the date of submission. Further, a delay of more than one month in submission of audited balance sheet, the pricing to go up by 25 basis points till the submission of audited balance sheet.</p> <p>c. In case of non-submission/delayed submission of other returns/statements, a penal charge of Rs. 5000 for each month of delay beyond due date for submission.</p> <p>d. In case of diversion of funds, a penal charge of 2% p.a. on the entire outstanding till such time, the position is rectified.</p> <p>e. In case of non-payment of interest/ installment, a penal charge of 5% per annum on the irregular portion for the period of irregularity.</p> <p>f. In case of cross default, a penal charge of 1%</p>

Sr. No.	Lender Name	Date of Disbursement/ Sanction	Sanctioned Amount (₹ in lakh)	Amount Outstanding (As per Ind-AS) (₹ in lakh)	Maturity Date	Repayment Schedule	Prepayment Clause	Penalty Clause
								<p>p.a. on the entire outstanding for the period of non-adherence subject to minimum period of 1 year.</p> <p>g. In case of adverse deviation from any two of the financial covenants, a penal interest will be charged retrospectively from the date of audited balance statement.</p>
9.	Central Bank of India	16 Mar 2020	5,000	2,887.00	30-Apr-23	Repayable in 12 equal quarterly installments.	The Borrower may prepay the Loan on each interest reset date by giving the Lender a prior notice of 30 (thirty) days without pre-payment premium. In case of prepayment in any other situation, prepayment premium @1% pa., would be charged on pro rata basis for the unexpired period subject to a maximum of 2%. No prepayment charges shall be payable if (i) prepayment is made out of equity infusion/internal accruals of the Borrower, by giving 30 (thirty) days prior notice to the Lender.	Any submission of statements will attract a penal interest of 1% p.a. applicable for the period of default.
10.	Union Bank of India	07 Apr 2020	10,000	8,212.17	30-Jun-25	Repayable in 18 equal quarterly installments after a moratorium period of 6 months.	The Borrower shall have the option to prepay the Facility in part or full within 30 days after each Reset Date(s) without payment of prepayment premium. Such prepayment shall be made by giving an irrevocable notice within 15 business days after each Reset Date.	<p>The Borrower further agrees that if default shall be made in payment of any instalment on due dates, the Borrower shall pay penal interest at 2% p.a. on the total outstanding and for the period for which the default is not cured.</p> <p>In case of non-submission of rating of external agency by the</p>

Sr. No.	Lender Name	Date of Disbursement/ Sanction	Sanctioned Amount (₹ in lakh)	Amount Outstanding (As per Ind-AS) (₹ in lakh)	Maturity Date	Repayment Schedule	Prepayment Clause	Penalty Clause
							<p>case the prepayment is done on any other dates.</p> <p>Prepayment penalty will also be payable @ 1% in case the borrower prepays the debt by way of funds other than fresh equity or internal accruals.</p>	Borrower within 6 months of the date of release of limits, a penal interest of 1% from the date of expiry of such period shall be charged.
11.	Indian Bank	30 Dec 2020	5,000	4,671.01	31-Dec-25	<p>Repayable in 18 quarterly installments after a moratorium of 6 months</p>	<p>a. Prepayment charges levied shall be card rate plus GST.</p> <p>b. Prepayment charges @ 2% of the drawing limit or balance outstanding whichever is higher to be recovered.</p> <p>However, no prepayment penalty would be payable if the prepayment is made from surplus cash accruals generated by the borrower or equity fusion.</p>	<p>Applicable penal interest to be charged on the overdue amount for the period account remains overdrawn due to irregularities such as non-payment of interest immediately on application, non-payment of installments within one month of their falling due, reduction in drawing power/limit, excess borrowings due to over limit, devolvement of L/C, invocation of Guarantee etc. If the account continues to be overdrawn for a period of 90 days, the bank may consider initiation of other action also as deemed fit by the bank.</p> <p>Any default in complying with terms of sanction letter will attract applicable penal interest.</p>
12.	Indian Bank	18 Aug 2021	4,500	4,426.62	30-Jan-25	<p>Repayable in 12 equal quarterly installments from the moratorium period of 6 months</p>	<p>In the event of prepayment of the loan by the borrower(s) before the stipulated repayment schedule, the bank is entitled to levy a prepayment charge @ bank' card rate (card rate plus GST).</p>	<p>Applicable penal interest to be charged on the overdue amount for the period account remains overdrawn due to irregularities such as non-payment of interest immediately on application, non-payment of</p>

Sr. No.	Lender Name	Date of Disbursement/ Sanction	Sanctioned Amount (₹ in lakh)	Amount Outstanding (As per Ind-AS) (₹ in lakh)	Maturity Date	Repayment Schedule	Prepayment Clause	Penalty Clause
							<p>Further, prepayment charges @ 2% of the drawing limit or balance outstanding whichever is higher to be recovered.</p> <p>However, no prepayment penalty would be payable if the prepayment is made from surplus cash accruals generated by the borrower or equity fusion</p>	<p>installments within one month of their falling due, reduction in drawing power/limit, excess borrowings due to over limit, devolvement of L/C, invocation of Guarantee etc. If the account continues to be overdrawn for a period of 90 days, the bank may consider initiation of other action also as deemed fit by the bank.</p> <p>Any default in complying with terms of sanction letter will attract applicable penal interest.</p>
13.	Canara Bank	24 Feb 2021	5,000	4,915.90	28-Mar-26	<p>Repayable in 18 consecutive quarterly installments from the moratorium period of 6 months.</p>	<p>Borrower shall be permitted to prepay the facility without any prepayment charges/penalty at the time of reset of ROI with 30 days' notice. All other cases, prepayment charges will be 2% of amount prepaid.</p> <p>Notice of prepayment once having been given it shall be obligatory for the Borrower to make prepayment in accordance with the notice.</p> <p>The Borrower shall not be entitled to re-borrow any amount prepaid under the Agreement. Any amount prepaid shall be applied towards the repayment installments in the inwards order of its maturity</p>	<p>Non-compliance of any of sanction letter terms and conditions and irregularities in the account will attract penal interest @ 2%.</p> <p>In case of default, applicable penal interest of 2% p.a. for the period of default.</p>

Sr. No.	Lender Name	Date of Disbursement/ Sanction	Sanctioned Amount (₹ in lakh)	Amount Outstanding (As per Ind-AS) (₹ in lakh)	Maturity Date	Repayment Schedule	Prepayment Clause	Penalty Clause
14.	Karnataka Bank	02 Mar 2021	3,500	3,150.24	11-Apr-24	Repayable in 10 equal quarterly installments.	<p>Pre-closure/foreclosure charges of 2% shall be charged only in case of takeover of liabilities by other banks.</p> <p>Prepayment/foreclosure charges are waived, if the reset new interest rate is not acceptable to the borrower, subject to prepayment within 45 days from the date of communication of reset</p>	<p>In case, Borrower fails to submit audited financial of the company every year by the end of 31st December of that year, penal interest of 1% p.a. over and above the sanctioned rate will be charged on outstanding balance after the said date.</p> <p>Penal interest at the rate of 5% shall be charged for delayed servicing of installments/interests/excess drawings/ TOD/ adhoc limits.</p>
15.	Tata Capital Financial Services Limited	05 Aug 2019	4,000	795.82	15-Aug-22	Repayable in 36 equal monthly installments till maturity	<p>The Borrower may prepay the entire outstanding Dues (but not a part thereof) by giving to Lender, a 30 days' notice in writing, of the Borrower's intention to prepay and paying to Lender in full the outstanding Dues payable by the Borrower to Lender. The prepayment shall take effect only when cash has been paid or cheques have been realised. Further on every prepayment, prepayment charges of 2% on the prepaid amount shall be levied.</p> <p>In the following case, the prepayment charge shall not be levied:</p> <p>a. In case of changes in the spread, no charge shall be levied on the prepaid amount.</p> <p>b. In the event, the revised rate of interest is not</p>	<p>In case of non-creation, delayed, non-submission of security or collateral related documents and non-perfection of security, a penalty interest of 2% of outstanding amount shall be charge for the period of delay.</p> <p>In case of non-adherence of financial covenants of sanction letter, an additional one-time charge of Rs. 20,000 per financial year shall be charged.</p>

Sr. No.	Lender Name	Date of Disbursement/ Sanction	Sanctioned Amount (₹ in lakh)	Amount Outstanding (As per Ind-AS) (₹ in lakh)	Maturity Date	Repayment Schedule	Prepayment Clause	Penalty Clause
							acceptable to the Borrower, the Borrower shall give notice of same in writing to Lender from such revised interest communication date and shall mandatorily repay to Lender in full, all amounts outstanding under the credit facility including all costs, charges, interest or dues, without payment of prepayment fee or penalty.	
16.	Tata Capital Financial Services Limited	03 Dec 2020	2,450	1,977.97	15-Dec-23	Repayable in 36 equal monthly installments till maturity	Prepayment charges of 2% on the prepaid amount shall be levied	In case of non-creation, delayed, non-submission of security or collateral related documents and non-perfection of security, a penalty interest of 2% of outstanding amount shall be charge for the period of delay. In case of non-adherence of financial covenants of sanction letter, an additional one-time charge of Rs. 20,000 per financial year shall be charged.
17.	Hinduja Leyland Finance	22 Nov 2018	4,000	260.10	22-Nov-21	Repayable in 36 equal monthly instalments	Prepayment charges of 2% on the outstanding value of the Facility.	Penalty of 2% over and above normal interest shall be charged in following cases: a. Non-submission of stock statements within 30 days of the succeeding month and quarter. b. Non-submission of quarterly compliance certificate within 45 days

Sr. No.	Lender Name	Date of Disbursement/ Sanction	Sanctioned Amount (₹ in lakh)	Amount Outstanding (As per Ind-AS) (₹ in lakh)	Maturity Date	Repayment Schedule	Prepayment Clause	Penalty Clause
								of completion of each quarter. c. Non-submission of audited balance sheet within 6 months of closure of financial year.
18.	Hinduja Leyland Finance	15 Mar 2021	3,500	3,003.56	19-Mar-24	Repayable in 36 equal monthly instalments	a. No prepayment prior to the expiry of 12 months from the disbursement date. b. The Borrower may prepay outstanding amounts under the Facility, in full and not in part, upon providing the Lender written notice of 7 business days. In event of such prepayment, Prepayment charges of 2% on the outstanding value of the Facility. c. Partial Prepayment is not allowed	In the event, the Borrower fails to comply with the reporting requirements within 7 days from written notice issued by Lender, the Borrower shall be liable to pay a penalty of Rs. 6000 per day in the event of such non-adherence.
19.	Nabsamrudhi Finance Limited	30 Jul 2021	2,500	2,427.88	31-Aug-24	Repayable in 36 equated monthly instalments	Prepayment of loan accepted only with fixed prepayment charges @ 2.5% of the prepaid amount.	Failure in perfection of charge on security within 90 days from the date of first disbursement shall attract penal interest of 1% p.a. on the outstanding loan amount till the date of perfection of security.
20.	Nabkisan Finance Limited	06 Mar 2020	2,000	1,157.73	01-Jun-23	Repayable in 12 quarterly instalments after moratorium period of 3 months	Prepayment of loan is permitted with fixed prepayment charges at 2.5% p.a.	If InCred Financial Services Limited fails to pay interest charges/loan charges on the due date/s, it shall be liable to pay additional charges on the overdue amount 2% over and above the interest rate applicable to the principal amount.
21.	Nabkisan Finance Limited	03 Jun 2021	2,000	1,741.84	31-May-23	Repayable in 8 quarterly instalments without any	Prepayment of loan is permitted with fixed prepayment charges at 2.0% p.a.	Penal Interest of 2% p.a. will be charged in case of any breach of terms and conditions of sanction, loan

Sr. No.	Lender Name	Date of Disbursement/ Sanction	Sanctioned Amount (₹ in lakh)	Amount Outstanding (As per Ind-AS) (₹ in lakh)	Maturity Date	Repayment Schedule	Prepayment Clause	Penalty Clause
						moratorium		<p>agreement or otherwise.</p> <p>For a delay in payment of principal/interest instalment, penal interest on outstanding amount for total period of delay will be payable at the rate of 2% p.a. over and above the applicable interest rate.</p> <p>If InCred Financial Services Limited fails to pay interest charges/loan charges on the due date/s, it shall be liable to pay additional penal interest on the outstanding amount for the total period of delay at the rate of 2% over and above the interest rate applicable to the principal amount.</p>
22.	Small Industries Development Bank Of India	30 Jul 2021	12,500	12,556.21	10-Jul-22	Repayable in equal monthly installments commencing after a moratorium period upto 2 months from the date of disbursement. The repayment schedule shall be drawn in such a way that the loan facility gets fully amortized within 12	The Borrower can prepay the loan without any prepayment penalty/charges after 7 working days from the date of serving the notice to SIDBI.	A charge of 2% p.a. over and above the applicable rate, by way of penal interest, will be levied for defaults in payment of principal, interest and other monies payable under this Agreement. Arrears of penal interest shall carry interest at the rate applicable for the Loan.

Sr. No.	Lender Name	Date of Disbursement/ Sanction	Sanctioned Amount (₹ in lakh)	Amount Outstanding (As per Ind-AS) (₹ in lakh)	Maturity Date	Repayment Schedule	Prepayment Clause	Penalty Clause
						months including moratorium period or 10 th June, 2022.		
23.	Suryodaya Small Finance Bank Ltd.	14 Aug 2021	2,000	2,007.27	05-Sep-23	Repayable in Equated Monthly Installments	Prepayment not permitted within 12 months of drawdown, Post 12 months of drawdown, Prepayment/Foreclosure of the Facility shall be permitted subject to a penalty of 2% on the amount prepaid pursuant to a prepayment notice of minimum 30 days.	Any overdrawn in the account, non payment of interest/installment/any other amount due to the Bank on the due date will attract an additional interest of 2% p.a over and above the applicable interest on the overdue amount/ installments/ any other amount due to the bank.
24.	ESAF Small Finance Bank Ltd.	22 Sep 2021	3,000	2,985.88	10-Sep-24	Repayable in 11 equal quarterly installments after an initial repayment holiday of 3 months.	In case borrower desires to prepay the loan, the prepayment of loan will be accepted making 1% of the prepaid as prepayment charge. Prepayment or foreclosure for loans is permitted after a minimum of 12 months following the loan disbursal. The Borrower/ Co- Borrower shall send a written request to the Bank mentioning the clear instruction for reducing the tenure or equated monthly installments in case of prepayment of the loan. The Borrower/ Co- Borrower undertakes to submit atleast 30 days prior written intimation for foreclosure.	Delay/ non-submission of receivables' statement on quarterly basis will attract penal interest @ 1.00% p.a. from the date of default on the outstanding amount. A penal interest of 2.00% p.a. would be charged on the amount of overdue installment/ interest over the credit limit. For non- creation of security within the stipulated period, a penal interest of 2.00% p.a. on the outstanding amount will be recovered on the facility.
25.	Maanaveeya Development & Finance Private Limited	15 Dec 2020	2,500	2,027.77	24-Dec-23	The loan will be repaid in 33 monthly	Advanced repayments are permitted to a maximum of 10% of the initial principal amount in any 12 months of the Loan term.	In the event of default by the Borrower, if the borrower fails to pay promptly and in full any amount due from it under the Loan Agreement, an extra monthly charge shall

Sr. No.	Lender Name	Date of Disbursement/ Sanction	Sanctioned Amount (₹ in lakh)	Amount Outstanding (As per Ind-AS) (₹ in lakh)	Maturity Date	Repayment Schedule	Prepayment Clause	Penalty Clause
						<p>installments.</p> <p>The total loan will be repaid within 36 months of the release i.e., 3 months of moratorium and 33 months of repayment.</p>	<p>If the Borrower makes any prepayment without fulfilling the aforesaid conditions, Maanaveeya shall be entitled to appropriate the same in such manner as it deems fit and credit for the same shall only be given only on or after the Loan, interest and/or any other monies, fall due for payment to Maanaveeya or demanded by Maanaveeya in accordance with this Agreement and/or the other Finance Documents.</p>	<p>be levied at the lower of the maximum permitted legal rate or the rate of 1% per month of such unpaid amount.</p>
26.	Aditya Birla Finance Ltd.	17 Feb 2021	4,000	3,236.99	15-Feb-24	<p>Repayable in 36 equal monthly installments</p>	<p>Prepayment of loan will be accepted on the terms and conditions to be decided by ABFL from time to time.</p> <p>Except as may be provided in Schedule III, the Borrower/s shall not, without the prior written approval of the Lender, which approval may be given subject to such terms and conditions as may be stipulated by the Lender including payment of the Prepayment Premium as stipulated in Schedule III, prepay the Secured Obligations along with statutory levy, if any in full or in part, before the relevant Due Dates.</p> <p>Subject to the abovementioned, any notice of prepayment given by any Party shall be irrevocable and shall specify the date or dates upon which the relevant</p>	<p>2% p.a. over and above the rate for the last draw down or Rollover of facility on entire principal/ payable interest on delay in repayment of principal/ Interest/ charges.</p>

Sr. No.	Lender Name	Date of Disbursement/ Sanction	Sanctioned Amount (₹ in lakh)	Amount Outstanding (As per Ind-AS) (₹ in lakh)	Maturity Date	Repayment Schedule	Prepayment Clause	Penalty Clause
							prepayment is to be made and the amount of that prepayment. The Borrower/s may not re-borrow under this Agreement any part of the Facility which is prepaid or repaid.	

Security for the above term loans/ facilities:

First pari-passu charge over all the book debts (including standard loan receivables), monies, amounts owing to or received by, receivables, claims and bills which are now due and owing or which may at any time hereinafter during the continuation of the security become and owing to our Company in the course of its business by any person, firm, company, Hindu undivided family, or body corporate or by any government department or office or any municipal or local or public or semi government body or authority or undertaking or project, both present and future (whether under any documents or otherwise whether such monies receivables are retained in any of the accounts or otherwise) and all estate, benefit, property, rights, title, interest, benefits, claims and demands whatsoever of the Company in, to or in respect of all the aforesaid amounts, both present and future, to the extent they meet the requirements of each lender's asset cover in respect of the outstanding Facilities. The minimum asset cover required to be maintained by our Company for secured loan facilities ranges from 110%-133%.

Working Capital Demand Loans and Cash Credit facilities from Banks:

The total sanctioned amount of working capital demand loans and cash credit facility availed from banks as on September 30, 2021 is ₹ 10,500 lacs, the amount outstanding (as per Ind-AS) of working capital demand loans and cash credit facility as on September 30, 2021 is ₹ NIL. The details of the working capital demand loans and cash credit facilities are set out below:

Sr. No.	Lender Name	Facility	Date of Disbursement/ Sanction	Sanctioned Amount (₹ in lakh)	Amount Outstanding (As per Ind-AS) (₹ in lakh) *	Maturity Date	Repayment Schedule
a.	IDFC First Limited	Working Capital Credit	16-Sep-2021	5,000	NIL	Annual Renewal	On demand/ Renewal in 1 year
b.	Karnataka Bank	Overdraft Facility	21-Apr-2020	1,000	(0.30)	Annual Renewal	On demand/ Renewal in 1 year
c.	RBL Bank	Working Capital Demand Loan	02-Mar-2021	3,500	(4.54)	Annual Renewal	On demand/ Renewal in 1 year
d.	Yes Bank	Cash Credit	23-Dec-2020	1,000	NIL	Annual Renewal	On demand/ Renewal in 1 year

Security for the above working capital demand loans and cash credit facilities

Working Capital Demand Loans and Cash Credit facilities (including overdraft facility) are secured by way of first pari passu charge on hypothecation on the current assets and loan receivables of our Company.

Secured Non-Convertible Debentures

Our Company has issued secured redeemable non-convertible debentures of which ₹ 1,12,350.00 lacs (Principal Value) is outstanding as on September 30, 2021, the details of which are set forth below:

Particulars	Amount (₹ in lakh)
10,485 secured NCDs of face value of ₹ 10,00,000	1,04,850.00
7,500 secured NCDs of face value of ₹ 1,00,000	7,500.00

Total	1,12,350.00
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Redemption dates of aforesaid NCDs represents actual maturity and does not consider call/put option, except as stated below:

Sr. No.	Description (ISIN)	Tenor (in years)	Coupon Rate (%)	Amount Outstanding (As per Ind-AS) (₹ in lakh) *	Date of Allotment	Date of Redemption	Latest Credit Rating	Interest Payment Frequency	Repayment Schedule
1.	INE945W07134	3 years from 22-Jun-20	9.75% p.a.	5,045.74	22-Jun-20	22-Jun-23	CARE A; CWP/ CRISIL A (CWP)	Annually on anniversary of 22-Jun	To be redeemed in full on 22-Jun-23
2.	INE945W07142	1 year 6 months from 23-Jun-20	9.50% p.a.	10,245.52	23-Jun-20	20-Dec-21	CARE A; CWP/ CRISIL A (CWP)	Annually on anniversary of 23-Jun and on maturity 20-Dec-21	To be redeemed in full on 20-Dec-21
3.	INE945W07167	1 year 6 months from 31-Jul-20	9.50% p.a.	5,069.68	31-Jul-20	28-Jan-22	CARE A; CWP/ CRISIL A (CWP)	Semi-Annual basis	To be redeemed in full on 28-Jan-22
4.	INE945W07225	1 year 6 months from 04-Dec-20	9.10% p.a.	1,881.98	04-Dec-20	04-Jun-22	CARE A; CWP/ CRISIL A (CWP)	Quarterly and on maturity	To be redeemed in full by 04-Jun-22
5.	INE945W07175	1 year 6 months from 10-Aug-20	9.40% p.a.	5,056.42	10-Aug-20	10-Feb-22	CARE A; CWP / CRISIL A (CWP)	Annual	To be redeemed in full on 10-Feb-22
6.	INE945W07159	3 years from 26-Jun-20	9.75% p.a.	10,183.04	26-Jun-20	26-Jun-23	CARE A; CWP/ CRISIL A (CWP)	Annually on anniversary of 26-Jun-20 and on maturity 26-Jun-23	To be redeemed in full on 26-Jun-23
7.	INE945W07357	1 year 6 months from 11-Sept-20	9.40% payable Semi annually and on maturity	7,514.90	11-Sept-20	11-Mar-22	CARE A; CWP/ CRISIL A (CWP)	Semi-Annually	To be redeemed in full on 11-Mar-22
8.	INE945W07316	6 years from 27-Jul-21	10.95% per annum	11,501.57	19-May-21	27-Jul-27	CRISIL A/Watch Positive	30-Jun-22, 30-Jun-23 and on and from the expiry of 36 (Thirty Six) months from the 27-Jul-21 until the 27-Jul-27 annually on July 27 of every calendar	In case put/call option is exercised, to be redeemed on 26-Jul-24. In case put/call option is not exercised,

Sr. No.	Description (ISIN)	Tenor (in years)	Coupon Rate (%)	Amount Outstanding (As per Ind-AS) (₹ in lakh) *	Date of Allotment	Date of Redemption	Latest Credit Rating	Interest Payment Frequency	Repayment Schedule
								year with the final coupon payment date being the 27-Jul-27 (subject to adjustments for Business Day Convention)	to redeemed on 27-Jul-27
9.	INE945W07118	2 years from 13-Dec-19	10.90% p.a.	3,157.43	13-Dec-19	14-Dec-21	CARE PP-MLD A; CWP	Bullet payment on 14-Dec-21	Bullet payment on 14-Dec-21
10.	INE945W07118	1 year 11 months from 21-Jan-20	10.90% p.a.	1,037.14	21-Jan-20	14-Dec-21	CARE PP-MLD A;	Bullet payment on 14-Dec-21	Bullet payment on 14-Dec-21
11.	INE945W07126	2 years from 20-Feb-20	10.90% p.a.	4,682.64	20-Feb-20	18-Feb-22	CARE PP-MLD A;CWP	Bullet payment on 18-Feb-22	Bullet payment on 18-Feb-22
12.	INE945W07126	1 year and 8 months from 3-Jul-20	10.90%	1,248.53	03-Jul-20	18-Feb-22	CARE PP-MLD A	Bullet payment on 18-Feb-22	Bullet payment on 18-Feb-22
13.	INE945W07183	2 years and 6 months from 3-Sept-20	10.25%	1,946.22	03-Sept-20	03-Mar-23	CARE PP-MLD A; CWP	Bullet payment on 03-Mar-23	Bullet payment on 03-Mar-23
14.	INE945W07183	2 years and 3 months from 26-Nov-20	10.25%	1,437.50	26-Nov-20	03-Mar-23	CARE PP-MLD A	Bullet payment on 03-Mar-23	Bullet payment on 03-Mar-23
15.	INE945W07183	2 years and 5 months from 25-Sept-20	10.25%	873.61	25-Sept-20	03-Mar-23	CARE PP-MLD A	Bullet payment on 03-Mar-23	Bullet payment on 03-Mar-23
16.	INE945W07183	2 years and 3 months from 30-Nov-20	10.76%	950.87	30-Nov-20	03-Mar-23	CARE PP-MLD A	Bullet payment on 03-Mar-23	Bullet payment on 03-Mar-23
17.	INE945W07183	2 years and 3 months from 07-Dec-20	10.25%	873.34	07-Dec-20	03-Mar-23	CARE PP-MLD A	Bullet payment on 03-Mar-23	Bullet payment on 03-Mar-23

Sr. No.	Description (ISIN)	Tenor (in years)	Coupon Rate (%)	Amount Outstanding (As per Ind-AS) (₹ in lakh) *	Date of Allotment	Date of Redemption	Latest Credit Rating	Interest Payment Frequency	Repayment Schedule
18.	INE945W07365	2 years 6 months from 29-Sept-21	9.25%	7,297.02	29-Sept-21	29-Mar-24	CRISIL PP- MLD Ar/ Watch Positive	Bullet payment on 29-Mar-24.	Bullet payment on 29-Mar-24.
19.	INE945W07324(Series I) INE945W07332 (Series II)	Series I – 1 year and 5 months from 29-Jul-21 Series II – 2 years and 1 month from 29-Jul-21	Series I- Annualised coupon rate yielding 2.5% XIRR. Series II- Annualised coupon rate yielding 10.50% XIRR.	4,047.27	29-Jul-21	Series I – 29-Dec-22 Series II – 29-Aug-23	Series 1- CRISIL PPMLD A r/Watch Positive Series 2- CRISIL PPMLD A r/Watch Positive	Series 1- Bullet payment on 29-Dec-22. Series II- Bullet payment on 29-Aug-23	Series 1: Bullet payment on 29-Dec-22 Series II: Bullet payment on 29-Aug-23
20.	INE945W07241	2 years 6 months from 29-Jan-21	9.50%	1,572.71	29-Jan-21	28-Jul-23	CARE PP-MLD A; CWP	Bullet payment on 28-Jul-23	Bullet payment on 28-Jul-23.
21.	INE945W07274	2 years from 27-May-21	9.75%	1,573.96	27-May-21	26-May-23	CRISIL PPMLD A r/Watch Positive	Bullet payment on 26-May-23.	Bullet payment on 26-May-23
22.	INE945W07340	2 years 6 months from 23-Sept-21	9.25%	3,137.20	23-Sept-21	22-Apr-24	CRISIL PPMLD A r/Watch Positive	Bullet payment on 22-Apr-24	Bullet payment on 22-Apr-24
23.	INE945W07282	3 years 4 months from 01-Jun-2021	Variable Coupon	1,414.78	01-Jun-2021	04-Oct-2024	CRISIL PPMLD A r/Watch Positive	Bullet payment on 04-Oct-2024	Bullet payment on 04-Oct-24
24.	INE945W07258	1 year 6 months from 23-Apr-21	10.00%	3,848.03	23-Apr-21	20-Oct-22	CRISIL PPMLD A r/Watch Positive	Bullet payment on 20-Oct-22	Bullet payment on 20-Oct-22.
25.	INE945W07308	2 years 9 months from 20-Jul-21	Variable coupon	1,547.75	20-Jul-21	26-Apr-24	CRISIL PPMLD A r/Watch Positive	Bullet payment on 26-Apr-24	Bullet payment on 26-Apr-24
26.	INE945W07266	3 years 6 months from	9.25%	10,250.54	05-May-21	04-Nov-24	CRISIL PP- MLD	Bullet payment on 04-Nov-24	Bullet payment on 04-Nov-24

Sr. No.	Description (ISIN)	Tenor (in years)	Coupon Rate (%)	Amount Outstanding (As per Ind-AS) (₹ in lakh) *	Date of Allotment	Date of Redemption	Latest Credit Rating	Interest Payment Frequency	Repayment Schedule
		05-May-21					AA+r (CE)	subject to the exercise of call option.	subject to the exercise of call option.
27.	INE945W07290	5 years from 02-Jul-21	9.15%	7,561.42	02-Jul-21	03-Apr-23	CRISIL PP-MLD AA+r (CE)	Bullet payment on 03-Apr-23 subject to the exercise of call option.	Bullet payment on 03-Apr-23 subject to the exercise of call option.

Security for Secured Non-Convertible Debentures:

The various issues of secured non-convertible debentures of our Company are secured in the following manner:

- a. Certain issues are secured with the First ranking pari passu charge on the loan receivables (Hypothecated Receivables) to be created pursuant to the respective deed of hypothecation and debenture trust deed to be executed between the company and the Debenture Trustee.
- b. Certain issues are secured by a pari passu charge, on receivables of the Company (excluding those specifically charged/to be charged in favour of creditors), ("Charged Receivables") created pursuant to the respective deed of hypothecation to be executed between the Company and the Debenture Trustee as described herein.
- c. Security in certain issues shall consist of the following:
 - i. 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;
 - ii. first ranking and exclusive charge over the Cash Collateral;
 - iii. 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.

The minimum asset cover required to be maintained by our Company for the secured NCD ranges from 1.00-1.46 times.

Penalty Clause to all Secured Non-Convertible Debentures:

- a. In case of delay in listing of the Debentures beyond the prescribed days from the Deemed Date of Allotment, the Issuer will pay penal interest of at least 1% p.a. from the expiry of 30 days from the Deemed Date of Allotment till the listing of the Debentures to the investor.
- b. In case of delay in execution of the Debenture Trust Deed and the Security Documents, the Issuer will refund the subscription with agreed rate of interest or will pay penal interest of at least 2% p.a. over the Coupon Rate till these conditions are complied with at the option of the investor.

Also, it is clarified that in addition to the above, in certain issuances of secured non-convertible debentures, the following penalty clause is also applicable:

- a. In case of delay in listing of the Debentures beyond the prescribed days from the Deemed Date of Allotment, the Issuer will pay penal interest of at least 1% p.a. from the expiry of 30 days from the Deemed Date of Allotment till the listing of the Debentures to the investor.

Details of the charges created:

Our Company as on September 30, 2021, has created charges aggregating to a sanctioned amount of ₹ 2,92,033 lacs in favor of security trustees for the benefit of Company's lenders. The details of the charges as on September 30, 2021 is as follows:

Sr. No.	SRN	Charge Id	Charge Holder	Date of Creation	Date of Modification	Date of Satisfaction	Amount (₹ in lakh)
1.	T55236558	100496065	Catalyst Trusteeship Limited	29-Sept-21	NA	NA	7,500
2.	T54251160	100495840	Catalyst Trusteeship Limited	24-Sept-21	NA	NA	3,200
3.	T35169036	100475598	Catalyst Trusteeship Limited	29-Sept-21	NA	NA	4,000
4.	T34298174	100475132	Catalyst Trusteeship Limited	21-Jul-21	NA	NA	11,500
5.	T34297937	100475127	Catalyst Trusteeship Limited	20-Jul-21	NA	NA	1,500
6.	T32744799	100464857	Axis Trustee Services Limited	01-Jul-21	NA	NA	7,500
7.	T22874663	100450139	Catalyst Trusteeship Limited	07-Jun-21	NA	NA	5,110
8.	T22942965	100451064	Catalyst Trusteeship Limited	02-Jun-21	NA	NA	1,390
9.	T22211593	100450042	Catalyst Trusteeship Limited	28-May-21	NA	NA	1,540
10.	T19240217	100449385	Catalyst Trusteeship Limited	03-May-21	NA	NA	10,000
11.	T17952417	100442459	Catalyst Trusteeship Limited	26-Apr-21	NA	NA	3,720
12.	T16933756	100442383	Catalyst Trusteeship Limited	15-Apr-21	NA	NA	1,500
13.	T28825115	100441281	Catalyst Trusteeship Limited	02-Mar-21	30-Jun-21	NA	2,500
14.	T07055874	100419610	Yes Bank Limited	02-Feb-21	NA	NA	1,000
15.	R76797562	100396501	Maanaveeya Development & Finance Private Limited	21-Dec-20	NA	NA	2,500
16.	R66397100	100379040	Catalyst Trusteeship Limited	15-Sept-20	NA	NA	7,500
17.	R66397456	100379041	Catalyst Trusteeship Limited	15-Sept-20	NA	NA	5,000
18.	R66394420	100379057	Catalyst Trusteeship Limited	15-Sept-20	NA	NA	5,000
19.	R68231034	100374918	Catalyst Trusteeship Limited	27-Aug-20	07-Sept-20	NA	10,000
20.	R68604826	100374916	Catalyst Trusteeship Limited	27-Aug-20	07-Sept-20	NA	5,000
21.	R68233840	100374927	Catalyst Trusteeship Limited	26-Aug-20	07-Sept-20	NA	10,000
22.	T62061106	100322600	Axis Trustee Services Limited	28-Jan-20	25-Nov-21	NA	1,91,450
23.	T40100620	100190461	Axis Trustee Services Limited	24-May-18	10-Aug-21	NA	15,702.94*
24.	T40971673	100216716	Yes Bank Limited	02-Jul-18	NA	13-Aug-21	15,000
25.	T19921402	100211829	Axis Trustee Services Limited	21-Mar-18	09-Oct-20	19-May-21	7,500
26.	T19552538	100339458	SIDBI	10-Jun-20	NA	07-May-21	5,600
27.	T14433403	100328593	State Bank of India	17-Feb-20	NA	12-Apr-21	7,500

Sr. No.	SRN	Charge Id	Charge Holder	Date of Creation	Date of Modification	Date of Satisfaction	Amount (₹ in lakh)
28.	T14425128	100284828	Tata Capital Financial Services Limited	29-Aug-19	NA	26-Mar-21	4,000
29.	T07603483	100274181	IDFC First Bank Limited	12-Jun-19	NA	02-Mar-21	2,500
30.	T07602816	100274185	IDFC First Bank Limited	12-Jun-19	NA	02-Mar-21	10,000
31.	T07818552	100205552	Bank of Baroda	28-Sept-18	NA	01-Mar-21	15,000
32.	T09145582	100272981	Bank of Baroda	09-Jun-19	NA	01-Mar-21	15,000
33.	T05222468	100178887	Capital First Limited	25-Apr-18	NA	12-Feb-21	5,000
34.	T05222211	100178888	Capital First Limited	23-Apr-18	NA	12-Feb-21	10,000
35.	T05221122	100202823	Capital First Limited	30-Jul-18	NA	12-Feb-21	5,000
36.	T03974821	100183901	Tata Capital Financial Services Limited	30-May-18	NA	02-Feb-21	2,000
37.	T03976255	100159517	Tata Capital Financial Services Limited	20-Feb-18	NA	01-Feb-21	4,000
38.	R82583212	100328169	Bank of India	21-Jan-20	NA	28-Dec-20	5,000
39.	R82690462	100149923	Aditya Birla Finance Limited	26-Dec-17	23-Mar-18	23-Dec-20	5,000
40.	R76769678	100379074	Catalyst Trusteeship Limited	11-Sept-20	NA	18-Dec-20	9,000
41.	R74618729	100331782	Nabkisan Finance Limited	16-Mar-20	NA	09-Dec-20	2,000
42.	R74612656	100128335	HDFC Bank Limited	22-Sept-17	NA	02-Dec-20	5,000
43.	R72758378	100153567	AU Small Finance Bank Limited	23-Jan-18	NA	23-Nov-20	2,500
44.	R70604368	100226910	Hinduja Leyland Finance Limited	20-Nov-18	NA	02-Nov-20	4,000
45.	R71626709	100167248	RBL Bank Limited	24-Jan-18	NA	29-Oct-20	1,000
46.	R71627095	100167251	RBL Bank Limited	24-Jan-18	NA	29-Oct-20	4,000
47.	R69221935	100192566	Karnataka Bank Limited	25-Jun-18	NA	26-Oct-20	4,000
48.	R69223014	100192569	Karnataka Bank Limited	25-Jun-18	NA	26-Oct-20	1,000
49.	R68065143	100331647	SIDBI	17-Mar-20	NA	19-Oct-20	1,000
50.	R69672665	100153569	AU Small Finance Bank Limited	23-Jan-18	NA	17-Oct-20	7,500
51.	R44889905	100257736	Northern ARC Capital Limited	29-Mar-19	NA	23-Jun-20	1,500
52.	R42762799	100192713	Bajaj Finance Limited	18-Mar-18	NA	20-Jun-20	3,000
53.	H96023262	100171698	Hero Fincorp Limited	29-Mar-18	27-Aug-18	11-Sept-19	2,500
54.	H96024906	100202812	Hero Fincorp Limited	29-Mar-18	15-Feb-19	11-Sept-19	3,000

Sr. No.	SRN	Charge Id	Charge Holder	Date of Creation	Date of Modification	Date of Satisfaction	Amount (₹ in lakh)
55.	H48769947	100145745	Kotak Mahindra Bank Limited	13-Dec-17	NA	13-Mar-19	5,000
56.	H31792328	100134882	Yes Bank Limited	18-Oct-17	NA	12-Nov-18	30,000

**Note: The charge created in favour of Axis Trustee Services Limited on May 24, 2018 is for sanctioned amount of ₹ 1,57,02,94,589 only.*

Details of rest of the secured borrowings (if any, including but not limited to, hybrid debt like FCCB, Optionally Convertible Debentures/Preference Shares) as on September 30, 2021:

Nil

External Commercial Borrowings of the Company:

Sl. No.	Date of availment	Lender's Name	Amount Sanctioned	Amount Outstanding	Maturity Date	Repayment Terms
1	09-Jun-2021	Financing for Healthier Lives Designated Activity Company	USD 7 million (Equivalent to INR 51.10 crore on fully Hedged basis with IDFC FIRST Bank Ltd)	USD 7 million (Equivalent to INR 51.10 crore on Fully Hedged basis with IDFC FIRST Bank Ltd)	02-Jun-2026	Bullet Repayment on the date of maturity. The Lender shall have the right but not the obligation, to call upon the Borrower to prepay, on 17 September 2024 the entire Loan in full, by providing a written notice of at least 30 (Thirty) calendar days prior to the Prepayment Date to the Borrower. Upon the issuance of the Prepayment Notice by the Lender to the Borrower, the Borrower shall, on the Prepayment Date, repay the outstanding amounts in respect of the Loan including the principal amount outstanding, accrued interest and all other fees, costs and expenses payable in respect of the Transaction Documents.

Other Secured Borrowings

Nil

Details of Unsecured Loan Facilities:

Term Loans:

Nil

Commercial Papers:

Our Company has issued Commercial Papers details of which are set forth below:

Sr No.	Lender	Facility	Secured / Unsecured	Sanctioned Amount (₹ in lakh)	Amount Outstanding (As per Ind-AS) (₹ in lakh) *	Maturity Date
1	FDC Limited	CP	Unsecured	2,000	1,951.88	14-Jan -22

** The Nos represent the amount outstanding as per repayment schedule considering Ind as adjustment for upfront borrowing cost and interest accrued but not due on borrowings*

Further, the amount outstanding against the abovementioned Commercial Papers have been repaid by our Company on January 14, 2022.

Loan from Directors and Relatives of Directors

Our Company has not taken any loan from Directors or relative of Directors.

Inter-Corporate Deposits

As on September 30, 2021, Our Company has not borrowed any amount by way of inter-corporate deposits.

Inter Corporate Loans

As on September 30, 2021, Our Company has not borrowed any amount in the nature of demand loans from companies under same management.

Servicing behaviour on existing debt securities, payment of interest on due dates on financing facilities or securities

Our Company has not defaulted upon or delayed in payment of any interest and/or principal for the existing term loan, the non-convertible debentures and other financial indebtedness. The Company has not issued any corporate guarantee.

List of top 10 holders of non-convertible securities in terms of value (in cumulative basis) as on September 30, 2021:

Sl. No.	Name of the holders of non-convertible Securities	No. of Debentures held	Amount (Rs.)	% of total NCS outstanding
1	UTI International Wealth Creator 4	1150	1,15,00,00,000	10.28%
2	Central Bank of India	1000	1,00,00,00,000	8.94%
3	Union Bank of India	1000	1,00,00,00,000	8.94%
4	Bank of India	1000	1,00,00,00,000	8.94%
5	Indian Bank	500	50,00,00,000	4.47%
6	Sporta Technologies Private Limited	500	50,00,00,000	4.47%
7	Punjab National Bank	500	50,00,00,000	4.47%
8	Vmsalgaocar Corporation Private Limited	500	50,00,00,000	4.47%
9	Unifi AIF	400	40,00,00,000	3.58%
10	Kemwell Biopharma Private Limited	350	35,00,00,000	3.13%

Restrictive Covenants under our Financing Arrangements:

Many of our financing arrangements include various restrictive conditions and covenants restricting certain corporate actions and our Company is required to take the prior approval of the lenders before carrying out such activities. For instance, our Company, inter alia, is required to obtain the prior written consent or intimation, as the case may be, including but not limited to the following cases:

- i. To raise finances by way of loans, overdrafts or otherwise in any manner from any other bank or financial institution or any other person whatsoever against the same Security as created under this Agreement for securing the interest of bank/lender;
- ii. Effect any change in the Company's capital structure;
- iii. Formulate any scheme of amalgamation, restructuring, reconstruction, merger or demerger;
- iv. Implement any scheme of expansion and acquisition of fixed assets except in the ordinary course of business or if such investments result into breach of financial covenants or diversion of working capital funds for financing long term assets;
- v. Make any investments /advances/ loans or deposit amounts, except in the ordinary course of business with any other concern (including group companies);
- vi. Entering into borrowing arrangement either secured or unsecured with any other bank, financial institution, company or otherwise or accept deposits which increases indebtedness beyond permitted limits, stipulated if any at the time of sanction;
- vii. Undertake/Issuing any guarantee or obligations or letter of comfort on behalf of any other company/entity including Group Company;
- viii. Declare dividend of any year except out of profit relating to that year and buyback of shares after making all due and necessary provisions and provided further that, no default is subsisting in any repayment to the obligations to the bank/lender;
- ix. To enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, assign, lease, transfer, mortgage including any securitization / portfolio sale of assets undertaken by the Company in its ordinary course of business or otherwise encumber or make

- permanent or temporary modifications except in the ordinary course of business of repair, maintenance, improvement, replacement, which may be detrimental to bank/lender's interest or dispose the assets provided as security or any part thereof;
- x. Entering into any contractual obligation of a long-term nature (i.e. 2 years or more) or which, in the reasonable assessment of the bank/lender, is an unrelated activity and is detrimental to bank's/lender's interest;
 - xi. Change the practice with regard to remuneration of directors by means of ordinary remuneration or commission, scale of sitting fees etc. except where mandated by any legal or regulatory provisions;
 - xii. Do, commit or omit any act, deed or thing whatsoever so as to incur winding up or liquidation proceedings or dissolution (in case the Company is a partnership firm);
 - xiii. Change the composition of the board of directors, transfer of controlling interest or making any drastic change in the management set-up including resignation of promoter directors (includes key managerial personnel);
 - xiv. Repay monies brought in by the promoters/directors/principal shareholders and their friends and relatives by way of deposits/loans /advances. Further, the rate of interest, if any, payable on such deposits/loans/advances should be lower than the rate of interest charged by the bank/lender on its term loan and payment of such interest will be subject to regular repayment instalments to term loans granted/deferred payment guarantees executed by the bank/lender or other repayment obligations, if any, due from the borrower to the bank/lender;
 - xv. Payment of commission to the guarantors) for guaranteeing the credit facilities sanctioned by the bank/lender;
 - xvi. To make material modification to the structure of the debentures issued, in terms of coupon, conversion, redemption, or otherwise. Provided that prior approval of the stock exchange would also be required to make such modifications;
 - xvii. to make any change in the nature and conduct of its business (from what is being carried out as on the date hereof); and
 - xviii. to make any amendment or change in constitutional documents or purchase or redemption of share capital, transaction documents, financial year, business or acquisition and joint venture if such acquisition and joint ventures results into breach of any of the financial covenant.

Events of Default under our Financing Arrangements:

Set forth below, is a list of the key events that constitute a default of covenants under our facility agreements for our financing arrangements and also attract a penal interest in some cases. These include, but are not limited to:

- i. Default in the repayments of the loans by our Company;
- ii. Entering into a composition with its creditors;
- iii. If our Company becomes bankrupt or is adjudicated as insolvent or any insolvency petition is filed against our Company;
- iv. Order or resolution passed for the winding up of our Company, or if a petition or a notice of a meeting to pass such a resolution has been initiated;
- v. If any of the representations made by our Company in the application for granting credit facilities is found to be incomplete, untrue, false or misleading;
- vi. If any instalments of the principal money, due in respect of the loans, whether payment is demanded or not, remain unpaid on the due date for payment by our Company;
- vii. Any interest due in respect of the loan remaining unpaid and in arrears after the same have become due;
- viii. Any expropriation, execution, attachment or distraint being enforced or levied against the whole or any part of our Company's property;
- ix. A receiver being appointed in respect of the whole or any part of the property of our Company;
- x. Ceasing or threatening to cease, to carry on the activity/ activities for the purpose for which loans are borrowed or availed;
- xi. Failure to get facilities rated by credit rating agency/ies as approved by the RBI within such period as stipulated by facility agreement and to get rating done annually or at such intervals as stipulated in the respective facility agreements;
- xii. Cross default;
- xiii. Failure on our Company's part to create the security as provided in the respective facility agreement;
- xiv. Default in perfection of securities;
- xv. Breach of any financial covenants in the financing agreements unless and otherwise waived off;
- xvi. Invalidity or unenforceability of the documents of our Company;
- xvii. Downgrade in rating below a specified threshold stipulated under respective financing documents;
- xviii. Non-compliance with RBI norms;
- xix. Our Company convicted for any criminal law in force;

- xx. It becomes unlawful or impossible for the bank (lender) to make, maintain or fund or any of the obligations expressed as being assumed by our Company under the relevant financing document ceases to be valid, legal and binding and enforceable against our Company;
- xxi. Depreciation in value of security which tenders the security created, invalid or ineffective.
- xxii. Failure in non-payment of decretal amounts;
- xxiii. Any act or thing evidencing an intention to repudiate respective facility agreements;
- xxiv. Failure to meet standards during discretionary audits conducted by the bank;
- xxv. Occurrence of material adverse change;
- xxvi. Any part or whole of security given on leave and license, sold, disposed off, charged, encumbered or in other manner without written approval of the bank.
- xxvii. Change in ownership or management control of our Company;
- xxviii. Diversion of funds apart from the purpose for which the respective facilities are sanctioned by the bank; and
- xxix. Withdrawal or modification of any governmental or regulatory license, approval, permission, authorization or consent required by our Company to perform any of its obligations under the financing agreements.

OUTSTANDING LITIGATIONS

Our Company, Directors and Promoter are subjected to various legal proceedings from time to time, mostly arising in the ordinary course of its business. The legal proceedings are initiated by us and also by customers and other parties. These legal proceedings are primarily in the nature of (a) civil suits (b) criminal complaints, (c) consumer complaints, (d) business operations related litigations. We believe that the number of proceedings in which we are involved in is not unusual for a company of our size in the context of doing business in India. Except as disclosed below, there is no outstanding litigation including, suits, criminal or civil prosecutions and taxation related proceedings against our Company, Directors and Promoters that would have a material adverse effect on our operations or financial position.

For the purposes of above, our Board of Directors in their meeting held on December 31, 2021, has considered and adopted a policy of materiality for identification of material litigation, for the purpose of the present issue of NCD. In terms of materiality policy, any outstanding litigation:

- a. all pending proceedings whether civil, arbitral, tax related litigations, or otherwise of our Company, Subsidiaries, Directors and Promoter of value exceeding 1% (One percent) of the total income or net worth for Fiscal 2021 has been considered material. The total income of our Company for Fiscal 2021 is ₹ 39,184 lakhs and net worth for Fiscal 2021 is ₹ 1,04,584 lakhs. Accordingly, all litigation involving monetary amount of claim exceeding ₹ 391 lakh has been considered as material;
- b. involving our Company, in which the aggregate monetary claim by or against our Company which are similar in nature, exceeds the lower of 10% (Ten percent) of the total income or net worth for Fiscal 2021 has been considered as material. The total income of our Company for financial year 2021 is ₹ 39,184 lakhs and net worth for financial year 2021 is ₹ 1,04,584 lakhs. Accordingly, all litigation which are similar in nature and involving monetary amount of claim exceeding ₹ 3,918 lakhs has been considered as material;
- c. involving our Promoter, in which the aggregate monetary amount of claim by or against our Promoter exceeds an amount equivalent to 1% (One percent) of the consolidated income or net worth for the Fiscal 2021 has been considered as material; and
- d. involving our Directors, except as covered under point no. (c) above, irrespective of the amount involved in such litigation, has been considered as material;
- e. any other outstanding legal proceeding which is likely to have a material adverse effect on the financial position, profitability and cash flows of our Company.

It is clarified that for the purposes of the above, pre-litigation notices received by our Company, Directors, our Promoter shall, unless otherwise decided by our Board of Directors / Finance Committee, not be considered as litigation until such time that our Company, Directors or Promoter, as the case maybe, is impleaded as a defendant in litigation proceedings before any judicial forum.

Save as disclosed below, there are no:

1. outstanding civil or tax proceedings involving the Company, Subsidiaries, Directors and Promoter in which the pecuniary amount involved is in excess of the Materiality Threshold.
2. outstanding actions initiated or show-cause notices issued by regulatory authorities such as SEBI or RBI or the Stock Exchanges or Ministry of Corporate Affairs, Registrar of Companies or any other such similar authorities, involving the Company, its Subsidiaries, Directors and Promoters.
3. outstanding criminal proceedings filed by or against the Company, its Subsidiaries, Directors and Promoters.
4. defaults in or non-payment of any statutory dues by the Company.
5. litigations or legal actions pending or taken against the Promoter by a Government department or a statutory body during the last three years immediately preceding the year of this Prospectus.
6. inquiries, inspections or investigations initiated or conducted under the Securities laws or Companies Act or any previous companies' law in the last three years immediately preceding the year of issue of this Prospectus against our Company and our Subsidiaries and if there were any prosecutions filed (whether pending or not); fines imposed or compounding of offences done in the last three years immediately preceding the year of this Prospectus for the Company and our Subsidiaries.

7. outstanding litigation involving our Company, Subsidiaries, Directors, Promoter, Group Companies or any other person, whose outcome could have material adverse effect on the position of our Company, or which may affect the Issue or an investor's decision to invest in the Issue / continue to invest in the debt securities.
8. pending proceedings initiated against our Company for economic offences.
9. material frauds committed against our Company in the last three years preceding the date of this Prospectus and actions taken by our Company in this regard.

I Involving our Company

A. Criminal Proceedings

➤ Against our Company:

As on date of this Prospectus, there are no criminal proceeding initiated against our Company.

➤ By our Company:

1. Balaji Digital Solutions Private Limited (“**Accused**”) had availed a loan facility of ₹ 10,00,00,000/- (Rupees Ten Crore only) from our Company (“**Loan**”). As per the terms and conditions agreed upon utilization of the funds were meant for utilization towards purchase of mobile phones, however borrower (through Directors) utilised the loan proceeds for other use.

Our Company has filed a complaint before the Economic Offense Wing, Delhi for an outstanding amount of ₹ 8,17,46,397/- and interest thereon. The Investigation Officer (“**IO**”) dismissed our case without taking any cognizance of offense. Thereafter, our Company moved an application under section 156(3) of the Code of Criminal Procedure, 1973 before the Chief Metropolitan Magistrate, Delhi. However, basis the submissions and arguments made, the Court was pleased to pass an order directing the police officials to lodge an FIR against the Accused and to conduct investigation thereon. The said order has been challenged by the Accused by way of the revision petition. The matter is still pending for further orders.

2. Sambandh Finserve Private Limited (“**Accused**”) had availed a loan facility of ₹ 10,00,00,000/- (Rupees Ten Crore only) from our Company (“**Loan**”). As per the terms and conditions agreed upon utilization of the funds, these were meant to utilize for lending to eligible borrowers to be classified as micro finance credit by RBI and for no other purpose. However, the Accused, through its directors, had used the funds for other uses.

Our Company has filed a complaint before the Economic Offense Wing, New Delhi for an outstanding amount of ₹ 7,44,01,383/- and interest thereon. The Investigation Officer (“**IO**”) dismissed our case without taking any cognizance of offense. Thereafter, our Company moved an application under section 156(3) of the Code of Criminal Procedure, 1973 before the Chief Metropolitan Magistrate, New Delhi against the Accused and others. The matter is pending for necessary order.

B. Material Civil Proceedings

➤ Against our Company

As on date of this Prospectus, there are no material Civil proceedings initiated against our Company

➤ By our Company

1. Our Company (“**Claimant**”) initiated the arbitration proceedings against M/s Amman Educational Trust (“**Respondent**”). The matter relates to the loan finance facility of ₹ 8,00,00,000/- (“**Facility**”) which was sanctioned by the Claimant to the Respondent pursuant to a loan agreement executed between the Claimant and Respondent (“**Loan Agreement**”). A dispute arose between the Claimant and the Respondent relating to the breach of the Loan Agreement on account of non-payment of the

Facility within the agreed timelines (“**Dispute**”). In order to resolve the Dispute, a sole arbitrator (“**Sole Arbitrator**”) was appointed. The Sole Arbitrator passed an award dated February 27, 2020 (“**Award**”) for an amount of ₹ 8,23,61,350/- plus interest on the awarded sum in favour of the Claimant. The Claimant is in process of filing the execution petition in respect of the Award passed by the Sole Arbitrator. The matter is presently pending.

2. Except for the above case, our Company has also initiated 637 arbitration proceedings against some of its defaulting parties for recovery of outstanding amount from such parties in its ordinary course of business, under applicable provisions of the Arbitration and Conciliation Act, 1996. The aggregate amount involved in these matters is ₹ 70,51,01,010. These matters are presently pending at various stages of adjudication before respective arbitrators.

C. Notices issued by the Company for recovery of loans

Prior to commencing enforcement proceedings under SARFAESI or other debt recovery laws against our borrowers, our Company from time-to-time issues notices and other communications to defaulting borrowers of the Company for repayment of outstanding loans granted to such borrowers by the Company in the ordinary course of the Company’s business. On a significant number of such occasions, such payment notices and communications do not result in enforcement action and the loans get regularized.

D. Material Tax proceedings

As on the date of this Prospectus, there are no material tax proceedings initiated against our Company.

E. Regulatory and Statutory proceedings

In the ordinary course of business, our Company regularly receives notices from the RBI which are in the nature queries, requests and complaints raised by the customers in connection with, *inter alia*, rate of interest charged by our Company on the loan facilities extended etc. Our Company responds to such notices on a regular basis.

F. Consumer cases

One consumer complaint has been filed by Anupam Sahu (“**Complainant**”) against our Company before the Consumer Disputes Redressal Commission, New Delhi (“**Commission**”). The Complainant has claimed Rs. 5,54,207 as compensation. The matter is currently pending with the Commission.

G. Proceedings under Section 138 of Negotiable Instruments Act, 1881

Our Company has filed 1,105 complaints against various parties in the ordinary course of its business, including some of our customers, under Section 138 of the Negotiable Instruments Act, 1881 in relation to dishonour of cheques issued by such parties. The aggregate amount involved in these matters is ₹ 160,25,05,097. The matters are pending at various stages of adjudication before various courts.

H. Proceedings under Section 25 of the Payment and Settlement System Act, 2007

Our Company has filed 777 complaint cases against various parties in the ordinary course of its business under Section 25 of the Payment and Settlement System Act, 2007 in relation to dishonour of electronic fund transfer issued by such parties. The aggregate amount involved in these matters is ₹ 3,93,77,075. The matters are pending at various stages of adjudication before various courts.

I. Notices issued by the Company under Section 13(2) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002

Our Company has served 20 notices under Section 13(2) of the SARFAESI Act in respect of classifying the outstanding debt as non-performing asset. Post issue of such notices the Company has also filed 7 petitions U/s 14 SARFAESI out of such notices against defaulting customers in the relevant courts. Currently, the aggregate outstanding amount involved in these matters is ₹ 45,29,58,878/-. Our Company has claimed the said outstanding amount along with the additional interest. The status of such notices and cases are presently in process and pending at different stages.

- J. *Details of any inquiries, inspections or investigations initiated or conducted under the securities laws or the Companies Act, 2013 or any previous companies law in the last three years immediately preceding the year of issue of offer document in the case of company and all of its subsidiaries; and if there were any prosecutions filed (whether pending or not); fines imposed or compounding of offences done in the last three years immediately preceding the year of this Prospectus for the Company.*

As on date of this Prospectus, there are no pending inquiries, inspections or investigations initiated or conducted under the securities laws or the Companies Act, 2013 or any previous companies against our Company.

- K. *Details of acts of material frauds committed against our Company in the last three years, if any, and if so, the actions taken by our Company:*

There have been instances of fraud, which are inherent in the nature of the business of our Company. However, except as disclosed below, there is no material fraud committed against our Company in the last 3 (three) years.

Particulars / Period	As on December 31, 2021	As on March 31, 2021	As on March 31, 2020	As on March 31, 2019
Nature of Frauds	Cheating and Forgery	Cheating and Forgery	Cheating and Forgery	Cheating and Forgery
Closing balance of aggregate amount as at the end of the respective financial year (Rupees in Lacs)	860.67	860.67	129.67	115.93
Number of Cases	42 *	42 *	41	14
Corrective actions taken by the Company	Our Company have initiated appropriate legal proceedings against the fraudster. Bureau suppressions initiated to rectify the credit history of fraudsters			

* the aforesaid cases include the complaint filed against Sambandh Finserve Private Limited and the same is disclosed above under the Criminal litigations filed by our Company.

Our Company has filed a FIR on August 26, 2017, with Amar Colony Police Station, Lajpat Nagar, New Delhi under section 420/419/467/468/471/474/34 of Indian Penal Code 1860 in relation to forgery and other related offences in matter of 7 cases out of above 42 cases for availing personal loan for aggregate amount of ₹ 25,30,000 from our Company on submission of forged documents and misrepresentation. The charge sheet on the matter was submitted by the investigating officer before the Court of Judicial Magistrate of First Class, Saket Court, New Delhi. This matter is currently pending.

II Involving our Promoter

A. *Criminal proceedings*

As on date of this Prospectus, there are no criminal proceeding initiated against our Promoter.

B. *Material Civil proceedings*

As on date of this Prospectus, there are no material civil proceeding initiated against our Promoter.

C. *Material Tax proceedings*

As on date of this Prospectus, there are no material proceeding initiated against our Promoter.

D. *Statutory and Regulatory proceedings*

As on date of this Prospectus, there are no Statutory and Regulatory proceeding initiated against our Promoter.

III Involving our Directors

A. Criminal proceedings

As on date of this Prospectus, there are no criminal proceeding initiated against our any Director.

B. Material Civil proceedings

As on date of this Prospectus, there are no material Civil proceedings initiated against our any Director.

C. Material Tax proceedings

As on date of this Prospectus, there are no material Tax proceedings initiated against our any Director.

D. Statutory and Regulatory proceedings

As on date of this Prospectus, there are no Statutory and Regulatory proceeding initiated against our any Director.

IV Involving our Subsidiaries

A. Criminal proceedings

As on date of this Prospectus, there are no criminal proceeding initiated against our Subsidiaries.

B. Civil proceedings

As on date of this Prospectus, there are no Civil proceedings initiated against our Subsidiaries.

C. Tax proceedings

As on date of this Prospectus, there are no material Tax proceedings initiated against our Subsidiaries

D. Statutory and Regulatory proceedings

As on date of this Prospectus, there are no Statutory and Regulatory proceedings initiated against our Subsidiaries.

E. Consumer cases

As on date of this Prospectus, there are no consumer proceedings initiated against our Subsidiaries.

F. Proceedings under Section 138 of Negotiable Instruments Act, 1882

As on date of this Prospectus, there are no proceedings under Section 138 of Negotiable Instruments Act, 1882 initiated against our Subsidiaries.

L. Details of any inquiries, inspections or investigations initiated or conducted under the securities laws or the Companies Act, 2013 or any previous companies law in the last three years immediately preceding the year of issue of offer document in the case of company and all of its subsidiaries; and if there were any prosecutions filed (whether pending or not); fines imposed or compounding of offences done in the last three years immediately preceding the year of this Prospectus for our Subsidiaries.

As on date of this Prospectus, there are no pending inquiries, inspections or investigations initiated or conducted under the securities laws or the Companies Act, 2013 against our Company and Subsidiaries.

MATERIAL DEVELOPMENTS

No other material developments have taken place in our Company since March 31, 2021, i.e. the last audited financial statements, till the date of filing this Prospectus, except:

- (a) The amount borrowed by our Company from the period since April 01, 2021 till September 30, 2021 has been disclosed under the chapter titled “Financial Indebtedness” on page 135 of the Prospectus. Further, our Company has borrowed / been sanctioned, in the ordinary course of business, the following amounts after September 30, 2021:

- (i) Term Loans availed from Banks / Financial Institution / NBFC

(Rs. in lakhs)				
Sr. No.	Name of lender	Date of Sanction	Sanctioned Amount	Utilised Amount
1	State Bank of India	24/08/2021	20,000.00	10,000.00
2	IDFC First Bank Ltd	30/09/2021	15,000.00	15,000.00
3	Bank of Maharashtra	21/12/2021	10,000.00	10,000.00
4	Hinduja Leyland Finance Ltd	22/12/2021	2,000.00	2,000.00
Total			47,000.00	37,000.00

- (ii) ICDs availed

(Rs. in lakhs)				
Sr. No.	Name of lender	Date of Sanction	Sanctioned Amount	Utilised Amount
1	Mvalu Technology Services Private Limited	17/12/2021	1,500.00	1,500.00

- (iii) MLDs issued

(Rs. in lakhs)					
Sr. No.	ISIN	Date of Issue / Allotment	Maturity Date	Sanctioned Amount	Utilised Amount
1	INE945W07373	23/12/2021	23/06/2024	4,000.00	4,000.00

- (iv) CPs issued

(Rs. in lakhs)					
Sr. No.	ISIN	Date of Issue / Allotment	Maturity Date	Sanctioned / Maturity Amount	Utilised Amount
1	INE945W14254	09/12/2021	29/03/2022	2,500.00	2,442.94
2	INE945W14262	16/12/2021	23/06/2022	2,500.00	2,400.55
3	INE945W14270	16/12/2021	16/03/2022	2,500.00	2,453.12
4	INE945W14288	24/12/2021	13/04/2022	1,000.00	975.74
5	INE945W14288	27/12/2021	13/04/2022	1,000.00	976.38
Total				9,500.00	9,248.73

- (b) Our Company has filed a composite scheme of amalgamation and arrangement (“Scheme”) pursuant to which Bee Finance Limited (the “Transferor Company”), one of the Promoters of our Company, will merge into KKR Capital Markets India Private Limited (the “Transferee Company”) and the InCred Demerged Undertaking (as defined in the Scheme) of the Company shall demerge into KKR India Financial Services Limited (the “Resulting Company”). The said Scheme has been filed with the Mumbai Bench of the Hon’ble NCLT on September 27, 2021 and the ‘Appointed Date’ for the Scheme is April 01, 2022. Further for the said Scheme, our Company has received no-objection from RBI on December 08, 2021 and in-principle approval from BSE Limited on December 24, 2021. Further, the Equity Shareholders, Preference Shareholders and secured creditors of the Company have approved the Scheme in the meetings convened by the NCLT held on December 15, 2021. For details refer to the chapter “History and Certain Corporate Matters” on page 95 of the Prospectus.

- (c) No equity shares have been allotted by our Company since March 31, 2021, except as disclosed under the chapter “Capital Structure” on page 46 of the Prospectus.
- (d) For more focussed approach towards major businesses undertaken by the Company, the Management of our Company has sold the Two-Wheeler Loans product effective from October 01, 2021 to Tatkal Loan India Private Limited.

ISSUE STRUCTURE

The following are the key terms of the NCDs. This chapter should be read in conjunction with and is qualified in its entirety by more detailed information in “Terms of the Issue” on page 186 of this Prospectus.

The NCDs being offered as part of the Issue are subject to the provisions of the SEBI NCS Regulations, the Debt Listing Agreement, SEBI LODR Regulations, and the Companies Act, 2013, the RBI Act, the terms of the Draft Prospectus, the Prospectus, the Application Form, the terms and conditions of the Debenture Trustee Agreement and the Debenture Trust Deed, and other applicable statutory and/or regulatory requirements including those issued from time to time by SEBI, RBI, the GoI, and other statutory/regulatory authorities relating to the offer, issue and listing of securities and any other documents that may be executed in connection with the NCDs.

The key common terms and conditions of the NCDs are as follows:

Security Name	Secured Redeemable Non Convertible Debentures (NCD)
Issuer	InCred Financial Services Limited
Lead Manager	Sundae Capital Advisors Private Limited InCred Capital Wealth Portfolio Managers Private Limited <i>In compliance with the proviso to Regulation 21A(1) of the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, as amended, read with Regulation 25(3) of the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, InCred Capital Wealth Portfolio Managers Private Limited will be involved only in marketing of the Issue.</i>
Debenture Trustee	Catalyst Trusteeship Limited
Registrar to the Issue	Link Intime India Private Limited
Type of instrument/ Name of the security/ Seniority	Rated, senior, secured, listed, transferable, redeemable, non-convertible debentures
Nature of the instrument (Secured or Unsecured)	Senior Secured
Seniority (Senior or Subordinated)	Senior
Eligible investors	As set out under the Section named "Procedure for Application" of the Prospectus.
Listing (name of stock Exchange(s) where it will be listed and timeline for listing)	<p>(a) The Company shall submit all duly completed documents to the Stock Exchange(s), SEBI, the ROC or any other Governmental Authority, as are required under Applicable Law and obtain the listing of the NCDs within the timelines prescribed under the SEBI Listing Timelines Requirements ("Listing Period").</p> <p>(b) The Company shall ensure that the NCDs are listed on the debt market segments of the NSE and BSE (i.e. the “Stock Exchange(s)”), and continue to be listed on the Stock Exchange(s) until the Final Settlement Date. NSE shall be the designated stock exchange in respect of the NCDs.</p> <p>(c) In the event of failure to obtain the listing of the NCDs within the timelines specified in the SEBI Operational Circular ("Scheduled Listing Date"), the Application Money received or blocked, in relation to the Issue shall be refunded or unblocked forthwith within 2 (two) Business Days from Scheduled Listing Date to the Applicants through the permissible modes of making refunds and unblocking of funds.</p> <p>(d) In case of any delay in providing refund/unblocking of the Application Money beyond the timelines specified under subparagraph (c) above, the Company shall pay interest at the rate of 15% (fifteen percent) per annum to the Applicants from the</p>

	Scheduled Listing Date until the date of actual refund/unblocking of the Application Money.
Rating of the Instrument	"CRISIL A" (pronounced as CRISIL A) rating and placed the rating under "Rating Watch with Positive Implications" by CRISIL Ratings Limited.
Issue Size	₹ 12,500 lakhs with an option to retain over-subscription up to ₹ 2,500 lakhs, aggregating to a total of ₹ 15,000 lakhs. The NCDs will be issued in 3 series such that Series I shall be allotted for a maximum value of INR 7,500.00 lakhs (Indian Rupees Seventy Five Crore) and Series II shall be allotted for a maximum value of INR 7,500.00 lakhs (Indian Rupees Seventy Five Crore).
Minimum subscription	(a) In the event the minimum subscription in respect of the NCDs as set out in the Prospectus is not received, the blocked Application Money shall be unblocked forthwith, and in any case, no later than 8 (eight) Business Days from the "Issue Closing Date" set out in the Prospectus or such other time period as may be prescribed by the SEBI. (b) If such Application Money is not unblocked within the time period set out in sub-paragraph (a) above, the Company shall pay interest at the rate of 15% (fifteen percent) per annum for the period of delay. (c) Without prejudice to sub-paragraph (a) and (b) above, if the minimum subscription in respect of the NCDs as set out in the Prospectus is not received and the Application Money is not repaid within a period of 15 (fifteen) days from the "Issue Closing Date" set out in the Prospectus, the directors of the Company who are officers in default shall jointly and severally be liable to repay such Application Money with interest at the rate of 15% (fifteen percent) per annum
Option to retain Oversubscription Amount	In accordance with Regulation 42 of the SEBI NCS Regulations and the corporate authorisations of the Company, the Company has the option to retain over-subscription up to INR 25,00,00,000 (Indian Rupees Twenty Five Crore), such that the aggregate issue of the NCDs does not exceed INR 150,00,00,000 (Indian Rupees One Hundred Fifty Crore).
Objects of the Issue / Purpose for which there is requirement of funds	Please refer the Section named "Objects of the Issue" (including for the allocation of funds towards each sub-purpose) of the Prospectus.
Details of utilisation of the proceeds	Please refer the Section named "Objects of the Issue" (including for the allocation of funds towards each sub-purpose) of the Prospectus.
Coupon / Interest Rate	The coupon / Interest Rate applicable on the NCDs is as follows: (a) NA (9.25% (nine decimal two five percent) XIRR). (b) Series II: 9.25% (nine decimal two five percent) per annum compounded monthly (9.65% (nine decimal six five percent) XIRR). (c) Series III: 9.13% (nine decimal one three percent) per annum compounded monthly (9.52% (nine decimal five two percent) XIRR).
Step Up/Step Down Coupon Rate	N. A
Coupon/Dividend Payment Frequency	Series I: Payable at maturity. Series II: Payable annually.

	Series III: Payable annually.
Coupon / Dividend payment dates	Series I: Payable at maturity. Series II: Payable annually. Series III: Payable annually. The indicative interest payment dates will be set out under Annexure I of the Prospectus.
(Cumulative / non cumulative, in case of dividend)	N. A
Coupon Type (Fixed, floating or other structure)	Fixed
Coupon Reset Process (including rates, spread, effective date, interest rate cap and floor etc).	N. A.
Day Count Basis (Actual/Actual)	Interest and all other charges shall accrue based on an actual/actual basis.
Interest on application money	(a) Interest at the relevant Interest Rate per annum, subject to deduction of tax at source in accordance with Applicable Law, will be paid by the Company on the Application Money to the Applicants from the date of receipt of such Application Money up to 1 (one) day prior to the Deemed Date of Allotment for all valid applications, within 2 Business Days from the Deemed Date of Allotment. Where pay-in date of the Application Money and the Deemed Date of Allotment are the same, no interest on Application Money will be payable. (b) Where the entire subscription amount has been refunded, the interest on Application Money will be paid along with the refunded amount to the bank account of the Applicant as described in the Application Form by electronic mode of transfer such as (but not limited to) RTGS/NEFT/direct credit. (c) Where an Applicant is allotted a lesser number of NCDs than applied for, the excess amount paid on application will be refunded to the Applicant in the bank account of the Applicant as described in the Application Form towards interest on the refunded money by electronic mode of transfer like RTGS/NEFT/direct credit. Details of allotment will be sent to every successful Applicant.
Default interest rate	On the occurrence of an Event of Default (including a Payment Default), the Company shall pay additional interest at 2% (two percent) per annum over the relevant Interest Rate in respect of the relevant NCDs on the relevant Outstanding Principal Amounts from the date of the occurrence of the Event of Default until such Event of Default is cured or the relevant Secured Obligations are repaid, on each Interest Payment Date occurring during the aforementioned period.
Tenor	(a) Series I: 12 (twelve) months and 1 (one) day from the Deemed Date of Allotment. (b) Series II: 24 (twenty four) months from the Deemed Date of Allotment. (c) Series III: 24 (twenty four) months from the Deemed Date of Allotment.
Redemption Date	(a) Series I: The date occurring on expiry of 12 (twelve) months and 1 (one) day from the Deemed Date of Allotment, and as set out under Annexure I of the Prospectus.

	<p>(b) Series II: The date occurring on expiry of 24 (twenty four) months from the Deemed Date of Allotment, and as set out under Annexure I of the Prospectus.</p> <p>(c) Series III: 50% of the face value of NCD will be redeemed on the date occurring on expiry of 12 (twelve) months from the Deemed Date of Allotment and remaining 50% will be redeemed on the date occurring on expiry of 24 (twenty four) months from the Deemed Date of Allotment, and as set out under Annexure I of the Prospectus.</p>
Redemption Amount	The NCDs shall be fully redeemed on a <i>pari passu</i> basis by the Issuer in accordance with Annexure I of the Prospectus.
Redemption premium/ discount	Nil
Issue Price (in ₹/NCD)	INR 1,000 (Indian Rupees One Thousand) per NCD
Discount at which security is issued and the effective yield as a result of such discount.	Nil
Put date	Not applicable
Put price	Not applicable
Call date	Not applicable
Call price	Not applicable
Put notification time (Timelines by which the investor need to intimate Issuer before exercising the put)	Not applicable
Call notification time (Timelines by which the Issuer need to intimate investor before exercising the call)	Not applicable
Face value (in ₹ / NCD)	INR 1,000 (Indian Rupees One Thousand) per NCD
Minimum Application size and in multiples of NCD thereafter	10 (ten) NCDs (aggregating to INR 10,000 (Indian Rupees Ten Thousand)), and 1 (one) NCD thereafter
Issue Timing	
Issue opening date	Please refer the Section named "Issue Schedule" of the Prospectus.
Issue closing date**	Please refer the Section named "Issue Schedule" of the Prospectus.
Date of earliest closing of the issue, if any.	Please refer the Section named "Issue Schedule" of the Prospectus.
Pay-in date	Please refer the Section named "Issue Schedule" of the Prospectus.
Deemed date of Allotment	Please refer the Section named "Issue Schedule" of the Prospectus.
Settlement mode of the Instrument	All interest, principal repayments, penal interest and other amounts, if any, payable by the Issuer to the Debenture Holders shall be paid to the Debenture Holders by electronic mode of transfer like RTGS/NEFT/direct credit to such bank account within India as the Debenture Holders' inform the Issuer in writing and which details are available with the Registrar.
Depositories	NSDL and CDSL
Disclosure of Interest/Dividend / redemption dates	Please refer Annexure I of the Prospectus
Record date	The record date for payment of interest in connection with the NCDs or redemption of the NCDs, which shall be 15 (Fifteen) days prior to the date on which interest is due and payable, and/or the date of redemption or such other date as may be determined by the Board of Directors / Finance Committee from time to time in accordance with the applicable law. Provided that trading in the NCDs shall remain suspended between the aforementioned Record Date in connection with redemption of NCDs and the date of redemption or as prescribed by the Stock Exchanges, as the case may be.

	<p>In case the Record Date falls on a day when the Stock Exchanges are having a trading holiday, the immediate subsequent trading day will be deemed or a date notified by the Company to the Stock Exchanges, will be deemed as the Record Date</p>
<p>All covenants of the issue (including side letters, accelerated payment clause, etc.)</p>	<p>The detailed covenants and other terms in respect of the NCDs will be more particularly set out in the Debenture Trust Deed and the other Transaction Documents.</p> <p>The Company shall comply with each of its representations and warranties, financial covenants, reporting covenants, the affirmative covenants and the negative covenants, which will be more particularly set out in the Debenture Trust Deed. These include (but are not limited to), <i>inter alia</i>, the following:</p> <p>REPRESENTATIONS AND WARRANTIES</p> <p>(a) Status: Representation and warranty in respect of, <i>inter alia</i>, the Company being incorporated, registered and validly existing under Applicable Law and is a non-deposit accepting or holding non-banking financial company registered with the RBI.</p> <p>(b) Binding obligations: Representation and warranty in respect of, <i>inter alia</i>, the obligations assumed by it under the Transaction Documents being legal, valid, binding and enforceable.</p> <p>(c) Non-conflict with other obligations: Representation and warranty in respect of, <i>inter alia</i>, its entry into and performance by it of, and the transactions contemplated by the Transaction Documents not conflicting with Applicable Law, its Constitutional Documents, or any agreement or instrument binding upon the Company.</p> <p>(d) Power and authority: Representation and warranty in respect of, <i>inter alia</i>, the power and authority of the Company to enter into, perform and deliver the Transaction Documents and issue the NCDs.</p> <p>(e) Validity and admissibility in evidence: Representation and warranty in respect of, <i>inter alia</i>, the approvals, authorizations, consents, permits (third party, statutory or otherwise) in respect of the Issue and its business activities.</p> <p>(f) No default: Representation and warranty in respect of, <i>inter alia</i>, no Event of Default or potential Event of Default being occurred or continuing.</p> <p>(g) Ranking: Representation and warranty in respect of, <i>inter alia</i>, the ranking of the payment obligations of the Company under the Transaction Documents.</p> <p>(h) No proceedings pending: Representation and warranty in respect of, <i>inter alia</i>, no legal proceedings being commenced or threatened against the Company, which if determined adversely, may have a Material Adverse Effect.</p> <p>(i) No misleading information: Representation and warranty in respect of, <i>inter alia</i>, no misleading information being provided by the Company.</p> <p>(j) Compliance: Representation and warranty in respect of, <i>inter alia</i>, compliance with all Applicable Law.</p> <p>(k) Assets: Representation and warranty in respect of, <i>inter alia</i>, the Assets of the Company.</p> <p>(l) Financial statements: Representation and warranty in respect of, <i>inter alia</i>, the audited financial statements of the Company.</p> <p>(m) Solvency: Representation and warranty in respect of, <i>inter alia</i>, the Company being solvent and absence of any insolvency/winding up proceedings.</p> <p>(n) Hypothecated Assets: Representation and warranty in respect</p>

	<p>of, <i>inter alia</i>, the Hypothecated Assets.</p> <p>(o) Material Adverse Effect: Representation and warranty in respect of, <i>inter alia</i>, the absence of a Material Adverse Effect.</p> <p>(p) Illegality: Representation and warranty confirming, <i>inter alia</i>, it is not unlawful or illegal for the Company to perform any of its obligations under the Transaction Documents.</p> <p>(q) No filings or stamp taxes: Representation and warranty in respect of, <i>inter alia</i>, filing and stamp taxes/duty required to be made in respect of the Transaction Documents.</p> <p>II. FINANCIAL COVENANTS</p> <p>The financial covenants applicable on the Company will be set out in detail in the Debenture Trust Deed, and will include (but not limit) the following:</p> <p>(a) Minimum capital ratio of Tier I Capital and Tier II Capital to aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet items shall not be less than 20% (twenty percent) or as per the regulatory minimum prescribed by the Reserve Bank of India under the NBFC Master Directions, whichever is higher.</p> <p>(b) Gross NPA shall not exceed 7% (Seven Percent) of Gross Loan Portfolio.</p> <p>(c) Net NPA shall not exceed 5% (Five Percent) of Gross Loan Portfolio.</p> <p>(d) Maximum Permissible ratio of Debt to Equity shall be 4.0:1.</p> <p>(e) Maximum permissible PAR>90 days on Gross Loan Portfolio to Tangible Networth shall be 20% (Twenty per cent)</p> <p>(f) Company shall ensure that there shall be no cumulative asset liability mismatch in any bucket as per Regulatory Guidelines; during the tenor of the Debentures.</p> <p>The terms used in the financial covenants shall have the following meanings. To the extent any term is not defined under the Prospectus, it shall have the meaning given to it in the Debenture Trust Deed.</p> <p>"Tangible Networth" means, with respect to any person, the amount paid up on such person's issued equity share capital, compulsorily convertible instruments and any amount standing to the credit of its reserves, less equity or equity-like investments. goodwill, deferred tax assets and other intangible assets.</p> <p>"Gross Loan Portfolio" means and includes the outstanding principal amounts of the loans originated by the Issuer on its own books, securitized portfolio as well as loans originated on behalf of other entities by entering into partnership agreements but not included on the Issuers' own book.</p> <p>"Net NPA" shall be calculated as gross non-performing assets less provisioning for non-performing assets. For the purpose of this definition, the terms 'non-performing assets' and 'gross non-performing assets' shall have the meanings stipulated by the RBI to such terms from time to time as may be applicable for the Borrower.</p> <p>All covenants would be tested on a quarterly basis for the Company i.e. as on 31st March, 30th June, 30th September and 31st December every year starting from 31st March 2022 on standalone balance sheet till the redemption of the Debentures.</p> <p>The covenants shall be certified by the Company within 120 (One hundred and twenty) calendar days from the end of each financial year and within 60 days from the end of each quarter except for the quarter ending March 31.</p> <p>The Debenture Trustee may approve any application for waiver of, or deviation from, the above mentioned Financial Covenants, if Debenture Holders' representing more than 25% (twenty five percent) of the</p>
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outstanding principal amounts of the Debentures do not vote against granting consent in respect of any such application for waiver or deviation, within a period of 10 business days from the date of receipt of such request/notification from the Debenture Trustee.

III. REPORTING COVENANTS

The Company shall provide or cause to be provided to the Debenture Trustee, in form and substance reasonably satisfactory to the Debenture Trustee, *inter alia*, the following covenants (details of which will be prescribed in the Debenture Trust Deed):

- (a) **Annual reporting:** Details and information in respect of, *inter alia*, such items as may be required on an annual basis.
- (b) **Quarterly reporting:** Details and information in respect of, *inter alia*, such items as may be required on a quarterly basis.
- (c) **Event Based Reporting:** Details and information in respect of, *inter alia*, such items/events as may be required by the Debenture Trustee upon their occurrence.
- (d) **Material Adverse Effect:** Details and information in respect of, *inter alia*, the occurrence of any Material Adverse Effect.
- (e) **Legal Proceedings:** Details and information in respect of, *inter alia*, any legal proceedings, which, if adversely determined, could result in a Material Adverse Effect.
- (f) **Event of Default or potential Event of Default:** Details and information in respect of, *inter alia*, the occurrence of any Event of Default or potential Event of Default.
- (g) **Prepayment:** Details and information in respect of, *inter alia*, any prepayment of any financial indebtedness of the Company.
- (h) **Financial Indebtedness:** Details and information in respect of, *inter alia*, any default, notice of any default in the observance or performance of any agreement or condition relating to any financial indebtedness by the Company.
- (i) **Insolvency:** Details and information in respect of, *inter alia*, any insolvency and/or winding up action taken in respect of the Company.
- (j) **Financial Covenants:** Details and information in respect of, *inter alia*, a certification from the chief finance officer of the Company or any other authorised signatory confirming compliance with the financial covenants.
- (k) **Certification of no Event of Default:** Details and information in respect of, *inter alia*, certifying/confirming no occurrence of any Event of Default (other than any Event of Default due to any non-compliance with any financial covenants).
- (l) **Debenture Trustee's Requirements:** Details and information in respect of, *inter alia*, providing all relevant information (including from chartered accountants, auditors and/or directors of the Company) required by the Debenture Trustee for the effective discharge of its duties and obligations under the Transaction Document and in accordance with Applicable Law.

IV. AFFIRMATIVE COVENANTS

The Company shall provide or cause to be provided to the Debenture Trustee, in form and substance reasonably satisfactory to the Debenture Trustee, *inter alia*, the following covenants (details of which will be prescribed in the Debenture Trust Deed):

- (a) **Use of Proceeds:** Affirmative covenants in respect of, *inter alia*, the use of the proceeds of the Issue only for the purpose set out in the Transaction Documents.
- (b) **Loss or Damage by Uncovered Risks:** Affirmative covenants in respect of, *inter alia*, the Company informing the Debenture Trustee of any material loss or significant damage which the Company may suffer due to any force majeure circumstances.
- (c) **Costs and Expenses:** Affirmative covenants in respect of, *inter*

	<p><i>alia</i>, payment of all costs, charges and expenses incurred by the Debenture Trustee.</p> <p>(d) Payment of Rents, etc.: Affirmative covenants in respect of, <i>inter alia</i>, payment of all rents, royalties, taxes, rates, levies, cesses, assessments, impositions and outgoings, governmental, municipal or otherwise imposed upon or payable by the Company as and when such amounts are payable.</p> <p>(e) Preserve Corporate Status: Affirmative covenants in respect of, <i>inter alia</i>, preserving and maintaining its corporate existence and status, complying with all acts, authorizations, consents, permissions, and directions of any Governmental Authority.</p> <p>(f) Pay Stamp Duty: Affirmative covenants in respect of, <i>inter alia</i>, payment of all such stamp duty (including any additional stamp duty), other duties, taxes, charges and penalties by the Company.</p> <p>(g) Furnish Information to Debenture Trustee: Affirmative covenants in respect of, <i>inter alia</i>, provide to the Debenture Trustee or its nominee(s)/agent(s) such information/copies of relevant extracts as they may require on any matters relating to the business/affairs of the Company, and such other information, documents and/or details that the Debenture Trustee may require from time to time.</p> <p>(h) Redressal of Grievances: Affirmative covenants in respect of, <i>inter alia</i>, attending to and redressing the grievances of the Debenture Holders.</p> <p>(i) Comply with Investor Education and Protection Fund Requirements: Affirmative covenants in respect of, <i>inter alia</i>, complying with the provisions of the Companies Act relating to transfer of unclaimed/unpaid amounts of interest on NCDs and redemption of NCDs to Investor Education and Protection Fund ("IEPF"), if applicable to it.</p> <p>(j) Corporate Governance; Fair Practices Code: Affirmative covenants in respect of, <i>inter alia</i>, complying with any corporate governance requirements applicable to the Company and the fair practices code prescribed by the RBI.</p> <p>(k) Further Assurances: Affirmative covenants in respect of, <i>inter alia</i>, providing any further information/details in respect of the Debenture, the Company and/or its businesses (including legal proceedings, any monitoring and/or servicing requests from the Debenture Trustee etc.).</p> <p>(l) Security: Affirmative covenants in respect of, <i>inter alia</i>, the security provided by the Company on the Hypothecated Assets and the Transaction Security.</p> <p>(m) Execution of Transaction Documents: Affirmative covenants in respect of, <i>inter alia</i>, any delay in the execution of any Transaction Document and the consequences thereof.</p> <p>(n) Internal Control: Affirmative covenants in respect of, <i>inter alia</i>, maintaining internal control for the purpose of preventing fraud on amounts lent by the Company, and preventing money being used for money laundering or illegal purposes.</p> <p>(o) Audit and Inspection: Affirmative covenants in respect of, <i>inter alia</i>, permitting visits and inspection of books of records, documents and accounts to the Debenture Trustee.</p> <p>(p) Rating: Affirmative covenants in respect of, <i>inter alia</i>, maintenance of a minimum rating of the NCDs as prescribed by the Debenture Trustee.</p> <p>(q) Listing and Monitoring Requirements: Affirmative covenants in respect of, <i>inter alia</i>, compliance with all covenants, undertakings and requirements under Applicable Law (including the SEBI Listed Debentures Circulars).</p>
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	<p>(r) Executive Director: Affirmative covenants in respect of, <i>inter alia</i>, ensuring that Mr. Bhupinder Singh remains an executive director until the Final Settlement Date.</p> <p>V. NEGATIVE COVENANTS</p> <p>The Company shall provide or cause to be provided to the Debenture Trustee, in form and substance reasonably satisfactory to the Debenture Trustee, <i>inter alia</i>, the following covenants (details of which will be prescribed in the Debenture Trust Deed). PROVIDED THAT the Debenture Trustee may approve any application for consent in respect of any matter under the negative covenants set out in the Debenture Trust Deed and set out below, if Debenture Holders' representing more than 25% (twenty five percent) of the Outstanding Principal Amounts of the NCDs do not vote against granting consent in respect of any such application for consent, within a period of 10 (ten) Business Days from the date of receipt of such request/notification from the Debenture Trustee.</p> <p>(a) Change of Business; Constitutional Documents: Negative covenant in respect of, <i>inter alia</i>, any changes in the business of the Company and/or the Constitutional Documents of the Company.</p> <p>(b) Dividend: Negative covenant in respect of, <i>inter alia</i>, the dividend being paid by the Company in case of occurrence of an Event of Default.</p> <p>(c) Merger, Consolidation, etc: Negative covenant in respect of, <i>inter alia</i>, any merger, acquisition, re-structuring, or amalgamation in respect of the Company other than as permitted under the Debenture Trust Deed.</p> <p>(d) Change in Capital Structure: Negative covenant in respect of, <i>inter alia</i>, any change in the capital structure of the Company that would lead to a reduction in the share capital of the Company.</p> <p>(e) Change of Control: Negative covenant in respect of, <i>inter alia</i>, the occurrence of any change of control, or any change of control event in respect of the Company.</p> <p>(f) Disposal of Assets: Negative covenant in respect of, <i>inter alia</i>, disposal of any material Assets of the Company, other than any securitization/portfolio sale of assets undertaken by the Company in its ordinary course of business, or any sale of assets or business or division of the Company that has the effect of exiting or re-structuring of the existing business of the Company in excess of the thresholds set out in the Debenture Trust Deed;</p> <p>(g) Related Party Transactions: Negative covenant in respect of, <i>inter alia</i>, entering into any transactions with any Related Party or any transactions that are classified as "related party transactions" for the purposes of the Applicable Accounting Standards which are in excess of the thresholds set out in the Debenture Trust Deed.</p> <p>(h) Key Shareholder Covenant: Negative covenant in respect of, <i>inter alia</i>, ensuring and procuring that certain identified key shareholder(s), i.e. Bhupinder Singh, continue to be involved in the management, functioning and operation of the company until the Final Settlement Date and continue to hold their shareholding except as waived in accordance with the Debenture Trust Deed.</p> <p>(i) Business: Negative covenant in respect of, <i>inter alia</i>, the Company undertaking any new major businesses except in relation to financial services or or diversify its business outside the financial services sector.</p> <p>VI. CONFIRMATIONS PURSUANT TO THE SEBI NCS REGULATIONS:</p>
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	<p>(a) As on the date of filing of the Prospectus with the Stock Exchange(s) in accordance with the SEBI NCS Regulations:</p> <p>(i) the Company, the Promoter of the Company, the Promoter Group of the Company or the directors of the Company have not been debarred from accessing the securities market or dealing in securities by SEBI;</p> <p>(ii) no Promoter of the Company or director of the Company is a promoter or director of any another company which is debarred from accessing the securities market or dealing in securities by SEBI;</p> <p>(iii) no Promoter of the Company or director of the Company is a fugitive economic offender; and</p> <p>(iv) no fines or penalties levied by SEBI or any of the stock exchanges is pending to be paid by the Company.</p> <p>(b) The Company has received the Securities and Exchange Board of India Complaints Redress System (SCORES) authentication prior to the Deemed Date of Allotment.</p> <p>(c) The Lead Manager is not an associate of the Company as provided under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992 and if any one of the Lead Manager is an associate, in compliance with the proviso to Regulation 21A(1) of the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, as amended, read with Regulation 25(3) of the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, such Lead manager will be involved only in marketing of the Issue.</p> <p>(d) The Company has not been in default of payment of interest or repayment of principal amounts in respect of any non-convertible securities issued by it for a period of more than 6 (six) months.</p>
<p>Description regarding Security (where applicable) including type of security (movable/immovable/tangible etc.), type of charge (pledge/hypothecation/ mortgage etc.), date of creation of security/ likely date of creation of security, minimum security cover, revaluation, replacement of security, interest to the debenture holder over and above the coupon rate as specified in the Trust Deed and disclosed in the Offer Document/ Information Memorandum.</p>	<p>SECURITY</p> <p>(a) The NCDs shall be secured on or prior to the Deemed Date of Allotment by way of a first ranking exclusive and continuing charge to be created in favour of the Debenture Trustee pursuant to an unattested deed of hypothecation, dated on or about the date of the Debenture Trust Deed, executed or to be executed and delivered by the Company in a form acceptable to the Debenture Trustee ("Deed of Hypothecation") over identified book debts/loan receivables of the Company as described therein (the "Hypothecated Assets").</p> <p>(b) The principal receivables of the Client Loans comprising the Hypothecated Assets shall, at all times until the Final Settlement Date, be at least 1.20 (one decimal two zero) times the value of the aggregate Outstanding Principal Amounts (the "Security Cover").</p> <p>(c) The value of the Hypothecated Assets for this purpose (for both initial and subsequent valuations) shall be the amount reflected as the value thereof in the books of accounts of the Company.</p> <p>(d) The Company shall create the charge over the Hypothecated Assets on or prior to the Deemed Date of Allotment and perfect such security by filing Form CHG-9 with the ROC and by ensuring and procuring that the Debenture Trustee files Form I with CERSAI in respect thereof within the time period prescribed under the Deed of Hypothecation.</p>

OTHER COVENANTS

The following covenants shall apply to the Transaction Security, which are in addition to the covenants prescribed in the Debenture Trust Deed and the other Transaction Documents:

- (i) all the Hypothecated Assets that will be charged to the Debenture Trustee under the Deed of Hypothecation shall always be kept distinguishable and held as the exclusive property of the Company specifically appropriated to the Transaction Security and be dealt with only under the directions of the Debenture Trustee;
- (ii) the Company shall register and perfect the security interest created thereunder by filing Form CHG-9 with the concerned ROC;
- (iii) the Company shall, within the timelines prescribed under the Deed of Hypothecation, add fresh receivables/Client Loans to the Hypothecated Assets so as to ensure that the Security Cover is maintained; and
- (iv) the Hypothecated Assets shall fulfil the eligibility criteria set out in the Transaction Documents.

SPECIFIC DISCLOSURES

- (a) **Type of security:** Receivables/book debts, rights in underlying contracts, accounts (i.e., movable assets).
- (b) **Type of charge:** Hypothecation.
- (c) **Date of creation of security/ likely date of creation of security:** On or prior to the Deemed Date of Allotment.
- (d) **Minimum security cover:** Please refer paragraph named "Security" above.
- (e) **Revaluation:** N. A.
- (f) **Replacement of security:** The Issuer shall, within the timelines prescribed under the Deed of Hypothecation, add fresh receivables to the Hypothecated Assets so as to ensure that the Security Cover is maintained or to replace such Hypothecated Assets that do not satisfy the eligibility criteria prescribed in the Transaction Documents.

To be set out in further detail in the Deed of Hypothecation.

- (g) **Interest over and above the coupon rate:**
 - (i) On the occurrence of an Event of Default (including a Payment Default), the Company shall pay additional interest at 2% (two percent) per annum over the relevant Interest Rate in respect of the relevant NCDs on the relevant Outstanding Principal Amounts from the date of the occurrence of the Event of Default until such Event of Default is cured or the relevant Secured Obligations are repaid, on each Interest Payment Date occurring during the aforementioned period
 - (ii) In the event of any delay in the execution of any

	Transaction Documents (including the Debenture Trust Deed), the Issuer will pay to the Debenture Holders additional interest at the rate of 2% (two percent) per annum charged on the Outstanding Principal Amounts till the relevant Transaction Documents are duly executed to the satisfaction of the Debenture Trustee.
Transaction Documents	<p>means:</p> <ul style="list-style-type: none"> (a) the Debenture Trust Deed; (b) the Debenture Trustee Agreement; (c) the Deed of Hypothecation; (d) the Prospectus; (e) the letters issued by the, and each memorandum of understanding/agreement entered into with, the Rating Agency, the Debenture Trustee and/or the Registrar; (f) each tripartite agreement between the Company, the Registrar and the relevant Depository; and (g) any other document that may be designated as a Transaction Document by the Debenture Trustee, <p>and "Transaction Document" means any of them.</p>
Conditions precedent to disbursement	<p>The Issuer shall, <i>inter alia</i>, fulfil the following conditions precedent:</p> <ul style="list-style-type: none"> (a) a copy of the Company's Constitutional Documents certified as correct, complete and in full force and effect by an appropriate officer of the Company; (b) a copy of resolution of the Company's board of directors/committee of the Company's board of directors authorising the execution, delivery and performance of the Transaction Documents certified as correct, complete and in full force and effect by an appropriate officer of the Company; (c) copies of the resolutions of the shareholders of the Company under Sections 180(1)(c) and 180(1)(a) of the Act, certified as correct, complete and in full force and effect by an appropriate officer of the Company; (d) execution, delivery and stamping of the Transaction Documents in a form and manner satisfactory to the Debenture Trustee; (e) a copy of the rating letter and/or the rating rationale issued in relation to the NCDs; (f) a copy of the consent from the Debenture Trustee to act as the debenture trustee for the Issue; (g) a copy of the consent of Link Intime India Private Limited to act as the registrar and transfer agent for the Issue; (h) a copy of the tripartite agreement(s) executed between the Company and the Depositories; (i) the audited financial statements of the Company for the Financial Year ended March 31, 2021; (j) a certificate from the authorised signatory(ies) of the Company addressed to the Debenture Trustee in a form and manner satisfactory to the Debenture Trustee; (k) (if so required) copy(ies) of the in-principle approval(s) provided by the Stock Exchange(s) in respect of the listing of the NCDs; and (l) such other information, documents, certificates, opinions and

	instruments as the Debenture Holders/Debenture Trustee may reasonably request.
Conditions subsequent to disbursement	<p>The Issuer shall, <i>inter alia</i>, fulfil the following conditions subsequent, to the satisfaction of the Debenture Trustee:</p> <ul style="list-style-type: none"> (a) the Company shall ensure that the NCDs are allotted to the respective Debenture Holders and are credited into the demat accounts of the relevant Debenture Holders within the timelines prescribed under the SEBI Listing Timelines Requirements; (b) the Company shall, within 30 (thirty) days of the allotment of the Debentures, file a return of allotment of securities under Form PAS-3 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 with the ROC along with a list of the Debenture Holders and with the prescribed fee; (c) the Company shall in respect of the Transaction Security, file Form CHG-9 with the relevant registrar of companies within 30 (thirty) days from the date of creation of the Transaction Security; (d) the Company shall make the application for listing of the NCDs and obtain listing of the NCDs within the time period prescribed under the SEBI Listing Timelines Requirements; and (e) comply with such other condition and provide such other information and documents as the Debenture Holders/Debenture Trustee may reasonably request, or as may be required under Applicable Law.
Events of default (including manner of voting/conditions of joining Inter Creditor Agreement)	<p>EVENTS OF DEFAULT</p> <p>The Events of Default and the consequences thereof shall be more particularly set out in the Debenture Trust Deed and the other Transaction Documents. Without prejudice to the terms of the Debenture Trust Deed, each of the events, <i>inter alia</i>, set out below are Events of Defaults:</p> <ul style="list-style-type: none"> (a) Payment Defaults: Any default in respect of, <i>inter alia</i>, payment by the Company of the Outstanding Amounts on any Due Date. (b) Material Adverse Effect: The occurrence of a Material Adverse Effect, in the sole determination of the Debenture Trustee. (c) Cross Default: Any default in respect of, <i>inter alia</i>, any other financial arrangements of the Company. Please also refer section named "Cross Default" below. (d) Misrepresentation: Any event in respect of, <i>inter alia</i>, any misrepresentation by the Company. (e) Unlawfulness: Any event where, <i>inter alia</i>, it becomes unlawful for the Company to perform any of its obligations under the Transaction Documents. (f) Repudiation: Any event in respect of, <i>inter alia</i>, repudiation any of the Transaction Documents. (g) Transaction Documents: Any event in respect of, <i>inter alia</i>, any Transaction Document being terminated or ceases to be effective or ceases to be in full force. (h) Delisting: Any event in respect of, <i>inter alia</i>, the delisting of the NCDs. (i) Corporate governance: Any event in respect of, <i>inter alia</i>, failure by the Company to meet standards with respect to corporate governance specified under the applicable laws. (j) Legal Proceedings: Any event in respect of, <i>inter alia</i>, legal or governmental proceedings being initiated against the Company which impair the Company's ability to perform its obligations under the Transaction Documents or which has a Material

	<p>Adverse Effect.</p> <p>(k) Creditors' Process and Expropriation: Any event in respect of, <i>inter alia</i>, any expropriation, attachment, garnishee, sequestration, distress or execution that affects any assets of the Company.</p> <p>(l) Authorisations; Licenses: Any event in respect of, <i>inter alia</i>, any authorisations, licenses (including operating licenses), consents and approvals required by the Company being revoked or suspended or cancelled in any manner.</p> <p>(m) Insolvency/Inability to Pay Debts: Any event in respect of, <i>inter alia</i>, the insolvency of the Company or its inability to pay debts.</p> <p>(n) Liquidation, Insolvency or Dissolution of the Company / Appointment of Receiver, Resolution Professional or Liquidator: Any event in respect of, <i>inter alia</i>, any liquidation, insolvency or dissolution of the Company or any corporate action or legal proceedings in respect thereof.</p> <p>(o) Judgment Defaults: Any event in respect of, <i>inter alia</i>, one or more judgments or decrees being entered against the Company in excess of such thresholds as may be prescribed in the Debenture Trust Deed.</p> <p>(p) Security in Jeopardy: In the opinion of the Debenture Trustee any of the Hypothecated Assets are in jeopardy.</p> <p>(q) Security: Any event in respect of, <i>inter alia</i>, failure or delay in creation/perfection of the Transaction Security, or any non-maintenance of the Transaction Security in accordance with the Transaction Documents.</p> <p>(r) Business: Any event in respect of, <i>inter alia</i>, the Company ceasing to carry on its business or gives notice of its intention to do so.</p> <p>(s) Failure to Certify: Any breach in respect of, <i>inter alia</i>, the requirement to certify the non-occurrence of an Event of Default</p> <p>(t) Rating Covenant: Any breach in respect of, <i>inter alia</i>, the Company in maintaining a minimum rating in respect of the NCDs.</p> <p>(u) Breach of Negative Covenants: Any breach in respect of, <i>inter alia</i>, the negative covenants of the Company which is not cured within 30 (thirty) days of occurrence or such other time period as may be prescribed.</p> <p>(v) Breach of Financial Covenants: Any breach in respect of, <i>inter alia</i>, the financial covenants of the Company which is not cured within 30 (thirty) days of occurrence or such other time period as may be prescribed.</p> <p>(w) Breach of Reporting Covenants: Any breach in respect of, <i>inter alia</i>, the negative covenants of the Company which is not cured within 30 (thirty) days of occurrence or such other time period as may be prescribed.</p> <p>(x) Breach of other Covenants: Any breach in respect of, <i>inter alia</i>, any other covenant or undertaking of the Company (other than (a) to (v) above) which is not cured within 30 (thirty) days of occurrence or such other time period as may be prescribed.</p> <p>CONSEQUENCES AND REMEDIES OF AN EVENT OF DEFAULT</p> <p>The consequences and remedies of an Event of Default shall be more particularly set out in the Debenture Trust Deed and the other Transaction Documents. These include (but are not limited to), <i>inter alia</i>, the following:</p>
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	<p>If one or more Events of Default occur(s), the Debenture Trustee may, on the instructions of the Majority Debenture Holders in accordance with the Debenture Trust Deed, by a notice in writing to the Company initiate the following course of action:</p> <ol style="list-style-type: none"> (a) require the Company to mandatorily redeem the NCDs and repay the Outstanding Principal Amounts, along with accrued but unpaid interest and other costs, charges and expenses incurred under the Transaction Documents; (b) accelerate the redemption of the NCDs and declare all or any of the NCDs to be due and payable immediately; (c) enforce the security interest created under the Transaction Documents (including in respect of the Transaction Security); (d) appoint any independent agency to inspect and examine the working of the Company and give a report to the Debenture Trustee; (e) take any actions in respect of the SEBI Defaults (Procedure) Circular in accordance with the Transaction Documents; and (f) take all such other action, and exercise such other right as is permitted under the Transaction Documents or under Applicable Law, including any action that may be required for the purposes of protecting the interests of the Debenture Holders.
Creation of recovery expense fund	The Issuer hereby undertakes and confirms that it shall establish/has established, within the time period prescribed under the SEBI Recovery Expense Fund Circular and maintain the Recovery Expense Fund in such manner/mode as is prescribed under the SEBI Recovery Expense Fund Circular.
Conditions for breach of covenants (as specified in Debenture Trust Deed)	Please refer Sections named "Default Interest Rate" and "Events of default (including manner of voting/conditions of joining Inter Creditor Agreement)". The Events of Default and the consequences thereof shall be more particularly set out in the Debenture Trust Deed and the other Transaction Documents.
Provisions related to Cross Default Clause	<p>The following is an Event of Default.</p> <p>The Company:</p> <ol style="list-style-type: none"> (i) defaults in any payment of any financial indebtedness beyond the period of grace, if any, provided in the instrument or agreement under which such financial indebtedness was created. (ii) defaults in the observance or performance of any agreement or condition relating to any financial indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause or to permit the holder or holders of such financial indebtedness to cause (determined without regard to whether any notice is required) any such financial indebtedness to become due prior to its stated maturity, and such financial indebtedness of the Company is declared to be due and payable; or (iii) any financial indebtedness of the Company shall be declared to be due and payable, or required to be prepaid other than by a regularly scheduled required prepayment, prior to the stated maturity thereof.
Roles and responsibilities of the Debenture Trustee	The Debenture Trustee shall comply with all its roles and responsibilities as prescribed under Applicable Law and the Transaction Documents, including:

	<p>(a) the Debenture Trustee may, in relation to the Debenture Trust Deed and the other Transaction Documents, act on the opinion or advice of or any information obtained from any solicitor, counsel, advocate, valuer, surveyor, broker, auctioneer, qualified accountant or other expert whether obtained by the Company or by the Debenture Trustee or otherwise;</p> <p>(b) notwithstanding anything contained to the contrary in the Debenture Trust Deed, the Debenture Trustee shall, before taking any action on behalf of the Debenture Holders or providing any consent on behalf of the Debenture Holders, obtain the written consent of the Majority Debenture Holders; and</p> <p>(c) the Debenture Trustee shall, until the Final Settlement Date, adhere to and comply with its obligations and responsibilities under the SEBI Defaults (Procedure) Circular and the SEBI Recovery Expense Fund Circular.</p>
Risk factors pertaining to the issue	Please refer the Section named "Risk Factors" of the Prospectus
Governing law and jurisdiction	The Transaction Documents shall be governed by and will be construed in accordance with the laws of India and any disputes arising there from shall be subject to the jurisdiction of appropriate courts and tribunals at Mumbai, India, and as more particularly provided for in the respective Transaction Documents.
Business Day Convention	As prescribed in the SEBI NCS Regulations.
Delay in allotment of securities and refund of application money	If the NCDs are not allotted to the Applicants and/or the Application Money is not unblocked within the time period prescribed by the SEBI, the Company shall pay interest at the rate of 15% (fifteen percent) per annum to the Applicants.
Delay in execution of Transaction Documents	In the event of any delay in the execution of any Transaction Documents (including the Debenture Trust Deed), the Issuer will pay to the Debenture Holders additional interest at the rate of 2% (two percent) per annum charged on the Outstanding Principal Amounts till the relevant Transaction Documents are duly executed to the satisfaction of the Debenture Trustee.
Default in Payment	The Company hereby shall pay default interest at 2% (two percent) per annum over the applicable Interest Rate on the Outstanding Principal Amounts in case of the occurrence of any Payment Default, from the date of the occurrence of such Payment Default until the Payment Default is cured or the Secured Obligations are repaid (whichever is earlier).
Delay in Listing	In the event of failure to list the NCDs within such days from the date of closure of issue as may be specified by the Board (schedule listing date), all application moneys received or blocked in the public issue shall be refunded or unblocked forthwith within two working days from the scheduled listing date to the applicants through the permissible modes of making refunds and unblocking of funds. For delay in refund/unblocking of funds beyond the timeline as specified above, the Company shall be liable to pay interest at the rate of 15% (fifteen percent) per annum to the investors from the scheduled listing date till the date of actual payment.
Description of the Hypothecated Assets	<p>Each of the Hypothecated Assets shall meet the eligibility criteria prescribed below, and as set out in the Debenture Trust Deed/Deed of Hypothecation"</p> <p>(a) Each loan must be originated by the issuer. Loans constituting security pool should not include loans originated by KKR India Financial Services Limited.</p> <p>(b) Loans must be unencumbered (other than under the Transaction Documents) and not sold or assigned by the Issuer. Necessary approvals/ consents from existing lenders must have been obtained.</p> <p>(c) Loans must have been originated while complying with all the</p>

	<p>extant 'know your customer' norms specified by the RBI.</p> <p>(d) Loans are current and not in overdue at the time of hypothecation and have not been terminated or prepaid.</p> <p>(e) Loans have not been restructured or rescheduled.</p> <p>(f) No loans must have DPD>90.</p> <p>(g) The maximum concentration of loans having DPD>0 should be 20% of total principal value of security pool.</p> <p>(h) Not more than 40% of security cover should have loans of ticket size more than 2 Crore.</p> <p>(i) The concentration of an individual borrower should not be more than INR 15 Crore.</p> <p>(j) Charge in collateral property should be registered in CERSAI and/or MCA in case of the company.</p> <p>(k) Loans constituting 50% of the security cover should be secured by property collateral or by FLDG in case of personal loans or by secured Financial Institution loans.</p>
Applicable Definitions	<p>While the definitions in respect of the NCDs will be set out in the Debenture Trust Deed, the following terms shall have the following meanings:</p> <p>(a) "Applicable Law" means all applicable statutes, enactments or acts of any legislative body in India, laws, ordinances, rules, bye-laws, regulations, notifications, guidelines, policies, directions, directives and orders of any Governmental Authority and any modifications or re-enactments thereof.</p> <p>(b) "Applicable Accounting Standards" means the generally accepted accounting principles, standards and practices in India or any other prevailing accounting standard in India as may be applicable, and includes the Indian Accounting Standards (IND-AS).</p> <p>(c) "Assets" means for any date of determination, the assets of the Company on such date as the same would be determined in accordance with the Applicable Accounting Standards.</p> <p>(d) "Client Loan" means each loan disbursed by the Company as a lender, and "Client Loans" means all such loans collectively.</p> <p>(e) "Constitutional Documents" means the certificate of incorporation of the Company, the memorandum of association and articles of association of the Company and the certificate of registration issued by the RBI to the Company.</p> <p>(f) "Due Date" means the date on which any principal amounts, interest, and/or any other amounts payable, are due and payable.</p> <p>(g) "Final Settlement Date" means the date on which all Secured Obligations have been irrevocably and unconditionally paid and discharged in full to the satisfaction of the Debenture Trustee.</p> <p>(h) "Governmental Authority" means any government (central, state or otherwise) or any governmental agency, semi-governmental or judicial or quasi-judicial or administrative entity, department or authority, agency or authority including any stock exchange or any self-regulatory organisation, established under any Applicable Law.</p> <p>(i) "Majority Debenture Holders" means such number of</p>

	<p>Debenture Holders collectively holding more than 50% (fifty percent) of the value of the Outstanding Principal Amounts of the NCDs.</p> <p>(j) "Majority Resolution" a resolution approved by the Majority Debenture Holders.</p> <p>(k) "Outstanding Amounts" means, at any date, the Outstanding Principal Amounts together with any interest, and other amounts payable by the Company in respect of any of the NCDs.</p> <p>(l) "Outstanding Principal Amounts" means, at any date, the principal amounts outstanding under any of the NCDs.</p> <p>(m) "Payment Default" means the failure of the Company to make any payments of any of the amounts (including the interest amounts and/or the Outstanding Principal Amounts) due and payable by it in accordance with the Transaction Documents on the relevant Due Date(s).</p> <p>(n) "Promoters" has the meaning given to it in the SEBI NCS Regulations.</p> <p>(o) "Promoter Group" has the meaning given to it in the SEBI NCS Regulations.</p> <p>(p) "Related Party" has the meaning given to it in the Companies Act.</p> <p>(q) "SEBI Listing Timelines Requirements" means the requirements in respect of the timelines for listing of debt securities prescribed in Chapter I (Application process in case of public issues of securities and timelines for listing) of the SEBI Operational Circular.</p> <p>(r) "Secured Obligations" means all present and future obligations (whether actual or contingent and whether owed jointly or severally or in any capacity whatsoever) of the Company to the Debenture Holders or the Debenture Trustee under the Transaction Documents in respect of any of the NCDs, including without limitation, the making of payment of any interest, redemption of principal amounts, the default interest, additional interest, and all costs, charges, expenses and other amounts payable by the Company in respect of any of the NCDs.</p>
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Notes:

- (a) If there is any change in coupon rate pursuant to any event including lapse of certain time period or downgrade in rating, then such new coupon rate and events which lead to such change should be disclosed.
- (b) The list of documents which has been executed in connection with the issue and subscription of debt securities shall be annexed.
- (c) While debt securities are secured to the tune of 100% of the principal and interest amount or such higher amount as per the terms of offer document in favour of Debenture Trustee, it is the duty of the Debenture Trustee to monitor that such security is maintained.
- (d) The issuer shall provide granular disclosures in their offer document, with regards to the "Object of the Issue" including the percentage of the issue proceeds earmarked for the "Object of the Issue". Further, the amount earmarked for "General Corporate Purposes", shall not exceed 25% of the amount raised by the issuer in the proposed issue.

* In terms of Regulation 7 of the SEBI NCS Regulations, our Company will undertake this public issue of the NCDs in dematerialised form. However, in terms of section 8(1) of the Depositories Act, our Company, at the request of the Investors who wish to hold the NCDs in physical form will fulfil such request. However, trading in NCDs shall be compulsorily in dematerialised form.

** The Issue shall remain open for subscription on Working Days from 10 a.m. to 5 p.m. (Indian Standard Time) during the period indicated above, except that the Issue may close on such earlier date or extended date as may be decided by the Board of Directors of our Company or Finance Committee thereof subject to receipt of necessary approvals. In the event of an early closure or extension of the Issue, our Company shall ensure that notice of the same is provided to the prospective investors through an advertisement in all the newspapers in which pre-issue advertisement and advertisement for opening or closure of the Issue have been given on or before such earlier or extended date of Issue closure. On the Issue Closing Date, the Application Forms will be accepted only between 10 a.m. and 3 p.m. (Indian Standard Time) and uploaded until 5 p.m. or such extended time as may be permitted by BSE. For further details, please see "General Information" on page 37 of this Prospectus.

Please see "Terms of the Issue" on page 186 for details of category wise eligibility and allotment in the Issue.

Specific Terms for NCDs

Series	I	II	III
Frequency of Interest Payment	Cumulative	Annually	Annually
Minimum Application	₹ 10,000 (10 NCDs) across all Series		
Face Value/ Issue Price of NCDs (₹/ NCD)	₹ 1,000		
In Multiples of thereafter (₹)	₹ 1,000 (1 NCD)		
Tenor	12 months and 1 day	24 months	24 months
Coupon (% per annum) for NCD Holders in Category I, II, III & IV	NA	9.25% (nine decimal two five percent) per annum compounded monthly payable annually	9.13% (nine decimal one three percent) per annum compounded monthly payable annually
Effective Yield (per annum) for NCD Holders in Category I, II, III & IV	9.25% (nine decimal two five percent)	9.65% (nine decimal six five percent)	9.52% (nine decimal five two percent)
Mode of Interest Payment	Through various modes available		
Amount (₹ / NCD) on Maturity for NCD Holders in Category I, II, III & IV	₹ 1,092.75	₹ 1,000	₹ 1,000
Maturity / Redemption Date (Months from the Deemed Date of Allotment)	12 (twelve) months and 1 (one) day	24 (twenty four) months	50% of the face value of NCD will be redeemed on the date occurring on expiry of 12 (twelve) months from the Deemed Date of Allotment and remaining 50% will be redeemed on the date occurring on expiry of 24 (twenty four) months from the Deemed Date of Allotment
Put and Call Option	NA	NA	NA

* Our Company shall allocate and allot Series III NCDs wherein the Applicants have not indicated the choice of the relevant NCD Series.

Day count convention

Please refer to Annexure I for details pertaining to the cash flows of the Company in accordance with the SEBI Operational Circular.

Please note that in case the NCDs are transferred and/or transmitted in accordance with the provisions of this Prospectus read with the provisions of the Articles of Association of our Company, the transferee of such NCDs

or the transferee of deceased holder of NCDs, as the case may be, shall be entitled to any interest which may have accrued on the NCDs subject to such Transferee holding the NCDs on the Record Date.

Terms of payment

The entire amount of face value per NCDs will be blocked in the relevant ASBA Account maintained with the SCSB or under UPI mechanism (only for Retail Individual Investors), as the case may be, in the bank account of the Applicants that is specified in the ASBA Form at the time of submission of the Application Form. In the event of Allotment of a lesser number of NCDs than applied for, our Company shall unblock the additional amount blocked upon application in the ASBA Account, in accordance with the terms specifies in “Terms of the Issue” on page 186 of this Prospectus.

Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/consents/approvals in connection with applying for, subscribing to, or seeking Allotment of NCDs pursuant to the Issue.

The NCDs have not been and will not be registered, listed or otherwise qualified in any jurisdiction outside India and may not be offered or sold, and Applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction. In particular, the NCDs have not been and will not be registered under the U.S. Securities Act, 1933, as amended (the “Securities Act”) or the securities laws of any state of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. The Issuer has not registered and does not intend to register under the U.S. Investment Company Act, 1940 in reliance on section 3(c)(7) thereof. This Prospectus may not be forwarded or distributed to any other person and may not be reproduced in any manner whatsoever, and in particular, may not be forwarded to any U.S. Person or to any U.S. address.

Applications may be made in single or joint names (not exceeding three). Applications should be made by Karta in case the Applicant is an HUF. If the Application is submitted in joint names, the Application Form should contain only the name of the first Applicant whose name should also appear as the first holder of the depository account (in case of Applicants applying for Allotment of the NCDs in dematerialised form) held in joint names. If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form. Please ensure that such Applications contain the PAN of the HUF and not of the Karta.

In the case of joint Applications, all payments will be made out in favour of the first Applicant. All communications will be addressed to the first named Applicant whose name appears in the Application Form and at the address mentioned therein.

For further details, please see “Issue Procedure” on page 202 of this Prospectus.

TERMS OF THE ISSUE

Authority for the Issue

This Issue has been authorised by the Board of Directors of our Company pursuant to the resolution passed at their meeting held on December 31, 2021. Further, the present borrowing is within the borrowing limits under Section 180(1)(c) of the Companies Act, 2013 duly approved by the shareholders vide their resolution approved at the general meetings of the Company held on March 26, 2019 and August 24, 2021.

Principal Terms and Conditions of this Issue

The NCDs being offered as part of the Issue are subject to the provisions of the SEBI NCS Regulations, the Act, the Memorandum and Articles of Association of our Company, the terms of this Prospectus, the Application Forms, the Abridged Prospectus, the terms and conditions of the Debenture Trust Agreement and the Debenture Trust Deed, other applicable statutory and/or regulatory requirements including those issued from time to time by SEBI/the Government of India/the Stock Exchanges, RBI and/or other statutory/regulatory authorities relating to the offer, issue and listing of securities and any other documents that may be executed in connection with the NCDs.

Ranking of NCDs

The NCDs being offered through this Issue shall be secured by way of a first and exclusive charge created pursuant to an unattested deed of hypothecation, dated on or about the Effective Date, executed or to be executed and delivered by the Issuer in a form acceptable to the Debenture Trustee ("**Deed of Hypothecation**") over the receivables (both present and future) arising out of identified book debts/loan receivables of the Issuer and all rights under the relevant loan documents in respect of the aforementioned identified book debts/loan receivables, and as set out in the Deed of Hypothecation ("**Hypothecated Assets**"); and such other security interest/contractual comfort as may be agreed between the Issuer and the Debenture Holders ((i) and (ii) above are collectively referred to as the "**Transaction Security**").

Security

Please refer to "Issue Structure" on page 166 of this Prospectus.

Other confirmations by the Debenture Trustee

The Debenture Trustee has agreed for a lumpsum fee amounting to ₹ 1,50,000 (plus applicable GST) and annual charges of ₹ 2,25,000 (plus applicable GST) for the services as agreed in terms of the engagement / appointment / fee letter dated December 06, 2021.

CATALYST TRUSTEESHIP LIMITED HAS FURNISHED TO THE STOCK EXCHANGE A DUE DILIGENCE CERTIFICATE, AS PER THE FORMAT SPECIFIED IN ANNEXURE A TO THE SEBI CIRCULAR NO. SEBI/HO/MIRSD/CRADT/CIR/P/2020/218 DATED NOVEMBER 3, 2020 AND SCHEDULE IV OF THE SEBI NCS REGULATIONS WHICH READS AS FOLLOWS:

- 1) We have examined documents pertaining to the said issue and other such relevant documents, reports and certifications.
- 2) On the basis of such examination and of the discussions with the Issuer, its directors and other officers, other agencies and on independent verification of the various relevant documents, reports and certifications, WE CONFIRM that:
 - a) The Issuer has made adequate provisions for and/or has taken steps to provide for adequate security for the NCDs to be issued.
 - b) The Issuer has obtained the permissions / consents necessary for creating security on the said property(ies).
 - c) The Issuer has made all the relevant disclosures about the security and also its continued obligations towards the holders of NCDs.
 - d) Issuer has adequately disclosed all consents/ permissions required for creation of further charge on assets in the offer document and all disclosures made in the offer document with respect to creation of security are in confirmation with the clauses of debenture trustee agreement.

- e) Issuer has disclosed all covenants proposed to be included in debenture trust deed (including any side letter, accelerated payment clause etc.), offer document.
- f) Issuer has given an undertaking that charge shall be created in favour of debenture trustee as per terms of issue before filing of listing application.

We have satisfied ourselves about the ability of the Issuer to service the NCDs.

Debenture Redemption Reserve

In accordance with recent amendments to the Companies Act, 2013, and the Companies (Share Capital and Debentures) Rules 2014, read with Rule 16 of the SEBI Debt Regulations, any non-banking finance company that intends to issue debentures to the public are no longer required to create a DRR for the purpose of redemption of debentures. The Government, in the union budget for the Financial Year 2019-2020 had announced that nonbanking finance companies raising funds in public issues would be exempt from the requirement of creating a DRR.

Pursuant to the amendment to the Companies (Share Capital and Debentures) Rules 2014, notified on August 16, 2019, and as on the date of filing of this Prospectus, the Company is not required to create DRR for the purpose of redemption of the NCDs. Accordingly, no debenture redemption reserve shall be created by our Company for the purpose of redemption of the NCDs or in connection with the Issue. The Company shall, as per the Companies (Share Capital and Debentures) Rules 2014 and other laws applicable from time to time, invest or deposit, as the case may be, the applicable amounts, within the specified timelines, in respect of debentures maturing during the year ending on the 31st day of March of the next year, in any one or more methods of investments or deposits stipulated under the applicable law. Provided that the amount remaining invested or deposited, as the case may be, shall not at any time fall below the specified percentage, which is presently stipulated at 15% (fifteen percent) of the amount of the debentures maturing during the year ending on March 31 of the next year, in any of the following instruments or such other instruments as may be permitted under the applicable laws.

1. in deposits with any scheduled bank, free from any charge or lien
2. in unencumbered securities of the Central Government or any State Government;
3. in unencumbered securities mentioned in sub-clause (a) to (d) and (ee) of section 20 of the Indian Trusts Act, 1882;
4. in unencumbered bonds issued by any other company which is notified under sub-clause (f) of section 20 of the Indian Trusts Act, 1882:

Provided further that the amount invested or deposited as above shall not be used for any purpose other than for redemption of debentures maturing during the year referred above.

Face Value

The face value of each of the NCD shall be ₹ 1,000.

Trustees for the NCD Holders

We have appointed Catalyst Trusteeship Limited to act as the Debenture Trustee for the NCD Holders in terms of Regulation 8 of the SEBI NCS Regulations and Section 71 (5) of the Companies Act, 2013 and the rules prescribed thereunder. We and the Debenture Trustee will execute a Debenture Trust Deed, before making the application for listing of NCDs, inter alia, specifying the powers, authorities and obligations of the Debenture Trustee and us. The NCD Holder(s) shall, without further act or deed, be deemed to have irrevocably given their consent to the Debenture Trustee or any of its agents or authorised officials to do all such acts, deeds, matters and things in respect of or relating to the NCDs as the Debenture Trustee may in its absolute discretion deem necessary or require to be done in the interest of the NCD Holder(s). Any payment made by us to the Debenture Trustee on behalf of the NCD Holder(s) shall discharge us pro tanto to the NCD Holder(s).

The Debenture Trustee will protect the interest of the NCD Holders in the event of default by us in regard to timely payment of interest and repayment of principal and they will take necessary action at our cost.

Events of Default

Please refer to “Issue Structure” on page 166.

NCD Holder not a Shareholder

The NCD Holders will not be entitled to any of the rights and privileges available to the equity and/or preference shareholders of our Company, except to the extent of the right to receive the annual reports of our Company and such other rights as may be prescribed under the Companies Act, 2013 and the rules prescribed thereunder and the SEBI LODR Regulations.

Rights of NCD Holders

Some of the significant rights available to the NCD Holders are as follows:

1. The NCDs shall not, except as provided in the Companies Act, 2013, our Memorandum and Articles of Association and/or the Debenture Trust Deed, confer upon the holders thereof any rights or privileges available to our Company’s members/shareholders including, without limitation, the right to receive notices or annual reports of, or to attend and/or vote at any general meeting of our Company’s members/shareholders. However, if any resolution affecting the rights attached to the NCDs is to be placed before the members/shareholders of our Company, the said resolution will first be placed before the concerned registered NCD Holders, for their consideration. In terms of Section 136 (1) of the Companies Act, 2013, holders of NCDs shall be entitled to a copy of the balance sheet and copy of trust deed on a specific request made to our Company.
2. Subject to applicable statutory/regulatory requirements and terms of the Debenture Trust Deed, including requirements of the RBI, the rights, privileges and conditions attached to the NCDs may be varied, modified and/or abrogated with the consent in writing of the holders of at least three-fourths of the outstanding amount of the NCDs or with the sanction of a special resolution passed at a meeting of the concerned NCD Holders, provided that nothing in such consent or resolution shall be operative against us, where such consent or resolution modifies or varies the terms and conditions governing the NCDs, if the same are not acceptable to us.
3. Subject to applicable statutory/regulatory requirements and terms of the Debenture Trust Deed, the registered NCD Holder or in case of joint-holders, the one whose name stands first in the register of debenture holders shall be entitled to vote in respect of such NCDs, either in person or by proxy, at any meeting of the concerned NCD Holders and every such holder shall be entitled to one vote on a show of hands and on a poll, his/her voting rights on every resolution placed before such meeting of the NCD Holders shall be in proportion to the outstanding nominal value of NCDs held by him/her.
4. The NCDs are subject to the provisions of the SEBI NCS Regulations, the Companies Act, 2013, the Memorandum and Articles of Association of our Company, the terms of this Prospectus, the Prospectus, the Application Forms, the terms and conditions of the Debenture Trust Deed, requirements of the RBI, other applicable statutory and/or regulatory requirements relating to the issue and listing, of securities and any other documents that may be executed in connection with the NCDs.
5. The Depositories shall maintain the up to date record of holders of the NCDs in dematerialised Form. In terms of Section 88(3) of the Companies Act, 2013, the register and index of beneficial of NCDs maintained by a Depository for any NCD in dematerialised form under Section 11 of the Depositories Act shall be deemed to be a Register of NCD holders for this purpose.
6. A register of NCD Holders holding NCDs in physical form pursuant to rematerialisation (“Register of NCD Holders”) will be maintained in accordance with Section 88 of the Companies Act, 2013 and all interest and principal sums becoming due and payable in respect of the NCDs will be paid to the registered holder thereof for the time being or in the case of joint-holders, to the person whose name stands first in the Register of NCD Holders as on the Record Date. For the NCDs issued in dematerialised form, the Depositories shall also maintain the up to date record of holders of the NCDs in dematerialised Form. In terms of Section 88(3) of the Companies Act, 2013, the register and index of beneficial of NCDs maintained by a Depository for any NCDs in dematerialised form under Section 11 of the Depositories Act shall be deemed to be a Register of NCD holders for this purpose.

7. Subject to compliance with RBI requirements, the NCDs can be rolled over only with the consent of the holders in accordance with Regulation 39 of the SEBI NCS Regulations. Our Company may redeem the debt securities of all the debt securities holders, who have not given their positive consent to the roll-over.

The aforementioned rights of the NCD Holders are merely indicative. The final rights of the NCD Holders will be as per the terms of the Prospectus and the Debenture Trust Deed.

Nomination facility to NCD Holder

In accordance with Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014 (“Rule 19”) and the Companies Act, 2013, the sole NCD holder, or first NCD holder, along with other joint NCD Holders’ (being individual(s)), may nominate, in the Form No. SH.13, any one person with whom, in the event of the death of Applicant the NCDs were Allotted, if any, will vest. Where the nomination is made in respect of the NCDs held by more than one person jointly, all joint holders shall together nominate in Form No.SH.13 any person as nominee. A nominee entitled to the NCDs by reason of the death of the original holder(s), will, in accordance with Rule 19 and Section 56 of the Companies Act, 2013, be entitled to the same benefits to which he or she will be entitled if he or she were the registered holder of the NCDs. Where the nominee is a minor, the NCD holder(s) may make a nomination to appoint, in Form No. SH.14, any person to become entitled to NCDs in the event of the holder’s death during minority. A nomination will stand rescinded on a sale/transfer/alienation of NCDs by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office, Corporate Office or with the Registrar to the Issue.

NCD Holder(s) are advised to provide the specimen signature of the nominee to us to expedite the transmission of the NCD(s) to the nominee in the event of demise of the NCD Holder(s). The signature can be provided in the Application Form or subsequently at the time of making fresh nominations. This facility of providing the specimen signature of the nominee is purely optional.

In accordance with Rule 19, any person who becomes a nominee by virtue of the Rule 19, will on the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as holder of NCDs; or
- to make such transfer of the NCDs, as the deceased holder could have made.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the NCDs, and if the notice is not complied with, within a period of 90 days, our Board may thereafter withhold payment of all interests or other monies payable in respect of the NCDs, until the requirements of the notice have been complied with.

For all NCDs held in the dematerialised form, nominations registered with the respective Depository Participant of the Applicant would prevail. If the investors require changing their nomination, they are requested to inform their respective Depository Participant in connection with NCDs held in the dematerialised form.

Since the allotment of NCDs will be made only in dematerialised mode, there is no need to make a separate nomination with our Company. Nominations registered with the respective Depository Participant of the Applicant would prevail. If the investors require changing their nomination, they are requested to inform their respective Depository Participant.

Applicants who have opted for rematerialisation of NCDs and are holding the NCDs in the physical form should provide required details in connection with their nominee to our Company.

Jurisdiction

Exclusive jurisdiction for the purpose of the Issue is with the competent courts of jurisdiction in Mumbai, Maharashtra, India.

Application in the Issue

NCDs being issued through this Prospectus can be applied for, through a valid Application Form filled in by the applicant along with attachments, as applicable. Further, Applications in this Issue shall be made through the ASBA facility only.

In terms of Regulation 7 of SEBI NCS Regulations, our Company will make public issue of the NCDs in the dematerialised form only.

However, in the terms of Section 8(1) of the Depositories Act, our Company at the request of the Investors who wish to hold the NCDs in physical form will rematerialise the NCDs. However, trading of the NCDs shall be compulsorily in dematerialised form only.

Form of Allotment and Denomination of NCDs

The trading of the NCDs on the Stock Exchange shall be in dematerialised form only in multiples of one 1 (one) NCD (“**Market Lot**”). Allotment in the Issue to all Allottees, will be in electronic form i.e., in dematerialised form and in multiples of one NCD.

A successful Applicant can also request for the issue of NCDs certificates in the denomination of 1 (one) NCD at any time post allotment of the NCDs (“**Market Lot**”).

It is however distinctly to be understood that the NCDs pursuant to this issue shall be traded only in demat form.

In respect of consolidated certificates, we will, only upon receipt of a request from the NCD Holder, split such consolidated certificates into smaller denominations subject to the minimum of Market Lot. No fees would be charged for splitting of NCD certificates in Market Lots, but stamp duty payable, if any, would be borne by the NCD Holder. The request for splitting should be accompanied by the original NCD certificate which would then be treated as cancelled by us.

Transfer/Transmission of NCD(s)

The NCDs shall be transferred or transmitted freely in accordance with the applicable provisions of the Companies Act, 2013. The NCDs held in dematerialised form shall be transferred subject to and in accordance with the rules/procedures as prescribed by NSDL/CDSL and the relevant DPs of the transfer or transferee and any other applicable laws and rules notified in respect thereof. The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date.

In the absence of the same, interest will be paid/redemption will be made to the person, whose name appears in the register of debenture holders maintained by the Depositories. In such cases, claims, if any, by the transferees would need to be settled with the transferor(s) and not with the Issuer or Registrar. The seller should give delivery instructions containing details of the buyer’s DP account to his depository participant.

Please see “Issue Structure” on page 166 of this Prospectus for the implications on the interest applicable to NCDs held by different category of Investors on the Record Date. Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2018 (“SEBI LODR IV Amendment”), NCDs held in physical form, pursuant to any rematerialisation, as above, cannot be transferred except by way of transmission or transposition, from December 4, 2018. However, any trading of the NCDs issued pursuant to this Issue shall be compulsorily in dematerialised form only.

Title

The NCD Holder for the time being appearing in the record of beneficial owners maintained by the Depository shall be treated for all purposes by our Company, the Debenture Trustee, the Depositories and all other persons dealing with such person as the holder thereof and its absolute owner for all purposes.

Succession

Where NCDs are held in joint names and one of the joint holders dies, the survivor(s) will be recognised as the NCD Holder(s). It will be sufficient for our Company to delete the name of the deceased NCD Holder after obtaining satisfactory evidence of his death. Provided, a third person may call on our Company to register his name as successor of the deceased NCD Holder after obtaining evidence such as probate of a will for the purpose of proving his title to the debentures. In the event of demise of the sole or first holder of the Debentures, our Company will recognise the executors or administrator of the deceased NCD Holders, or the holder of the succession certificate or other legal representative as having title to the Debentures only if such executor or

administrator obtains and produces probate or letter of administration or is the holder of the succession certificate or other legal representation, as the case may be, from an appropriate court in India. The directors of our Company in their absolute discretion may, in any case, dispense with production of probate or letter of administration or succession certificate or other legal representation.

Where a non-resident Indian becomes entitled to the NCDs by way of succession, the following steps have to be complied with:

1. Documentary evidence to be submitted to the Legacy Cell of the RBI to the effect that the NCDs were acquired by the non-resident Indian as part of the legacy left by the deceased NCD Holder.
2. Proof that the non-resident Indian is an Indian national or is of Indian origin.
3. Such holding by a non-resident Indian will be on a non-repatriation basis.

Joint-holders

Where two or more persons are holders of any NCD(s), they shall be deemed to hold the same as joint holders with benefits of survivorship subject to other provisions contained in the Articles.

Procedure for Re-materialisation of NCDs

NCD Holders who wish to hold the NCDs in physical form may do so by submitting a request to their DP at any time after Allotment in accordance with the applicable procedure stipulated by the DP, in accordance with the Depositories Act and/or rules as notified by the Depositories from time to time. **Holders of NCDs who propose to rematerialise their NCDs, would have to mandatorily submit details of their bank mandate along with a copy of any document evidencing that the bank account is in the name of the holder of such NCDs and their Permanent Account Number to our Company and the DP. No proposal for rematerialisation of NCDs would be considered if the aforementioned documents and details are not submitted along with the request for such rematerialisation.**

Restriction on transfer of NCDs

There are no restrictions on transfers and transmission of NCDs allotted pursuant to this Issue. Pursuant to the SEBI LODR IV Amendment, NCDs held in physical form, pursuant to any rematerialisation, as above, cannot be transferred except by way of transmission or transposition, from December 4, 2018. However, any trading of the NCDs issued pursuant to this Issue shall be compulsorily in dematerialised form only.

Period of Subscription

ISSUE PROGRAMME	
Issue Opens on	January 24, 2022
Issue Closes on	February 14, 2022
Pay in date	Application Date. The entire Application Amount is payable on Application
Deemed date of Allotment	The date on which the Board or the Finance Committee approves the Allotment of the NCDs for the Issue or such date as may be determined by the Board of Directors or the Finance Committee and notified to the Designated Stock Exchange. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment. All benefits relating to the NCDs including interest on NCDs (as specified for the Issue under the Prospectus) shall be available to NCD Holders from the Deemed Date of Allotment.

The Issue shall remain open for subscription on Working Days from 10 a.m. to 5 p.m. (Indian Standard Time) during the period indicated above, except that the Issue may close on such earlier date or extended date as may be decided by the Board of Directors of our Company or Finance Committee thereof subject to receipt of necessary approvals. In the event of an early closure or extension of the Issue, our Company shall ensure that notice of the same is provided to the prospective investors through an advertisement in a daily national and a daily regional newspaper with wide circulation at the place where the registered office of the Company is situated on or before such earlier or extended date of Issue closure. On the Issue Closing Date, the Application Forms will be accepted only between 10 a.m. to 3 p.m. (Indian Standard Time) and uploaded until 5 p.m. or such extended time as may be permitted by BSE. Further, pending mandate requests for bids placed on the last day of bidding will be validated by 5 p.m. (Indian Standard Time) on one Working Day post the Issue Closing Date. For further details please refer to “Terms of the Issue” on page 186 of this Prospectus.

Due to limitation of time available for uploading the Applications on the Issue Closing Date, Applicants are advised to submit their Application Forms one day prior to the Issue Closing Date and, no later than 3.00 p.m. (Indian Standard Time) on the Issue Closing Date. Applicants are cautioned that in the event a large number of Applications are received on the Issue Closing Date, there may be some Applications which are not uploaded due to lack of sufficient time to upload. Such Applications that cannot be uploaded will not be considered for allocation under the Issue. Application Forms will only be accepted on Working Days during the Issue Period. Neither our Company, nor the Lead Managers or Trading Members of the Stock Exchanges are liable for any failure in uploading the Applications due to failure in any software/ hardware systems or otherwise. Please note that the Basis of Allotment under the Issue will be on the basis of date of upload of each application into the electronic book of the Stock Exchanges in accordance with the SEBI Operational Circular. However, in the event of oversubscription, on such date, the allotments would be made to the applicants on proportionate basis.

Interest

Series I NCD

In case of Series I NCDs, interest would be paid at maturity on Actual/Actual basis at the following rate of interest on the amount outstanding from time to time, commencing from the Deemed Date of Allotment of each Series I NCD:

Category of NCD holder	Face Value and Redemption Amount (₹ per NCD)
Category I, II, III and IV	Face Value: ₹ 1,000 (Rupees One thousand) Maturity Value: ₹ 1,092.75 (Rupees One thousand ninety two and paise seventy five)

Series I NCDs shall be redeemed at the Face Value at the end of 12 (twelve) months and 1 (one) day from the Deemed Date of Allotment.

Series II NCD

In case of Series II NCDs, interest would be paid annually on Actual/Actual basis at the following rate of interest on the amount outstanding from time to time, commencing from the Deemed Date of Allotment of each Series II NCD:

Category of NCD holder	Coupon
Category I, II, III and IV	9.25% (Nine decimal point two five percent) per annum compounded monthly payable annually (equivalent to 9.65% XIRR)

Series II NCDs shall be redeemed at the Face Value at the end of 24 months from the Deemed Date of Allotment.

Series III NCD

In case of Series III NCDs, interest would be paid annually on Actual/Actual basis at the following rate of interest on the amount outstanding from time to time, commencing from the Deemed Date of Allotment of each Series III NCD:

Category of NCD holder	Coupon
Category I, II, III and IV	9.13% (Nine decimal point one three percent) per annum compounded monthly payable annually (equivalent to 9.52% XIRR)

Series III NCDs shall be redeemed as under:

- 50% of the face value of NCD will be redeemed at the end of 12 months from the Deemed Date of Allotment;
- Remaining 50% will be redeemed at the end of 24 months from the Deemed Date of Allotment.

Basis of payment of Interest

The Tenor, Coupon Rate / Yield and Redemption Amount applicable for each Series of NCDs shall be determined at the time of Allotment of NCDs. NCDs once allotted under any particular Series of NCDs shall continue to bear the applicable Tenor, Coupon/Yield and Redemption Amount as at the time of original Allotment irrespective of the category of NCD Holder on any Record Date, and such tenor, coupon/yield and redemption amount as at the time of original allotment will not be impacted by trading of any series of NCDs between the categories of persons or entities in the secondary market.

Payment of Interest/Maturity Amount will be made to those Debenture Holders whose names appear in the Register of Debenture Holders (or to first holder in case of joint-holders) as on Record Date. We may enter into an arrangement with one or more banks in one or more cities for direct credit of interest to the account of the Investors. In such cases, interest, on the Interest Payment Date, would be directly credited to the account of those Investors who have given their bank mandate.

We may offer the facility of NACH, NEFT, RTGS, Direct Credit and any other method permitted by RBI and SEBI from time to time to help Debenture Holders. The terms of this facility (including towns where this facility would be available) would be as prescribed by RBI.

Taxation

As per clause (ix) of Section 193 of the I.T. Act, no tax is required to be withheld on any interest payable on any security issued by a company, where such security is in dematerialised form and is listed on a recognised stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 (42 of 1956) and the rules made thereunder. Accordingly, no tax will be deducted at source from the interest on listed NCDs held in the dematerialised form.

However, in case of NCDs held in physical form, as per the current provisions of the IT Act, tax will not be deducted at source from interest payable on such NCDs held by the investor, if such interest does not exceed ₹5,000 in any financial year. If interest exceeds the prescribed limit of ₹ 5,000 on account of interest on the NCDs, then the tax will be deducted at applicable rate. However in case of NCD Holders claiming non-deduction or lower deduction of tax at source, as the case may be, the NCD Holder should furnish either (a) a declaration (in duplicate) in the prescribed form i.e. (i) Form 15H which can be given by individuals who are of the age of 60 years or more (ii) Form 15G which can be given by all applicants (other than companies, and firms), or (b) a certificate, from the Assessing Officer which can be obtained by all applicants (including companies and firms) by making an application in the prescribed form i.e. Form No.13. The aforesaid documents, as may be applicable, should be submitted at the office of the Registrar quoting the name of the sole/ first NCD Holder, NCD folio number and the distinctive number(s) of the NCD held, at least seven days prior to the Record Date to ensure non-deduction/lower deduction of tax at source from interest on the NCD. The investors need to submit Form 15H/15G/certificate in original with the Assessing Officer for each financial year during the currency of the NCD to ensure non-deduction or lower deduction of tax at source from interest on the NCD.

Any tax exemption certificate/document, if any, must be lodged at the office of the Registrar at least seven days prior to the Record Date or as specifically required, failing which tax applicable on interest will be deducted at source on accrual thereof in our Company's books and/or on payment thereof, in accordance with the provisions of the IT Act and/or any other statutory modification, enactment or notification as the case may be. A tax deduction certificate will be issued for the amount of tax so deducted.

Subject to the terms and conditions in connection with computation of applicable interest on the Record Date, please note that in case the NCDs are transferred and/or transmitted in accordance with the provisions of this Prospectus read with the provisions of the Articles of Association of our Company, the transferee of such NCDs or the deceased holder of NCDs, as the case may be, shall be entitled to any interest which may have accrued on the NCDs.

Day Count Convention

Interest shall be computed on actual/actual basis i.e., on the principal outstanding on the NCDs as per the SEBI Operational Circular.

Effect of holidays on payments

If the date of payment of interest does not fall on a Working Day, then the interest payment will be made on succeeding Working Day (the "Effective Date"), however the calculation for payment of interest will be only till the originally stipulated Interest Payment Date. The dates of the future interest payments would be as per the originally stipulated schedule. Payment of interest will be subject to the deduction of tax as per Income Tax Act or any statutory modification or re-enactment thereof for the time being in force. In case the Maturity Date (also being the last Interest Payment Date) does not fall on a Working Day, the payment will be made on the immediately preceding Working Day, along with coupon/interest accrued on the NCDs until but excluding the

date of such payment. The interest/redemption payments shall be made only on the days when the money market is functioning in Mumbai.

Illustration for guidance in respect of the day count convention and effect of holidays on payments

The illustration for guidance in respect of the day count convention and effect of holidays on payments, as required by the SEBI Operational Circular is disclosed as Annexure I.

Application Size

Each application should be for a minimum of 10 (ten) NCDs and in multiples of one (1) NCD thereafter. The minimum application size for each application for NCDs would be ₹ 10,000 (across all Options of NCDs either taken individually or collectively) and in multiples of ₹ 1,000 thereafter.

Applicants can apply for any or all types of NCDs offered hereunder (any / all Series) provided the Applicant has applied for minimum application size using the same Application Form.

Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions.

Maturity and Redemption

Please refer to “Issue Structure” on page 166 of this Prospectus.

Put / Call Option

Not Applicable

Terms of Payment

The entire issue price per NCD is blocked in the ASBA Account on application itself. In case of allotment of lesser number of NCDs than the number of NCDs applied for, our Company shall instruct the SCSBs to unblock the excess amount blocked on application in accordance with the terms of the Prospectus.

Manner of Payment of Interest / Refund / Redemption

The manner of payment of interest / refund / redemption in connection with the NCDs is set out below:

For NCDs held in physical form on account of rematerialisation

The bank details will be obtained from the Registrar to the Issue for payment of interest / refund / redemption as the case may be along with the rematerialisation request.

For NCDs applied / held in electronic form

The bank details will be obtained from the Depositories for payment of Interest / refund / redemption as the case may be. Applicants who have applied for or are holding the NCDs in electronic form, are advised to immediately update their bank account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in credit of refunds to the Applicant at the Applicant's sole risk, and the Lead Managers, our Company nor the Registrar to the Issue shall have any responsibility and undertake any liability for the same.

The mode of interest / refund / redemption payments shall be undertaken in the following order of preference:

1. Direct Credit

Investors having their bank account with the Refund Bank, shall be eligible to receive refunds, if any, through direct credit. The refund amount, if any, would be credited directly to their bank account with the Refund Banker.

2. **NACH**

National Automated Clearing House which is a consolidated system of ECS. Payment of refund would be done through NACH for Applicants having an account at one of the centres specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including Magnetic Ink Character Recognition (MICR) code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by the RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.

3. **RTGS**

Applicants having a bank account with a participating bank and whose interest payment/ refund/ redemption amounts exceed ₹ 200,000, or such amount as may be fixed by RBI from time to time, have the option to receive refund through RTGS. Such eligible Applicants who indicate their preference to receive interest payment/ refund/ redemption through RTGS are required to provide the IFSC code in the Application Form or intimate our Company and the Registrar to the Issue at least seven days prior to the Record Date. Charges, if any, levied by the Applicant's bank receiving the credit would be borne by the Applicant. In the event the same is not provided, interest payment/ refund/ redemption shall be made through NACH subject to availability of complete bank account details for the same as stated above.

4. **NEFT**

Payment of interest/ refunds/ redemption shall be undertaken through NEFT wherever the Applicants' banks have been assigned the Indian Financial System Code ("IFSC"), which can be linked to a Magnetic Ink Character Recognition ("MICR"), if any, available to that particular bank branch. The IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of interest/ refund/ redemption will be made to the applicants through this method.

5. **Registered Post/Speed Post**

For all other applicants, including those who have not updated their bank particulars with the MICR code, the interest payment / refund / redemption orders shall be dispatched through speed post/ registered post.

Please note that applicants are eligible to receive payments through the modes detailed in (1), (2) (3), and (4) herein above provided they provide necessary information for the above modes and where such payment facilities are allowed / available.

Please note that our Company shall not be responsible to the holder of NCD, for any delay in receiving credit of interest / refund / redemption so long as our Company has initiated the process of such request in time.

In case of ASBA Applicants, the Registrar to the Issue will issue requisite instructions to the relevant SCSBs to un-block amounts in the ASBA Accounts of the Applicants representing the amounts to be refunded to the Applicants.

6. The Registrar to the Issue shall instruct the relevant SCSB or in case of Bids by Retail Individual Investors applying through the UPI Mechanism to the Sponsor Bank, to revoke the mandate and to unblock the funds in the relevant ASBA Account to the extent of the Application Amount specified in the Application Forms for withdrawn, rejected or unsuccessful or partially successful Applications within six Working Days of the Issue Closing Date.

Printing of Bank Particulars on Interest/ Redemption Warrants

As a matter of precaution against possible fraudulent encashment of refund orders and interest/redemption warrants due to loss or misplacement, the particulars of the Applicant's bank account are mandatorily required to be given for printing on the orders/ warrants. In relation to NCDs applied and held in dematerialised form, these particulars would be taken directly from the depositories. In case of NCDs held in physical form either on account of rematerialisation or transfer, the investors are advised to submit their bank account details with our Company / Registrar at least 7 (seven) days prior to the Record Date failing which the orders / warrants will be dispatched

to the postal address of the holder of the NCDs as available in the records of our Company. Bank account particulars will be printed on the orders/ warrants which can then be deposited only in the account specified.

Loan against NCDs

Pursuant to the RBI Circular dated June 27, 2013, our Company, is not permitted to extend any loans against the security of its NCDs.

Buy Back of NCDs

Our Company may, at its sole discretion, from time to time, consider, subject to applicable statutory and/or regulatory requirements, buyback of NCDs, upon such terms and conditions as may be decided by our Company.

Our Company may from time to time invite the NCD Holders to offer the NCDs held by them through one or more buy-back schemes and/or letters of offer upon such terms and conditions as our Company may from time to time determine, subject to applicable statutory and/or regulatory requirements. Such NCDs which are bought back may be extinguished, re-issued and/or resold in the open market with a view of strengthening the liquidity of the NCDs in the market, subject to applicable statutory and/or regulatory requirements.

Record Date

15 (fifteen) days prior to the relevant Interest Payment Date, relevant Redemption Date for NCDs issued under the Prospectus or as may be otherwise prescribed by the Stock Exchanges. In case of redemption of NCDs, the trading in the NCDs shall remain suspended between the record date and the date of redemption. In event the Record Date falls on a Sunday or holiday of Depositories, the succeeding Working Day or a date notified by the Company to the Stock Exchanges shall be considered as Record Date.

Procedure for Redemption by NCD Holders

NCDs held in physical form pursuant to rematerialisation of NCDs

No action would ordinarily be required on the part of the NCD Holder at the time of redemption and the redemption proceeds would be paid to those NCD Holders whose names stand in the register of debenture holders maintained by us on the Record Date fixed for the purpose of Redemption. However, our Company may require that the NCD certificate(s), duly discharged by the sole holder/all the joint-holders (signed on the reverse of the NCD certificates) be surrendered for redemption on maturity and should be sent by the NCD Holders by Registered Post with acknowledgment due or by hand delivery to our office or to such persons at such addresses as may be notified by us from time to time. NCD Holders may be requested to surrender the NCD certificates in the manner as stated above, not more than three months and not less than one month prior to the redemption date so as to facilitate timely payment.

We may at our discretion redeem the NCDs without the requirement of surrendering of the NCD certificates by the holder(s) thereof. In case we decide to do so, the holders of NCDs need not submit the NCD certificates to us and the redemption proceeds would be paid to those NCD holders whose names stand in the register of debenture holders maintained by us on the Record Date fixed for the purpose of redemption of NCDs. In such case, the NCD certificates would be deemed to have been cancelled. Also see the para "Payment on Redemption" given below.

NCDs held in electronic form

No action is required on the part of NCD holder(s) at the time of redemption of NCDs.

Payment on Redemption

The manner of payment of redemption is set out below*.

NCDs held in physical form on account of rematerialisation

The payment on redemption of the NCDs will be made by way of cheque/pay order/ electronic modes. However, if our Company so requires, the aforementioned payment would only be made on the surrender of NCD certificates, duly discharged by the sole holder/ all the joint-holders (signed on the reverse of the NCD certificates).

Despatch of cheques/ pay orders, etc. in respect of such payment will be made on the redemption date or (if so requested by our Company in this regard) within a period of 30 days from the date of receipt of the duly discharged NCD certificate.

In case we decide to do so, the redemption proceeds in the manner stated above would be paid on the redemption date to those NCD Holders whose names stand in the register of debenture holders maintained by us on the Record Date fixed for the purpose of Redemption. Hence the transferees, if any, should ensure lodgment of the transfer documents with us at least seven days prior to the Record Date. In case the transfer documents are not lodged with us at least seven days prior to the Record Date and we dispatch the redemption proceeds to the transferor, claims in respect of the redemption proceeds should be settled amongst the parties inter se and no claim or action shall lie against us or the Registrar to the Issue.

Our liability to NCD Holders towards his/their rights including for payment or otherwise shall stand extinguished from the redemption in all events and when we dispatch the redemption amounts to the NCD Holders.

Further, we will not be liable to pay any interest, income or compensation of any kind from the date of redemption of the NCDs.

NCDs held in electronic form

On the redemption date, redemption proceeds would be paid by cheque/ pay order/ electronic mode to those NCD Holders whose names appear on the list of beneficial owners given by the Depositories to us. These names would be as per the Depositories' records on the Record Date fixed for the purpose of redemption. These NCDs will be simultaneously extinguished to the extent of the amount redeemed through appropriate debit corporate action upon redemption of the corresponding value of the NCDs. It may be noted that in the entire process mentioned above, no action is required on the part of NCD Holders.

Our liability to NCD Holders towards his/their rights including for payment/ redemption in all events shall end when we dispatch the redemption amounts to the NCD Holders.

Further, we will not be liable to pay any interest, income or compensation of any kind from the date of redemption of the NCDs.

**In the event, the interest / payout of total coupon / redemption amount is a fraction and not an integer, such amount will be rounded off to the nearest integer. By way of illustration if the redemption amount is ₹1,837.5, then the amount shall be rounded off to ₹1,838.*

Recovery Expense Fund

Our Company will create a recovery expense fund in the manner as specified by SEBI in circular no. SEBI/HO/MIRSD/CRADT/CIR/P/2020/207 dated October 22, 2020, as amended from time to time, and Regulation 11 of the SEBI NCS Regulations with the Designated Stock Exchange for the purpose of this Issue and informed the Debenture Trustee regarding the creation of such fund. The recovery expense fund may be utilised by Debenture Trustee, in the event of default by our Company under the terms of the Debenture Trust Deed for taking appropriate legal action to enforce the security.

Issue of Duplicate NCD Certificate(s)

If any NCD certificate(s) is/are mutilated or defaced or the cages for recording transfers of NCDs are fully utilised, the same may be replaced by us against the surrender of such certificate(s). Provided, where the NCD certificate(s) are mutilated or defaced, the same will be replaced as aforesaid only if the certificate numbers and the distinctive numbers are legible.

If any NCD certificate is destroyed, stolen or lost then upon production of proof thereof to our satisfaction and upon furnishing such indemnity/security and/or documents as we may deem adequate, duplicate NCD certificate(s) shall be issued. Upon issuance of a duplicate NCD certificate, the original NCD certificate shall stand cancelled.

Right to reissue NCD(s)

Subject to the provisions of the Companies Act, 2013, where we have fully redeemed or repurchased any NCDs, we shall have and shall be deemed always to have had the right to keep such NCDs in effect without extinguishment thereof, for the purpose of resale or re-issue and in exercising such right, we shall have and be deemed always to have had the power to resell or reissue such NCDs either by reselling or re-issuing the same NCDs or by issuing other NCDs in their place. The aforementioned right includes the right to reissue original NCDs.

Sharing of Information

We may, at our option, use on our own, as well as exchange, share or part with any financial or other information about the NCD Holders available with us, with our Subsidiary, if any and affiliates and other banks, financial institutions, credit bureaus, agencies, statutory bodies, as may be required and neither we or our affiliates nor their agents shall be liable for use of the aforesaid information.

Notices

All notices to the NCD Holder(s) required to be given by us or the Debenture Trustee shall be published in one English language newspaper having wide circulation and one regional language daily newspaper at the place where the registered office of the Company is situated and/or will be sent by post/ courier or through email or other electronic media to the Registered Holders of the NCD(s) from time to time.

Future Borrowings

We will be entitled to borrow/raise loans or avail of financial assistance in whatever form as also to issue debentures/ NCDs/other securities in any manner having such ranking in priority, pari passu or otherwise, subject to applicable consents, approvals or permissions that may be required under any statutory/regulatory/contractual requirement, and subject to the stipulated minimum security cover being maintained, and change the capital structure including the issue of shares of any class, on such terms and conditions as we may think appropriate, without the consent of, or intimation to, the NCD Holders or the Debenture Trustee in this connection. However, if consent and/or intimation is required under applicable law, then the Company shall obtain such consents and/or intimation in accordance with such law.

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

“Any person who: (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or (c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under section 447 of the Companies Act, 2013”

Pre-closure

Our Company, in consultation with the Lead Managers reserves the right to close the Issue at any time prior to the Issue Closing Date, subject to receipt of minimum subscription or as may be specified in the Prospectus. Our Company shall allot NCDs with respect to the Applications received until the time of such pre-closure in accordance with the Basis of Allotment as described herein and subject to applicable statutory and/or regulatory requirements. In the event of such early closure of the Issue, our Company shall ensure that public notice of such early closure is published on or before such early date of closure or the Issue Closing Date, as applicable, through advertisement(s) in all those newspapers in which pre-issue advertisement and advertisement for opening or closure of the issue have been given.

Minimum Subscription

In terms of the SEBI NCS Regulations, for an issuer undertaking a public issue of debt securities, the minimum subscription for public issue of debt securities shall be 75% of the Base Issue Size. If our Company does not

receive the minimum subscription of 75% of the Base Issue Size, prior to the Issue Closing Date the entire subscription amount shall be unblocked in the Applicants ASBA Account within eight Working Days from the date of closure of the Issue or such time as may be specified by SEBI. The refunded subscription amount shall be credited only to the account from which the relevant subscription amount was remitted. In the event, there is a delay, by our Company in unblocking aforesaid ASBA Accounts within the prescribed time limit, our Company will pay interest at the rate of 15% per annum for the delayed period.

Under Section 39(3) of the Companies Act, 2013 and Rule 11(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 if the stated minimum subscription amount is not received within the specified period, the application money received is to be credited only to the bank account from which the subscription was remitted. To the extent possible, where the required information for making such refunds is available with our Company and/or Registrar, refunds will be made to the account prescribed. However, where our Company and/or Registrar does not have the necessary information for making such refunds, our Company and/or Registrar will follow the guidelines prescribed by SEBI in this regard in the SEBI Operational Circular.

Utilisation of Application Amount

The sum received in respect of the Issue will be kept in separate bank accounts until the documents for creation of security are executed and on receipt of listing and trading approval we will have access to such funds as per applicable provisions of law(s), regulations and approvals.

Utilisation of Issue Proceeds

1. All monies received pursuant to the issue of NCDs to public shall be transferred to a separate bank account as referred to in sub-section (3) of section 40 of the Companies Act, 2013 and the SEBI NCS Regulations, and our Company will comply with the conditions as stated therein, and these monies will be transferred to Company's bank account after receipt of listing and trading approvals;
2. The allotment letter shall be issued, or application money shall be refunded in accordance with the Applicable Law failing which interest shall be due to be paid to the applicants at the rate of 15% per annum for the delayed period;
3. Details of all monies utilised out of the Issue shall be disclosed under an appropriate separate head in our Balance Sheet indicating the purpose for which such monies had been utilised;
4. Details of all unutilised monies out of issue of NCDs, if any, shall be disclosed and continued to be disclosed under an appropriate separate head in our Balance Sheet till the time any part of the proceeds of the Issue remains unutilised indicating the form of financial assets in which such unutilised monies have been invested;
5. The Issue proceeds shall not be utilised towards full or part consideration for the purchase or any other acquisition, inter alia, by way of a lease, of any immovable property;
6. We shall utilise the Issue proceeds only after (i) receipt of minimum subscription, i.e., 75% of the Base Issue Size pertaining to the Issue; (ii) completion of Allotment and refund process in compliance with Section 40 of the Companies Act, 2013; (iii) creation of security; (iv) obtaining requisite permissions or consents for creation of first charge over assets sought to be provided as Security; (v) obtaining listing and trading approval as stated in this Prospectus in "Issue Structure" on page 166 of this Prospectus;
7. The Issue proceeds shall be utilised in compliance with various guidelines, regulations and clarifications issued by RBI, SEBI or any other statutory authority from time to time. Further the Issue proceeds shall be utilised only for the purpose and objects stated in the Offer Documents; and
8. If Allotment is not made, application monies will be refunded/unblocked in the ASBA Accounts within 6 Working Days from the Issue Closing Date or such lesser time as specified by SEBI, failing which interest will be due to be paid to the Applicants in accordance with applicable laws.

Guarantee/Letter of Comfort

The Issue is not backed by a guarantee or letter of comfort or any other document and/or letter with similar intent.

Arrangers to the Issue

There are no arrangers to the Issue.

Lien

Our Company will have the right of set-off and lien, present as well as future on the moneys due and payable to the NCD Holder, to the extent of all outstanding dues, if any by the NCD Holder to our Company, subject to applicable laws.

Lien or Pledge of NCDs

Subject to applicable laws, our Company, at its discretion, may note a lien or pledge of NCDs if such pledge of NCDs is accepted by any bank or institution for any loan provided to the NCD Holder against pledge of such NCDs as part of the funding.

Monitoring and Reporting of Utilisation of Issue Proceeds

There is no requirement for appointment of a monitoring agency in terms of the SEBI NCS Regulations. Our Board shall monitor the utilisation of the proceeds of the Issue. For the relevant quarters, our Company will disclose in our quarterly financial statements, the utilisation of the net proceeds of the Issue under a separate head along with details, if any, in relation to all such proceeds of the Issue that have not been utilised thereby also indicating investments, if any, of such unutilised proceeds of the Issue.

Procedure for Rematerialisation of NCDs

NCD Holders who wish to hold the NCDs in physical form may do so by submitting a request to their DP at any time after Allotment in accordance with the applicable procedure stipulated by the DP, in accordance with the Depositories Act and/or rules as notified by the Depositories from time to time. Holders of NCDs who propose to rematerialise their NCDs, would have to mandatorily submit details of their bank mandate along with a copy of any document evidencing that the bank account is in the name of the holder of such NCDs and their Permanent Account Number to our Company and the DP. No proposal for rematerialisation of NCDs would be considered if the aforementioned documents and details are not submitted along with the request for such rematerialisation.

Notices

All notices to the NCD Holder(s) required to be given by us or the Debenture Trustee will be sent by post/ courier or through email or other electronic media to the Registered Holders of the NCD(s) from time to time.

Events of Default

Please refer to “Issue Structure” on page 166 of this Prospectus

Filing of the Prospectus with the RoC

A copy of the Prospectus will be filed with the RoC, in accordance with Section 26 of Companies Act, 2013.

Pre-Issue Advertisement

Subject to Section 30 of the Companies Act, 2013, our Company will issue a statutory advertisement on or before the Issue Opening Date. This advertisement will contain the information as prescribed in Schedule V of SEBI NCS Regulations in compliance with the Regulation 30(1) of SEBI NCS Regulations.

Listing

The NCDs offered through this Prospectus are proposed to be listed on the NSE and BSE. Our Company has obtained an ‘in-principle’ approval for the Issue from NSE vide their letter bearing reference no. NSE/LIST/C/2021/0010 dated January 17, 2022 and BSE vide their letter bearing reference no. DCS/BM/PI-BOND/023/21-22 dated January 17, 2022. For the purposes of the Issue, NSE shall be the Designated Stock Exchange. Our Company will use best efforts to ensure that all steps for the completion of the necessary

formalities for listing and commencement of trading at the Stock Exchange are taken within 6 Working Days of the Issue Closing Date. For the avoidance of doubt, it is hereby clarified that in the event of non-subscription to any one or more of the series, such series(s) of NCDs shall not be listed.

Guarantee/Letter of Comfort

The Issue is not backed by a guarantee or letter of comfort or any other document and/or letter with similar intent.

Monitoring and Reporting of Utilisation of Issue Proceeds

There is no requirement for appointment of a monitoring agency in terms of the SEBI Debt Regulations. The Audit Committee shall monitor the utilization of the proceeds of the Issue. For the relevant Fiscals commencing from the Fiscal 2021- 2022, our Company will disclose in our financial statements, the utilization of the net proceeds of the Issue under a separate head along with details, if any, in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Issue.

ISSUE PROCEDURE

This section applies to all Applicants. Pursuant to the SEBI Operational Circular, all Applicants are required to apply for in the Issue through the ASBA process. Please note that all Applicants are required to pay the full Application Amount or ensure that the ASBA Account has sufficient credit balance such that the entire Application Amount can be blocked by the SCSB while making an Application.

In addition, specific attention is invited to SEBI Operational Circular, whereby investor may use the Unified Payment Interface (“UPI”) to participate in the public issue for an amount up to ₹2,00,000.

ASBA Applicants ensure that their respective ASBA accounts can be blocked by the SCSBs, in the relevant ASBA Accounts. Applicants should note that they may submit their Applications to the Lead Managers or Members of the Syndicate or Registered Brokers at the Broker Centres or CDPs at the Designated CDP Locations or the RTA at the Designated RTA Locations or designated branches of SCSBs as mentioned on the Application Form.

Applicants are advised to make their independent investigations and ensure that their Applications do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable law or as specified in this Prospectus.

The procedure mentioned in this section is subject to the Stock Exchanges putting in place the necessary systems and infrastructure for implementation of the provisions of the abovementioned circular. The Direct Online Application facility will be available for this Issue.

Retail Individual Investors should note that they may use the UPI Mechanism to block funds for application value upto ₹ 2,00,000 submitted through the app/web interface of the Stock Exchange or through intermediaries (Syndicate members, Registered Stock Brokers, Registrar and Transfer agent and Depository Participants).

Specific attention is drawn to the SEBI Operational Circular, which provides for allotment in public issues of debt securities to be made on the basis of date of upload of each application into the electronic book of the Stock Exchanges, as opposed to the date and time of upload of each such application.

PLEASE NOTE THAT ALL TRADING MEMBERS OF THE STOCK EXCHANGES WHO WISH TO COLLECT AND UPLOAD APPLICATIONS IN THIS ISSUE ON THE ELECTRONIC APPLICATION PLATFORM PROVIDED BY THE STOCK EXCHANGES WILL NEED TO APPROACH THE RESPECTIVE STOCK EXCHANGES AND FOLLOW THE REQUISITE PROCEDURES AS MAY BE PRESCRIBED BY THE RELEVANT STOCK EXCHANGE. THE FOLLOWING SECTION MAY CONSEQUENTLY UNDERGO CHANGE BETWEEN THE DATES OF THE DRAFT PROSPECTUS, THE PROSPECTUS, THE ISSUE OPENING DATE AND THE ISSUE CLOSING DATE.

THE LEAD MANAGERS, LEAD BROKER AND THE COMPANY SHALL NOT BE RESPONSIBLE OR LIABLE FOR ANY ERRORS OR OMISSIONS ON THE PART OF THE TRADING MEMBERS IN CONNECTION WITH THE RESPONSIBILITIES OF SUCH TRADING MEMBERS INCLUDING BUT NOT LIMITED TO COLLECTION AND UPLOAD OF APPLICATIONS IN THIS ISSUE ON THE ELECTRONIC APPLICATION PLATFORM PROVIDED BY THE STOCK EXCHANGES. FURTHER, THE RELEVANT STOCK EXCHANGES SHALL BE RESPONSIBLE FOR ADDRESSING INVESTOR GRIEVANCES ARISING FROM APPLICATIONS THROUGH TRADING MEMBERS REGISTERED WITH SUCH STOCK EXCHANGE.

For purposes of the Issue, the term “Working Day” shall mean, all days on which commercial banks in Mumbai are open for business. In respect of announcement or bid/issue period, working day shall mean all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business. Further, in respect of the time period between the bid/ issue closing date and the listing of the non-convertible securities on the stock exchanges, working day shall mean all trading days of the stock exchanges for non-convertible securities, excluding Saturdays, Sundays and bank holidays, as specified by the Board.

The information below is given for the benefit of the investors. Our Company and the Members of Consortium are not liable for any amendment or modification or changes in applicable laws or regulations, which may occur after the date of this Prospectus.

PROCEDURE FOR APPLICATION

Availability of the Prospectus, Abridged Prospectus, and Application Forms

Please note that only ASBA Applicants shall be permitted to make an application for the NCDs.

Please note that there is a single Application Form for Applicants who are Persons Resident in India.

Physical copies of the Abridged Prospectus containing the salient features of the Prospectus together with Application Forms may be obtained from:

1. Our Company's Registered Office and Corporate Office;
2. Offices of the Lead Managers;
3. Offices of the Lead Brokers;
4. Registrar to the Issue
5. Designated RTA Locations for RTAs;
6. Designated CDP Locations for CDPs; and
7. Designated Branches of the SCSBs.

Electronic copies of the Prospectus along with the downloadable version of the Application Form will be available on the websites of the Lead Managers, the Stock Exchanges, SEBI and the SCSBs.

Electronic Application Forms may be available for download on the websites of the Stock Exchanges and on the websites of the SCSBs that permit submission of Applications electronically. A unique application number ("UAN") will be generated for every Application Form downloaded from the websites of the Stock Exchanges.

Our Company may also provide Application Forms for being downloaded and filled at such websites as it may deem fit. In addition, brokers having online demat account portals may also provide a facility of submitting the Application Forms virtually online to their account holders.

Trading Members of the Stock Exchanges can download Application Forms from the websites of the Stock Exchanges. Further, Application Forms will be provided to Trading Members of the Stock Exchanges at their request.

Who can apply?

The following categories of persons are eligible to apply in the Issue:

Category I Institutional Investors	Category II Non-Institutional Investors	Category III High Net-worth Individual, ("HNIs"), Investors	Category IV Retail Individual Investors
<ul style="list-style-type: none"> • Public financial institutions, scheduled commercial banks, Indian multilateral and bilateral development financial institution which are authorised to invest in the NCDs; • Provident funds, pension funds with a minimum corpus of ₹250 million, superannuation funds and gratuity funds, which are authorised to invest in the NCDs; • Alternative Investment Funds, subject to investment conditions applicable to them under 	<ul style="list-style-type: none"> • Companies within the meaning of section 2(20) of the Companies Act, 2013; • Statutory Bodies/ Corporations and Societies registered under the applicable laws in India and authorised to invest in the NCDs; • Co-operative banks and regional rural banks • Public/private charitable/ religious trusts which are authorised to invest in the NCDs; 	<ul style="list-style-type: none"> • Resident Indian individuals or Hindu Undivided Families through the Karta applying for an amount aggregating to above ₹1 million across all series of NCDs in Issue 	<ul style="list-style-type: none"> • Resident Indian individuals or Hindu Undivided Families through the Karta applying for an amount aggregating up to and including ₹1 million across all series of NCDs in Issue and shall include Retail Individual Investors, who have submitted bid for an amount not more than ₹200,000 in any of the bidding options in the Issue (including HUFs applying through their Karta and does

Category I Institutional Investors	Category II Non-Institutional Investors	Category III High Net-worth Individual, (“HNIs”), Investors	Category IV Retail Individual Investors
<p>the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012;</p> <ul style="list-style-type: none"> • Mutual Funds registered with SEBI • Resident Venture Capital Funds registered with SEBI; • Insurance Companies registered with IRDA; • State industrial development corporations; • Insurance funds set up and managed by the army, navy, or air force of the Union of India; • Insurance funds set up and managed by the Department of Posts, the Union of India; • Systemically Important Non-Banking Financial Company, a nonbanking financial company registered with the Reserve Bank of India and having a net-worth of more than ₹5,000 million as per the last audited financial statements; • National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India. 	<ul style="list-style-type: none"> • Scientific and/or industrial research organisations, which are authorised to invest in the NCDs; • Partnership firms in the name of the partners; • Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009); • Association of Persons; and • Any other incorporated and/ or unincorporated body of persons. 		<p>not include NRIs) though UPI Mechanism.</p>

Please note that it is clarified that Persons Resident outside India shall not be entitled to participate in the Issue and any applications from such persons are liable to be rejected.

Participation of any of the aforementioned categories of persons or entities is subject to the applicable statutory and/or regulatory requirements in connection with the subscription to Indian securities by such categories of persons or entities. Applicants are advised to ensure that Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions. Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/ consents/ approvals in connection with applying for, subscribing to, or seeking Allotment of NCDs pursuant to the Issue.

The Lead Managers and its respective associates and affiliates are permitted to subscribe in the Issue.

Who are not eligible to apply for NCDs?

The following categories of persons, and entities, shall not be eligible to participate in the Issue and any Applications from such persons and entities are liable to be rejected:

1. Minors without a guardian name*(A guardian may apply on behalf of a minor. However, Applications by minors must be made through Application Forms that contain the names of both the minor Applicant and the guardian);
2. Foreign nationals, NRI inter-alia including any NRIs who are (i) based in the USA, and/or, (ii) domiciled in the USA, and/or, (iii) residents/citizens of the USA, and/or, (iv) subject to any taxation laws of the USA;
3. Persons resident outside India and other foreign entities;
4. Foreign Institutional Investors;
5. Foreign Portfolio Investors;
6. Foreign Venture Capital Investors
7. Qualified Foreign Investors;
8. Overseas Corporate Bodies; and
9. Persons ineligible to contract under applicable statutory/regulatory requirements.

**Applicant shall ensure that guardian is competent to contract under Indian Contract Act, 1872*

Based on the information provided by the Depositories, our Company shall have the right to accept Applications belonging to an account for the benefit of a minor (under guardianship). In case of such Applications, the Registrar to the Issue shall verify the above on the basis of the records provided by the Depositories based on the DP ID and Client ID provided by the Applicants in the Application Form and uploaded onto the electronic system of the Stock Exchange.

The concept of Overseas Corporate Bodies (meaning any company, partnership firm, society and other corporate body or overseas trust irrevocably owned/held directly or indirectly to the extent of at least 60% by NRIs), which was in existence until 2003, was withdrawn by the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies) Regulations, 2003. Accordingly, OCBs are not permitted to invest in the Issue.

Please refer to “Issue Procedure - Rejection of Applications” on page 223 of this Prospectus for information on rejection of Applications.

Method of Applications

In terms of the SEBI Operational Circular, an eligible investor desirous of applying in this Issue can make Applications through the ASBA mechanism only.

Further, the Application may also be submitted through the app or web interface developed by Stock Exchanges wherein the Application is automatically uploaded onto the Stock Exchange bidding platform and the amount is blocked using the UPI mechanism, as applicable.

Applicants are requested to note that in terms of the SEBI Operational Circular, SEBI has mandated issuers to provide, through a recognised stock exchange which offers such a facility, an online interface enabling direct application by investors to a public issue of debt securities with an online payment facility (“Direct Online Application Mechanism”). In this regard, SEBI has, through the SEBI Operational Circular, directed recognised Stock Exchange in India to put in necessary systems and infrastructure for the implementation of the SEBI Operational Circular and the Direct Online Application Mechanism infrastructure for the implementation of the SEBI Operational Circular and the Direct Online Application Mechanism. The Direct Online Application facility will be available for this Issue as per mechanism provided in the SEBI Operational Circular.

All Applicants shall mandatorily apply in the Issue through the ASBA process only. Applicants intending to subscribe in the Issue shall submit a duly filled Application form to any of the Designated Intermediaries. Designated Intermediaries (other than SCSBs) shall submit/deliver the Application Form (except the Application Form from a Retail Individual Investor bidding using the UPI mechanism) to the respective SCSB, where such investor has a bank account and shall not submit it to any non-SCSB bank or any Escrow Bank.

Applicants should submit the Application Form only at the Bidding Centres, i.e. to the respective Members of the

Syndicate at the Specified Locations, the SCSBs at the Designated Branches, the Registered Broker at the Broker Centres, the RTAs at the Designated RTA Locations or CDPs at the Designated CDP Locations. Kindly note that Application Forms submitted by Applicants at the Specified Locations will not be accepted if the SCSB with which the ASBA Account, as specified in the Application Form is maintained has not named at least one branch at that location for the Designated Intermediaries for deposit of the Application Forms. A list of such branches is available at <https://www.sebi.gov.in>.

The relevant Designated Intermediaries, upon receipt of physical Application Forms from ASBA Applicants, shall upload the details of these Application Forms to the online platform of the Stock Exchange and submit these Application Forms with the SCSB with whom the relevant ASBA Accounts are maintained.

An Applicant shall submit the Application Form, which shall be stamped at the relevant Designated Branch of the SCSB. Application Forms in physical mode, which shall be stamped, can also be submitted to be the Designated Intermediaries at the Specified Locations. The SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the Application Form.

Our Company, the Directors, affiliates, associates and their respective directors and officers, Lead Managers and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to ASBA Applications accepted by the Designated Intermediaries, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Applications uploaded by SCSBs, the Application Amount has been blocked in the relevant ASBA Account. Further, all grievances against Designated Intermediaries in relation to this Issue should be made by Applicants directly to the relevant Stock Exchange.

In terms of the SEBI Operational Circular, an eligible investor desirous of applying in this Issue can make Applications through the following modes:

1. Through Self-Certified Syndicate Bank (SCSB) or intermediaries (viz. Syndicate members, Registered Stock Brokers, Registrar and Transfer agent and Depository Participants)
 - a. An investor may submit the bid-cum-application form, with ASBA as the sole mechanism for making payment, physically at the branch of a SCSB, i.e. investor's bank. For such applications, the existing process of uploading of bid on the Stock Exchange bidding platform and blocking of funds in investors account by the SCSB would continue.
 - b. An investor may submit the completed bid-cum-application form to intermediaries mentioned above along with details of his/her bank account for blocking of funds. The intermediary shall upload the bid on the Stock Exchange bidding platform and forward the application form to a branch of a SCSB for blocking of funds.
 - c. An investor may submit the bid-cum-application form with a SCSB or the intermediaries mentioned above and use his / her bank account linked UPI ID for the purpose of blocking of funds, if the application value is ₹ 2 lakhs or less. The intermediary shall upload the bid on the Stock Exchange bidding platform. The application amount would be blocked through the UPI mechanism in this case.
2. Through Stock Exchanges
 - a. An investor may submit the bid-cum-application form through the App or web interface developed by Stock Exchanges (or any other permitted methods) wherein the bid is automatically uploaded onto the Stock Exchanges bidding platform and the amount is blocked using the UPI Mechanism.
 - b. The Stock Exchanges have extended their web-based platforms i.e. 'BSEDirect' and 'NSE goBID' to facilitate investors to apply in public issues of debt securities through the web based platform and mobile app with a facility to block funds through Unified Payments Interface (UPI) mechanism for application value upto ₹ 2 lakh. To place bid through 'BSEDirect' and 'NSE goBID' platform/ mobile app the eligible investor is required to register himself/ herself with BSE Direct/ NSE goBID.
 - c. An investor may use the following links to access the web-based interface developed by the Stock Exchanges to bid using the UPI Mechanism: BSE: <https://www.bsedirect.com>; and NSE: <https://www.nseindiaipo.com>.

- d. The BSE Direct and NSE goBID mobile application can be downloaded from play store in android phones. Kindly search for 'BSEdirect' or 'NSE goBID' on Google Playstore for downloading mobile applications.
- e. For further details on the registration process and the submission of bids through the App or web interface, the Stock Exchanges have issued operational guidelines and circulars available at BSE and NSE:

<https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20201228-60>,
and <https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20201228-61>;

NSE: <https://www1.nseindia.com/content/circulars/IPO46907.zip>;
<https://www1.nseindia.com/content/circulars/IPO46867.zip>

APPLICATIONS FOR ALLOTMENT OF NCDs

Details for Applications by certain categories of Applicants including documents to be submitted are summarised below.

Applications by Mutual Funds

Pursuant to the SEBI circular no. SEBI/HO/IMD/DF2/CIR/P/2019/104 dated October 1, 2019, mutual funds are required to ensure that the total exposure of debt schemes of mutual funds in a particular sector shall not exceed 20% of the net assets value of the scheme. Further, the additional exposure limit provided for financial services sector not exceeding 10% of net assets value of scheme shall be allowed only by way of increase in exposure to HFCs. However the overall exposure in HFCs shall not exceed the sector exposure limit of 20 % of the net assets of the scheme. Further, the group level limits for debt schemes and the ceiling be fixed at 10% of net assets value extendable to 15% of net assets value after prior approval of the board of trustees.

A separate Application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such Applications shall not be treated as multiple Applications. Applications made by the AMCs or custodians of a Mutual Fund shall clearly indicate the name of the concerned scheme for which Application is being made. In case of Applications made by Mutual Fund registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Application Form. The Applications must be also accompanied by certified true copies of (i) SEBI Registration Certificate and trust deed (ii) resolution authorising investment and containing operating instructions and (iii) specimen signatures of authorised signatories. **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

Application by Commercial Banks, Co-operative Banks and Regional Rural Banks

Commercial Banks, Co-operative banks and Regional Rural Banks can apply in the Issue based on their own investment limits and approvals. The Application Form must be accompanied by certified true copies of their (i) memorandum and articles of association/charter of constitution; (ii) power of attorney; (iii) resolution authorising investments/containing operating instructions; and (iv) specimen signatures of authorised signatories. **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

Pursuant to SEBI Operational Circular, SCSBs making applications on their own account using ASBA facility, should have a separate account in their own name with any other SEBI registered SCSB. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications.

Application by Systemically Important Non-Banking Financial Companies

Systemically Important Non-Banking Financial Companies can apply in the Issue based upon their own investment limits and approvals. Applications by them for Allotment of the NCDs must be accompanied by certified true copies of (i) their memorandum and articles of association/charter of constitution; (ii) power of attorney; (iii) a board resolution authorising investments; and (ii) specimen signatures of authorised signatories.

Failing this, our Company reserves the right to accept or reject any Application for Allotment of the NCDs in whole or in part, in either case, without assigning any reason therefor.

Application by Insurance Companies

In case of Applications made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with Application Form. The Applications must be accompanied by certified copies of (i) Memorandum and Articles of Association (ii) Power of Attorney (iii) Resolution authorising investment and containing operating instructions (iv) Specimen signatures of authorised signatories. **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason, therefore.**

Application by Indian Alternative Investment Funds

Applications made by Alternative Investment Funds eligible to invest in accordance with the Securities and Exchange Board of India (Alternative Investment Fund) Regulations, 2012, as amended (the “SEBI AIF Regulations”) for Allotment of the NCDs must be accompanied by certified true copies of (i) SEBI registration certificate; (ii) a resolution authorising investment and containing operating instructions; and (iii) specimen signatures of authorised persons. The Alternative Investment Funds shall at all times comply with the requirements applicable to it under the SEBI AIF Regulations and the relevant notifications issued by SEBI. **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefore.**

Applications by Associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment

In case of Applications made by Applications by Associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment, must submit a (i) certified copy of the certificate of registration or proof of constitution, as applicable, (ii) Power of Attorney, if any, in favour of one or more persons thereof, (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements. Further, any trusts applying for NCDs pursuant to the Issue must ensure that (a) they are authorised under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in debentures, (b) they have obtained all necessary approvals, consents or other authorisations, which may be required under applicable statutory and/or regulatory requirements to invest in debentures, and (c) Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions. Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

Applications by Trusts

In case of Applications made by trusts, settled under the Indian Trusts Act, 1882, as amended, or any other statutory and/or regulatory provision governing the settlement of trusts in India, must submit a (i) certified copy of the registered instrument for creation of such trust, (ii) Power of Attorney, if any, in favour of one or more trustees thereof, (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements. Further, any trusts applying for NCDs pursuant to the Issue must ensure that (a) they are authorised under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in debentures, (b) they have obtained all necessary approvals, consents or other authorisations, which may be required under applicable statutory **and/or regulatory requirements to invest in debentures, and (c) Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions. Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

Applications by Public Financial Institutions or Statutory Corporations, which are authorised to invest in the NCDs

The Application must be accompanied by certified true copies of: (i) Any Act/ Rules under which they are incorporated; (ii) Board Resolution authorising investments; and (iii) Specimen signature of authorised person. Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case,

without assigning any reason therefor.

Applications by Provident Funds, Pension Funds, Superannuation Funds and Gratuity Fund, which are authorised to invest in the NCDs

The Application must be accompanied by certified true copies of: (i) Any Act/Rules under which they are incorporated; (ii) Power of Attorney, if any, in favour of one or more trustees thereof, (iii) Board Resolution authorising investments; (iv) such other documents evidencing registration thereof under applicable statutory/regulatory requirements; (v) Specimen signature of authorised person; (vi) certified copy of the registered instrument for creation of such fund/trust; and (vii) Tax Exemption certificate issued by Income Tax Authorities, if exempt from Tax. **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

Applications by National Investment Fund

The application must be accompanied by certified true copies of: (i) resolution authorising investment and containing operating instructions; and (ii) Specimen signature of authorised person. **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

Applications by companies, bodies corporate and societies registered under the applicable laws in India

The Application must be accompanied by certified true copies of: (i) Any Act/ Rules under which they are incorporated; (ii) Board Resolution authorising investments; and (iii) Specimen signature of authorised person. **Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

Applications by Indian scientific and/or industrial research organisations, which are authorised to invest in the NCDs

The Application must be accompanied by certified true copies of: (i) Any Act/ Rules under which they are incorporated; (ii) Board Resolution authorising investments; and (iii) Specimen signature of authorised person. **Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

Applications by partnership firms formed under applicable Indian laws in the name of the partners and Limited Liability Partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009)

The Application must be accompanied by certified true copies of: (i) Partnership Deed; (ii) Any documents evidencing registration thereof under applicable statutory/regulatory requirements; (iii) Resolution authorising investment and containing operating instructions; (iv) Specimen signature of authorised person. **Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

Applications under Power of Attorney

In case of Applications made pursuant to a power of attorney by Applicants who are Institutional Investors or Non Institutional Investors, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, with a certified copy of the memorandum of association and articles of association and/or bye laws must be submitted with the Application Form. In case of Applications made pursuant to a power of attorney by Applicants who are HNI Investors or Retail Individual Investors, a certified copy of the power of attorney must be submitted with the Application Form. **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor. Our Company, in its absolute discretion, reserves the right to relax the above condition of attaching the power of attorney with the Application Forms subject to such terms and conditions that our Company, the Lead Managers may deem fit.**

Brokers having online demat account portals may also provide a facility of submitting the Application Forms online to their account holders. Under this facility, a broker receives an online instruction through its portal from

the Applicant for making an Application on his/ her behalf. Based on such instruction, and a power of attorney granted by the Applicant to authorise the broker, the broker makes an Application on behalf of the Applicant.

APPLICATIONS FOR ALLOTMENT OF NCDs IN THE DEMATERIALIZED FORM

Submission of Applications

This section is for the information of the Applicants proposing to subscribe to the Issue. The Lead Managers and our Company are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of the Prospectus. Investors are advised to make their independent investigations and to ensure that the Application Form is correctly filled up. Our Company, our directors, affiliates, associates and their respective directors and officers, Lead Managers and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to Applications accepted by and/or uploaded by and/or accepted but not uploaded by Lead Brokers, Trading Members, Registered Brokers, CDPs, RTAs and SCSBs who are authorised to collect Application Forms from the Applicants in the Issue, or Applications accepted and uploaded without blocking funds in the ASBA Accounts by SCSBs. It shall be presumed that for Applications uploaded by SCSBs, the Application Amount payable on Application has been blocked in the relevant ASBA Account. The list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive Application Forms from the Members of the Syndicate is available on the website of SEBI (<https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>) and updated from time to time or any such other website as may be prescribed by SEBI from time to time. For more information on such branches collecting Application Forms from the Syndicate at Specified Locations, see the website of the SEBI <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes> as updated from time to time or any such other website as may be prescribed by SEBI from time to time. The list of Registered Brokers at the Broker Centres, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations, respective lists of which, including details such as address and telephone number, are available at the website of stock exchanges at www.bseindia.com and www.nseindia.com. The list of branches of the SCSBs at the Broker Centres, named by the respective SCSBs to receive deposits of the Application Forms from the Registered Brokers will be available on the website of the SEBI (www.sebi.gov.in) and updated from time to time.

Applications can be submitted through either of the following modes:

1. Physically or electronically to the Designated Branches of the SCSB(s) with whom an Applicant's ASBA Account is maintained. In case of ASBA Application in physical mode, the ASBA Applicant shall submit the Application Form at the relevant Designated Branch of the SCSB(s). The Designated Branch shall verify if sufficient funds equal to the Application Amount are available in the ASBA Account and shall also verify that the signature on the Application Form matches with the Investor's bank records, as mentioned in the ASBA Application, prior to uploading such ASBA Application into the electronic system of the Stock Exchange. **If sufficient funds are not available in the ASBA Account, the respective Designated Branch shall reject such ASBA Application and shall not upload such ASBA Application in the electronic system of the Stock Exchange.** If sufficient funds are available in the ASBA Account, the Designated Branch shall block an amount equivalent to the Application Amount and upload details of the ASBA Application in the electronic system of the Stock Exchange. The Designated Branch of the SCSBs shall stamp the Application Form and issue an acknowledgement as proof of having accepted the Application. In case of Application in the electronic mode, the ASBA Applicant shall submit the ASBA Application either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for application and blocking funds in the ASBA Account held with SCSB, and accordingly registering such ASBA Applications.
2. Physically through the Members of Consortium, or Trading Members of the Stock Exchanges only at the Specified Cities (Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bangalore, Hyderabad, Pune, Vadodara and Surat), i.e. Syndicate ASBA. Kindly note that ASBA Applications submitted to the Members of Consortium or Trading Members of the Stock Exchanges at the Specified Cities will not be accepted if the SCSB where the ASBA Account, as specified in the ASBA Application, is maintained has not named at least one branch at that Specified City for the Members of Consortium or Trading Members of the Stock Exchange, as the case may be, to deposit ASBA Applications (A list of such branches is available at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>).

Upon receipt of the Application Form by the Members of Consortium or Trading Members of the Stock Exchange, as the case may be, an acknowledgement shall be issued by giving the counter foil of the Application Form to the ASBA Applicant as proof of having accepted the Application. Thereafter, the details of the Application shall be

uploaded in the electronic system of the Stock Exchanges and the Application Form shall be forwarded to the relevant branch of the SCSB, in the relevant Specified City, named by such SCSB to accept such ASBA Applications from the Members of Consortium or Trading Members of the Stock Exchange, as the case may be (A list of such branches is available at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>). Upon receipt of the ASBA Application, the relevant branch of the SCSB shall perform verification procedures including verification of the Applicant's signature with his bank records and check if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the ASBA Form. If sufficient funds are not available in the ASBA Account, the relevant ASBA Application is liable to be rejected. If sufficient funds are available in the ASBA Account, the relevant branch of the SCSB shall block an amount equivalent to the Application Amount mentioned in the ASBA Application. The Application Amount shall remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the amount against the Allotted NCDs to the Public Issue Account(s), or until withdrawal/ failure of the Issue or until withdrawal/ rejection of the Application Form, as the case may be.

Applicants must note that:

1. Physical Application Forms will be available with the Designated Branches of the SCSBs and with the Members of Consortium and Trading Members of the Stock Exchanges at the Specified Cities; and electronic Application Forms will be available on the websites of the SCSBs and the Stock Exchanges at least one day prior to the Issue Opening Date. Application Forms will also be provided to the Trading Members of the Stock Exchanges at their request. The Application Forms would be serially numbered. Further, the SCSBs will ensure that the Prospectus is made available on their websites.
2. The Designated Branches of the SCSBs shall accept Applications directly from Applicants only during the Issue Period. The SCSB shall not accept any Applications directly from Applicants after the closing time of acceptance of Applications on the Issue Closing Date. However, the relevant branches of the SCSBs at Specified Cities can accept Applications from the Members of Consortium or Trading Members of the Stock Exchange, as the case may be, after the closing time of acceptance of Applications on the Issue Closing Date, if the Applications have been uploaded. For further information on the Issue programme, please refer to "General Information" on page 37 of this Prospectus.
3. Application Forms directly submitted to SCSBs should bear the stamp of SCSBs, if not, the same are liable to be rejected.

Please note that ASBA Applicants can make an Application for Allotment of NCDs in the dematerialised form only.

Submission of Direct Online Applications

Please note that clarifications and/or confirmations regarding the implementation of the requisite infrastructure and facilities in relation to direct online applications and online payment facility have been sought from the Stock Exchanges.

In the event the Direct Online Application facility is implemented by the Stock Exchanges, relevant "know your customer" details of such Applicants will be validated online from the Depositories, on the basis of the DP ID and Client ID provided by them in the Application Form. On successful submission of a Direct Online Application, the Applicant will receive a system-generated unique application number ("UAN") and an SMS or an e-mail confirmation on credit of the requisite Application Amount paid through the online payment facility with the Direct Online Application. On Allotment, the Registrar to the Issue shall credit NCDs to the beneficiary account of the Applicant and in case of refund, the refund amount shall be credited directly to the Applicant's bank account. Applicants applying through the Direct Online Application facility must preserve their UAN and quote their UAN in: (a) any cancellation/withdrawal of their Application; (b) in queries in connection with Allotment of NCDs and/or refund(s); and/or (c) in all investor grievances/complaints in connection with the Issue.

As per the SEBI Operational Circular, the availability of the Direct Online Applications facility is subject to the Stock Exchanges putting in place the necessary systems and infrastructure, and accordingly the aforementioned disclosures are subject to any further clarifications, notification, modification deletion, direction, instructions and/or correspondence that may be issued by the Stock Exchanges and/or SEBI.

INSTRUCTIONS FOR FILLING-UP THE APPLICATION FORM

General Instructions

A. General instructions for completing the Application Form

- Applications must be made in prescribed Application Form only.
- Application Forms must be completed in block letters in English, as per the instructions contained in this Draft Prospectus, the Prospectus and the Application Form.
- If the Application is submitted in joint names, the Application Form should contain only the name of the first Applicant whose name should also appear as the first holder of the depository account held in joint names.
- Applications should be in single or joint names and not exceeding three names, and in the same order as their Depository Participant details (in case of Applicants applying for Allotment of the Bonds in dematerialised form) and Applications should be made by Karta in case the Applicant is an HUF. Please ensure that such Applications contain the PAN of the HUF and not of the Karta.
- Applicants applying for Allotment in dematerialised form must provide details of valid and active DP ID, Client ID and PAN clearly and without error. On the basis of such Applicant's active DP ID, Client ID and PAN provided in the Application Form, and as entered into the electronic Application system of Stock Exchanges by SCSBs, the Members of the Syndicate at the Syndicate ASBA Application Locations and the Trading Members, as the case may be, the Registrar will obtain from the Depository the Demographic Details. Invalid accounts, suspended accounts or where such account is classified as invalid or suspended may not be considered for Allotment of the NCDs.
- Applications must be for a minimum of 10 NCDs and in multiples of one NCD thereafter. For the purpose of fulfilling the requirement of minimum application size of 10 NCDs, an Applicant may choose to apply for 10 NCDs of the same Series or across different Series. Applicants may apply for one or more series of NCDs Applied for in a single Application Form.
- If the ASBA Account holder is different from the ASBA Applicant, the Application Form should be signed by the ASBA Account holder also, in accordance with the instructions provided in the Application Form. • If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form.
- Applications should be made by Karta in case of HUFs. Applicants are required to ensure that the PAN details of the HUF are mentioned and not those of the Karta.
- Thumb impressions and signatures other than in English/Hindi/Gujarati/Marathi or any other languages specified in the 8th Schedule of the Constitution needs to be attested by a Magistrate or Notary Public or a Special Executive Magistrate under his/her seal.
- No separate receipts will be issued for the money payable on the submission of the Application Form. However, the Members of Consortium, Trading Members of the Stock Exchanges or the Designated Branches of the SCSBs, as the case may be, will acknowledge the receipt of the Application Forms by stamping and returning to the Applicants the Transaction Registration Slip (TRS). This TRS will serve as the duplicate of the Application Form for the records of the Applicant. Applicants must ensure that the requisite documents are attached to the Application Form prior to submission and receipt of acknowledgement from the relevant Lead Managers, Trading Member of the Stock Exchanges or the Designated Branch of the SCSBs, as the case may be.
- Every Applicant should hold valid Permanent Account Number (PAN) and mention the same in the Application Form.
- All Applicants are required to tick the relevant column of "Category of Investor" in the Application Form.
- Applicant should correctly mention the ASBA Account number and UPI ID in case applying through UPI Mechanism and ensure that funds equal to the Application Amount are available in the ASBA Account before submitting the Application Form and ensure that the signature in the Application Form matches with the signature in the Applicant's bank records.

The Series, mode of allotment, PAN, demat account no. etc. should be captured by the relevant Members of Consortium, Trading Member of the Stock Exchanges in the data entries as such data entries will be considered for allotment.

Applicants should note that neither the Members of Consortium, Trading Member of the Stock Exchange nor Designated Branches, as the case may be, will be liable for error in data entry due to incomplete or illegible Application Forms.

Applicants should note that neither the Members of the Consortium nor the other Designated Intermediaries, as the case may be, will be liable for error in data entry due to incomplete or illegible Application Forms. Our Company would allot the Series III of NCDs, as specified in the Prospectus to all valid Applications, wherein the Applicants have not indicated their choice of the relevant series of NCDs.

B. Applicant's Beneficiary Account and Bank Account Details

ALL APPLICANTS APPLYING FOR ALLOTMENT OF THE NCDs SHOULD MENTION THEIR DP ID, CLIENT ID, PAN AND UPI ID (in case applying through UPI Mechanism) IN THE APPLICATION FORM. APPLICANTS MUST ENSURE THAT THE DP ID, CLIENT ID PAN AND UPI ID GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE DP ID, CLIENT ID, PAN AND UPI ID AVAILABLE IN THE DEPOSITORY DATABASE. IF THE BENEFICIARY ACCOUNT IS HELD IN JOINT NAMES, THE APPLICATION FORM SHOULD CONTAIN THE NAME AND PAN OF BOTH THE HOLDERS OF THE BENEFICIARY ACCOUNT AND SIGNATURES OF BOTH HOLDERS WOULD BE REQUIRED IN THE APPLICATION FORM.

Applicants applying for Allotment in dematerialised form must mention their DP ID and Client ID in the Application Form and ensure that the name provided in the Application Form is exactly the same as the name in which the Beneficiary Account is held. In case the Application Form for Allotment in dematerialised form is submitted in the first Applicant's name, it should be ensured that the Beneficiary Account is held in the same joint names and in the same sequence in which they appear in the Application Form. In case the DP ID, Client ID and PAN mentioned in the Application Form for Allotment in dematerialised form and entered into the electronic system of the Stock Exchanges do not match with the DP ID, Client ID and PAN available in the Depository database or in case PAN is not available in the Depository database, the Application Form for Allotment in dematerialised form is liable to be rejected. Further, Application Forms submitted by Applicants applying for Allotment in dematerialised form, whose beneficiary accounts are inactive, will be rejected.

On the basis of the DP ID, Client ID and UPI ID provided by the Applicant in the Application Form for Allotment in dematerialised form and entered into the electronic system of the Stock Exchange, the Registrar to the Issue will obtain from the Depositories the Demographic Details of the Applicant including PAN, address, bank account details for printing on refund orders/sending refunds through electronic mode, Magnetic Ink Character Recognition ("MICR") Code and occupation. These Demographic Details would be used for giving Allotment Advice and refunds (including through physical refund warrants, direct credit, NACH, NEFT and RTGS), if any, to the Applicants. Hence, Applicants are advised to immediately update their Demographic Details as appearing on the records of the DP and ensure that they are true and correct, and carefully fill in their Beneficiary Account details in the Application Form. Failure to do so could result in delays in dispatch/credit of refunds to Applicants and delivery of Allotment Advice at the Applicants' sole risk, and neither our Company, the Members of Consortium, Trading Members of the Stock Exchange, SCSBs, Registrar to the Issue nor the Stock Exchanges will bear any responsibility or liability for the same.

The Demographic Details would be used for correspondence with the Applicants including mailing of the Allotment Advice and printing of bank particulars on the refund orders, or for refunds through electronic transfer of funds, as applicable. Allotment Advice and physical refund orders (as applicable) would be mailed at the address of the Applicant as per the Demographic Details received from the Depositories. Applicants may note that delivery of refund orders/ Allotment Advice may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Applicant (other than ASBA Applicants) in the Application Form would be used only to ensure dispatch of refund orders.

Please note that any such delay shall be at such Applicants sole risk and neither our Company, the Members of Consortium, Trading Members of the Stock Exchange, SCSBs, Registrar to the Issue nor the Stock Exchanges shall be liable to compensate the Applicant for any losses caused to the Applicant due to any such delay or liable to pay any interest for such delay. In case of refunds through electronic modes as detailed in this Prospectus, refunds may be delayed if bank particulars obtained from the Depository Participant are incorrect.

In case of Applications made under power of attorney, our Company in its absolute discretion, reserves the right to permit the holder of Power of Attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of refund orders/ Allotment Advice, the demographic details obtained from the Depository of the Applicant shall be used. By signing the Application Form, the Applicant would have deemed

to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records. The Demographic Details given by Applicant in the Application Form would not be used for any other purpose by the Registrar to the Issue except in relation to the Issue.

With effect from August 16, 2010, the beneficiary accounts of Applicants for whom PAN details have not been verified shall be suspended for credit and no credit of NCDs pursuant to the Issue will be made into the accounts of such Applicants. Application Forms submitted by Applicants whose beneficiary accounts are inactive shall be rejected. Furthermore, in case no corresponding record is available with the Depositories, which matches the four parameters, namely, DP ID, Client ID, PAN and UPI ID, then such Application are liable to be rejected.

Applicants should note that the NCDs will be allotted to all successful Applicants only in dematerialised form. The Application Forms which do not have the details of the Applicant's depository account, including DP ID, Client ID and PAN and UPI ID (for Retail Individual Investor Applicants bidding using the UPI mechanism), shall be treated as incomplete and will be rejected.

C. Unified Payments Interface (UPI)

Pursuant to the SEBI Operational Circular, the UPI Mechanism is applicable for public debt issues as a payment mechanism (in addition to the mechanism of blocking funds maintained with SCSBs under ASBA) for applications by retail individual bidders through Designated Intermediaries. All SCSBs offering the facility of making applications in public issues shall also provide the facility to make applications using UPI. The Company will be required to appoint one SCSB as a Sponsor Bank to act as a conduit between the Stock Exchange and National Payments Corporation of India in order to facilitate the collection of requests and/or payment instructions of the investors.

D. Permanent Account Number (PAN)

The Applicant should mention his or her Permanent Account Number (PAN) allotted under the IT Act. For minor Applicants, applying through the guardian, it is mandatory to mention the PAN of the minor Applicant. However, Applications on behalf of the Central or State Government officials and the officials appointed by the courts in terms of a SEBI circular dated June 30, 2008 and Applicants residing in the state of Sikkim who in terms of a SEBI circular dated July 20, 2006 may be exempt from specifying their PAN for transacting in the securities market. In accordance with circular No. MRD/DOP/Cir-05/2007 dated April 27, 2007 issued by SEBI, the PAN would be the sole identification number for the participants transacting in the securities market, irrespective of the amount of transaction. **Any Application Form, without the PAN is liable to be rejected, irrespective of the amount of transaction. It is to be specifically noted that the Applicants should not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground.**

However, the exemption for the Central or State Government and the officials appointed by the courts and for investors residing in the State of Sikkim is subject to the Depository Participants' verifying the veracity of such claims by collecting sufficient documentary evidence in support of their claims. At the time of ascertaining the validity of these Applications, the Registrar to the Issue will check under the Depository records for the appropriate description under the PAN Field i.e. either Sikkim category or exempt category.

E. Joint Applications

Applications may be made in single or joint names (not exceeding three). In the case of joint Applications, all payments will be made out in favour of the first Applicant. All communications will be addressed to the first named Applicant whose name appears in the Application Form and at the address mentioned therein. If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form.

F. Additional/ Multiple Applications

An Applicant is allowed to make one or more Applications for the NCDs, subject to a minimum application size of ₹ 10,000 and in multiples of ₹ 1,000 thereafter as specified in the Prospectus. **Any Application for an amount below the aforesaid minimum application size will be deemed as an invalid application and shall be rejected.** However, multiple Applications by the same individual Applicant aggregating to a value exceeding ₹10 lakhs

shall be deemed such individual Applicant to be a HNI Applicant and all such Applications shall be grouped in the HNI Portion, for the purpose of determining the basis of allotment to such Applicant. However, any Application made by any person in his individual capacity and an Application made by such person in his capacity as a Karta of a Hindu Undivided family and/or as Applicant (second or third Applicant), shall not be deemed to be a multiple Application. For the purposes of allotment of NCDs under the Issue, Applications shall be grouped based on the PAN, i.e. Applications under the same PAN shall be grouped together and treated as one Application. Two or more Applications will be deemed to be multiple Applications if the sole or first Applicant is one and the same. For the sake of clarity, two or more applications shall be deemed to be a multiple Application for the aforesaid purpose if the PAN number of the sole or the first Applicant is one and the same.

Process for investor application submitted with UPI as mode of payment

- a. Before submission of the application with the intermediary, the investor would be required to have / create a UPI ID, with a maximum length of 45 characters including the handle (Example: InvestorID@bankname).
- b. An investor shall fill in the bid details in the application form along with his/ her bank account linked UPI ID and submit the application with any of the intermediaries or through the stock exchange App/ Web interface, or any other methods as may be permitted.
- c. The intermediary, upon receipt of form, shall upload the bid details along with the UPI ID on the stock exchange bidding platform using appropriate protocols.
- d. Once the bid has been entered in the bidding platform, the Stock Exchange shall undertake validation of the PAN and Demat account combination details of investor with the depository.
- e. The Depository shall validate the aforesaid PAN and Demat account details on a near real time basis and send response to stock exchange which would be shared by stock exchange with intermediary through its platform, for corrections, if any.
- f. Once the bid details are uploaded on the Stock Exchange platform, the Stock Exchange shall send an SMS to the investor regarding submission of his / her application, at the end of day, during the bidding period. For the last day of bidding, the SMS may be sent the next working day.
- g. Post undertaking validation with the Depository, the Stock Exchange shall, on a continuous basis, electronically share the bid details along with investors UPI ID, with the Sponsor Bank appointed by the issuer.
- h. The Sponsor Bank shall initiate a mandate request on the investor
- i. The request raised by the Sponsor Bank, would be electronically received by the investor as a SMS / intimation on his / her mobile no. / mobile app, associated with the UPI ID linked bank account.
- j. The investor shall be able to view the amount to be blocked as per his / her bid in such intimation. The investor shall be able to view an attachment wherein the public issue bid details submitted by investor will be visible. After reviewing the details properly, the investor shall be required to proceed to authorise the mandate. Such mandate raised by sponsor bank would be a one-time mandate for each application in the public issue.
- k. An investor is required to accept the UPI mandate latest by 5 pm on the third working day from the day of bidding on the stock exchange platform except for the last day of the issue period or any other modified closure date of the issue period in which case, he / she is required to accept the UPI mandate latest by 5 pm the next working day.
- l. An investor shall not be allowed to add or modify the bid(s) of the application except for modification of either DP ID/Client ID, or PAN ID but not both. However, the investor can withdraw the bid(s) and reapply.
- m. For mismatch bids, on successful validation of PAN and DP ID/ Client ID combination during T+1 modification session, such bids will be sent to Sponsor Bank for further processing by the Exchange on T+1 day till 1 PM.
- n. The facility of re-initiation/ resending the UPI mandate shall be available only till 5 pm on the day of bidding.

- o. Upon successful validation of block request by the investor, as above, the said information would be electronically received by the investors' bank, where the funds, equivalent to application amount, would get blocked in investors account. Intimation regarding confirmation of such block of funds in investors account would also be received by the investor.
- p. The information containing status of block request (e.g. accepted / decline / pending) would also be shared with the Sponsor Bank, which in turn would be shared with the Stock Exchange. The block request status would also be displayed on the Stock Exchange platform for information of the intermediary.
- q. The information received from Sponsor Bank, would be shared by stock exchange with RTA in the form of a file for the purpose of reconciliation.
- r. Post closure of the offer, the Stock Exchange shall share the bid details with RTA. Further, the Stock Exchange shall also provide the RTA, the final file received from the Sponsor Bank, containing status of blocked funds or otherwise, along with the bank account details with respect to applications made using UPI ID.
- s. The allotment of debt securities shall be done as SEBI Operational Circular.
- t. The RTA, based on information of bidding and blocking received from the Stock Exchange, shall undertake reconciliation of the bid data and block confirmation corresponding to the bids by all investor category applications (with and without the use of UPI) and prepare the basis of allotment.
- u. Upon approval of the basis of allotment, the RTA shall share the 'debit' file with Sponsor bank (through Stock Exchange) and SCSBs, as applicable, for credit of funds in the public issue account and unblocking of excess funds in the investor's account. The Sponsor Bank, based on the mandate approved by the investor at the time of blocking of funds, shall raise the debit / collect request from the investor's bank account, whereupon funds will be transferred from investor's account to the public issue account and remaining funds, if any, will be unblocked without any manual intervention by investor or their bank.
- v. Upon confirmation of receipt of funds in the public issue account, the securities would be credited to the investor's account. The investor will be notified for full/partial allotment. For partial allotment, the remaining funds would be unblocked. For no allotment, mandate would be revoked and application amount would be unblocked for the investor.
- w. Thereafter, Stock Exchange will issue the listing and trading approval.
- x. Further, in accordance with the Operational Instructions and Guidelines for Making Application for Public Issue of Debt Securities through BSE Direct issued by BSE on December 28, 2020 the investor shall also be responsible for the following:
 - i. Investor shall check the Issue details before placing desired bids;
 - ii. Investor shall check and understand the UPI mandate acceptance and block of funds process before placing the bid;
 - iii. The receipt of the SMS for mandate acceptance is dependent upon the system response/ integration of UPI on Debt Public Issue System;
 - iv. Investor shall accept the UPI Mandate Requests within the stipulated timeline;
 - v. Investor shall note that the transaction will be treated as completed only after the acceptance of mandates by the investor by way of authorising the transaction by entering their UPI pin and successfully blocking funds through the ASBA process by the investor's bank;
 - vi. Investor shall check the status of their bid with respect to the mandate acceptance and blocking of funds for the completion of the transaction; and vii. In case the investor does not accept the mandate within stipulated timelines, in such case their bid will not be considered for allocation.
- y. Further, in accordance with circular issued by National Stock Exchange of India Limited for Introduction of Unified Payment Interface (UPI) for Debt IPO through NSE goBID on January 05, 2021 the investor shall also be responsible for the following:
 - i. After successful registration & log-in, the investors shall view and check the active Debt IPO's available from IPO dashboard.
 - ii. Investors shall check the issue/series details. Existing registered users of NSE goBID shall also be able to

- access once they accept the updated terms and condition.
- iii. After successfully bidding on the platform, investors shall check the NSE goBID app/psp/sms for receipt of mandate & take necessary action.
- iv. UPI mandate can be accepted latest by 5 pm on the third working day from the day of bidding on the stock exchange platform except for the last day of the issue period or any other modified closure date of the issue period in which case, he / she is required to accept the UPI mandate latest by 5 pm the next working day.
- v. For UPI bid the facility of re-initiation/ resending the UPI mandate shall be available only till 5 pm on the day of bidding.
- vi. Investors can use the re-initiation/ resending facility only once in case of any issue in receipt/acceptance of mandate.
- z. The Investors are advised to read the operational guidelines mentioned for Making Application for Public Issue of Debt Securities through BSE Direct issued by BSE on December 28, 2020 and the circular issued by National Stock Exchange of India Limited for Introduction of Unified Payment Interface (UPI) for Debt IPO through NSE goBID on January 05, 2021 before investing through the through the app/ web interface of Stock Exchange(s).

Do's and Don'ts

Applicants are advised to take note of the following while filling and submitting the Application Form:

Do's

1. Check if you are eligible to apply as per the terms of this Prospectus, the Prospectus and applicable law;
2. Read all the instructions carefully and complete the Application Form in the prescribed form;
3. Ensure that you have obtained all necessary approvals from the relevant statutory and/or regulatory authorities to apply for, subscribe to and/or seek Allotment of NCDs pursuant to the Issue.
4. Ensure that the DP ID, Client ID and PAN mentioned in the Application Form, which shall be entered into the electronic system of the Stock Exchange are correct and match with the DP ID, Client ID and PAN available in the Depository database. Ensure that the DP ID and Client ID are correct and beneficiary account is activated for Allotment of NCDs in dematerialised form. The requirement for providing Depository Participant details shall be mandatory for all Applicants.
5. Ensure that you have mentioned the correct ASBA Account number in the Application Form.
6. Ensure that the Application Form is signed by the ASBA Account holder in case the Applicant is not the ASBA account holder.
7. Ensure that you have funds equal to the Application Amount in the ASBA Account before submitting the Application Form to the respective Designated Branch of the SCSB, or to the Designated Intermediaries, as the case may be.
8. Ensure that the Application Forms are submitted at the collection centres provided in the Application Forms, bearing the stamp of a member of the Consortium or Trading Members of the Stock Exchange, as the case may be.
9. Before submitting the Application Form with the Designated Intermediaries ensure that the SCSB, whose name has been filled in the Application Form, has named a branch in that relevant Bidding Centre;
10. Ensure that you have been given an acknowledgement as proof of having accepted the Application Form;
11. In case of any revision of Application in connection with any of the fields which are not allowed to be modified on the electronic application platform of the Stock Exchanges as per the procedures and requirements prescribed by each relevant Stock Exchange, ensure that you have first withdrawn your original Application and submit a fresh Application. For instance, as per the notice No: 20120831-22 dated August 31, 2012 issued by the NSE, fields namely, quantity, series, application no., sub-category codes will not be allowed for modification during the Issue. In such a case the date of the fresh Application will be considered for date priority for allotment purposes.
12. Ensure that signatures other than in the languages specified in the Eighth Schedule to the Constitution of India is attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.
13. Ensure that you mention your PAN in the Application Form. In case of joint Applicants, the PAN of all the Applicants should be provided, and for HUFs, PAN of the HUF should be provided. Any Application Form without the PAN is liable to be rejected. Applicants should not submit the GIR Number instead of the PAN as the Application is liable to be rejected on this ground.
14. In case of an HUF applying through its Karta, the Applicant is required to specify the name of an Applicant in the Application Form as 'XYZ Hindu Undivided Family applying through PQR', where PQR is the name of the Karta. However, the PAN number of the HUF should be mentioned in the Application Form and not

- that of the Karta;
15. Ensure that the Applications are submitted to the Members of Consortium, Trading Members of the Stock Exchanges or Designated Branches of the SCSBs, as the case may be, before the closure of application hours on the Issue Closing Date. For further information on the Issue programme, please see “General Information” on page 37 of this Prospectus.
 16. Ensure that the Demographic Details including PAN are updated, true and correct in all respects.
 17. Permanent Account Number: Except for Application (i) on behalf of the Central or State Government and officials appointed by the courts, and (ii) (subject to SEBI circular dated April 3, 2008) from the residents of the state of Sikkim, each of the Applicants should provide their PAN. Application Forms in which the PAN is not provided will be rejected. The exemption for the Central or State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the demographic details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in “active status”; and (b) in the case of residents of Sikkim, the address as per the demographic details evidencing the same.
 18. All Applicants are requested to tick the relevant column “Category of Investor” in the Application Form and Tick the series of NCDs in the Application Form that you wish to apply for.
 19. Retail individual investors using the UPI Mechanism to ensure that they submit bids upto the application value of ₹2,00,000.
 20. Investor using the UPI Mechanism should ensure that the correct UPI ID (with maximum length of 45 characters including the handle) is mentioned in the Bid cum Application Form.
 21. Investors bidding using the UPI Mechanism should ensure that they use only their own bank account linked UPI ID to make an application in the issue and submit the application with any of the intermediaries or through the Stock Exchange App/ Web interface.
 22. Ensure that you have correctly signed the authorisation /undertaking box in the Application Form or have otherwise provided an authorisation to the SCSB or Sponsor Bank, as applicable, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Application Form, as the case may be, at the time of submission of the Bid. In case of Retail Individual Investor submitting their Bids and participating in the Offer through the UPI Mechanism, ensure that you authorise the UPI Mandate Request raised by the Sponsor Bank for blocking of funds equivalent to Bid Amount and subsequent debit of funds in case of Allotment.
 23. Ensure that you have mentioned the correct details of ASBA Account (i.e., bank account number or UPI ID, as applicable) in the Application Form.
 24. In case of Retail Individual Investor submitting their Bids and participating in the Offer through the UPI Mechanism, ensure that you authorise the UPI Mandate Request raised by the Sponsor Bank for blocking of funds equivalent to Bid Amount and subsequent debit of funds in case of Allotment.
 25. Retail Individual Investors submitting Application Form using the UPI Mechanism, should ensure that the: (a) bank where the bank account linked to their UPI ID is maintained; and (b) the Mobile App and UPI handle being used for making the Bid, are listed on the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40

In terms of SEBI Operational Circular, SCSBs making applications on their own account using ASBA facility, should have a separate account in their own name with any other SEBI registered SCSB. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account.

SEBI Operational Circular stipulates the time between closure of the Issue and listing at 6 (six) Working Days. In order to enable compliance with the above timelines, investors are advised to use ASBA facility only to make payment.

Don'ts:

1. Do not apply for lower than the minimum application size.
2. Do not pay the Application Amount in cash, by cheque, by money order or by postal order or by stock invest.
3. Do not send Application Forms by post; instead submit the same to the Members of Consortium, sub-brokers, Trading Members of the Stock Exchanges or Designated Branches of the SCSBs, as the case may be.
4. Do not submit the Application Form to any non-SCSB bank or our Company.
5. Do not Bid on an Application Form that does not have the stamp of the relevant Designated Intermediary or the Designated Branch of the SCSB, as the case may be.
6. Do not fill up the Application Form such that the NCDs applied for exceeds the Issue size and/or investment limit or maximum number of NCDs that can be held under the applicable laws or regulations or maximum

- amount permissible under the applicable regulations.
7. Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground.
 8. Do not submit incorrect details of the DP ID, Client ID, UPI ID and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Issue.
 9. Do not submit an Application Form using UPI ID, if the Application is for an amount more than ₹2,00,000.
 10. Do not submit a bid using UPI ID, if you are not a Retail Individual Investor.
 11. Do not submit the Application Forms without ensuring that funds equivalent to the entire Application Amount are available for blocking in the relevant ASBA Account.
 12. Do not submit Applications on plain paper or on incomplete or illegible Application Forms.
 13. Do not apply if you are not competent to contract under the Indian Contract Act, 1872.
 14. Bidding through the UPI Mechanism using the incorrect UPI handle or using a bank account of an SCSB and/or mobile applications which are not mentioned in the list provided in the SEBI.
 15. Do not submit an Application in case you are not eligible to acquire NCDs under applicable law or your relevant constitutional documents or otherwise.
 16. Do not submit an Application that does not comply with the securities law of your respective jurisdiction.
 17. Do not apply if you are a person ineligible to apply for NCDs under the Issue including Applications by Persons Resident Outside India, NRI (inter-alia including NRIs who are (i) based in the USA, and/or, (ii) domiciled in the USA, and/or, (iii) residents/citizens of the USA, and/or, (iv) subject to any taxation laws of the USA).
 18. Do not make an application of the NCD on multiple copies taken of a single form.
 19. Payment of Application Amount in any mode other than through blocking of Application Amount in the ASBA Accounts shall not be accepted in the Issue.
 20. Do not submit more than five Application Forms per ASBA Account.
 21. If you are a Retail Individual Investor who is submitting the ASBA Application with any of the Designated Intermediaries and using your UPI ID for the purpose of blocking of funds, do not use any third party bank account or third-party linked bank account UPI ID.

Kindly note that ASBA Applications submitted to the Members of Consortium or Trading Members of the Stock Exchanges at the Specified Cities will not be accepted if the SCSB where the ASBA Account, as specified in the Application Form, is maintained has not named at least one branch at that Specified City for the Members of Consortium or Trading Members of the Stock Exchange, as the case may be, to deposit such Application Forms (A list of such branches is available at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>)).

Please refer to “Issue Procedure” on page 202 of this Prospectus for information on rejection of Applications.

TERMS OF PAYMENT

The entire issue price for the NCDs is payable on Application only. In case of Allotment of lesser number of NCDs than the number applied, our Company shall refund the excess amount paid on Application to the Applicant (or the excess amount shall be unblocked in the ASBA Account, as the case may be).

The ASBA Applicants shall specify the ASBA Account number in the Application Form.

For ASBA Applications submitted to the Members of Consortium or Trading Members of the Stock Exchanges at the Specified Cities, the ASBA Application will be uploaded onto the electronic system of the Stock Exchanges and deposited with the relevant branch of the SCSB at the Specified City named by such SCSB to accept such ASBA Applications from the Members of Consortium or Trading Members of the Stock Exchange, as the case may be (A list of such branches is available at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>). The relevant branch of the SCSB shall perform verification procedures and block an amount in the ASBA Account equal to the Application Amount specified in the ASBA Application.

For ASBA Applications submitted directly to the SCSBs, the relevant SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the ASBA Application, before entering the ASBA Application into the electronic system of the Stock Exchange. SCSBs may provide the electronic mode of application either through an internet enabled application and banking facility or such other secured, electronically enabled mechanism for application and blocking of funds in the ASBA Account.

ASBA Applicants should ensure that they have funds equal to the Application Amount in the ASBA Account before submitting the ASBA Application to the Members of Consortium or Trading Members of the Stock Exchange, as the case may be, at the Specified Cities or to the Designated Branches of the SCSBs. An ASBA Application where the corresponding ASBA Account does not have sufficient funds equal to the Application Amount at the time of blocking the ASBA Account is liable to be rejected.

The Application Amount shall remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the amount against the Allotted NCDs to the Public Issue Account(s), or until withdrawal/ failure of the Issue or until withdrawal/ rejection of the Application Form, as the case may be. Once the Basis of Allotment is approved, and upon receipt of intimation from the Registrar, the controlling branch of the SCSB shall, on the Designated Date, transfer such blocked amount from the ASBA Account to the Public Issue Account. The balance amount remaining after the finalisation of the Basis of Allotment shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB within 6 (six) Working Days of the Issue Closing Date. The Application Amount shall remain blocked in the ASBA Account until transfer of the Application Amount to the Public Issue Account, or until withdrawal/ failure of the Issue or until rejection of the ASBA Application, as the case may be.

An Applicant may submit the Application Form with a SCSB, or the intermediaries mentioned above and use his / her bank account linked UPI ID for the purpose of blocking of funds, if the application value is ₹ 2 lakh or less. The intermediary shall upload the bid on the Stock Exchange bidding platform. The application amount would be blocked through the UPI Mechanism once the mandate request has been successfully accepted by the Applicant in this case.

An Applicant may submit the Application Form through the App or web interface developed by Stock Exchanges wherein the bid is automatically uploaded onto the Stock Exchange bidding platform and the amount is blocked using the UPI Mechanism once the mandate request has been successfully accepted by the Applicant.

Payment mechanism for Direct Online Applicants

Please note that clarifications and/or confirmations regarding the implementation of the requisite infrastructure and facilities in relation to direct online applications and online payment facility have been sought from the Stock Exchanges.

Additional Instructions for Retail Individual Investors using the UPI mechanism:

- a. Before submission of the application form with the Designated Intermediary, a Retail Individual Investor shall download the mobile app for UPI and create a UPI ID (xyz@bankname) of not more than 45 characters with its bank and link it to his/ her bank account where the funds equivalent to the application amount is available.
- b. The Retail Individual Investor shall fill in the bid details in the application form along with his/ her bank account linked UPI ID and submit the application with any of the intermediaries or through the stock exchanges App/Web interface.
- c. The Designated Intermediary, upon receipt of form, shall upload the bid details along with the UPI ID on the Stock Exchange(s) bidding platform using appropriate protocols.
- d. Once the bid has been entered in the bidding platform, the Stock Exchange(s) shall undertake validation of the PAN and Demat account combination details of investor with the depository.
- e. The Depository shall validate the aforesaid PAN and Demat account details on a near real time basis and send response to Stock Exchange(s) which would be shared by the Stock Exchange(s) with the Designated Intermediaries through its platform, for corrections, if any.
- f. Once the bid details are uploaded on the Stock Exchange(s) platform, the Stock Exchange(s) shall send an SMS to the investor regarding submission of his / her application, at the end of day, during the bidding period. For the last day of bidding, the SMS may be sent the next Working Day.
- g. Post undertaking validation with the Depository, the Stock Exchange(s) shall, on a continuous basis, electronically share the bid details along with investors UPI ID, with the Sponsor Bank appointed by the Company.

- h. The Sponsor Bank shall initiate a mandate request on the investor i.e. request the investor to authorise blocking of funds equivalent to application amount and subsequent debit of funds in case of allotment.
- i. The request raised by the Sponsor Bank, would be electronically received by the investor as a SMS / intimation on his / her mobile no. / mobile app, associated with the UPI ID linked bank account.
- j. The investor shall be able to view the amount to be blocked as per his / her bid in such intimation. The investor shall be able to view an attachment wherein the bid details submitted by such investor will be visible. After reviewing the details properly, the investor shall be required to proceed to authorise the mandate. Such mandate raised by the Sponsor Bank would be a one-time mandate for each application in the Issue.
- k. The investor is required to accept the UPI mandate latest by 5 pm on the third working day from the day of bidding on the stock exchange platform except for the last day of the Issue period or any other modified closure date of the Issue period in which case, he / she is required to accept the UPI mandate latest by 5 pm the next Working Day.
- l. The investor shall not be allowed to add or modify the bid(s) of the application except for modification of either DP ID/Client ID, or PAN ID but not both. However, the investor can withdraw the bid(s) and reapply.
- m. For mismatch bids, on successful validation of PAN and DP ID/ Client ID combination during T+1 (T being the Issue Closing Date) modification session, such bids will be sent to Sponsor Bank for further processing by the Exchange on T+1 (T being the Issue Closing Date) day till 1 pm.
- n. The facility of Re-initiation/ Resending the UPI mandate shall be available only till 5 pm on the day of bidding.
- o. Upon successful validation of block request by the investor, as above, the said information would be electronically received by the investors' bank, where the funds, equivalent to application amount, would get blocked in investors account. Intimation regarding confirmation of such block of funds in investors account would also be received by the investor.
- p. The information containing status of block request (e.g. accepted / decline / pending) would also be shared with the Sponsor Bank, which in turn would be shared with the Stock Exchange(s). The block request status would also be displayed on the Stock Exchange(s) platform for information of the intermediary.
- q. The information received from Sponsor Bank, would be shared by Stock Exchange(s) with the Registrar to the Issue in the form of a file for the purpose of reconciliation.
- r. Post closure of the Issue, the Stock Exchange(s) shall share the bid details with the Registrar to the Issue. Further, the Stock Exchange(s) shall also provide the Registrar to the Issue, the final file received from the Sponsor Bank, containing status of blocked funds or otherwise, along with the bank account details with respect to applications made using UPI ID.

SUBMISSION OF COMPLETED APPLICATION FORMS

Mode of Submission of Application Forms	To whom the Application Form has to be submitted
ASBA Applications	(i) If using physical Application Form, (a) to the Members of Consortium or Trading Members of the Stock Exchanges only at the Specified Cities ("Syndicate ASBA"), or (b) to the Designated Branches of the SCSBs where the ASBA Account is maintained; or (ii) If using electronic Application Form, to the SCSBs, electronically through internet banking facility, if available.

Please note that clarifications and/or confirmations regarding the implementation of the requisite infrastructure and facilities in relation to direct online applications and online payment facility have been sought from the Stock Exchanges.

No separate receipts will be issued for the Application Amount payable on submission of Application Form.

However, the Members of Consortium/ Trading Members of Stock Exchanges will acknowledge the receipt of the Application Forms by stamping the date and returning to the Applicants a TRS which will serve as a duplicate Application Form for the records of the Applicant.

Electronic Registration of Applications

- (a) The Members of Consortium, Trading Members of the Stock Exchanges and Designated Branches of the SCSBs, as the case may be, will register the Applications using the on-line facilities of the Stock Exchange. **The Members of Consortium, our Company and the Registrar to the Issue are not responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Applications accepted by the SCSBs, (ii) the Applications uploaded by the SCSBs, (iii) the Applications accepted but not uploaded by the SCSBs, (iv) with respect to ASBA Applications accepted and uploaded by the SCSBs without blocking funds in the ASBA Accounts, or (v) any Applications accepted both uploaded and/or not uploaded by the Trading Members of the Stock Exchange.**

In case of apparent data entry error by the Members of Consortium, Trading Members of the Stock Exchange, or Designated Branches of the SCSBs, as the case may be, in entering the Application Form number in their respective schedules other things remaining unchanged, the Application Form may be considered as valid and such exceptions may be recorded in minutes of the meeting submitted to the Designated Stock Exchange. However, the series, mode of allotment, PAN, demat account no. etc. should be captured by the relevant Members of Consortium, Trading Member of the Stock Exchanges in the data entries as such data entries will be considered for allotment/rejection of Application.

- (b) The Stock Exchanges will offer an electronic facility for registering Applications for the Issue. This facility will be available on the terminals of Members of Consortium, Trading Members of the Stock Exchanges and the SCSBs during the Issue Period. The Members of Consortium and Trading Members of the Stock Exchanges can also set up facilities for off-line electronic registration of Applications subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for Applications on a regular basis, and before the expiry of the allocated time on the Issue Closing Date. On the Issue Closing Date, the Members of Consortium, Trading Members of the Stock Exchanges and the Designated Branches of the SCSBs shall upload the Applications till such time as may be permitted by the Stock Exchange. This information will be available with the Members of Consortium, Trading Members of the Stock Exchanges and the Designated Branches of the SCSBs on a regular basis. Applicants are cautioned that a high inflow of high volumes on the last day of the Issue Period may lead to some Applications received on the last day not being uploaded and such Applications will not be considered for allocation. For further information on the Issue programme, please refer to “General Information - Issue Schedule” on page 43 of this Prospectus.
- (c) With respect to ASBA Applications submitted directly to the SCSBs at the time of registering each Application, the Designated Branches shall enter the requisite details of the Applicants in the on-line system including:
- Application Form number
 - PAN (of the first Applicant, in case of more than one Applicant)
 - Investor category and sub-category
 - DP ID
 - Client ID
 - Series of NCDs applied for
 - Number of NCDs Applied for in each series of NCD
 - Price per NCD
 - Bank code for the SCSB where the ASBA Account is maintained
 - Bank account number
 - Application amount
- (d) With respect to ASBA Applications submitted to the Members of Consortium, or Trading Members of the Stock Exchanges only at the Specified Cities, at the time of registering each Application, the requisite details of the Applicants shall be entered in the on-line system including:
- Application Form number
 - PAN (of the first Applicant, in case of more than one Applicant)
 - Investor category and sub-category

- DP ID
 - Client ID
 - Series of NCDs applied for
 - Number of NCDs Applied for in each series of NCD
 - Price per NCD
 - Bank code for the SCSB where the ASBA Account is maintained
 - Location of Specified City
 - Application amount
- (e) A system generated acknowledgement (TRS) will be given to the Applicant as a proof of the registration of each Application. It is the Applicant's responsibility to obtain the acknowledgement from the Members of Consortium, Trading Members of the Stock Exchanges and the Designated Branches of the SCSBs, as the case may be. The registration of the Application by the Members of Consortium, Trading Members of the Stock Exchanges and the Designated Branches of the SCSBs, as the case may be, does not guarantee that the NCDs shall be allocated/ Allotted by our Company. The acknowledgement will be non-negotiable and by itself will not create any obligation of any kind.
- (f) Applications can be rejected on the technical grounds listed on page 223 of this Prospectus or if all required information is not provided or the Application Form is incomplete in any respect.
- (g) The permission given by the Stock Exchanges to use their network and software of the online system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, the Lead Managers are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus; nor does it warrant that the NCDs will be listed or will continue to be listed on the Stock Exchanges.
- (h) Only Applications that are uploaded on the online system of the Stock Exchanges shall be considered for allocation/ Allotment. The Members of Consortium, Trading Members of the Stock Exchanges and the Designated Branches of the SCSBs shall capture all data relevant for the purposes of finalising the Basis of Allotment while uploading Application data in the electronic systems of the Stock Exchange. In order that the data so captured is accurate the Members of Consortium, Trading Members of the Stock Exchanges and the Designated Branches of the SCSBs will be given up to one Working Day after the Issue Closing Date to modify/ verify certain selected fields uploaded in the online system during the Issue Period after which the data will be sent to the Registrar for reconciliation with the data available with the NSDL and CDSL.

REJECTION OF APPLICATIONS

Applications would be liable to be rejected on the technical grounds listed below or if all required information is not provided or the Application Form is incomplete in any respect. The Board of Directors and/or Finance Committee of our Company reserves its full, unqualified and absolute right to accept or reject any Application in whole or in part and in either case without assigning any reason thereof.

Application may be rejected on one or more technical grounds, including but not restricted to:

- i. Application by persons not competent to contract under the Indian Contract Act, 1872, as amended, except bids by Minors (applying through the guardian) having valid demat account as per demographic details provided by the Depository Participants.
- ii. Minor Applicants (applying through the guardian) without mentioning the PAN of the minor Applicant.
- iii. PAN not mentioned in the Application Form, except for Applications by or on behalf of the Central or State Government and the officials appointed by the courts and by investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participants. In case of minor Applicants applying through guardian, when PAN of the Applicant is not mentioned.
- iv. Application Amount blocked being higher or lower than the value of NCDs Applied for. However, our Company may allot NCDs up to the number of NCDs Applied for, if the value of such NCDs Applied for exceeds the minimum Application size.
- v. Applications where a registered address in India is not provided for the Applicant.

- vi. In case of partnership firms (except LLPs), NCDs applied for in the name of the partnership and not the names of the individual partner(s).
- vii. DP ID and Client ID not mentioned in the Application Form;
- viii. GIR number furnished instead of PAN.
- ix. Applications by OCBs.
 - x. Applications for an amount below the minimum application size.
 - xi. Submission of more than five ASBA Forms per ASBA Account.
- xii. Applications by persons who are not eligible to acquire NCDs of our Company in terms of applicable laws, rules, regulations, guidelines and approvals.
- xiii. In case of Applications under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted.
- xiv. Applications accompanied by Stock invest/cheque/ money order/ postal order/ cash.
- xv. If an authorisation to the SCSB or Sponsor Bank for blocking funds in the ASBA Account or acceptance of UPI Mandate Request raised has not been provided;
- xvi. Signature of sole Applicant missing, or in case of joint Applicants, the Application Forms not being signed by the first Applicant (as per the order appearing in the records of the Depository).
- xvii. Applications by persons debarred from accessing capital markets, by SEBI or any other regulatory authority.
- xviii. Date of Birth for first/sole Applicant for persons applying for Allotment not mentioned in the Application Form.
- xix. Application Forms not being signed by the ASBA Account holder, if the account holder is different from the Applicant.
- xx. Signature of the ASBA Account holder on the Application Form does not match with the signature available on the SCSB bank's records where the ASBA Account mentioned in the Application Form is maintained.
- xxi. Application Forms submitted to the Members of Consortium or Trading Members of the Stock Exchanges or Designated Branches of the SCSBs does not bear the stamp of the relevant Member of Consortium or Trading Member of the Stock Exchange or Designated Branch of the SCSB, as the case may be.
- xxii. Applications not having details of the ASBA Account to be blocked.
- xxiii. In case no corresponding record is available with the Depositories that matches three parameters namely, DP ID, Client ID and PAN or if PAN is not available in the Depository database.
- xxiv. Inadequate funds in the ASBA Account to enable the SCSB to block the Application Amount specified in the Application Form at the time of blocking such Application Amount in the ASBA Account or no confirmation is received from the SCSB for blocking of funds.
- xxv. SCSB making an application (a) through an ASBA account maintained with its own self or (b) through an ASBA Account maintained through a different SCSB not in its own name or (c) through an ASBA Account maintained through a different SCSB in its own name, where clear demarcated funds are not present or (d) through an ASBA Account maintained through a different SCSB in its own name which ASBA Account is not utilised solely for the purpose of applying in public issues.
- xxvi. Applications for amounts greater than the maximum permissible amount prescribed by the regulations and applicable law.
- xxvii. Authorisation to the SCSB for blocking funds in the ASBA Account or acceptance of UPI Mandate Request raised has been not provided.
- xxviii. Applications by persons prohibited from buying, selling or dealing in shares, directly or indirectly, by SEBI or any other regulatory authority.
- xxix. Applications by any person outside India.
 - xxx. Applications by other persons who are not eligible to apply for NCDs under the Issue under applicable Indian or foreign statutory/regulatory requirements.
 - xxxi. Applications not uploaded on the online platform of the Stock Exchange.
 - xxxii. Applications uploaded after the expiry of the allocated time on the Issue Closing Date, unless extended by the Stock Exchange, as applicable.
- xxxiii. Application Forms not delivered by the Applicant within the time prescribed as per the Application Form and the Prospectus and as per the instructions in the Application Form.
- xxxiv. Applications by Applicants whose demat accounts have been 'suspended for credit' pursuant to the circular issued by SEBI on July 29, 2010 bearing number CIR/MRD/DP/22/2010.
- xxxv. Where PAN details in the Application Form and as entered into the electronic system of the Stock Exchange, are not as per the records of the Depositories.
- xxxvi. Applications for Allotment of NCDs in dematerialised form providing an inoperative demat account number.
- xxxvii. Applications submitted to the Members of Consortium, or Trading Members of the Stock Exchanges at locations other than the Specified Cities or at a Designated Branch of a SCSB where the ASBA Account is not maintained.

- xxxviii. Applications tendered to the Trading Members of the Stock Exchanges at centers other than the centers mentioned in the Application Form.
- xxxix. Investor Category not ticked.
 - xl. In case of cancellation of one or more orders (series) within an Application, leading to total order quantity falling under the minimum quantity required for a single Application.
 - xli. The UPI Mandate Request is not approved by the Retail Individual Investor.
 - xlii. Forms not uploaded on the electronic software of the Stock Exchange and/or in case of cancellation of one or more orders (series) within an Application, leading to total order quantity falling under the minimum quantity required for a single Application.

Kindly note that Applications submitted to the Members of Consortium, or Trading Members of the Stock Exchanges at the Specified Cities will not be accepted if the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has not named at least one branch at that Specified City for the Members of Consortium, or Trading Members of the Stock Exchange, as the case may be, to deposit ASBA Applications (A list of such branches is available at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>).

For information on certain procedures to be carried out by the Registrar to the Offer for finalisation of the basis of allotment, please refer to “Issue Procedure” on page 202 of this Prospectus.

BASIS OF ALLOTMENT

Basis of Allotment for NCDs

The Registrar will aggregate the Applications, based on the applications received through an electronic book from the Stock Exchanges and determine the valid Application for the purpose of drawing the basis of allocation.

Allocation Ratio

The Registrar will aggregate the Applications based on the Applications received through an electronic book from the Stock Exchanges and determine the valid applications for the purpose of drawing the basis of allocation. Grouping of the application received will be then done in the following manner:

Grouping of Applications and Allocation Ratio: Applications received from various applicants shall be grouped together on the following basis:

- (a) Applications received from Category I applicants: Applications received from Category I, shall be grouped together, (“**Institutional Portion**”);
- (b) Applications received from Category II applicants: Applications received from Category II, shall be grouped together, (“**Non-Institutional Portion**”);
- (c) Applications received from Category III applicants: Applications received from Category III, shall be grouped together, (“**High Net-worth Individual**” / (“**HNI**s”));
- (d) Applications received from Category IV applicants: Applications received from Category IV, shall be grouped together, (“**Retail Individual Portion**”).

For removal of doubt, “Institutional Portion”, “Non-Institutional Portion”, “HNIs” and “Retail Individual Portion” are individually referred to as “Portion” and collectively referred to as “Portions”.

Basis of Allotment for NCDs

Allotments in the first instance:

- (i) Applicants belonging to the Category I, in the first instance, will be allocated NCDs up to 5% of overall Issue Size on first come first serve basis (determined on the basis of date of receipt of each Application duly acknowledged by the Lead Managers and their respective affiliates/SCSB (Designated Branch or online acknowledgement));

- (ii) Applicants belonging to the Category II, in the first instance, will be allocated NCDs up to 20% of Overall Issue Size on first come first serve basis (determined on the basis of date of receipt of each Application duly acknowledged by the Members of the Syndicate/Trading Members/SCSB (Designated Branch or online acknowledgement));
- (iii) Applicants belonging to the Category III, in the first instance, will be allocated NCDs up to 5% of Overall Issue Size on first come first serve basis (determined on the basis of date of receipt of each Application duly acknowledged by the Members of the Syndicate/Trading Members/SCSB (Designated Branch or online acknowledgement));
- (iv) Applicants belonging to the Category IV, in the first instance, will be allocated NCDs up to 70% of Overall Issue Size on first come first serve basis (determined on the basis of date of receipt of each Application duly acknowledged by the Members of the Syndicate/Trading Members/SCSB (Designated Branch or online acknowledgement));

Allotments, in consultation with the Designated Stock Exchange, shall be made on date priority basis i.e., a first-come first-serve basis, based on the date of upload of each Application in to the electronic book with Stock Exchange, in each Portion subject to the Allocation Ratio. However, on the date of oversubscription, the Allotments would be made to the Applicants on proportionate basis.

- (a) Under Subscription:
Under subscription, if any, in any Portion, priority in Allotments will be given in the following order:
 - i. Retail Individual Investor Person
 - ii. Non-Institutional Portion
 - iii. High Networth Individual Person
 - iv. Institutional Portion

Within each Portion, priority in Allotments will be given on a first-come-first-serve basis, based on the date of upload of each Application into the electronic system of the Stock Exchanges.

For each Portion, all Applications uploaded into the electronic book with the Stock Exchange would be treated at par with each other. Allotment would be on proportionate basis, where Applications uploaded into the Platform of the Stock Exchange on a particular date exceeds NCDs to be allotted for each Portion, respectively.

Minimum allotment of 10 NCD and in multiples of 1 (one) NCD thereafter would be made in case of each valid Application.

- (b) Allotments in case of oversubscription:

In case of an oversubscription, Allotments to the maximum extent, as possible, will be made on a first-come first-serve basis and thereafter on proportionate basis, i.e. full Allotment of NCDs to the valid Applicants on a first come first serve basis for forms uploaded up to 5 pm of the date falling 1 (one) day prior to the date of oversubscription and proportionate allotment of NCDs to the valid Applicants on the date of oversubscription (based on the date of upload of the Application on the Stock Exchange Platform, in each Portion). In case of over subscription on date of opening of the Issue, the Allotment shall be made on a proportionate basis. Applications received for the NCDs after the date of oversubscription will not be considered for Allotment.

In view of the same, the Investors are advised to refer to the Stock Exchange website at www.bseindia.com and www.nseindia.com for details in respect of subscription.

- (c) Proportionate Allotments: For each Portion, on the date of oversubscription:
 - i. Allotments to the Applicants shall be made in proportion to their respective Application size, rounded off to the nearest integer;
 - ii. If the process of rounding off to the nearest integer results in the actual allocation of NCDs being higher than the Issue Size, not all Applicants will be allotted the number of NCDs arrived at after such rounding off. Rather, each Applicant whose Allotment size, prior to rounding off, had the highest decimal point would be given preference;
 - iii. In the event, there are more than one Applicant whose entitlement remain equal after the manner of distribution referred to above, our Company will ensure that the Basis of Allotment is finalised by draw of lots in a fair and equitable manner; and

Applicant applying for more than one Series of NCDs: If an Applicant has applied for more than one Series of NCDs, and in case such Applicant is entitled to allocation of only a part of the aggregate number of NCDs applied for, the Series-wise allocation of NCDs to such Applicants shall be in proportion to the number of NCDs with respect to each Series, applied for by such Applicant, subject to rounding off to the nearest integer, as appropriate in consultation with Lead Managers and Designated Stock Exchange.

Further, in the aforesaid scenario, wherein the Applicant has applied for all the three series and in case such Applicant cannot be allotted all the three series, then the Applicant would be allotted NCDs, at the discretion of the Company, the Registrar and the Lead Managers wherein the NCDs with the least tenor i.e. allotment of Series I NCDs followed by allotment of Series II NCDs and followed by allotment of Series III NCDs.

All decisions pertaining to the basis of allotment of NCDs pursuant to the Issue Size shall be taken by our Company in consultation with the Lead Managers and the Designated Stock Exchange and in compliance with the aforementioned provisions of this Prospectus. Any other queries / issues in connection with the Applications will be appropriately dealt with and decided upon by our Company in consultation with the Lead Managers.

Our Company would Allot Series III NCDs to all valid applications, wherein the Applicants have not indicated their choice of the relevant series of the NCDs.

NCDs under Series I shall be allotted for a maximum value of INR 7,500.00 lakhs (Indian Rupees Seventy Five Crore) and Series II shall be allotted for a maximum value of INR 7,500.00 lakhs (Indian Rupees Seventy Five Crore)

Valid applications where the Application Amount received does not tally with or is less than the amount equivalent to value of number of NCDs applied for, may be considered for Allotment, to the extent of the Application Amount paid rounded down to the nearest ₹ 1,000 in accordance with the pecking order mentioned above.

All decisions pertaining to the Basis of Allotment of NCDs pursuant to the Issue shall be taken by our Company in consultation with the Lead Managers and the Designated Stock Exchange and in compliance with the aforementioned provisions of this Prospectus.

Retention of oversubscription

Our Company shall have an option to retain over-subscription up to of up to ₹ 2,500 lakhs.

Unblocking of Funds for withdrawn, rejected or unsuccessful or partially successful Applications

The Registrar shall, pursuant to preparation of Basis of Allotment, instruct the relevant SCSB to unblock the funds in the relevant ASBA Account for withdrawn, rejected or unsuccessful or partially successful Applications within 6 (six) Working Days of the Issue Closing Date.

ISSUANCE OF ALLOTMENT ADVICE

Our Company shall ensure dispatch of Allotment Advice and/ or give instructions for credit of NCDs to the beneficiary account with Depository Participants within 6 (six) Working Days of the Issue Closing Date. The Allotment Advice for successful Applicants will be mailed to their addresses as per the Demographic Details received from the Depositories.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for commencement of trading at the Stock Exchanges where the NCDs are proposed to be listed are taken within 6 (six) Working Days from the Issue Closing Date; provided wherein, the Application Amount has been transferred to the Public Issue Account from the respective ASBA Accounts, such Application Amount shall be refunded from the Refund Account to the relevant ASBA Account(s) of the Applicants within 6 (six) Working Days from the Issue Closing Date, failing which our Company will become liable to refund the Application Amount along with interest at the rate of 15 (fifteen) percent per annum for the delayed period.

Our Company will provide adequate funds required for dispatch of Allotment Advice, as applicable, to the Registrar to the Issue.

OTHER INFORMATION

Withdrawal of Applications during the Issue Period

Applicants can withdraw their Applications until the Issue Closing Date. In case an Applicant wishes to withdraw the Application during the Issue Period, the same can be done by submitting a request for the same to the concerned Designated Intermediary who shall do the requisite. In case of Applications (other than under the UPI Mechanism) were submitted to the Designated Intermediaries, upon receipt of the request for withdrawal from the Applicant, the relevant Designated Intermediary, as the case may be, shall do the requisite, including deletion of details of the withdrawn Application Form from the electronic system of the Stock Exchange and intimating the Designated Branch of the SCSB unblock of the funds blocked in the ASBA Account at the time of making the Application. In case of Applications (other than under the UPI Mechanism) submitted directly to the Designated Branch of the SCSB, upon receipt of the request for withdraw from the Applicant, the relevant Designated Branch shall do the requisite, including deletion of details of the withdrawn Application Form from the electronic system of the Stock Exchange and unblocking of the funds in the ASBA Account, directly.

Withdrawal of Applications after the Issue Period

In case an Applicant wishes to withdraw the Application after the Issue Closing Date or early closure date, the same can be done by submitting a withdrawal request to the Registrar to the Issue prior to the finalisation of the Basis of Allotment.

Revision of Applications

As per the notice No: 20120831-22 dated August 31, 2012 issued by the BSE, cancellation of one or more orders (series) within an Application is permitted during the Issue Period as long as the total order quantity does not fall under the minimum quantity required for a single Application. Please note that in case of cancellation of one or more orders (series) within an Application, leading to total order quantity falling under the minimum quantity required for a single Application will be liable for rejection by the Registrar.

Applicants may revise/ modify their Application details during the Issue Period, as allowed/permitted by the stock exchange(s), by submitting a written request to the Consortium Member / Trading Members of the Stock Exchange/ the SCSBs, as the case may be. However, for the purpose of Allotment, the date of original upload of the Application will be considered in case of such revision/modification. In case of any revision of Application in connection with any of the fields which are not allowed to be modified on the electronic Application platform of the Stock Exchange(s) as per the procedures and requirements prescribed by each relevant Stock Exchange, Applicants should ensure that they first withdraw their original Application and submit a fresh Application. In such a case the date of the new Application will be considered for date priority for Allotment purposes.

Revision of Applications is not permitted after the expiry of the time for acceptance of Application Forms on Issue Closing Date. However, in order that the data so captured is accurate, the Consortium Member, Trading Members of the Stock Exchanges and the Designated Branches of the SCSBs will be given up to one Working Day after the Issue Closing Date to modify/ verify certain selected fields uploaded in the online system during the Issue Period, after which the data will be sent to the Registrar for reconciliation with the data available with the NSDL and CDSL.

Depository Arrangements

We have made depository arrangements with NSDL and CDSL. Please note that Tripartite Agreements have been executed between our Company, the Registrar and both the depositories.

As per the provisions of the Depositories Act, 1996, the NCDs issued by us can be held in a dematerialised form. In this context:

- i. Tripartite agreement dated September 06, 2018 among our Company, the Registrar and CDSL and tripartite agreement dated March 08, 2017 among our Company, the Registrar and NSDL, respectively for offering depository option to the investors.
- ii. An Applicant must have at least one beneficiary account with any of the Depository Participants (DPs) of NSDL or CDSL prior to making the Application.
- iii. The Applicant must necessarily provide the DP ID and Client ID details in the Application Form.

- iv. NCDs Allotted to an Applicant in the electronic form will be credited directly to the Applicant's respective beneficiary account(s) with the DP.
- v. Non-transferable Allotment Advice/ refund orders will be directly sent to the Applicant by the Registrar to this Issue.
- vi. It may be noted that NCDs in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL or CDSL. The Stock Exchanges have connectivity with NSDL and CDSL.
- vii. Interest or other benefits with respect to the NCDs held in dematerialised form would be paid to those NCD Holders whose names appear on the list of beneficial owners given by the Depositories to us as on Record Date. In case of those NCDs for which the beneficial owner is not identified by the Depository as on the Record Date/ book closure date, we would keep in abeyance the payment of interest or other benefits, till such time that the beneficial owner is identified by the Depository and conveyed to us, whereupon the interest or benefits will be paid to the beneficiaries, as identified, within a period of 30 days.
- viii. The trading of the NCDs on the floor of the Stock Exchanges shall be in dematerialised form only.

Please also refer to "Issue Procedure" on page 202 of this Prospectus.

Please note that the NCDs shall cease to trade from the Record Date (for payment of the principal amount and the applicable premium and interest for such NCDs) prior to redemption of the NCDs.

PLEASE NOTE THAT TRADING OF NCDs ON THE FLOOR OF THE STOCK EXCHANGES SHALL BE IN DEMATERIALISED FORM ONLY IN MULTIPLE OF ONE NCD.

Allottees will have the option to re-materialise the NCDs Allotted under the Issue as per the provisions of the Companies Act, 2013 and the Depositories Act.

Communications

All future communications in connection with Applications made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or first Applicant, Application Form number, Applicant's DP ID and Client ID, Applicant's PAN, number of NCDs applied for, date of the Application Form, name and address of the Lead Managers, Trading Member of the Stock Exchanges or Designated Branch, as the case may be, where the Application was submitted, and cheque/ draft number and issuing bank thereof or with respect to ASBA Applications, ASBA Account number in which the amount equivalent to the Application Amount was blocked. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the relevant SCSB.

Applicants may contact our Company Secretary and Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of Allotment Advice, refunds, or credit of NCDs in the respective beneficiary accounts, as the case may be.

Interest in case of delay in allotment

Our Company undertakes to pay interest, in connection with any delay in allotment (and unblocking of application money in case of refund), demat credit and refunds, beyond the time limit as may be prescribed under applicable statutory and/or regulatory requirements, at such rates as stipulated under such applicable statutory and/or regulatory requirements.

Undertaking by the Issuer

Statement by the Board:

- (a) All monies received pursuant to the Issue of NCDs to public shall be transferred to a separate bank account as referred to in sub-section (3) of section 40 of the Companies Act, 2013.
- (b) Details of all monies utilised out of Issue referred to in sub-item (a) shall be disclosed under an appropriate separate head in our Balance Sheet indicating the purpose for which such monies had been utilised; and
- (c) Details of all unutilised monies out of issue of NCDs, if any, referred to in sub-item (a) shall be disclosed under an appropriate separate head in our Balance Sheet indicating the form in which such unutilised monies have been invested.
- (d) the details of all utilised and unutilised monies out of the monies collected in the previous issue made by way of public offer shall be disclosed and continued to be disclosed in the balance sheet till the time any part

of the proceeds of such previous issue remains unutilised indicating the purpose for which such monies have been utilised, and the securities or other forms of financial assets in which such unutilised monies have been invested;

- (e) Undertaking by our Company for execution of Debenture Trust Deed;
- (f) We shall utilise the Issue proceeds only upon execution of the Debenture Trust Deed as stated in this Prospectus, on receipt of the minimum subscription of 75% of the Issue Size and receipt of listing and trading approval from the Stock Exchange.
- (g) The Issue proceeds shall not be utilised towards full or part consideration for the purchase or any other acquisition, inter alia by way of a lease, of any immovable property dealing of equity of listed companies or lending/investment in group companies.
- (h) The allotment letter shall be issued or application money shall be refunded within 15 days from the closure of the Issue or such lesser time as may be specified by Securities and Exchange Board of India, or else the application money shall be refunded to the applicants forthwith, failing which interest shall be due to be paid to the applicants at the rate of 15% per annum for the delayed period.

Other Undertakings by our Company

Our Company undertakes that:

- a) Complaints received in respect of the Issue will be attended to by our Company expeditiously and satisfactorily;
- b) Necessary cooperation to the relevant credit rating agency(ies) will be extended in providing true and adequate information until the obligations in respect of the NCDs are outstanding;
- c) Our Company will take necessary steps for the purpose of getting the NCDs listed within the specified time, i.e., within 6 Working Days of the Issue Closing Date;
- d) Funds required for dispatch of refund orders/Allotment Advice will be made available by our Company to the Registrar to the Issue;
- e) Our Company will forward details of utilisation of the proceeds of the Issue, duly certified by the Statutory Auditor, to the Debenture Trustee on a half-yearly basis;
- f) Our Company will provide a compliance certificate to the Debenture Trustee on an annual basis in respect of compliance with the terms and conditions of the Issue as contained in this Prospectus and the Prospectus.
- g) Our Company shall make necessary disclosures/reporting under any other legal and regulatory requirement as may be required by our Company from time to time.
- h) Our Company will disclose the complete name and address of the Debenture Trustee in its annual report and website.
- i) If Allotment is not made, application monies will be refunded/unblocked in the ASBA Accounts within six Working Days from the Issue Closing Date or such lesser time as specified by SEBI, failing which interest will be due to be paid to the Applicants in accordance with applicable laws;
- j) We shall create a recovery expense fund in the manner as maybe specified by SEBI from time to time and inform the Debenture Trustee about the same;
- k) We undertake that the assets on which charge is created, are free from any encumbrances.

Impersonation

Attention of the Applicants is specifically drawn to the provisions of sub-Section (1) of Section 38 of the Companies Act, 2013, which is reproduced below:

“Any person who:

- (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
- (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- (c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447.”*

Listing

The NCDs offered through this Prospectus are proposed to be listed on NSE and BSE. Our Company has received an ‘in-principle’ approval from NSE by way of its letter bearing reference number NSE/LIST/C/2021/0010 dated January 17, 2022 and BSE by way of its letter bearing reference number DCS/BM/PI-BOND/023/21-22 dated

January 17, 2022. The application for listing of the NCDs will be made to the Stock Exchange at an appropriate stage.

If permissions to deal in and for an official quotation of our NCDs are not granted by the stock exchanges, our Company will forthwith repay, without interest, all moneys received from the Applicants in pursuance of this Prospectus. Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange are taken within six Working Days of the Issue Closing Date.

For the avoidance of doubt, it is hereby clarified that in the event of non-subscription to any one or more of the Series, such NCDs with Series shall not be listed.

Guarantee/Letter of Comfort

The Issue is not backed by a guarantee or letter of comfort or any other document and/or letter with similar intent.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

Our Company has in the meeting of the Board of Directors of our Company held on December 31, 2021 approved the public issue of rated, senior, secured, listed, transferable, redeemable NCDs of face value of ₹ 1,000 each for an amount up to ₹ 12,500 lakhs with an option to retain over-subscription of up to ₹ 2,500 lakhs, aggregating up to ₹ 15,000 lakhs.

Pursuant to the resolution passed by the shareholders of our Company under Section 180(1)(c) of the Companies Act, 2013, at the general meetings held on March 26, 2019 and August 24, 2021, the Board has been authorised to borrow any sum or sums of money, from time to time, as it may deem necessary, provided that the total monies borrowed and outstanding at any time for the principal amounts of the loans borrowed (apart from temporary loans obtained and/or to be obtained from the Company's bankers in the ordinary course of business) shall not exceed ₹ 4,00,000 lakhs.

Prohibition by SEBI / Eligibility of our Company for the Issue

Our Company, persons in control of our Company and/or our Directors and/or our Promoter have not been restrained, prohibited or debarred by SEBI from accessing the securities market or dealing in securities and no such order or direction is in force. None of our Directors and/or our Promoter, is a director or promoter of another company which is has been restrained, prohibited or debarred by SEBI from accessing the securities market or dealing in securities.

Our Company is not in default of payment of interest or repayment of principal amount in respect of non-convertible securities, for a period of more than six-months.

The Company, as on date of this Prospectus, has not defaulted in:

- a. the repayment of deposits or interest payable thereon;
 - b. redemption of preference shares; or
 - c. redemption of debt securities and interest payable thereon;
 - d. payment of dividend to any shareholder; or
 - e. repayment of any term loan or interest payable thereon,
- in the last three financial years and the current financial year.

None of our Directors and/or our Promoter have been declared as fugitive economic offenders.

Our Company confirms that there are no fines or penalties levied by SEBI or the Stock Exchanges pending to be paid by the Company as on the date of this Prospectus.

Wilful Defaulter

Our Company, our Directors and/or our Promoter have not been categorised as a wilful defaulter by the RBI, ECGC, any government / regulatory authority and/or by any bank or financial institution. None of our Whole-time Directors and/or our Promoter, is a whole-time director or promoter of another company which is has been categorised as a wilful defaulter.

Disclaimer Clause of SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF OFFER DOCUMENT TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE LEAD MANAGER, SUNDAE CAPITAL ADVISORS PRIVATE LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE AND LISTING OF NON-CONVERTIBLE SECURITIES) REGULATIONS, 2021. THIS REQUIREMENT IS TO FACILITATE

INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

Disclaimer Clause of NSE

AS REQUIRED, A COPY OF THIS OFFER DOCUMENT HAS BEEN SUBMITTED TO THE NATIONAL STOCK EXCHANGE OF INDIA LIMITED (HEREINAFTER REFERRED TO AS NSE). NSE HAS GIVEN VIDE ITS LETTER REF.: NSE/LIST/C/2021/0010 DATED JANUARY 17, 2022 PERMISSION TO THE ISSUER TO USE THE EXCHANGE'S NAME IN THIS OFFER DOCUMENT AS ONE OF THE STOCK EXCHANGES ON WHICH THIS ISSUER'S SECURITIES ARE PROPOSED TO BE LISTED. THE EXCHANGE HAS SCRUTINISED THIS OFFER DOCUMENT FOR ITS LIMITED INTERNAL PURPOSE OF DECIDING ON THE MATTER OF GRANTING THE AFORESAID PERMISSION TO THIS ISSUER.

IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE AFORESAID PERMISSION GIVEN BY NSE SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE OFFER DOCUMENT HAS BEEN CLEARED OR APPROVED BY NSE; NOR DOES IT IN ANY MANNER WARRANT, CERTIFY OR ENDORSE THE CORRECTNESS OR COMPLETENESS OF ANY OF THE CONTENTS OF THIS OFFER DOCUMENT; NOR DOES IT WARRANT THAT THIS ISSUER'S SECURITIES WILL BE LISTED OR WILL CONTINUE TO BE LISTED ON THE EXCHANGE; NOR DOES IT TAKE ANY RESPONSIBILITY FOR THE FINANCIAL OR OTHER SOUNDNESS OF THIS ISSUER, ITS PROMOTER, ITS MANAGEMENT OR ANY SCHEME OR PROJECT OF THIS ISSUER.

EVERY PERSON WHO DESIRES TO APPLY FOR OR OTHERWISE ACQUIRE ANY SECURITIES OF THIS ISSUER MAY DO SO PURSUANT TO INDEPENDENT INQUIRY, INVESTIGATION AND ANALYSIS AND SHALL NOT HAVE ANY CLAIM AGAINST THE EXCHANGE WHATSOEVER BY REASON OF ANY LOSS WHICH MAY BE SUFFERED BY SUCH PERSON CONSEQUENT TO OR IN CONNECTION WITH SUCH SUBSCRIPTION/ACQUISITION WHETHER BY REASON OF ANYTHING STATED OR OMITTED TO BE STATED HEREIN OR ANY OTHER REASON WHATSOEVER.

Disclaimer Clause of BSE

BSE LIMITED ("THE EXCHANGE") HAS GIVEN VIDE ITS LETTER NO. DCS/BM/PI-BOND/023/21-22 DATED JANUARY 17, 2022, PERMISSION TO THIS COMPANY TO USE THE EXCHANGE'S NAME IN THIS OFFER DOCUMENT AS ONE OF THE STOCK EXCHANGES ON WHICH THIS COMPANY'S SECURITIES ARE PROPOSED TO BE LISTED. THE EXCHANGE HAS SCRUTINISED THIS OFFER DOCUMENT FOR ITS LIMITED INTERNAL PURPOSE OF DECIDING ON THE MATTER OF GRANTING THE AFORESAID PERMISSION TO THIS COMPANY. THE EXCHANGE DOES NOT IN ANY MANNER:

- A. WARRANT, CERTIFY OR ENDORSE THE CORRECTNESS OR COMPLETENESS OF ANY OF THE CONTENTS OF THIS OFFER DOCUMENT; OR**
- B. WARRANT THAT THIS COMPANY'S SECURITIES WILL BE LISTED OR WILL CONTINUE TO BE LISTED ON THE EXCHANGE; OR**
- C. TAKE ANY RESPONSIBILITY FOR THE FINANCIAL OR OTHER SOUNDNESS OF THIS COMPANY, ITS PROMOTER, ITS MANAGEMENT OR ANY SCHEME OR PROJECT OF THIS COMPANY;**

AND IT SHOULD NOT FOR ANY REASON BE DEEMED OR CONSTRUED THAT THIS OFFER DOCUMENT HAS BEEN CLEARED OR APPROVED BY THE EXCHANGE. EVERY PERSON WHO DESIRES TO APPLY FOR OR OTHERWISE ACQUIRES ANY SECURITIES OF THIS COMPANY MAY DO SO PURSUANT TO INDEPENDENT INQUIRY, INVESTIGATION AND ANALYSIS AND SHALL NOT HAVE ANY CLAIM AGAINST THE EXCHANGE WHATSOEVER BY REASON OF ANY LOSS WHICH MAY BE SUFFERED BY SUCH PERSON CONSEQUENT TO OR IN CONNECTION WITH SUCH SUBSCRIPTION/ACQUISITION WHETHER BY REASON OF ANYTHING STATED OR OMITTED TO BE STATED HEREIN OR FOR ANY OTHER REASON WHATSOEVER.

Disclaimer Statement of RBI

A COPY OF THIS PROSPECTUS HAS NOT BEEN FILED WITH OR SUBMITTED TO THE RESERVE BANK OF INDIA (“RBI”). IT IS DISTINCTLY UNDERSTOOD THAT THIS PROSPECTUS SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED TO BE APPROVED OR VETTED BY RBI. RBI DOES NOT ACCEPT ANY RESPONSIBILITY OR GUARANTEE ABOUT THE PRESENT POSITION AS TO THE FINANCIAL SOUNDNESS OF THE ISSUER OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS OR REPRESENTATIONS MADE OR OPINIONS EXPRESSED BY THE ISSUER AND FOR DISCHARGE OF LIABILITY BY THE ISSUER. RBI NEITHER ACCEPTS ANY RESPONSIBILITY NOR GUARANTEE FOR THE PAYMENT OF ANY AMOUNT DUE TO ANY INVESTOR IN RESPECT OF THE PROPOSED NCDS.

Disclaimer Statement of CRISIL Ratings Limited

A CRISIL rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. CRISIL ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, CRISIL, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. CRISIL is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. CRISIL ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.crisil.com) for the latest information on any instrument rated by CRISIL, CRISIL's rating scale and its definitions.

Disclaimer statement from the Issuer

THE ISSUER ACCEPTS NO RESPONSIBILITY FOR STATEMENTS MADE OTHER THAN IN THIS PROSPECTUS OR IN ADVERTISEMENT OR ANY OTHER MATERIAL ISSUED BY OR AT THE INSTANCE OF OUR COMPANY IN CONNECTION WITH THE ISSUE OF THE NCDS AND ANYONE PLACING RELIANCE ON ANY OTHER SOURCE OF INFORMATION WOULD BE DOING SO AT THEIR OWN RISK.

Disclaimer statement from the Lead Managers

THE LEAD MANAGERS ACCEPTS NO RESPONSIBILITY FOR STATEMENTS MADE OTHERWISE THAN IN THIS PROSPECTUS OR IN ADVERTISEMENT OR ANY OTHER MATERIAL ISSUED BY OR AT THE INSTANCE OF THE COMPANY IN CONNECTION WITH THE ISSUE OF THE NCDS AND THAT ANYONE PLACING RELIANCE ON ANY OTHER SOURCE OF INFORMATION WOULD BE DOING SO AT THEIR OWN RISK.

Disclaimer in Respect of Jurisdiction

THE ISSUE IS BEING MADE IN INDIA, TO INVESTORS FROM CATEGORY I, CATEGORY II, CATEGORY III AND CATEGORY IV. THIS PROSPECTUS AND THE PROSPECTUS WILL NOT, HOWEVER CONSTITUTE AN OFFER TO SELL OR AN INVITATION TO SUBSCRIBE FOR THE NCDS OFFERED HEREBY IN ANY JURISDICTION OTHER THAN INDIA TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE AN OFFER OR INVITATION IN SUCH JURISDICTION. ANY PERSON INTO WHOSE POSSESSION THIS PROSPECTUS AND THE PROSPECTUS COMES IS REQUIRED TO INFORM HIMSELF OR HERSELF ABOUT, AND TO OBSERVE, ANY SUCH RESTRICTIONS.

Undertaking by the Issuer

INVESTORS ARE ADVISED TO READ THE RISK FACTORS CAREFULLY BEFORE TAKING AN INVESTMENT DECISION IN THIS ISSUE. FOR TAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE OFFER

INCLUDING THE RISKS INVOLVED. THE NCDs HAVE NOT BEEN RECOMMENDED OR APPROVED BY ANY REGULATORY AUTHORITY IN INDIA, INCLUDING THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) NOR DOES SEBI GUARANTEE THE ACCURACY OR ADEQUACY OF THIS DOCUMENT. SPECIFIC ATTENTION OF INVESTORS IS INVITED TO THE STATEMENT OF THE “RISK FACTORS” CHAPTER ON PAGE 13 OF THIS PROSPECTUS.

OUR COMPANY, HAVING MADE ALL REASONABLE INQUIRIES, ACCEPTS RESPONSIBILITY FOR, AND CONFIRMS THAT THIS PROSPECTUS CONTAINS ALL INFORMATION WITH REGARD TO THE ISSUER AND THE ISSUE, THAT THE INFORMATION CONTAINED IN THIS DRAFT PROSPECTUS IS TRUE AND CORRECT IN ALL MATERIAL ASPECTS AND IS NOT MISLEADING IN ANY MATERIAL RESPECT, THAT THE OPINIONS AND INTENTIONS EXPRESSED HEREIN ARE HONESTLY HELD AND THAT THERE ARE NO OTHER FACTS, THE OMISSION OF WHICH MAKE THIS PROSPECTUS AS A WHOLE OR ANY OF SUCH INFORMATION OR THE EXPRESSION OF ANY SUCH OPINIONS OR INTENTIONS MISLEADING IN ANY MATERIAL RESPECT.

THE COMPANY HAS NO SIDE LETTER WITH ANY DEBT SECURITIES HOLDER EXCEPT THE ONE(S) DISCLOSED IN THIS PROSPECTUS. ANY COVENANTS LATER ADDED SHALL BE DISCLOSED ON THE STOCK EXCHANGES WEBSITES. OUR COMPANY DECLARES THAT NOTHING IN THE PROSPECTUS IS CONTRARY TO THE PROVISIONS OF COMPANIES ACT, 2013 (18 OF 2013), THE SECURITIES CONTRACTS (REGULATION) ACT, 1956 AND THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 AND THE RULES AND REGULATIONS MADE THEREUNDER.

Disclosures in accordance with the SEBI Due Diligence Circular

Debenture Trustee Agreement

Our Company has entered into a Debenture Trustee Agreement with the Debenture Trustee which provides for, inter alia, the following terms and conditions:

- a) The Debenture Trustee has agreed for a lumpsum fee amounting to ₹ 1,50,000 (plus the applicable GST) and annual charges of ₹ 2,25,000 (plus the applicable GST) for the services as agreed in terms of the letter dated December 06, 2021.
- b) The Debenture Trustee, either through itself or its agents / advisors / consultants, shall carry out requisite diligence to verify the status of encumbrance and valuation of the assets and whether all permissions or consents (if any) as may be required to create the security as stipulated in the Offer Documents and the applicable laws, has been obtained. For the purpose of carrying out the due diligence as required in terms of the applicable laws, the Debenture Trustee, either through itself or its agents/ advisors/ consultants, shall have the power to examine the books of account of the Company and to have the Company’s assets inspected by its officers and/or external auditors/ valuers/ consultants/ lawyers/ technical experts/ management consultants appointed by the Debenture Trustee;
- c) Our Company shall provide all assistance to the Debenture Trustee to enable verification from the Registrar of Companies, sub-registrar of assurances (as applicable), CERSAI, depositories, information utility or any other authority, as may be required, where the assets and/or prior encumbrances in relation to the assets proposed to secure the NCDs, whether owned by our Company or any other person, are registered / disclosed;
- d) The Debenture Trustee shall have the power to either independently appoint, or direct our Company to (after consultation with the Debenture Trustee) appoint intermediaries, valuers, chartered accountant firms, practicing company secretaries, consultants, lawyers and other entities in order to assist in the diligence by the Debenture Trustee and the Debenture Trustee shall subsequently form an independent assessment that the assets for creation of security are sufficient to discharge the outstanding amounts on NCDs at all times. All costs, charges, fees and expenses that are associated with and incurred in relation to the diligence as well as preparation of the reports / certificates / documentation, including all out of pocket expenses towards legal or inspection costs, travelling and other costs, shall be solely borne by our Company;

- e) Our Company has undertaken to promptly furnish all and any information as may be required by the Debenture Trustee, including such information as required to be furnished in terms of the applicable laws and the Debenture Trust Deed on a regular basis;
- f) Our Company has agreed that the Issue proceeds shall be kept in the public issue account with a scheduled commercial bank and shall not be utilised by the Company until the Debenture Trust Deed and the relevant security documents are executed and until the listing and trading approval in respect of the NCDs is obtained by our Company; and
- g) The Debenture Trustee, ipso facto does not have the obligations of a borrower or a principal debtor or a guarantor as to the monies paid/invested by investors for the NCDs.

Terms of carrying out due diligence

As per the SEBI Circular “SEBI/HO/MIRSD/CRADT/CIR/P/2020/218 dated November 3, 2020 titled “Creation of Security in issuance of listed debt securities and due diligence by debenture trustee(s)”, the Debenture Trustee is required to exercise independent due diligence to ensure that the assets of the Issuer are sufficient to discharge the interest and principal amount with respect to the debt securities of the Issuer at all times. Accordingly, the Debenture Trustee shall exercise due diligence as per the following process, for which our Company has consented to.

- a) The Debenture Trustee, either through itself or its agents / advisors / consultants, shall carry out requisite diligence to verify the status of encumbrance and valuation of the assets and whether all permissions or consents (if any) as may be required to create the security as stipulated in the offer document /disclosure document / information memorandum / private placement memorandum, have been obtained. For the purpose of carrying out the due diligence as required in terms of the Relevant Laws, the Debenture Trustee, either through itself or its agents /advisors/consultants, shall have the power to examine the books of account of the Company and to have the Company’s assets inspected by its officers and/or external auditors / valuers / consultants / lawyers / technical experts / management consultants appointed by the Debenture Trustee.
- b) The Company shall provide all assistance to the Debenture Trustee to enable verification from the Registrar of Companies, Sub-registrar of Assurances (as applicable), CERSAI, depositories, information utility or any other authority, as may be relevant, where the assets and/or encumbrances in relation to the assets of the Company or any third party security provider are registered / disclosed.
- c) Further, in the event that existing charge holders have provided conditional consent / permissions to the Company to create further charge on the assets, the Debenture Trustee shall also have the power to verify such conditions by reviewing the relevant transaction documents or any other documents executed between existing charge holders and the Company. The Debenture Trustee shall also have the power to intimate the existing charge holders about proposal of creation of further encumbrance and seeking their comments/ objections, if any.
- d) Without prejudice to the aforesaid, the Company shall ensure that it provides and procures all information, representations, confirmations and disclosures as may be required in the sole discretion of the Debenture Trustee to carry out the requisite diligence in connection with the issuance and allotment of the Debentures, in accordance with the relevant laws/ Applicable Law.
- e) The Debenture Trustee shall have the power to either independently appoint or direct the Company to (after consultation with the Debenture Trustee) appoint intermediaries, valuers, chartered accountant firms, practicing company secretaries, consultants, lawyers and other entities in order to assist in the diligence by the Debenture Trustee. All costs, charges, fees and expenses that are associated with and incurred in relation to the diligence as well as preparation of the reports/certificates/documentation, including all out of pocket expenses towards legal or inspection costs, travelling and other costs, shall be solely borne by the Company.

Process of Due Diligence to be carried out by the Debenture Trustee

Due Diligence will be carried out as per SEBI (Debenture Trustees) Regulations, 1993, SEBI NCS Regulations and circulars issued by SEBI from time to time.

Other confirmations

The Issuer undertakes that the NCDs shall be considered as secured only if the charged asset is registered with sub-registrar and Registrar of Companies or CERSAI or depository, etc., as applicable, or is independently verifiable by the Debenture Trustee.

The Debenture Trustee confirms that they have undertaken the necessary due diligence in accordance with applicable law, including the SEBI (Debenture Trustees) Regulations, 1993, read with the SEBI circulars titled (i) "Creation of Security in issuance of listed debt securities and 'due diligence' by debenture trustee(s)" dated November 3, 2020; and (ii) "Monitoring and Disclosures by Debenture Trustee(s)" dated November 12, 2020.

CATALYST TRUSTEESHIP LIMITED HAVE FURNISHED TO STOCK EXCHANGES A DUE DILIGENCE CERTIFICATE DATED JANUARY 08, 2022, AS PER THE FORMAT SPECIFIED IN ANNEXURE A OF SEBI DUE DILIGENCE CIRCULAR WHICH READS AS FOLLOWS:

- 1. WE HAVE EXAMINED DOCUMENTS PERTAINING TO THE SAID ISSUE AND OTHER SUCH RELEVANT DOCUMENTS, REPORTS AND CERTIFICATIONS.**
- 2. ON THE BASIS OF SUCH EXAMINATION AND OF THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES AND ON INDEPENDENT VERIFICATION OF THE VARIOUS RELEVANT DOCUMENTS, REPORTS AND CERTIFICATIONS, WE CONFIRM THAT:**
 - A. THE ISSUER HAS MADE ADEQUATE PROVISIONS FOR AND / OR HAS TAKEN STEPS TO PROVIDE FOR ADEQUATE SECURITY FOR THE DEBT SECURITIES TO BE ISSUED.**
 - B. THE ISSUER HAS OBTAINED THE PERMISSIONS / CONSENTS NECESSARY FOR CREATING SECURITY ON THE SAID PROPERTY(IES).**
 - C. THE ISSUER HAS MADE ALL THE RELEVANT DISCLOSURES ABOUT THE SECURITY AND ALSO ITS CONTINUED OBLIGATIONS TOWARDS THE HOLDERS OF DEBT SECURITIES.**
 - D. ISSUER HAS ADEQUATELY DISCLOSED ALL CONSENTS / PERMISSIONS REQUIRED FOR CREATION OF FURTHER CHARGE ON ASSETS IN OFFER DOCUMENT / PRIVATE PLACEMENT MEMORANDUM / INFORMATION MEMORANDUM AND ALL DISCLOSURES MADE IN THE OFFER DOCUMENT OR PRIVATE PLACEMENT MEMORANDUM / INFORMATION MEMORANDUM WITH RESPECT TO CREATION OF SECURITY ARE IN CONFIRMATION WITH THE CLAUSES OF DEBENTURE TRUSTEE AGREEMENT.**
 - E. ISSUER HAS DISCLOSED ALL COVENANTS PROPOSED TO BE INCLUDED IN DEBENTURE TRUST DEED (INCLUDING ANY SIDE LETTER, ACCELERATED PAYMENT CLAUSE ETC.), OFFER DOCUMENT / PRIVATE PLACEMENT MEMORANDUM / INFORMATION MEMORANDUM.**
 - F. ISSUER HAS GIVEN AN UNDERTAKING THAT CHARGE SHALL BE CREATED IN FAVOUR OF DEBENTURE TRUSTEE AS PER TERMS OF ISSUE BEFORE FILING OF LISTING APPLICATION.**
 - G. ALL DISCLOSURES MADE IN THE DRAFT OFFER DOCUMENT / PRIVATE PLACEMENT MEMORANDUM / INFORMATION MEMORANDUM WITH RESPECT TO THE DEBT SECURITIES ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE.**

WE HAVE SATISFIED OURSELVES ABOUT THE ABILITY OF THE ISSUER TO SERVICE THE DEBT SECURITIES.

Our Company undertakes that it shall submit the due diligence certificate from Debenture Trustee to the Stock Exchange as per format specified in Annexure A of the SEBI Due Diligence Circular.

Our Company and the Debenture Trustee will execute a Debenture Trust Deed specifying, inter alia, the powers, authorities and obligations of the Debenture Trustee and the Company, as per SEBI NCS Regulations applicable for the proposed NCD Issue.

Track record of past public issues handled by the Lead Managers

The track record of past issues handled by the Sundae Capital Advisors Private Limited, as required by SEBI circular number CIR/MIRSD/1/2012 dated January 10, 2012, are available at the following website:

Name of Merchant Banker	Website / URL
Sundae Capital Advisors Private Limited	https://www.sundaecapital.com/track-record/
InCred Capital Wealth Portfolio Managers Private Limited	https://www.incredsecurities.com/offer-documents/#

Listing

The NCDs proposed to be offered through this Issue are proposed to be listed on BSE and NSE. An application will be made to the BSE and NSE for permission to deal in and for an official quotation of our NCDs. NSE has been appointed as the Designated Stock Exchange.

If permissions to deal in and for an official quotation of our NCDs are not granted by the BSE and NSE, our Company will forthwith repay, without interest, all moneys received from the Applicants in pursuance of the Prospectus.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges mentioned above are taken within 6 Working Days from the date of closure of the Issue.

For the avoidance of doubt, it is hereby clarified that in the event of zero subscription to any one or more of the series, such NCDs with series shall not be listed.

Our Company shall pay interest at 15% (fifteen) per annum if Allotment is not made and refund orders/allotment letters are not dispatched and/or demat credits are not made to investors within 5 Working Days of the Issue Closing Date or date of refusal of the Stock Exchange(s), whichever is earlier. In case listing permission is not granted by the Stock Exchange(s) to our Company and if such money is not repaid within the day our Company becomes liable to repay it on such account, our Company and every officer in default shall, on and from expiry of such date, be liable to repay the money with interest at the rate of 15% as prescribed under Rule 3 of Companies (Prospectus and Allotment of Securities) Rules, 2014 read with Section 26 of the 2013 Act, provided that the beneficiary particulars relating to such Applicants as given by the Applicants is valid at the time of the upload of the demat credit.

Consents

Consents in writing of: (a) the Directors, (b) our Company Secretary and Compliance Officer, (c) Bankers to the Issue, (d) Lead Managers, (e) the Registrar to the Issue, (f) Legal Advisor to the Issue, (g) Credit Rating Agencies, (h) the Debenture Trustee, (i) Chief Financial Officer, (j) Public Issue Account Bank and/or Sponsor Bank, (k) Refund Bank, Lead Brokers / Consortium Members, and (l) lenders have been or will be duly obtained from them and the same will be filed along with a copy of the Prospectus with the ROC as required under Section 26 of the Companies Act, 2013 and such consents have not been withdrawn up to the time of delivery of the Prospectus with the Stock Exchanges.

Our Company has received written consent dated January 17, 2022 from S.R. Batliboi & Associates LLP, Chartered Accountants, to include their name as required under section 26(1) of the Companies Act, 2013 read with the SEBI NCS Regulations, in this Prospectus, and as an “expert” as defined under section 2(38) of the Companies Act, 2013, to the extent and in their capacity as our Statutory Auditors, and in respect of their (i) examination reports, dated January 07, 2022 on our Reformatted Financial Information; and (ii) their reports on our unaudited interim standalone financial results and such consent has not been withdrawn as on the date of this Prospectus. However, the term “expert” shall not be construed to mean an “expert” as defined under the U.S. Securities Act.

Our Company has received written consent dated January 10, 2022 from Nahta Jain & Associates, Chartered Accountants, to include their name as required under section 26(1) of the Companies Act, 2013 read with the

SEBI NCS Regulations, in this Prospectus and in respect of their Statement of Tax Benefits dated January 03, 2022 and such consent has not been withdrawn as on the date of the Prospectus.

Our Company has appointed Catalyst Trusteeship Services Limited as the Debenture Trustee under Regulation 8 of the SEBI NCS Regulations. The Debenture Trustee has given its consent to our Company for its appointment as Debenture Trustee to the Issue, pursuant to the SEBI NCS Regulations and for its name to be included in the Draft Prospectus and the Prospectus, and in all related advertisements, communications to the NCD holders or filings pursuant to the Issue, which is enclosed as Annexure III.

Expert Opinion

Except the following, our Company has not obtained any expert opinions in connection with this Prospectus:

Our Company has received written consent from CRISIL Ratings Limited to include the credit rating and rationale letter dated December 27, 2021, in respect of the credit rating issued for the NCDs to be issued pursuant to this Issue which furnishes the rationale for its rating.

The above experts are not, and has not been, engaged or interested in the formation or promotion or management, of the Company and have given their written consent to the Company as stated in the paragraph above and has not withdrawn such consent before the filing of the Prospectus with the Stock Exchanges.

Common form of Transfer

The Issuer undertakes that there shall be a common form of transfer for the NCDs and the provisions of the Companies Act, 2013 and all applicable laws shall be duly complied with in respect of all transfer of debentures and registration thereof.

Minimum Subscription

In terms of the SEBI NCS Regulations, for an issuer undertaking a public issue of debt securities the minimum subscription for public issue of debt securities shall be 75% of the Issue Size. If our Company does not receive the minimum subscription of 75% of the Issue Size, prior to the Issue Closing Date, the entire subscription amount shall be unblocked in the Applicants ASBA Account within eight working days from the date of closure of the Issue or such time as may be specified by SEBI. The refunded subscription amount shall be credited only to the account from which the relevant subscription amount was remitted. In the event, there is a delay by the our Company in unblocking the aforesaid ASBA Account within the prescribed time limit, our Company will pay interest at the rate of 15% per annum for the delayed period.

Under Section 39(3) of the Companies Act, 2013 read with Rule 11(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 if the stated minimum subscription amount is not received within the specified period, the application money received is to be credited only to the bank account from which the subscription was remitted. To the extent possible, where the required information for making such refunds is available with our Company and/or Registrar, refunds will be made to the account prescribed. However, where our Company and/or Registrar does not have the necessary information for making such refunds, our Company and/or Registrar will follow the guidelines prescribed by SEBI in this regard included in the Operational Circular.

Filing of the Draft Prospectus

A copy of the Draft Prospectus has been filed with the Stock Exchanges in terms of SEBI NCS Regulations for dissemination on their website. The Draft Prospectus was also displayed on the website of the Company and the Lead Managers.

Filing of the Prospectus with the RoC

Our Company is eligible to file the Prospectus as per requirements of Regulation 41(1)(c) of SEBI NCS Regulations. A copy of the Prospectus will be filed with the RoC, in accordance with Section 26 and Section 31 of Companies Act, 2013.

Debenture Redemption Reserve

In accordance with the Companies Act, 2013 and the Companies (Share Capital and Debentures) Rules 2014, any non-banking finance company that intends to issue debentures to the public is not required to create a DRR for the purpose of redemption of debentures.

Pursuant to the amendment to the Companies (Share Capital and Debentures) Rules 2014, notified on August 16, 2019, and as on the date of filing of this Prospectus, the Company is not required to create DRR for the purpose of redemption of the NCDs. Accordingly, no debenture redemption reserve shall be created by our Company for the purpose of redemption of the NCDs or in connection with the Issue. The Company shall, as per the Companies (Share Capital and Debentures) Rules 2014 and other laws applicable from time to time, invest or deposit, as the case may be, the applicable amounts, within the specified timelines, in respect of debentures maturing during the year ending on the 31st day of March of the next year, in any one or more methods of investments or deposits stipulated under the applicable law. Provided that the amount remaining invested or deposited, as the case may be, shall not at any time fall below the specified percentage, which is presently stipulated at fifteen percent of the amount of the debentures maturing during the year ending on March 31 of the next year, in any of the following instruments or such other instruments as may be permitted under the applicable laws.

1. in deposits with any scheduled bank, free from any charge or lien;
2. in unencumbered securities of the Central Government or any State Government;
3. in unencumbered securities mentioned in sub-clause (a) to (d) and (ee) of section 20 of the Indian Trusts Act, 1882;
4. in unencumbered bonds issued by any other company which is notified under sub-clause (f) of section 20 of the Indian Trusts Act, 1882:

Provided further that the amount invested or deposited as above shall not be used for any purpose other than for redemption of debentures maturing during the year referred above.

Recovery Expense Fund

Our Company will create a recovery expense fund in the manner as specified by SEBI in circular no. SEBI/HO/MIRSD/CRADT/CIR/P/2020/207 dated October 22, 2020, as amended from time to time, and Regulation 11 of the SEBI NCS Regulations with the Designated Stock Exchange for the purpose of this Issue and informed the Debenture Trustee regarding the creation of such fund. The recovery expense fund may be utilised by Debenture Trustee, in the event of default by our Company under the terms of the Debenture Trust Deed for taking appropriate legal action to enforce the security.

Kindly note, any default committed by the Company in terms of the NCDs proposed to be issued shall be reckoned at the International Securities Identification Number level assigned to the NCDs issued under the Issue.

Underwriting

This Issue shall not be underwritten.

Change in Auditors of our Company during the last three years

Pursuant to a resolution passed at the annual general meeting held on August 24, 2021, our shareholders have appointed M/s S. R. Batliboi & Associates LLP, Chartered Accountants (FRN: 101049W/E300004), as the statutory auditors of our Company for a term of 3 consecutive years on account of resignation by our previous statutory auditors, M/s B S R & Co. LLP, Chartered Accountant (FRN: 101248W/W-100022), whose term ended on August 24, 2021, in accordance with the applicable regulatory requirement under RBI Directions.

Issue Related Expenses

The expenses of this Issue include, inter alia, lead management fees and selling commission to the Lead Managers, Consortium Members/Lead Brokers, fees payable to debenture trustees, the Registrar to the Issue, SCSBs' commission/ fees, printing and distribution expenses, legal fees, advertisement expenses and listing fees. The Issue expenses and listing fees will be paid by our Company. The estimated break-up of the total expenses shall be as specified in the Prospectus. For further details see, "Objects to the Issue" on page 55 of this Prospectus.

Revaluation of Assets

Our Company has not revalued its assets in the last five Financial Years.

Reservation

No portion of this Issue has been reserved.

Utilisation of Proceeds

Our Board of Directors certifies that:

1. All monies received pursuant to the issue of NCDs to public shall be transferred to a separate bank account as referred to in sub-section (3) of section 40 of the Companies Act, 2013 and the SEBI NCS Regulations, and our Company will comply with the conditions as stated therein, and these monies will be transferred to Company's bank account after receipt of listing and trading approvals;
2. The allotment letter shall be issued, or application money shall be refunded in accordance with the Applicable Law failing which interest shall be due to be paid to the applicants at the rate of 15% per annum for the delayed period;
3. Details of all monies utilised out of the Issue shall be disclosed under an appropriate separate head in our Balance Sheet indicating the purpose for which such monies had been utilised;
4. Details of all unutilised monies out of issue of NCDs, if any, shall be disclosed and continued to be disclosed under an appropriate separate head in our Balance Sheet till the time any part of the proceeds of the Issue remains unutilised indicating the form of financial assets in which such unutilised monies have been invested;
5. The Issue proceeds shall not be utilised towards full or part consideration for the purchase or any other acquisition, inter alia, by way of a lease, of any immovable property;
6. We shall utilise the Issue proceeds only after (i) receipt of minimum subscription, i.e., 75% of the Issue Size pertaining to the Issue; (ii) completion of Allotment and refund process in compliance with Section 40 of the Companies Act, 2013; (iii) creation of security; (iv) obtaining requisite permissions or consents for creation of first charge over assets sought to be provided as Security; (v) obtaining listing and trading approval as stated in this Prospectus in "Issue Structure" on page 166 of this Prospectus;
7. The Issue proceeds shall be utilised in compliance with various guidelines, regulations and clarifications issued by RBI, SEBI or any other statutory authority from time to time. Further the Issue proceeds shall be utilised only for the purpose and objects stated in the Offer Documents; and
8. If Allotment is not made, application monies will be refunded/unblocked in the ASBA Accounts within 6 Working Days from the Issue Closing Date or such lesser time as specified by SEBI, failing which interest will be due to be paid to the Applicants in accordance with applicable laws.

Previous Issue(s)

Details of utilisation of proceeds of previous issues by our Company in the last three years are as follows:

1. Except as stated in "Capital Structure", and "Financial Indebtedness" on pages 46 and 135 of this Prospectus, respectively, our Company has not made any other public issue of non-convertible debentures in the last three years which are outstanding as on the date of this Prospectus. The proceeds from the previous issuance of non-convertible debentures by the Company on private placement basis have been utilised in accordance with the use of proceeds set out in the respective offer documents and / or information memorandums under which such non-convertible debentures were issued which include, inter alia, to augment long-term resources of the Company, for on-lending and for general corporate purposes in accordance with the object clause of the Memorandum of Association of the Company. Other than as specifically disclosed in this Prospectus, our Company has not issued any securities for consideration other than cash.
2. Our Company has not made any public or rights issue of Equity Shares in the last three years.
3. The Company has raised funds for augmenting its capital adequacy requirements, long-term resources for meeting funding requirements for its business purposes and for general corporate purposes by way of private

placement of debentures, secured euro medium term notes and qualified institutions placement of Equity Shares in the last three years. The funds have been fully utilised in accordance with the objects of the above-mentioned issuance of debentures and equity shares on private placement basis.

Benefit / interest accruing to Promoters / Directors out of the Object of the Issue

Neither the Promoter nor the Directors of our Company are interested in the Objects of the Issue.

Details regarding the Company and other listed companies under the same management within the meaning of Section 370(1B) of the Companies Act, which made any capital issue during the last three years

Nil

Utilisation of proceeds by our Group Companies

No proceeds of the Issue will be paid to our Group Companies.

Details regarding lending out of Issue proceeds and loans advanced by the Company

A. Lending Policy

Please see “Our Business” at page 83 of this Prospectus.

B. Classification of loans / advances to associates, entities/persons relating to Board, senior management or Promoter or group entities out of the proceeds of previous issues:

Company has not provided any loans or advances to associates, entities or persons relating to the Board, senior management or Promoters out of the proceeds of the previous issues of debt securities.

C. Types of loans

Types of loans given by our Company as on March 31, 2021 are as follows:

S. No.	Particulars	Amount (₹ in lakhs)	Percentage of AUM
1	Secured	1,36,765.41	51.71%
2	Unsecured	1,27,699.32	48.29%
	Total	2,64,464.73	100.00%

Types of loans according to sectoral exposure as on March 31, 2021 is as follows:

Particulars	Percentage of AUM
Auto loans	3.48%
MSME	18.33%
Other personal loans	0.25%
Services	35.25%
Unsecured personal loans	42.69%
Total	100.00%

Denomination of loans outstanding by ticket size as on March 31, 2021 are as follows:

S. No.	Ticket Size	Percentage of AUM
1	Up to INR 2 lakh	27.49%
2	INR 2-5 Lakh	7.61%
3	INR 5-10 Lakh	2.70%
4	INR 10-25 Lakh	7.77%
5	INR 25-50 Lakh	8.63%
6	INR 50 Lakh - 1 crore	7.85%
7	INR 1-5 crore	25.30%
8	INR 5-25 crore	12.65%
	Total	100.00%

Denomination of loans outstanding by LTV* as on March 31, 2021 are as follows:

S. No.	LTV	Percentage of AUM
1	0-40%	29.20%
2	40-50%	10.76%
3	50-60%	8.24%
4	60-70%	5.58%
5	70-80%	3.46%
6	80-90%	5.08%
7	90%+	37.67%
Total		100.00%

* LTV at the time of origination.

Geographical classification of top 5 states borrower wise as on March 31, 2021 is as follows:

S. No.	Top 5 states	Percentage of AUM
1	Maharashtra	22.61%
2	Tamil Nadu	16.62%
3	Karnataka	13.63%
4	Telangana	11.74%
5	New Delhi	9.16%
Total		73.76%

Residual Maturity Profile of Assets and Liabilities as on March 31, 2021 is as follows :

Particulars	Amount (₹ in lakhs)								
	Upto 30/31 days	Over 1 month & upto 2 months	Over 2 months & upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Advances	20,636.94	17,076.51	16,817.08	27,879.93	40,890.07	68,296.59	23,993.82	39,768.89	2,55,359.84
Investment	1,098.44	542.19	166.57	4,129.53	1,728.01	1,094.70	-	3,911.22	12,670.66
Borrowings	14,369.27	2,235.84	7,569.00	16,541.89	57,918.88	58,756.50	9,857.72	-	1,67,249.10
Foreign Currency Assets	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-

D. Aggregated exposure to top 20 borrowers with respect to concentration of advances as on March 31, 2021

Amount (₹ in lakhs)	
Total Advances to twenty largest borrowers	23,622.22
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	8.67%

E. Aggregated exposure to top 20 borrowers with respect to concentration of exposures as on March 31, 2021

Amount (₹ in lakhs)	
Total Exposures to twenty largest borrowers/Customers	23,622.22
Percentage of Exposures to twenty largest borrowers/Customers to Total Advances of the NBFC on borrowers/Customers	8.97%

F. Details of loans overdue and classified as non – performing assets in accordance with the RBI guidelines as at March 31, 2021

Movement of Gross NPA		Amount (₹ in lakhs)
Opening balance		5,943.06
Addition during the year		10,792.43
Reduction during the year		7,698.82
Closing balance		9,036.66
Movement of Net NPA		Amount (₹ in lakhs)
Opening balance		2,783.21

Addition during the year	5,283.97
Reduction during the year	3,642.64
Closing balance	4,424.54

Movement of Provision for NPAs* (excluding provisions on standard assets**)	Amount (₹ in lakhs)
Opening balance	3,159.85
Provisions made during the year	5,508.45
Write-off/write-back of excess provisions	4,056.18
Closing balance	4,612.12

* NPA accounts refer to stage 3 assets

** Standard assets refer to stage 1 and Stage 2 assets as defined under IND-AS

G. Product wise gross NPA as on March 31, 2021

Sr. No.	Product wise break up of Gross NPA	Gross NPA (%)
1	MSME	4.23%
2	Services	2.45%
3	Unsecured personal loans	3.50%
4	Auto loans	7.02%
5	Other personal loans	20.47%

H. Concentration of Exposure and NPA as of March 31, 2021, March 31, 2020 and March 31, 2019

Particulars	Amount (₹ in lakhs)		
	FY 2021	FY 2020	FY 2019
Exposure to top 20 borrowers	23,622.22	14,882.01	13,718.95
Gross NPA	9,036.67	5,943.07	3,178.63
Net NPA	4,424.54	2,783.21	1,227.35

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

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

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

Stage 1

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

Stage 2

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

Stage 3

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

I. Promoter Shareholding

Please refer to the chapter “Capital Structure” on page 46 of this Prospectus for details with respect to changes in Promoter shareholding in our Company during the last financial year beyond the threshold as specified by RBI.

Debentures or bonds and redeemable preference shares and other instruments issued by our Company and outstanding

As on September 30, 2021 our Company has listed / unlisted rated, secured / unsecured, non-convertible redeemable debentures and commercial papers. For further details, please see “Financial Indebtedness” on page 135.

Dividend

Our Company has no formal dividend policy. The declaration and payment of dividends on our Equity Shares will be recommended by the Board of Directors and approved by our Shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, capital requirements and overall financial condition. Our Company has not declared any dividend during the last three financial years.

Mechanism for redressal of investor grievances

The Registrar Agreement dated January 03, 2022, between the Registrar to the Issue and our Company will provide for retention of records with the Registrar to the Issue for a period of at least eight years from the last date of dispatch of the Allotment Advice, demat credit and refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances. All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the Applicant, number of NCDs applied for, amount paid on application and the bank branch or collection center where the application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to either (a) the relevant Designated Branch of the SCSB where the Application Form was submitted by the ASBA Applicant, or (b) the concerned Member of the Syndicate and the relevant Designated Branch of the SCSB in the event of an Application submitted by an ASBA Applicant at any of the Syndicate ASBA Centres, giving full details such as name, address of Applicant, Application Form number, series applied for, number of NCDs applied for, amount blocked on Application.

All grievances related to the UPI process may be addressed to the Stock Exchange, which shall be responsible for addressing investor grievances arising from applications submitted online through the application based / web interface platform of stock exchange or through their Trading Members. The Intermediaries shall be responsible for addressing any investor grievances arising from the applications uploaded by them in respect of quantity, price or any other data entry or other errors made by them.

The contact details of Registrar to the Issue are as follows:

Link Intime India Private Limited

SEBI Registration No: INR000004058

CIN: U67190MH1999PTC118368

C-101, 247 Park, First Floor

L.B.S. Marg, Vikhroli (West)

Mumbai - 400 083, Maharashtra

Tel No: +91 22 4918 6200

Fax No +91 22 4918 6060
 Email: incred.ncd@linkintime.co.in
 Website: www.linkintime.co.in
 Contact Person: Shanti Gopalkrishnan

The Registrar shall endeavour to redress complaints of the investors within three (3) days of receipt of the complaint during the currency of this MoU and continue to do so during the period it is required to maintain records under the RTA Regulations and our Company shall extend necessary co-operation to the Registrar for its complying with the said regulations. However, the Registrar shall ensure that the time taken to redress investor complaints does not exceed fifteen (15) days from the date of receipt of complaint. The Registrar shall provide a status report of investor complaints and grievances on a fortnightly basis to our Company. Similar status reports should also be provided to our Company as and when required by our Company.

The details of the person appointed to act as Company Secretary and Compliance Officer for the purposes of this Issue are set out below:

Mr. Gajendra Singh Thakur

Company Secretary and Compliance Officer
 Unit No. 1203, 12th Floor, B Wing, The Capital,
 Plot No. C - 70, G Block, Bandra Kurla Complex,
 Mumbai, 400051, Maharashtra, India
 Tel No: +91 22 6844 6100
 Email: incred.compliance@incred.com

Investors may contact the Registrar to the Issue or the Company Secretary and Compliance Officer in case of any pre-issue or post Issue related issues such as non-receipt of Allotment advice, demat credit, refund orders, non-receipt of Debenture Certificates, transfers, or interest on application amount etc.

Reservations / Qualifications / Adverse Remarks or Emphasis of Matter

There are no reservations or qualifications or adverse remarks by the Statutory Auditors in the unaudited interim standalone financial results for six months period ended September 30, 2021 and the predecessor statutory auditors in the audited consolidated financial statements and audited standalone financial statements of our Company in the last three financial years 2021, 2020 and 2019 but have Emphasis of Matter as under:

- (a) The unaudited interim standalone financial results for six months period ended September 30, 2021, which has been subject to limited review by our Statutory Auditors included the following emphasis of matter:

We draw attention to Note 9 to the Statement, which describes the uncertainty continued to be caused by COVID-19 pandemic and related events which could impact the Company's estimates of impairment of loans to customers. Our conclusion is not modified in respect of this matter.

Note 9 to the standalone financial results: In accordance with the Board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated 27 March 2020, 17 April 2020 and 23 May 2020 relating to 'COVID19 -Regulatory Package', the Company had granted moratorium up to six months on the payment of instalments which became due between 1 March, 2020 and 31 August, 2020 to all eligible borrowers. During the half year, the Company has provided loan moratorium in respect of certain loan accounts pursuant to RBI's Resolution Framework 2.0. dated May 5, 2021 for COVID-19 induced stress. As at September 30, 2021, the Company holds adequate impairment allowance on the loan portfolio as per requirements of Ind AS 109. However, giving the dynamic and evolving nature of the pandemic, these estimates are subject to uncertainty caused by resurgence of COVID-19 pandemic and related factors.

- (b) Further, the Auditor's Report on the Audited Consolidated Financial Statements issued by our predecessor statutory auditors for the Financial year 2021, 2020 and 2019 include the following Emphasis of Matter:

Financial Year ended	Emphasis Of Matter
March 31, 2021	As more fully described in Note 31 to the consolidated financial statements, the extent to which the COVID-19 pandemic will have impact on the Group's financial performance is dependent on future developments, which are highly uncertain. Our opinion is not modified in respect of the above matter.

Note 31(iv) of CFS:

Impact of COVID-19

(A) In accordance with the Board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated March 27, 2020, April 17, 2020 and May 23, 2020 relating to 'COVID-19 -Regulatory Package', the Group had granted moratorium up to six months on the payment of installments which became due between 1 March, 2020 and 31 August, 2020 to all eligible borrowers. This relaxation did not automatically trigger a significant increase in credit risk. The Group continued to recognize interest income during the moratorium period and in the absence of other credit risk indicators, the granting of a moratorium period did not result in accounts becoming past due and automatically triggering Stage 2 or Stage 3 classification criteria.

The impact of COVID-19 on the global economy and how governments, businesses and consumers respond is uncertain. The extent to which, how the Covid-19 pandemic will impact the Group will depend on the future developments which are highly uncertain. This uncertainty is reflected in the Group's assessment of impairment loss allowance on its loans which are subject to a number of management judgements and estimates. In relation to COVID-19, judgements and assumptions include the extent and duration of the pandemic, the impacts of actions of governments and other authorities, and the responses of businesses and consumers in different industries, along with the associated impact on the global economy. The Group has separately incorporated estimates, assumptions and judgements specific to the impact of the COVID-19 pandemic and the associated support packages in the measurement of impairment loss allowance. The Group's impairment loss allowance estimates are inherently uncertain and, as a result, actual results may differ from these estimates.

(B) The Honorable Supreme Court of India through an interim order had directed that the accounts which were not declared non-performing asset till August 31, 2020 shall not be declared non-performing after August 31, 2020, till further notice. Basis the interim order, the Group had not classified any standard account as of August 31, 2020 as per Indian Accounting Standards, as impaired (Stage 3) after August 31, 2020. The interim order granted to not declare accounts as NPA stood vacated on March 23, 2021 vide the judgement of the Hon'ble SC in the matter of Small Scale Industrial manufacturers Association vs. UOI & Ors. and other connected matters. In accordance with the instructions in paragraph 5 of the RBI circular no. RBI/2021-22/17DOR. STR.REC.4/21.04.048/2021-22 dated April 07, 2021 issued in this connection, the Group has continued with the asset classification of borrower accounts as per the ECL model under Ind AS financial statements for the year ended March 31, 2021.

March 31, 2020

As described in Note 34A(iv) to the consolidated financial statements, in respect of accounts overdue but standard at 29 February 2020 where moratorium benefit has been granted, the staging of those accounts at 31 March 2020 is based on the days past due status as on 29 February 2020 in accordance with the Reserve Bank of India COVID-19 Regulatory Package.

As described in Note 34A(iv) to the consolidated financial statements, the extent to which the COVID-19 pandemic will impact the Group's financial performance is dependent on future developments, which are highly uncertain.

We draw attention to Note 47(i) of the financial statements, which describes the Incred Housing Finance Private Limited ('IHFPL') (a wholly owned subsidiary of the Holding Company) management's strategic decision to exit from housing segment on account of various challenges in the affordable housing segment, the IHFPL Board's proposal of merger with the Holding Company and surrender of the housing finance license.

We draw attention to Note 47(ii) of the financial statements, which more fully describes Incred Management Technology and Services Private Limited ('IMTSPL') (a wholly owned subsidiary of the Holding Company) management's basis for concluding and continuing with the going concern assumption for preparation of the financial statements.

Our opinion is not modified in respect of the above matters.

Note 34A(iv) of CFS:

The outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. The Reserve Bank of India (RBI) has issued guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and April 17, 2020 and in accordance therewith, the Company have provided a moratorium of three months on the payment of all principal amounts and/or interest, as applicable, falling due between March 1, 2020 and May 31, 2020 to all eligible borrowers classified as standard, even if the said amounts were overdue on February 29, 2020. RBI vide its notification dated May 23, 2020 has further extended moratorium period upto August 31, 2020 due to further intensification of COVID-19 impact. For all such accounts, where the moratorium is granted, the asset classification will remain standstill during the moratorium period (i.e., the number of days past due shall exclude the moratorium period for the purpose of asset classification as per the policy). The aforesaid relaxation has not been deemed to be triggering significant increase in credit risk.

The impact of COVID-19 on the global economy and how governments, businesses and consumers respond is uncertain. This uncertainty is reflected in the Group's assessment of impairment loss allowance on its loans which are subject to a number of management judgements and estimates. In relation to COVID-19, judgements and assumptions include the extent and duration of the pandemic, the impacts of actions of governments and other authorities, and the responses of businesses and consumers in different industries, along with the associated impact on the global economy. The Group has separately incorporated estimates, assumptions and judgements specific to the impact of the COVID-19 pandemic and the associated support packages in the measurement of impairment loss allowance. In addition to the above, the Group has also created a provision of Rs 300 lakhs against Ind AS staging benefit considered on account of moratorium. The Group's impairment loss allowance estimates are inherently uncertain and, as a result, actual results may differ from these estimates.

Note no 47(i) of CFS

The Board of Directors of the InCred Housing Finance Private Limited ('HFC'), at its meetings held on December 11, 2018 and December 17, 2018, had deliberated upon and approved the HFC's strategic decision to exit from housing segment on account of various challenges in the affordable housing segment and inadequate ROE expected in the business. In pursuance to the Board approval, HFC has taken various steps to run down the business which includes successful transfer of significant portion of its loan book to another financial institution. The Board in its meeting held on November 22, 2019 had approved the proposal of merger with InCred Financial Services Limited (the 'Parent') and surrender the housing finance license. The revised scheme of merger was approved by the Board in its meeting held on February 18, 2020. The scheme is yet to be filed with NCLT and the regulator.

Note no 47(ii) of CFS

InCred Management & Technology Services Private Limited ('IMTS'), a wholly owned subsidiary of InCred Financial Services Limited ('IFSL') has incurred a loss of Rs. 164.68 lakhs during the year ended March 31, 2020 and has a negative net worth of Rs. 36.98 lakhs as at March 31, 2020. Further as of that date, IMTS's current liabilities exceeded its current assets by 379.71 lakhs. Subsequent to March 31, 2020, IFSL has infused additional capital of Rs. 1,800 lakhs in IMTS. Further, subsequent to March 31, 2020, IMTS has acquired a digital lending platform i.e. Qbera for consideration of Rs. 409.50 lakhs. The management believes that this investment is likely to generate profit to the Group in future.

March 31,
2019

We draw attention to material uncertainty related to going concern paragraph included in audit report issued by us dated 27 June 2019 on the financial statements of InCred Housing Finance Private Limited ('HFC'), a Subsidiary Company of the Holding Company, which describes that during the year, HFC has sold off significant part of its housing portfolio and the appropriateness of going concern assumption relating to HFC is dependent upon future plans and intension of the HFC to continues its lending activity. These events or conditions, along with the other matters as set forth in Note 48 to consolidated financial statements, indicates that

a material uncertainty exists that may cast significant doubt on the HFC's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

We further draw attention to note 31(i) of the consolidated financial statements which describe the impact of loss of control by Group over its one subsidiary (mValu Technologies Private Limited) in the current year. This has led to recognition of fair valuation gain of Rs 4,147.71 lakhs in the Consolidated statement of profit and loss. Consequently deferred tax liability amounting to Rs. 1,207.81 lakhs has been created at a Consolidated level in respect of fair value gain.

Our opinion is not modified in respect of this matter.

Note No 48 of CFS

48. The Board of Directors of InCred Housing Finance Private Limited ('HFC'), at its meetings held on December 11, 2018 and December 17, 2018, had deliberated upon and approved the HFC's strategic decision to exit from housing segment on account of various challenges in the affordable housing segment and inadequate ROE expected in the business. In pursuance to the Board approval, HFC has taken various steps to run down the business which includes successful transfer of significant portion of its loan book to another financial institution. HFC has sufficient liquidity as at the Balance Sheet date and is able to continue its operations and meet the minimum prescribed regulatory requirements.

Note no 31(i) of CFS

31. Exceptional Gain

(i) Fair valuation gain on account of loss of control in a subsidiary

Booth Fintech Private Limited ("Booth") (subsidiary) invested Rs 391.39 lakhs in Class B Cumulative Convertible Preference Shares of mValu Technologies Private Limited ("mValu") on December 27, 2018 and accordingly gained control over mValu. On March 26, 2019, mValu issued additional shares to a third party which has resulted into dilution of Booth shareholding in mValu from 75.99% to 44.51% and thereby losing the control over mValu.

As per requirements of Ind AS 110, due to loss of control over a subsidiary, investment in mValu has been accounted for as an associate at fair value as on date of dilution in the consolidated financial statements. This has led to recognition of fair valuation gain of Rs 4,147.71 lakhs in the consolidated Profit and Loss statement. Consequently deferred tax liability amounting to Rs. 1,207.81 lakhs has been created at a consolidated level in respect of fair value gain of Booth's investment in mValu. The aforementioned gain has arisen due to compliance with applicable accounting standards pursuant to loss of control. This is not an operating income and is non-recurring in nature. There is no cash flow since the gain is recognised on deemed disposal.

(c) Further, the Auditor's Report on the Audited Standalone Financial Statements issued by our predecessor statutory auditors for the Financial year 2021 and 2020 include the following Emphasis of Matter:

Financial Year ended	Emphasis Of Matter
March 31, 2021	We draw attention to Note 42 of the standalone financial statements which describes the accounting for Scheme of Amalgamation of between the Company and Incred Housing Finance Limited, (wholly owned subsidiary). The Scheme has been approved by the National Company Law Tribunal ('NCLT') vide its order dated 11 March 2021, however due to the ongoing pandemic situation, the Company has not received the certified true copy of the Order from the NCLT and hence the same has not been filed by the Company with the Registrar of Companies, Mumbai. Pending the certified copy of the order being filed with Registrar of Companies, the Company has given effect of the merger in its standalone financial statements for the year ended 31 March 2021. Though the appointed date as per the NCLT approved Scheme is 1 April 2020, as per the requirements of Appendix C to Ind AS 103 "Business Combination", the merger has been accounted for as if it had occurred from the beginning of the preceding period in the standalone financial statements. Accordingly, the amounts relating to the year 2020 include the

	impact of the business combination and the corresponding amounts for the previous year ended 31 March 2020, have been restated by the Company after recognising the effect of the amalgamation as above. The aforesaid note (Note 42) also describes the impact of the business combination on the standalone financial statements.
March 31, 2020	<p>As described in Note 28(A) to the standalone financial statements, in respect of accounts overdue but standard at 29 February 2020 where moratorium benefit has been granted, the staging of those accounts at 31 March 2020 is based on the days past due status as on 29 February 2020 in accordance with the Reserve Bank of India COVID-19 Regulatory Package.</p> <p>As described in Note 28(A) to the standalone financial statements, the extent to which the COVID-19 pandemic will impact the Company's financial performance is dependent on future developments, which are highly uncertain.</p> <p>Our opinion is not modified in respect of the above matters</p>

Pre-Issue Advertisement

Subject to Section 30 of the Companies Act 2013, our Company will issue a statutory advertisement on or before the Issue Opening Date. This advertisement will contain the information as prescribed under SEBI NCS Regulations. Material updates, if any, between the date of filing of the Prospectus with ROC and the date of release of the statutory advertisement will be included in the statutory advertisement.

Trading

Debt securities issued by our Company, which are listed on BSE and NSE's wholesale debt market are infrequently traded with limited or no volumes. Consequently, there has been no material fluctuation in prices or volumes of such listed debt securities.

Caution

Attention of the applicants is specifically drawn to the provision of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

“Any person who:

- (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
- (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- (c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name*
shall be liable for action under section 447 of the Companies Act, 2013

Details of credit rating along with reference to the rating letter issued (not older than one month on the date of opening of the issue) by the rating agencies in relation to the issue. The detailed press release of the Credit Rating Agency along with rating rationale adopted (not older than one year on the date of opening of the issue):

CRISIL Ratings has, after due consideration, assigned “CRISIL A (pronounced as CRISIL A) rating to the Debt instrument and placed the rating under “Rating Watch with Positive Implications” vide their rating letter dated December 13, 2021 and reviewed the same vide Letter no. RL/VLEAFP/283590/NCD/1221/23014/101398026/1 dated January 13, 2022 revalidating the said rating. Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk. The Rating Watch reflects an emerging situation, which may affect the credit profile of rated entity.

The rating is not a recommendation to buy, sell or hold securities and investors should take their own decision. The rating may be subject to revision or withdrawal at any time by the assigning rating agency and each rating should be evaluated independently of any other rating. The rating agency has a right to suspend or withdraw the rating at any time on the basis of factors such as new information. Please refer to Annexure II of this Prospectus for the rating letter, the rating rationale and the press release of the above rating.

Name(s) of the stock exchange(s) where the debt securities or non-convertible redeemable preference shares are proposed to be listed and the details of their in-principle approval for listing obtained from these stock exchange(s):

The NCDs offered through this Prospectus are proposed to be listed on the NSE and BSE. Our Company has obtained an 'in-principle' approval for the Issue from the NSE vide their letter bearing reference no. NSE/LIST/C/2021/0010 dated January 17, 2022 and BSE vide their letter bearing reference no. DCS/BM/PI-BOND/023/21-22 dated January 17, 2022. Our Company will use best efforts to ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange are taken within 6 Working Days of the Issue Closing Date. For the avoidance of doubt, it is hereby clarified that in the event of non-subscription to any one or more of the series, such series(s) of NCDs shall not be listed.

If debt securities or non- convertible redeemable preference shares are proposed to be listed on more than one stock exchange(s) then the issuer shall specify the designated stock exchange for the issue. The issuer shall specify the stock exchange where the recovery expense fund, where applicable, is being/has been created as specified by the Board:

For the purposes of the Issue, NSE shall be the Designated Stock Exchange.

Our Company will create a recovery expense fund in the manner as specified by SEBI in circular no. SEBI/HO/MIRSD/CRADT/CIR/P/2020/207 dated October 22, 2020, as amended from time to time, and Regulation 11 of the SEBI NCS Regulations with the Designated Stock Exchange for the purpose of this Issue and informed the Debenture Trustee regarding the creation of such fund. The recovery expense fund may be utilised by Debenture Trustee, in the event of default by our Company under the terms of the Debenture Trust Deed for taking appropriate legal action to enforce the security.

The amount of corporate guarantee issued by the Issuer along with details of the counterparty (viz. name and nature of the counterparty - subsidiary, Joint Venture entity, group company etc) on behalf of whom it has been issued: Nil

Details of any other contingent liabilities of the issuer based on the last audited financial statements including amount and nature of liability: Nil

Any material event / development or change having implications on the financials/credit quality (e.g. any material regulatory proceedings against the Issuer/promoters, litigations resulting in material liabilities, corporate restructuring event etc) at the time of issue which may affect the issue or the investor's decision to invest / continue to invest in the debt securities: Nil, except as disclosed in the Prospectus

Project details: gestation period of the project; extent of progress made in the project; deadlines for completion of the project; the summary of the project appraisal report (if any), schedule of implementation of the project: Not Applicable

Except as mentioned under the chapter "Capital Structure" on page 46 of the Prospectus, our Promoter and Promoter Group or Directors of our Company has not purchased or sold any securities in our Company, in six months immediately preceding the date of this Prospectus.

MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

PART - A

Preliminary

I. 1. The Regulations contained in Table “F” in the First Schedule to the Companies Act, 2013 to the extent applicable, shall apply to the Company so far as they are not inconsistent with any of the provisions contained in these Articles.

Interpretation

II.1.(1) In these regulations—

- (a) “Articles” shall mean these articles of association of the Company;
- (b) “the seal” means the common seal of the Company.
- (c) “Board” shall mean the board of directors of the Company;
- (d) “Company” shall mean [Incred Financial Services Limited]¹;
- (e) “Director(s)” means the person who are from time to time duly appointed as the directors on the Board (including alternate directors, additional directors and directors appointed to fill a casual vacancy);
- (f) “Auditor(s)” shall mean and includes those persons appointed as such for the time being by the Company, whether secretarial auditor, statutory auditor, internal auditor or cost auditor;

(2) Unless the context otherwise requires, words or expressions contained in these regulations shall bear the same meaning as in the Act or any statutory modification thereof in force at the date at which these regulations become binding on the company.

Share capital and variation of rights

III. 1. Subject to the provisions of the Act and these Articles, the shares in the capital of the company shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit.

2.(i) Every person whose name is entered as a member in the register of members shall be entitled to receive within two months after incorporation, in case of subscribers to the memorandum or after allotment or within one month after the application for the registration of transfer or transmission or within such other period as the conditions of issue shall be

provided, —

- (a) one certificate for all his shares without payment of any charges; or
- (b) several certificates, each for one or more of his shares, upon payment of twenty rupees for each certificate after the first.

(ii) Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid-up thereon.

(iii) In respect of any share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.

3. (i) If any share certificate be worn out, defaced, mutilated or torn or if there be no further space on the back for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be

issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, a new certificate in lieu thereof shall be given. Every certificate under this Article shall be issued on payment of twenty rupees for each certificate.

(ii) The provisions of Articles (2) and (3) shall *mutatis mutandis* apply to debentures of the Company.

4. Except as required by law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by, or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these regulations or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.

5(i) The Company may exercise the powers of paying commissions conferred by sub-section (6) of section 40, provided that the rate per cent. or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that section and rule made thereunder.

(ii) The rate or amount of the commission shall not exceed the rate or amount prescribed in rules made under sub-section (6) of section 40.

(iii) The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other.

6. (i) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of section 48, and whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.

(ii) To every such separate meeting, the provisions of these regulations relating general meetings shall *mutatis mutandis* apply, but so that the necessary quorum shall be at least two persons holding at least one-third of the issued shares of the class in question.

7. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further share ranking *pari passu* therewith.

8. Subject to the provisions of section 55, any preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are to be redeemed on such terms and in such manner as the Company before the issue of the shares may, by special resolution, determine.

Lien

9. (i) The Company shall have a first and paramount lien—

(a) on every share (not being a fully paid share), for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that share; and

(b) on all shares (not being fully paid shares) standing registered in the name of a single person, for all monies presently payable by him or his estate to the Company:

Provided that the Board of directors may at any time declare any share to be wholly or in part exempt from the provisions of this Article.

(ii) The Company's lien, if any, on a share shall extend to all dividends and bonuses declared from time to time in respect of such shares.

10. The Company may sell, in such manner as the Board thinks fit, any shares on which the Company has a lien:

Provided that no sale shall be made—

- (a) unless a sum in respect of which the lien exists is presently payable; or
- (b) until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.

11.(i) To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof.

(ii) The purchaser shall be registered as the holder of the shares comprised in any such transfer.

(iii) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

12.(i) The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.

(ii) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale.

Calls on shares

13.(i) The Board may, from time to time, make calls upon the members in respect of any monies unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times:

Provided that no call shall exceed one-fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the last preceding call

(ii) Each member shall, subject to receiving a notice specifying the time or times and place of payment, pay to the Company, at the time or times and place so specified, the amount called on his shares.

(iii) A call may be revoked or postponed at the discretion of the Board

14. A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be required to be paid by instalments.

15. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

16.(i) If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at ten per cent. per annum or at such lower rate, if any, as the Board may determine.

(ii) The Board shall be at liberty to waive payment of any such interest wholly or in part.

17.(i) Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these regulations, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.

(ii) In case of non-payment of such sum, all the relevant provisions of these regulations as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

18. The Board—

(a) may, if it thinks fit, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him; and

(b) upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding, unless the Company in general meeting shall otherwise direct, twelve per cent. per annum, as may be agreed upon between the Board and the member paying the sum in advance.

Transfer of shares

19.(i) The instrument of transfer of any share in the Company shall be executed by or on behalf of both the transferor and transferee.

(ii) The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.

20. The Board may, subject to the right of appeal conferred by section 58 decline to register—

(a) the transfer of a share, not being a fully paid share, to a person of whom they do not approve; or

(b) any transfer of shares on which the Company has a lien.

21. The Board may decline to recognise any instrument of transfer unless—

(a) the instrument of transfer is in the form as prescribed in rules made under sub-section (1) of section 56;

(b) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and

(c) the instrument of transfer is in respect of only one class of shares.

22. On giving not less than seven days' previous notice in accordance with section 91 and rules made thereunder, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine:

Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty-five days in the aggregate in any year.

Transmission of shares

23.(i) On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a shareholder, shall be the only persons recognized by the Company as having any title to his interest in the shares.

(ii) Nothing in sub-clause (i) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.

24.(i) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either—

(a) to be registered himself as holder of the share; or

(b) to make such transfer of the share as the deceased or insolvent member could have made.

(ii) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.

25. (i) If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.

(ii) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.

(iii) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.

26. A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company:

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share, until the requirements of the notice have complied with.

Forfeiture of shares

27. If a member fails to pay any call, or installment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or installment remains unpaid, serve a notice on him requiring payment of so much of the call or installment as is unpaid, together with any interest which may have accrued.

28. The notice aforesaid shall—

(a) name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and

(b) state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made shall be liable to be forfeited.

29. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect

30.(i) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.

(ii) At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.

31.(i) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the Company all monies which, at the date of forfeiture, were presently payable by him to the Company in respect of the shares.

(ii) The liability of such person shall cease if and when the Company shall have received payment in full of all such monies in respect of the shares.

32(i) A duly verified declaration in writing that the declarant is a director, the manager or the secretary, of the Company, and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share;

(ii) The Company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of;

(iii) The transferee shall thereupon be registered as the holder of the share; and

(iv) The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

33. The provisions of these regulations as to forfeiture shall apply in the case of non payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

Alteration of capital

34. The Company may, from time to time, by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as may be specified in there solution.

35. Subject to the provisions of section 61, the Company may, by ordinary resolution,—

(a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

(b) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;

(c) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum;

(d) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.

36. Where shares are converted into stock,—

(a) the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:

Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

(b) the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

(c) such of the regulations of the Company as are applicable to paid-up shares shall apply to stock and the words “share” and “shareholder” in those regulations shall include “stock” and “stock-holder” respectively.

37. The Company may, by special resolution, reduce in any manner and with, and subject to, any incident authorised and consent required by law,—

(a) its share capital;

(b) any capital redemption reserve account; or

(c) any share premium account.

Capitalisation of profits

38. (i) The Company in general meeting may, upon the recommendation of the Board, resolve—

(a) that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company’s reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and

(b) that such sum be accordingly set free for distribution in the manner specified in sub-clause (ii) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.

(ii) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in sub-clause (iii), either in or towards—

(A) paying up any amounts for the time being unpaid on any shares held by such members respectively;

(B) paying up in full, unissued shares of the Company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid;

(C) partly in the way specified in sub-clause (A) and partly in that specified in sub-clause (B);

(D) A securities premium account and a capital redemption reserve account may, for the purposes of this regulation, be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares;

(E) The Board shall give effect to the resolution passed by the Company in pursuance of this regulation.

39. (i) Whenever such a resolution as aforesaid shall have been passed, the Board shall—

(a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares if any; and

(b) generally do all acts and things required to give effect thereto.

(ii) The Board shall have power—

(a) to make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares becoming distributable in fractions; and

(b) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid-up, of any further shares to which they may be entitled upon such capitalisation, or as the case may require, for the payment by the Company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalised, of the amount or any part of the amounts remaining unpaid on their existing shares;

(iii) Any agreement made under such authority shall be effective and binding on such members.

Buy-back of shares

40. Notwithstanding anything contained in these Articles but subject to the provisions of sections 68 to 70 and any other applicable provision of the Act or any other law for the time being in force, the Company may purchase its own shares or other specified securities.

Dematerialisation of Shares

41. Notwithstanding anything contained herein, the Company shall be entitled to dematerialize its Shares, Debentures and other Securities pursuant to the Depositories Act, 1996 and to offer its Shares, Debentures and other Securities for subscription in a dematerialised form. The Company shall further be entitled to maintain a Register of Members with the details of Members holding shares both in physical and dematerialised form in any media as permitted by law including any form of electronic media.

General meetings

42. All general meetings other than annual general meeting shall be called extra ordinary general meeting.

43.(i) The Board may, whenever it thinks fit, call an extraordinary general meeting.

(ii) If at any time directors capable of acting who are sufficient in number to form a quorum are not within India, any director or any two members of the Company may call an extraordinary general meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board.

Proceedings at general meetings

44.(i) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.

(ii) Save as otherwise provided herein, the quorum for the general meetings shall be as provided in section 103.

45.The chairperson, if any, of the Board shall preside as Chairperson at every general meeting of the Company.

46.If there is no such Chairperson, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as chairperson of the meeting, the directors present shall elect one of their members to be Chairperson of the meeting.

47.If at any meeting no director is willing to act as Chairperson or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their members to be Chairperson of the meeting.

Adjournment of meeting

48. (i) The Chairperson may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.

(ii) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

(iii) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.

(iv) Save as aforesaid, and as provided in section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

Voting rights

49.Subject to any rights or restrictions for the time being attached to any class or classes of shares,—

(a) on a show of hands, every member present in person shall have one vote; and

(b) on a poll, the voting rights of members shall be in proportion to his share in the paid-up equity share capital of the Company.

50.A member may exercise his vote at a meeting by electronic means in accordance with section 108 and shall vote only once.

51.(i) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.

(ii) For this purpose, seniority shall be determined by the order in which the names stand in the register of members.

52. A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.

53. Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.

54. No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.

55.(i) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes.

(ii) Any such objection made in due time shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive.

Proxy

56. The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the Company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid.

57. An instrument appointing a proxy shall be in the form as prescribed in the rules made under section 105.

58. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given:

Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

Board of Directors

59. i) The number of the directors shall not be less than [three (3)]¹ and not more than fifteen.

(ii) The following shall be the First Directors of the Company:-

- 1. Smt. Vimla Gupta**
- 2. Shri Mukesh Kumar**

60. (i) The remuneration of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day.

(ii) In addition to the remuneration payable to them in pursuance of the Act, the directors may be paid all travelling, hotel and other expenses properly incurred by them—

(a) in attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the Company; or

(b) in connection with the business of the Company.

61. The Board may pay all expenses incurred in getting up and registering the Company.

62. The Company may exercise the powers conferred on it by section 88 with regard to the keeping of a foreign register; and the Board may (subject to the provisions of that (section) make and vary such regulations as it may think fit respecting the keeping of any such register.

63. All cheques, promissory notes, drafts, *hundis*, bills of exchange and other negotiable instruments, and all receipts for monies paid to the Company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine.

¹ Substituted for 'two (2)' pursuant to shareholders' approval in Extra Ordinary General Meeting held on October 15, 2018

64. Every director present at any meeting of the Board or of a committee thereof shall sign his name in a book to be kept for that purpose.

65.(i) Subject to the provisions of section 149, the Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by these Articles.

(ii) Such person shall hold office only up to the date of the next annual general meeting of the Company but shall be eligible for appointment by the Company as a director at that meeting subject to the provisions of the Act.

(iii) Pursuant to Section 152 of the Act, not less than two-third of the total number of Directors (excluding the independent directors) of the Company shall be the persons whose period of office is liable to determination by retirement of directors by rotation and save as otherwise expressly provided in the Act and these Articles, be appointed by the Company in general meeting.²

(iv) Whenever the Company enters into an agreement or contract with the Central or State Government, a local authority, bank or financial institution, or any person or persons, (hereinafter referred to as “the appointer”) for borrowing any money or for providing any guarantee or security or for underwriting shares or debentures or other securities of the Company, the Board shall have, subject to the provisions of Section 152 of the Act, the power to agree that such appointer shall have if and to the extent provided by the terms of such agreement or contract, the right to appoint or nominate, by a notice in writing addressed to the Company, one or more Directors on the Board, for such period and upon such conditions as may be mentioned in the agreement or contract and that such Director or Directors may not be liable to retire by rotation nor be required to hold any qualification shares. The Board may also agree that any such Director or Directors may be removed from time to time by the appointer entitled to appoint or nominate them and the appointer may appoint another or others in his or their place and also fill any vacancy which may occur as a result of any Director or Directors ceasing to hold that office for any reason whatsoever. The Directors appointed or nominated under this Article shall be entitled to exercise and enjoy all or any of the rights and privileges exercised and enjoyed by other Directors. If the Nominee Director/s is an officer of any of the financial institution(s) the sitting fees in relation to such nominee Directors shall accrue to such financial institution(s) and the same accordingly be paid by the Company to them. The Financial Institution(s) shall be entitled to depute observers to attend the meetings of the Board, or any other Committee constituted by the Board. The Nominee Director/s shall, notwithstanding anything to the contrary contained in these Articles, be at liberty to disclose any information obtained by him/them to the Financial Institution appointing him/them as such Director/s.⁴

(v) If it is provided by the trust deed securing or otherwise in connection with any issue of debentures of the Company, that any person or persons shall have power to nominate a Director of the Company, then in the case of any and every such issue of debentures, the person or persons having such power may exercise such power from time to time and appoint a Director accordingly. Any Director so appointed is herein referred to as Debenture Director. A Debenture Director may be removed from office at any time by the person or persons in whom for the time being is vested the power under which he was appointed, and another director may be appointed in his place. A debenture Director shall not be bound to hold any qualification shares. A Debenture Director shall not be liable to retire by rotation.⁴

Proceedings of the Board

66.(i) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.

(ii) A director may, and the manager or secretary on the requisition of a director shall, at any time, summon a meeting of the Board.

67.(i) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes.

(ii) In case of an equality of votes, the Chairperson of the Board, if any, shall have a second or casting vote.

² Inserted vide shareholders’ approval in Extra Ordinary General Meeting held on October 15, 2018

⁴ Inserted vide shareholders’ approval in Annual General Meeting held on August 24, 2021

68. The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the Company, but for no other purpose.

69.(i) The Board may elect a Chairperson of its meetings and determine the period for which he is to hold office.

(ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the directors present may choose one of their number to be Chairperson of the meeting.

70. (i) The Board may, subject to the provisions of the Act, delegate any of its powers to committees consisting of such member or members of its body as it thinks fit.

(ii) Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board.

71 . (i) A committee may elect a Chairperson of its meetings.

(ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting.

72.(i) A committee may meet and adjourn as it thinks fit.

(ii) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present, and in case of an equality of votes, the Chairperson shall have a second or casting vote.

73. All acts done in any meeting of the Board or of a committee thereof or by any person acting as a director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such directors or of any person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such director or such person had been duly appointed and was qualified to be a director.

74. Save as otherwise expressly provided in the Act, a resolution in writing, signed by all the members of the Board or of a committee thereof, for the time being entitled to receive notice of a meeting of the Board or committee, shall be valid and effective as if it had been passed at a meeting of the Board or committee, duly convened and held.

Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer

75. Subject to the provisions of the Act,—

(i) A chief executive officer, manager, Company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, Company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board;

(ii) A director may be appointed as chief executive officer, manager, company secretary or chief financial officer.

76. A provision of the Act or these regulations requiring or authorising a thing to be done by or to a director and chief executive officer, manager, company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, chief executive officer, manager, company secretary or chief financial officer.

The Seal

~~**77.**(i) The Board shall provide for the safe custody of the seal.~~

~~(ii) The seal of the Company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a committee of the Board authorised by it in that behalf, and except in the presence of at least two~~

~~directors and of the secretary or such other person as the Board may appoint for the purpose; and those two directors and the secretary or other person aforesaid shall sign every instrument to which the seal of the Company is so affixed in their presence.³~~

Dividends and Reserve

78.The Company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.

79. Subject to the provisions of section 123, the Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the Company.

80.(i) The Board may, before recommending any dividend, set aside out of the profits of the Company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied, including provision for meeting contingencies or for equalizing dividends; and pending such application, may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Board may, from time to time, think fit.

(ii) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.

81. (i) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the Company, dividends may be declared and paid according to the amounts of the shares.

(ii) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.

(iii) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

82. The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.

83.(i) Any dividend, interest or other monies payable in cash in respect of shares maybe paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.

(ii) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.

84.Any one of two or more joint holders of a share may give effective receipts for any dividends, bonuses or other monies payable in respect of such share.

85.Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.

86.No dividend shall bear interest against the Company.

Accounts

87.(i) The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to the inspection of members not being directors.

³ Deletion of clause 77 pursuant to shareholders approval in Extra Ordinary General Meeting held on May 20,2020

(ii) No member (not being a director) shall have any right of inspecting any account or book or document of the Company except as conferred by law or authorised by the Board or by the Company in general meeting.

Winding up

88. Subject to the provisions of Chapter XX of the Act and rules made thereunder—

(i) If the Company shall be wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not.

(ii) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.

(iii) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

Indemnity

89 . Every officer of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in which relief is granted to him by the court or the Tribunal.

⁴[Powers of the Company]

89A. Wherever in the Act, it has been provided that a company shall have any right, privilege or authority or that a company may carry out a particular transaction only if authorised by the articles of the company, in that case the Company is hereby authorised and empowered to have such right, privilege or authority and to carry out such transactions as has been permitted by the Act including the right to exclude any provisions of the Act, even if there is no specific regulation in that behalf in the Articles.

Authorised Representatives

89B. A corporate member shall have the right to appoint its authorised representative in accordance with the Act to attend general meetings of the Company. In the absence of an express appointment of an authorised representative by a corporate member, a Director of such corporate member, if any, shall be the duly authorised representative of such corporate member.]

PART - B

Notwithstanding anything to the contrary contained in the preceding Articles 1 to Article 89B contained in PART A, the provisions of Article 90 to Article 177 and Schedule 1 to Schedule 6 contained in PART B of these Articles shall also apply in accordance with their terms and in the event of any inconsistency or contradictions between the provisions of Part A of these Articles and the provisions of Part B of these Articles, the provisions of Part B of these Articles shall override and prevail over the provisions of Part A of these Articles. Part B of these Articles shall cease to apply vis-à-vis any Party when the Shareholders' Agreement is terminated with respect to such Party. Part B of these Articles shall cease to apply in entirety when the Shareholders' Agreement is terminated as against all Parties.

DEFINITIONS AND INTERPRETATION

90. Definitions

The following words used in the Part B of these Article, unless the context otherwise requires, shall have the meanings set forth below:

⁴ Inserted vide shareholders' resolution in Extra Ordinary General Meeting held on October 15, 2018

ADR Equity Shares shall have the meaning ascribed to it in Paragraph 2 of Schedule 2;

ADR Holder shall have the meaning ascribed to it in Article 134(a);

Affiliate shall mean:

- (a) in respect of any specified Person other than a natural Person, any other Person directly or indirectly Controlling or Controlled by or under direct or indirect common Control with such specified Person or any investment funds managed or advised by such specified Person;
- (b) in respect of any specified Person, any trust or settlement set up wholly for the benefit of (i) where that person is a natural Person, that Person or that Person's immediate relatives; or (ii) where the specified Person is not a natural Person, but is Controlled, directly or indirectly, by a natural Person, that natural Person or that natural Person's immediate relatives; and
- (c) in relation to a Person being a natural Person: (i) any other Person that is a Relative of such Person; and (ii) any Person that is directly or indirectly Controlled by such natural Person;

Aggregate Investment in relation to an Investor shall mean the aggregate amounts invested by such Investor to subscribe to the Securities of the Company and shall include such Investor's portion of the First Round Subscription Consideration or the Second Round Subscription Consideration (as applicable) as reduced by any consideration received by such Investor from any Transfer of any Securities;

Alpha shall mean Alpha Capital Advisors Private Limited, a private limited company incorporated and existing under the laws of India and having its registered office at 56, Maker Chamber VI, Nariman Point, Mumbai – 400021, being a portfolio manager registered with the Securities and Exchange Board of India, in its capacity as the portfolio manager for its structured portfolio Series 5 and on behalf of its clients for subscribing to the Securities of the Company;

Alteration Rights shall have the meaning ascribed to it in Article 147(h)(i);

Alternate Director shall have the meaning ascribed to it in Article 106;

Anti-dilution Adjustments shall have the meaning ascribed to it in Article 134(a);

Applicable Law shall mean all applicable statutes, enactments, laws, ordinances, bye-laws, rules, regulations, guidelines, notifications, notices, and/or judgments, decrees, injunctions, writs or orders of any court, statutory or regulatory authority, tribunal, board or stock exchange in any jurisdiction as may be in force and effect and as may be applicable to each of the Parties respectively;

Articles shall mean these articles of association of the Company, as amended from time to time, and a reference to an Article shall mean an article under these articles of association of the Company;

Assets shall mean all the assets (whether tangible or intangible), properties (whether moveable or immoveable) and rights owned or held by the Company in relation to its Business including the Company's right, title and interest in such assets, properties and rights;

Automatic Conversion Date shall have the meaning ascribed to it in Paragraph 7.1(i) of Schedule 1;

Benchmark Exit Price shall have the meaning ascribed to it in Article 147(d);

BFL shall mean Bee Finance Limited, a private company incorporated under the laws of Mauritius (Registration Number 134696), holding a Category 1 Global Business Licence and having its principal place of business at 4th Floor, Raffles Tower, 19 Cybercity, Ebene 72201, Mauritius;

BFL Agreements shall have the meaning ascribed to it in the Shareholders' Agreement;

BFL Investor shall have the meaning ascribed to it in the Shareholders' Agreement;

BFL SHA shall have the meaning ascribed to it in the Shareholders' Agreement;

BFL Subscription Price shall mean the price per Equity Share at which BFL subscribed to Equity Shares in the First Financing Round;

Board shall mean the board of directors of the Company, as constituted from time to time;

Board Reserved Matters shall have the meaning ascribed to it in Article 112(a);

Books and Records shall mean all files, documents, instruments, papers, books and records relating to the Business, BFL and the Investee Entities including without limitation financial statements, Tax returns, business activity statements and related work papers and letters from accountants, budgets, pricing guidelines, ledgers, journals, deeds, title policies, stock certificates and books, share transfer ledgers, all statutory books of BFL and the Investee Entities, all minute books, registrations and filings with any Governmental Authority, contracts, licenses, customer lists, computer files and programs, retrieval programs, operating data and plans and environmental studies and plans;

BSHL shall mean B Singh Holdings Ltd., a company incorporated under the laws of Mauritius with its principal place of business at 4th Floor, Raffles Tower, 19 Cybercity, Ebene 72201, Mauritius;

Business shall mean (a) retail lending in India; and (b) any other business undertaken by the Investee Entities relating to retail lending or retail financing in India;

Business Day shall mean a day (other than a Saturday or Sunday) on which banks are generally open in Mumbai, Amsterdam/Hague (Netherlands), Singapore and Mauritius for normal banking business;

Category 1 EoD shall mean proven fraud or wilful misconduct by the Promoter in relation to the conduct of the affairs of the Company, BFL and/ or the other Investee Entities;

Category 1 EoD Sale Period shall have the meaning ascribed to it in Article 152(d)(ii);

Category 2 EoD shall mean:

- (a) a breach by the Promoter and/ or BSHL of the restrictions on the Transfer of Securities held by them as set out in Articles 137 to 145;
- (b) a breach by the Promoter of the non-compete provisions set out in Articles 156 to 159;
- (c) the Promoter and/ or the Promoter Directors initiating any action or passing any resolution in relation to the Reserved Matters set out in Article 112(b)(ii), Article 112(b)(iv) or Article 112(b)(vi) without having obtained the consent of the Major Investors' Majority/ Major Investors' Supermajority (as applicable) in the manner set out in Articles 112(a) and 112(b);
- (d) the occurrence of the following events, where such events are (x) entirely within the Promoter's and/ or the Key Managerial Persons' control; or (y) are attributable solely to the acts or omissions of the Promoter and or the Key Managerial Persons:
 - (i) the Company's failure to share material information that is requested in writing with:
 - (x) an Investment Bank appointed by the Company in connection with a QIPO or a Mandatory IPO; or
 - (y) an investment banker appointed in connection with a sale of Exit Securities under Article 149;
 - (ii) the Company's failure to share material information with a merchant banker appointed by the Company for determination of Fair Value under Article 149(c);
 - (iii) the non-appointment of lawyers, the Investment Bank, accountants or other advisors by the Company, as required in connection with the QIPO;
 - (iv) non-cooperation by the Promoter in a due diligence process as required in connection with a QIPO, sale of Exit Securities under Article 149 or a Mandatory IPO;
 - (v) the Promoter's failure to provide reasonable assistance for road shows conducted by the Investors in relation to a QIPO, sale of Exit Securities under Article 149 or a Mandatory IPO;
 - (vi) the Promoter's non-agreement to support price discovery or fulfil his obligations under Applicable Law in connection with a QIPO or a Mandatory IPO;
 - (vii) the Promoter's failure to exercise the voting rights available to him at the Board or at Shareholders' Meetings in compliance with his obligations under Article 147; or
 - (viii) the Promoter's failure to provide reasonable representations, warranties and indemnities or information as may be reasonably required by an underwriter, broker, recognised stock exchange or any Governmental Authority in relation to the QIPO, sale of Exit Securities under Article 149 or a Mandatory IPO;
- (e) the occurrence of a 'Category 2 EoD' (as such term is defined in the BFL SHA) under the BFL Agreements;

Category 2 EoD Sale Period shall have the meaning ascribed to it in Article 153(g)(ii);

Closing shall have the meaning ascribed to it in the Second Round SSA;

Closing Date shall have the meaning ascribed to it in the Second Round SSA;

Committees shall have the meaning ascribed to it in Article 109;

Companies Act shall mean the applicable provisions of the Companies Act, 1956 and/ or the Companies Act, 2013, as amended, supplemented, modified or replaced from time to time;

Company shall mean InCred Financial Services Limited (formerly known as Visu Leasing and Finance Private Limited), a public limited company incorporated and existing under the laws of India and having its registered office at 87-B, 2nd Floor, Shahpur Jat, South Delhi, Delhi – 110049;

Competitor shall mean any bank or financial institution engaged in retail lending activities in India and the primary promoters of such banks and financial institutions and shall exclude: (a) any private equity investor in such banks/ financial institutions irrespective of (i) whether or not such private equity investor is a primary promoter of such bank or financial institution; or (ii) whether or not such private equity investor is in direct or indirect Control of such bank or financial institution; and (b) any financial investor (other than a private equity investor) in such banks/ financial institutions, provided that the term 'financial investor' shall not include any Person engaged, either by itself or through its Affiliates or entities Controlled by it, in retail lending activities in India (i.e. financial investors which are operating/ Controlling (directly or indirectly) banks/ financial institution engaged in retail lending activities in India are excluded);

Confidential Information shall mean all information of a confidential or proprietary nature disclosed by whatever means by one Party to any other Party and includes such information disclosed by or to the Company including information in relation to the Business or the Intellectual Property Rights of BFL, the Company or the other Investee Entities;

Constitutional Documents shall mean the memorandum of association of the Company as amended from time to time and the Articles;

Control (including the terms **Controlled by** or **under common Control with**), as used with respect to any Person shall mean the direct or indirect beneficial ownership of or the right to vote in respect of, directly or indirectly, more than 50% of the voting shares or securities of a Person and/or the power to control the majority of the composition of the board of directors (or any similar governing body) of a Person and/or the power to create or direct the management or policies of a Person by contract or otherwise, or any or all of the above, exercisable by a Person or Persons acting individually or in concert;

Conversion Factor shall have the meaning ascribed to it in Paragraph 7.2(ii) of Schedule 1;

Corporate Governance Letter means a letter executed between the Company and FMO which shall be effective as of the Effective Date;

Deed of Adherence shall mean a deed in the form set out in Schedule 7 of the Shareholders' Agreement;

Dilutive Issuance shall have the meaning ascribed to it in Article 134(a);

Director shall mean a director of the Company;

Dispute shall have the meaning ascribed to it in Article 161;

Distribution shall mean any Dividend, buy back, redemption or distribution of assets or the proceeds pursuant to sale of assets, made by the Company to any Shareholder, whether in cash or otherwise, net of any Taxes payable by the Company;

Dividend shall mean all dividends (including interim dividend) declared by the Company;

Effective Date shall mean the date of occurrence of Closing in accordance with the Second Round SSA;

Effective Interest Basis shall mean, in relation to any Person, a computation made on the basis that such Person holds an aggregate of such number of Equity Shares in the Company that are determined as follows:

- (a) the Equity Shares directly held by such Person in the Company, computed on a Fully Diluted Basis; and
- (b) where such Person holds any securities in BFL, such portion of the Equity Shares then held by BFL in the Company (on a Fully Diluted Basis) as are represented by such Person's shareholding in the equity share capital of BFL (on a fully diluted basis);
*For example, if BFL holds X Equity Shares in the Company (on a Fully Diluted Basis) and such Person holds Y% equity share capital of BFL (on a fully diluted basis), such Person shall be deemed to hold X * Y% Equity Shares in the Company under this paragraph (b).*

Elevar shall mean Elevar I-IV AIF, a SEBI registered Category II AIF incorporated in India represented by its trustee Vistra ITCL (India) Ltd., acting through its investment manager Elevar Venture Partners LLP, bearing AIF registration number IN/AIF2/18-19/0545, having its registered office at No. 21/8, Craig Park Layout, Off MG Road, Bangalore, Karnataka, 560001, India;

Eligible Person shall have the meaning ascribed to it in Paragraph 1 of Schedule 6;

Employees of an entity shall mean its employees, secondees, consultants, contractors, officers and directors (other than any Investor Director);

Employment Agreements shall mean the employment agreements entered into, or to be entered into, between the Key Managerial Persons and an Investee Entity;

Encumbrance shall mean any encumbrance including without limitation any voting arrangement, claim, debenture, mortgage, pledge, charge (fixed or floating), hypothecation, lien, deposit by way of security, bill of sale, option or right of pre-emption, right to acquire, right of first refusal, right of first offer or similar right, assignment by way of security or trust arrangement for the purpose of providing security or other security interest of any kind (including any retention arrangement), beneficial ownership (including usufruct and similar entitlements), public right, common right, wayleave, easement, any provisional or executorial attachment and any other direct interest held by any third party, or any agreement to create any of the foregoing and the term **Encumber** shall be construed accordingly;

EoD Drag Along Notice shall have the meaning ascribed to it in Article 153(b);

EoD Drag Along Right shall have the meaning ascribed to it in Article 153(b);

EoD Drag Exercising Investor shall have the meaning ascribed to it in Article 153(b);

EoD Drag Offer Price shall have the meaning ascribed to it in Article 153(b);

EoD Drag Purchaser shall have the meaning ascribed to it in Article 153(b);

EoD Drag Securities shall have the meaning ascribed to it in Article 153(b);

Equity Shares shall mean the fully paid-up equity shares of the Company, each having a par value of INR 10, which are subject to the terms and conditions set out in these Articles;

ESOP shall have the meaning ascribed to it in Article 101(b);

Exit Drag Along Notice shall have the meaning ascribed to it in Article 151(a);

Exit Drag Along Right shall have the meaning ascribed to it in Article 151(a);

Exit Drag Exercising Investors shall have the meaning ascribed to it in Article 151(a);

Exit Drag Minimum IRR shall have the meaning ascribed to it in Article 151(b);
Exit Drag Offer Price shall have the meaning ascribed to it in Article 151(a);
Exit Drag Purchaser shall have the meaning ascribed to it in Article 151(a);
Exit Drag Securities shall have the meaning ascribed to it in Article 151(a);
Exit Purchaser shall have the meaning ascribed to it in Article 149(a);
Exit ROFO Party shall have the meaning ascribed to it in Article 149(b);
Exit Securities shall have the meaning ascribed to it in Article 149(a);
Exiting Shareholder shall have the meaning ascribed to it in Article 149(a);
Fair Value shall mean the fair value of the Securities of the Company, determined in the manner set out in Schedule 5;
Fall Away Date shall mean 1 April 2025;
Falling Away Investor shall have the meaning ascribed to it in Article 139(c);
Financial Year shall mean the financial year of the Company, which commences on April 1 of each calendar year and ends on March 31 of the next calendar year;
First Financing Round shall have the meaning ascribed to it in the Shareholders' Agreement;
First Round Investors shall mean the collective reference to Alpha, IDFC, Paragon and the Other Investors. Each of them is accordingly referred to individually as a **First Round Investor**;
First Round SSA shall have the meaning ascribed to it in the Shareholders' Agreement;
First Round Subscription Consideration shall have the meaning ascribed to it in the Shareholders' Agreement;

First Round Subscription Price shall have the meaning ascribed to it in the Shareholders' Agreement;
First Round Subscription Securities shall have the meaning ascribed to it in the Shareholders' Agreement;

FMO shall mean NEDERLANDSE FINANCIERINGS-MAATSCHAPPIJ VOOR ONTWIKKELINGSLANDEN N.V., a company limited by shares incorporated under the laws of the Netherlands and having its principal place of business at Anna van Saksenlaan 71, 2593 HW, the Hague, the Netherlands;

Free Sale Period shall have the meaning ascribed to it in Article 142(e);
Fully Diluted Basis shall mean a calculation of Equity Shares assuming that all warrants and other securities convertible into or exercisable or exchangeable for Equity Shares (whether or not by their terms then currently convertible, exercisable or exchangeable), have been converted, exercised or exchanged for Equity Shares on the most favourable terms permissible;

Governmental Authority shall mean any super national, national, federal, state, local, municipal district or other sub division governmental or legislative, executive, administrative, quasi-governmental authority, statutory authority, government department, governmental agency, commission, board of the government, tribunal or court or other law, rule or regulation making entity or any state or other sub-division thereof or any municipality, district or other sub-division thereof;

Group Entities shall have the meaning ascribed to it in Article 140(a);
IDFC shall mean IDFC Private Equity Fund IV, a trust created under the Indian Trusts Act, 1882 and registered as an alternative investment fund with the Securities and Exchange Board of India, represented by its trustee, IDFC Trustee Company Limited, whose registered office is at 201, Naman Chambers, C-32, G-Block, Bandra Kurla Complex, Bandra East, Mumbai 400051, India acting through its investment manager, Investcorp India Asset Managers Private Limited, a company incorporated in India and whose registered office is at 93B, 9th Floor, Mittal Court, Nariman Point, Mumbai, Maharashtra, 400021, India and place of business at 7th floor, Tower 1C, One IndiaBulls Centre, Jupiter Mills Compound 841, Senapati Bapat Marg Elphinstone Road, Mumbai 400013;

INR shall mean the Indian Rupees;

Intellectual Property Rights shall mean all of the following and all legal rights or interest in, under or in respect of the following arising under Applicable Law: (i) copyright, patents, database rights and rights in trademarks, designs, know-how and confidential information (whether registered or unregistered); (ii) applications for registration, and rights to apply for registration, of any of the foregoing rights; and (iii) all other intellectual property rights and equivalent or similar forms of protection existing anywhere in the world;

Investee Entities shall mean the Company and any entity directly or indirectly Controlled by the Company;

Investee Entity Reserved Matters shall have the meaning ascribed to it in Article 112(c);
Investment Bank shall have the meaning ascribed to it in Article 147(b);
Investor Director shall have the meaning ascribed to it in Article 105(a);

Investors shall mean the collective reference to the First Round Investors and the Second Round Investors. Each of them is accordingly referred to individually as an **Investor**;

IRR shall mean, with respect to an Investor, that such Investor has achieved an internal rate of return of a specified percentage per annum, for all relevant purposes of these Articles, calculated using the Microsoft Excel XIRR function (or if such program is no longer available, such other software program for calculating internal rate of return as mutually agreed by the Investors and the Promoter in writing) and in accordance with the following principles:

- (a) the Aggregate Investment made by such Investor at any time shall be deemed to have been made on the date of receipts of such investments by the Company;
- (b) any Distribution received by such Investor at any time shall be deemed to have been received on the day of receipt of the Distribution; and
- (c) all Distributions shall be based on the amount of the distribution after the application of any Taxes payable by the Company (including pursuant to any dividend distribution tax, withholding or other deduction requirements);

Key Managerial Persons shall mean, in relation to each Investee Entity, the persons holding the designations listed out in Schedule 5 of the Shareholders' Agreement in such entity, from time to time; it is clarified that the designations set out in Schedule 5 of the Shareholders' Agreement are illustrative, and any person holding a different designation but carrying out the functions that are primarily discharged by the designations set out in Schedule 5 of the Shareholders' Agreement will be deemed to be a Key Managerial Person;

Liquidation shall mean the liquidation, winding up or dissolution of the Company, either through a members' or creditors' voluntary winding-up process or a court/NCLT directed liquidation process, appointment of a provisional/official liquidator for the Company pursuant to a winding up or insolvency petition;

Liquidation Proceeds shall mean the proceeds received by the Company upon Liquidation;

Listing Cut-off Date shall have the meaning ascribed to it in Article 147(h)(ii);

Major Investor shall mean:

- (a) any Investor which together with its Affiliates (acting jointly) holds at least 6% of the Share Capital of the Company;
- (b) Any BFL Investor (save and except BSHL) which together with its Affiliates (acting jointly) holds at least 6% of the Share Capital of the Company on an Effective Interest Basis;
- (c) subject to Article 139(c), Alpha and IDFC until they and their respective Affiliates and in the case of Alpha, the Alpha Nominees, ceasing to each collectively hold at least 6% of the Share Capital of the Company as a result of having Transferred to any Person(s) (other than their Affiliates or in the case of Alpha, other Alpha Nominees) any (i.e. part Transfer of Securities and not all Securities) Securities issued to the Alpha Nominees, in the case of Alpha and IDFC as part of the First Financing Round and the Second Financing Round on a Fully Diluted Basis.

For the avoidance of doubt, it is clarified that the Alpha Nominees, Alpha's Affiliates and IDFC Affiliates ceasing to each collectively hold at least 6% of the Share Capital of the Company as a result of any new issuance of Securities by the Company shall not result in Alpha or IDFC ceasing to be a Major Investor;

- (d) subject to Article 139(c), Paragon, until Paragon having Transferred to any Person(s) (other than its Affiliates) any (i.e. part Transfer of Securities and not all Securities) of the Securities issued to it as part of the First Financing Round on a Fully Diluted Basis. For the avoidance of doubt, it is clarified that Paragon ceasing to hold at least 6% of the Share Capital of the Company as a result of any new issuance of Securities by the Company shall not result in Paragon ceasing to be a Major Investor.

Notwithstanding the above, if any of Alpha, IDFC or Paragon (along with their respective Affiliates) hold less than 6% of the Share Capital of the Company as of the Fall Away Date, on and from the Fall Away Date such Party shall cease to be a Major Investor;

Major Investors' Majority shall mean a majority of the Major Investors determined on the basis of their shareholding in the Share Capital of the Company;

For example, if X, Y and Z are the Major Investors of the Company, respectively holding 15%, 10% and 11% shareholding in the Share Capital of the Company, the Major Investors' Majority shall be deemed to be constituted by Major Investors holding more than 18%.

Major Investors' Supermajority shall mean a three-fourth majority of the Major Investors determined on the basis of their shareholding in the Share Capital of the Company;

For example, if X, Y and Z are the Major Investors of the Company, respectively holding 15%, 10% and 11% shareholding in the Share Capital of the Company, the Major Investors' Supermajority shall be deemed to be constituted by Major Investors holding more than 27%.

Mandatory Exit Trigger Date shall mean 1 December 2024;

Mandatory IPO shall have the meaning ascribed to it in Article 150(a);

Mandatory IPO Notice shall have the meaning ascribed to it in Article 150(a);

Material Interest shall mean direct or indirect beneficial ownership of voting securities or other voting interests representing more than 25% of the outstanding voting power of a Person or equity securities representing more than 25% of the outstanding equity securities or equity interests in a Person;

MI Initiating Investors shall have the meaning ascribed to it in Article 150(a);

MI ROFO Securities shall have the meaning ascribed to it in Article 143(a);

MI Transferring Shareholder shall have the meaning ascribed to it in Article 143(a);

Moore shall mean Moore Strategic Ventures, LLC, a limited liability company incorporated under the laws of the United States of America and having its address at 11 Times Square, New York, New York, 10036;

Net Worth means the net worth of the Company for the relevant quarter that is presented, as part of the financials prepared for such quarter, in the Board meeting held immediately after the end of the relevant quarter and as approved by the Board as of the Closing Date;

New Securities shall have the meaning ascribed to it in Article 133(a);

Observer shall have the meaning ascribed to it in Article 108;

OFS Quantum shall have the meaning ascribed to it in Article 147(c)(i);

Ordinary Course of Business shall mean an action taken in the ordinary course of the Company's normal day-to-day operations, in accordance with sound and prudent business practices and consistent with past practice and existing policies;

Original Director shall have the meaning ascribed to it in Article 106;

Other Investors shall mean a collective reference to Dalmia Enterprise Holdings, Mukund Narasimhan, Darashaw Keki Mehta, Baman Keki DB Mehta, Daisy Keki Dinshah Bamanji Mehta, Tihunaz Keki Mehta, Naresh Biyani, Arun Kumar Sharma, Harishwar Subramanian, Sunil Agarwal, Saurabh Jhalaria, Syed Zafar Islam, Rahul Dravid, Nikhil Sama, Rohit Agrawal, Vivek Bansal. Each of them is accordingly referred to individually as an **Other Investor**;

Paragon shall mean Paragon Partners Growth Fund – I, a scheme of Paragon Partners Growth Fund, a contributory determinate trust established under the Indian Trusts Act, 1881, and acting through its investment manager, Paragon Advisor Partners LLP, a limited liability partnership incorporated under the Limited Liability Partnership Act, 2008 and having its corporate office at Unit 901, Grande Palladium, 175 CST Road, Kalina, Santacruz (E), Mumbai – 400098, India;

Paragon SSA shall have the meaning ascribed to it in the Shareholders' Agreement;

Parties shall mean the collective reference to the Investors, the Promoter, BFL and the Company. Each of them is accordingly referred to individually as a **Party**;

PER Holder shall have the meaning ascribed to it in Article 133(a);

Person shall mean a natural person, Hindu undivided family, company, corporation, partnership, association, trust, or any other juristic person, as the case may be;

Pre-emptive Right shall have the meaning ascribed to it in Article 133(a);

Preference Dividend shall have the meaning ascribed to it in Paragraph 3.1 of Schedule 1;

Preference Shares shall mean the cumulative compulsorily convertible preference shares of the Company, each having a par value of INR 10, which are subject to the terms and conditions set out in Schedule 1;

Preference Shares Conversion Notice shall have the meaning ascribed to it in Paragraph 7.2(i) of Schedule 1;

Preference Shares Maturity Date shall mean a date, which is 19 years from the date of the issue and allotment of the Preference Shares;

Preference Shares Subscription Price shall have the meaning ascribed to it in the Shareholders' Agreement;

Preferential Issue shall mean the issue of Equity Shares or other securities convertible into or capable of being represented by Equity Shares to any Person other than a *pro rata* issue of Equity Shares or such securities to all Shareholders of the Company on identical terms;

Prohibited Lists include the Specially Designated Nationals and Blocked Persons list, and any other publicly available list of terrorists, terrorist organizations, narcotics traffickers or other similarly proscribed parties, maintained by the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) or by any other United States Government department or agency;

Promoter shall mean Bhupinder Singh, citizen of India and presently residing at 2302/2402, Vivarea, Tower A, Sane Guruji Marg, Near Jacob Circle, Mumbai – 400011, India;

Promoter Director shall mean a Director nominated by the Promoter in accordance with these Articles;
Promoter Relative shall mean, the Promoter's wife, father, mother, brother, sister, son, son's wife, daughter or daughter's husband;

Promoter Transfer Notice shall have the meaning ascribed to it in Article 144(a);

Promoter Transfer Securities shall have the meaning ascribed to it in Article 144(a)(i);

Promoter Transferee shall have the meaning ascribed to it in Article 144(a);

Prospective Subscriber shall have the meaning ascribed to it in Article 133(a);

Put Exit Investor shall have the meaning ascribed to it in Article 152(a);

Put Option shall have the meaning ascribed to it in Article 152(a);

Put Option Consideration shall mean, subject to Applicable Law, a purchase consideration equivalent to the higher of:

- (a) an amount that yields a 25% IRR on the Put Exit Investor's Aggregate Investment (such computation shall account for Distributions made to the Put Exit Investor); or
- (b) the Fair Value of all of the Securities held by the Put Exit Investor determined by a merchant banker appointed in accordance with Article 152(a);

as determined in accordance with the provisions of Schedule 5;

Put Option Notice shall have the meaning ascribed to it in Article 152(a);

QIPO shall have the meaning ascribed to it in Article 147(a);

QIPO Offering Proportion shall have the meaning ascribed to it in Article 147(g)(i);

QIPO Period shall have the meaning ascribed to it in Article 147(a);

Qualified Purchaser means a Person who is an Eligible Person, not on the Prohibited Lists or subject to any Objectionable Practice and complies with Applicable Laws;

Related Party shall mean:

- (a) with respect to a particular individual:
 - (i) each Relative of such individual; and
 - (ii) any Person in which such individual or any Relative of such individual holds (individually or in the aggregate) a Material Interest; and
- (b) with respect to a specified Person other than an individual:
 - (i) any Person that directly or indirectly Controls, is directly or indirectly Controlled by, or is directly or indirectly under common Control with such specified Person; and
 - (ii) directors and Affiliates of the entities referred to in sub-Paragraph (b)(i) above; and
 - (iii) any Person in which such specified Person or any Related Party of such specified Person (other than by virtue of this paragraph (b)) holds individually or in aggregate, a Material Interest;

Relative shall have the meaning ascribed to it in the Companies Act;

Released Securities shall have the meaning ascribed to it in Article 140(a)(ii);

Reports includes accountant's reports, insurance reports, legal reports and market reports, as the Investors and BFL may from time to time require;

Reserved Matters shall mean the Board Reserved Matters and the Shareholder Reserved Matters;

Restricted Activities shall mean:

- (a) carrying on negotiations with any Person for the purpose of establishing another entity, vehicle or joint venture or undertaking or division or entering into any arrangement that, in each case, is engaged in the same business as the Business or any part thereof; or
- (b) either solely or jointly with or on behalf of any Person directly or indirectly establishing, carrying on, or being engaged in, or employed by, or interested in any business or entity which carries on, or is proposed to carry on, in the same business as the Business or any part thereof;

Restricted Period shall have the meaning ascribed to it in Article 156;

Right of First Offer shall have the meaning ascribed to it is Article 142(b);

ROFO Acceptance Notice shall have the meaning ascribed to it in Article 142(c);

ROFO Exercising Party shall have the meaning ascribed to it in Article 142(b);

ROFO Notice shall have the meaning ascribed to it in Article 142(b);

ROFO Period shall have the meaning ascribed to it in Article 142(b);

ROFO Price and Terms shall have the meaning ascribed to it in Article 142(b);

ROFO Securities shall have the meaning ascribed to it in Article 142;

Rules shall have the meaning ascribed to it in Article 161;

Second Financing Round shall have the meaning ascribed to it in the Shareholders' Agreement;

Second Round Investors shall mean the collective reference to FMO, Alpha, V'Ocean, Elevar and Moore. Each of them is accordingly referred to individually as a **Second Round Investor**;
Second Round SSA shall have the meaning ascribed to it in the Shareholders' Agreement;
Second Round Subscription Consideration shall have the meaning ascribed to it in the Shareholders' Agreement;

Second Round Subscription Price shall have the meaning ascribed to it in the Shareholders' Agreement;

Second Round Subscription Securities shall have the meaning ascribed to it in the Shareholders' Agreement;

Securities shall mean all classes of Equity Shares, convertible preference shares, convertible debentures, bonds, options, warrants and any other securities, in each case convertible into, exercisable or exchangeable for Equity Shares issued or issuable by the Company from time to time, together with all rights, obligations, title, interest and claim in such shares and shall be deemed to include all bonus shares issued in respect of such shares and shares issued pursuant to a stock split in respect of such shares;

Share Capital shall mean the paid-up share capital of the Company, computed on a Fully Diluted Basis;

Shareholder shall mean a Person holding Securities of the Company, from time to time;

Shareholder Exit Notice shall have the meaning ascribed to it in Article 146;

Shareholder Meeting shall have the meaning ascribed to it in Article 113;

Shareholder Reserved Matters shall have the meaning ascribed to it in Article 112(b);

Shareholders' Agreement shall mean the amended and restated shareholders' agreement dated 11 April 2019 executed between BFL, the Promoter, the Company and the Persons identified therein as 'Investors' that sets out the rights and obligations of such Persons as Shareholders of the Company;

Strategic Business Plan shall mean the long term and short-term plan of the Company and the other Investee Entities, recording, *inter alia*, the operating performance, new projects, cash flows, budget, capital expenditure and borrowing details of the Company and the other Investee Entities;

Strategic Sale shall have the meaning ascribed to it in Article 148(a);

Strategic Sale Purchaser shall have the meaning ascribed to it in Article 148(a);

Strategic Sale Securities shall have the meaning ascribed to it in Article 148(a);

Subsidiary shall have the meaning ascribed to it in the Companies Act;

Tag Along Right shall have the meaning ascribed to it in Article 144(b);

Tag Exercising Party shall have the meaning ascribed to it in Article 144(c);

Tag Offer Period shall have the meaning ascribed to it in Article 144(c);

Tag Price and Terms shall have the meaning ascribed to it in Article 144(a);

Tag Purchaser shall have the meaning ascribed to it in Article 144(b);

Tag Sale Securities shall have the meaning ascribed to it in Article 144(b);

Taxes (including with correlative meaning, the terms **Tax** and **Taxation**) means (a) any and all direct and indirect taxes, assessments and other charges, duties, impositions and similar liabilities imposed by any Governmental Authority, whether levied collected withheld or assessed, including without limitation taxes based upon or measured by gross receipts, income, profits, sales and value added, withholding, payroll, excise and property taxes, together with all interest, penalties and additions imposed with respect to such amounts; (b) any liability for the payment of any amounts by the Company as a result of being a member of an affiliated, consolidated, combined or unitary group for any period; and (c) any liability for the payment of any amounts by the Company as a result of any express obligation to indemnify any other Person or as a result of any obligation under any agreement or arrangement with any other Person with respect to such amounts and including any liability for Taxes of a predecessor entity;

Third Party shall mean any Person other than the parties to the Shareholders' Agreement;

Third Party Purchaser shall have the meaning ascribed to it in Article 142(e);

Transaction shall mean, collectively, the transactions contemplated under the Transaction Documents;

Transaction Documents shall have the meaning ascribed to it in the Shareholders' Agreement;

Transfer shall mean (either directly or indirectly) to sell, gift, give, assign, transfer, transfer any interest in trust, mortgage, alienate, hypothecate, pledge, encumber, grant a security interest in, amalgamate, merge or suffer to exist (whether by operation of law or otherwise) any Encumbrance on, any Securities or any right, title or interest (including beneficial interest) therein or otherwise dispose of in any manner whatsoever voluntarily or involuntarily, but shall not include to transfer by way of testamentary or intestate successions, and the term **Transferred** shall have a meaning correlative to the foregoing. The term **Transfer**, when used as a noun, shall have a correlative meaning;

Transfer Notice shall have the meaning ascribed to it in Article 142(a);

Transferring Shareholder shall have the meaning ascribed to it in Article 142;

USD shall mean the United States Dollar, the currency of the United States of America;

V'Ocean shall mean V'Ocean Investments Limited, a limited liability company incorporated under the laws of Mauritius and having its registered office at C/o DTOS Ltd., 10th Floor, Raffles Tower, Cybercity, Ebene, Mauritius; and

Weighted Average Price shall have the meaning ascribed to it in Schedule 2.

91. **Interpretation**

In these Articles, unless the context requires otherwise:

- (a) references to a **company** include any company, corporation or other body corporate wherever and however incorporated or established;
- (b) the headings are inserted for convenience only and shall not affect the construction or interpretation of these Articles;
- (c) the Annexures and Schedules form part of these Articles;
- (d) the headings in these Articles do not affect its interpretation;
- (e) references to an individual/a natural Person include his estate and personal representatives;
- (f) references to a Party in these Articles include the successors, respective legal heirs or permitted assigns (immediate or otherwise) of that Party;
- (g) the words **including** and **include** shall mean including without limitation and include without limitation, respectively;
- (h) any reference importing a gender includes the other genders;
- (i) a reference to a day, month or year is a reference to a day, month or year in accordance with the Gregorian calendar, unless otherwise specified in these Articles or the Shareholders' Agreement;
- (j) any reference to a time of day is to India time;
- (k) any notice, waiver or amendment shall be effective only when made in writing;
- (l) any reference to a document or agreement is to that document or agreement as amended, varied or novated from time to time otherwise than in breach of the Transaction Documents or that document; and
- (m) any reference to capitalized terms not defined herein shall have the same meaning as ascribed to them in the Shareholders' Agreement.

ARRANGEMENTS WITH ALPHA AND THE ALPHA NOMINEES

92. Alpha is the portfolio manager for the Alpha Nominees and in such capacity all rights and obligations of each Nominee: (i) under the Transaction Documents; and (ii) under Applicable Law in its capacity as a Shareholder; shall be exercised and undertaken by Alpha for and on behalf of such Alpha Nominee, as its duly constituted attorney. Alpha shall procure that the Alpha Nominees comply with the provisions of the Transaction Documents and do not undertake any actions that are inconsistent with the provisions or intent of the Transaction Documents.
93. All notices or documents to be delivered to an Alpha Nominee under the Transaction Documents and/ or under Applicable Law in its capacity as a Shareholder of the Company will be delivered to Alpha who shall receive such notices and documents as the duly constituted attorney of such Alpha Nominee.
94. Unless stated otherwise, in computing the shareholding of Alpha for the purpose of determination of the rights and privileges available to Alpha under these Articles or any other Transaction Document, the Securities held by the Alpha Nominees shall be included in the computation of the shareholding of Alpha

and all rights shall be exercised jointly by Alpha and the Alpha Nominees as one block and the obligations shall be fulfilled jointly and severally, as applicable.

ACKNOWLEDGEMENT AND CONSENT TO BAIL-IN OF EEA FINANCIAL INSTITUTIONS

95. Notwithstanding anything to the contrary in any Transaction Document or in any other agreement, arrangement or understanding of any of Shareholders, each Party acknowledges that any liability of any EEA Financial Institution arising under any Transaction Document, to the extent such liability is unsecured, may be subject to the Write-Down and Conversion Powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:
- (a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any Party that is an EEA Financial Institution; and
 - (b) the effects of any Bail-in Action on any such liability, including, if applicable:
 - (i) a reduction in full or in part or cancellation of any such liability;
 - (ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under these Articles or any other Transaction Document; or
 - (iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.
96. For the purposes of Article 95 only, the following definitions shall apply:

Bail-In Action means the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution;

Bail-In Legislation means, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule;

EEA Financial Institution means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent;

EEA Member Country means any of the member states of the European Union, Iceland, Liechtenstein, and Norway;

EEA Resolution Authority means any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution;

EU Bail-In Legislation Schedule means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time; and

Write-Down and Conversion Powers means, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

FMO POLICY COVENANTS

97. The Company shall comply with the covenants and undertakings applicable to it as set forth in Schedule 6 (*FMO Policy Covenants*) and the Corporate Governance Letter.
98. Each Shareholder shall comply with the transfer restrictions applicable to it as set forth in Paragraph 2.2 of Schedule 6 (*FMO Policy Covenants*).

CAPITAL STRUCTURE OF THE COMPANY

99. **Securities of the Company**
 - (a) As part of the Second Financing Round the Company has issued and allotted the Second Round Subscription Securities to the Second Round Investors, for a Second Round Subscription Consideration at Second Round Subscription Price on the Effective Date, in accordance with the provisions of the Second Round SSA.
 - (b) Each First Round Subscription Security issued by the Company shall be subject to the terms and conditions set out in the First Round SSA, the Shareholders' Agreement and these Articles.
 - (c) The Securities issued by the Company to Paragon shall be subject to the terms and conditions set out in the Paragon SSA, the Shareholders' Agreement and these Articles.
 - (d) Each Second Round Subscription Security issued by the Company shall be subject to the terms and conditions set out in the Second Round SSA, the Shareholders' Agreement and these Articles.
 - (e) Each Preference Share (on a Fully Diluted Basis) and Equity Share shall carry 1 vote at Shareholder Meetings.
 - (f) The Preference Shares and Equity Shares shall carry a right to participate in any Dividends in the manner set out in Article 100 below.
 - (g) Upon the Liquidation of the Company, the distribution of Liquidation Proceeds to the Shareholders shall take place in the manner set out in Schedule 4.
100. **Distribution of Dividend**

Subject to Article 112(b)(xxvii):

- (a) each Preference Share shall carry the *pari passu* right to be paid an aggregate annual preferential Dividend of equal to 0.001% (zero point zero zero one per cent) per Financial Year, payable when and if such Dividend is declared by the Board and prior to payment of any Dividend in respect of the Equity Shares of the Company; and
 - (b) if the Board declares any Dividend or distribution on Equity Shares, such Dividend shall be distributed to the holders of the Equity Shares on a pro rata basis in proportion to their shareholding in the Share Capital of the Company.
101. **Employee Stock Options**
 - (a) The Board shall be entitled to recommend issuance of shares of BFL to employees of the Company under the employee stock option plan formulated by BFL in accordance with the BFL SHA.
 - (b) Subject to the provisions of Article 112(b)(xiv), the Board shall be entitled to issue and allot Securities of the Company to its Employees in accordance with the employees' stock option plan or scheme (as may be amended from time to time) as formulated by the Board and approved in accordance with Article 112(b)(xiv) (**ESOP**).

DIRECTORS AND CORPORATE GOVERNANCE

102. **Composition of the Board**

(a) On and from the Effective Date, subject to requisite actions under Applicable Law being completed and compliance under Article 160, the Board shall consist of a maximum of 10 (ten) Directors. The Directors shall be appointed as follows:

- (i) the Promoter;
- (ii) 2 (two) Promoter Directors;
- (iii) Upto 5 (five) Investor Directors; and
- (iv) 2 (two) independent Directors.

Notwithstanding the foregoing, the size and composition of the Board may be modified on account of (w) requirements of Applicable Law; (x) any Person being designated as a Major Investor hereunder but subject to the provisions of Article 160 hereunder; (y) as required under Article 104; and (z) any Person ceasing to be a Major Investor hereunder.

(b) Each Shareholder shall (including by exercising all voting rights at Shareholder Meetings and Board meetings, through their nominee Directors) procure that the persons nominated as Directors in accordance with these Articles shall be appointed as Directors and are maintained in office till such time as they resign or are removed by (i) the Party nominating them or (ii) in accordance with Article 104 below.

103. **Conflicts of interest**

A Director must disclose (in writing and verbally) to all members of the Board, any potential conflict of interest with respect to any matter to be decided by the Board, immediately on such Director becoming aware of the conflict and any decisions by the Board on such potential conflicts of interest shall be taken by the Board without the participation in discussions or voting of such Director disclosing the conflict.

104. **Removal of Directors**

Any Director (including independent directors) shall be liable to be temporarily suspended and/or permanently vacate his/her office for one or more of the following causes, which shall be finally determined by three-fourth majority of the Board (excluding such Director(s) who is / are the subject of removal under this Article 104, but including at least 1 (one) Investor Director and the Promoter/Promoter Director):

- (a) non-disclosure of conflicts of interest, dishonest statements or acts of the Director with respect to the Company after following principles of natural justice;
- (b) the Director being Charge Sheeted for any offence involving moral turpitude, deceit, dishonesty or fraud. **Charge Sheeted** for these purposes, means the framing of charges by a court of competent jurisdiction, and shall not include a mere allegation, complaint or the filing of a first information report;
- (c) gross negligence, fraud and/or misconduct by the Director after following principles of natural justice, in connection with the performance of the Director's duties to the Company and public reputation; and
- (d) breach by the Director of any terms of his appointment or the Company's policies or other documents or directions of Company, or of the terms hereof after following principles of natural justice.

105. **Investor Directors**

(a) Subject to the provisions of Article 160, Applicable Law, listing requirements, and where required, receipt of approval from the Reserve Bank of India for the reorganisation of the Board, each Major Investor (other than Paragon, which shall not have the right to nominate a Director) shall be entitled to

nominate a maximum of 1 (one) Director to the Board. Any Director so appointed by a Major Investor is referred to herein as an **Investor Director**. Each of the Investor Directors shall be a non-executive Director and shall not be deemed to be an "officer in default" as contemplated under the Companies Act or "compliance officers" or "person-in-charge" or other equivalent position of responsibility under any other Applicable Law. The Investor Directors shall not have any day-to-day managerial powers and will not be whole-time, managing or executive directors of the Company and will not be held responsible for any default or failure of the Company in complying with the provisions of any Applicable Law. The Company shall consistently assert the position set out in this Article regarding the limited liability and responsibility of the Investor Directors, in any proceeding in which any liability is sought to be attached to the Investor Directors. In the event that any notice or proceedings are filed against the Investor Director(s) by reason of him/her being included within the scope of "officer in default", the Company shall take all necessary steps to ensure that the name(s) of such Investor Director(s) is excluded/deleted and the charges/proceedings (civil, criminal or otherwise) against such Investor Director(s) are withdrawn and shall also take all steps to defend the Investor Director(s) against such proceedings.

- (b) A Major Investor may at any time remove from office the person nominated as Investor Director by it and, if desired, nominate any other person to be appointed as an Investor Director in his place and from time to time determine the tenure for which such individual shall hold office as a Director. The Investor Directors shall not be required to hold any qualification Securities.
- (c) The Investor Directors shall not be required to retire by rotation, provided however that, if an Investor Director is required for any reason whatsoever at any time to retire by rotation, the Shareholders shall, subject to Applicable Law, ensure that such retiring Investor Director is re-appointed at the same Shareholder Meeting in which such Investor Director is required to retire.

106. **Alternate Directors**

The Board shall, if requested by the Person nominating a Director by notice in writing to the Company, appoint an alternate director (**Alternate Director**) in place of such Director (**Original Director**). In the absence of the Original Director, the Alternate Director shall act for and in place of the Original Director and shall be entitled to exercise all rights available to the Original Director in the Company, in accordance with Applicable Law and these Articles, including the right to attend, speak and vote on behalf of that Director at any one or more meetings of the Directors. Upon the appointment of an Alternate Director, the Company shall ensure compliance with the provisions of Applicable Law, including by filing necessary forms with the concerned authorities.

107. **Chairman**

The chairman of the Board shall be the Promoter. If the Promoter is unable to attend the Board meeting, then the Board shall appoint the chairman of the Board solely for the purpose of that particular meeting. The chairman shall not have a casting vote.

108. **Observers**

Subject to Article 160, each Major Investor may, in addition to the Investor Director (if such right is available to it), appoint an observer (each, an **Observer**) who shall be given, and shall be entitled to access, the same documents and information as, and at the same time as, a Director of the Company, and shall be entitled to receive notice of and attend but not to vote at, meetings of the Board or Committees thereof in the same manner and time period as any Investor Director.

109. **Committees**

In addition to statutory committees of the Company, which shall be constituted in accordance with Applicable Law, the Board shall be entitled to constitute committees from time to time (**Committees**). The Committees shall be constituted in the same manner and shall have the same composition as that of the Board under Article 102. The powers of the Committees shall be determined by the Board. Subject to Applicable Law, the provisions in these Articles relating to meetings of the Board (including those pertaining to the notice, agenda, quorum and voting) shall apply *mutatis mutandis* to any Committee meetings.

110. **Fees and expenses of the Directors**

The Directors shall be entitled to such sitting fees and reimbursement of and out-of-pocket expenses and for travel and lodging reasonably incurred by them in connection with the performance of duties as a Director of the Company as may be determined by the Board from time to time. All Directors shall

also be entitled to a remuneration/commission for his / her services as a Director of the Company as determined by the Company at the annual general meeting of the Shareholders in any given financial year.

111. **Board Meetings**

Subject to Applicable Law:

- (a) the Board shall meet no less frequently than 4 times per year and once every calendar quarter. The Directors shall make themselves available in person for at least 2 of such Board meetings per year. Provided that no more than 120 days shall pass between the date of a meeting of the Board and the subsequent meeting of the Board;
- (b) at least 10 Business Days' notice of each meeting of the Board shall be given to the Directors and Observers provided that any meeting of the Board may be held upon shorter notice if all the Directors waive such notice period in writing. Notice of such meeting may be sent to a Director and Observer by electronic mail or by facsimile transmission followed by registered air mail, unless otherwise agreed by the Party appointing such Director/ Observer;
- (c) the notice of a Board meeting shall be accompanied by a detailed agenda, necessary background and all other related information and/or supporting documents pertaining to the business proposed to be transacted thereat;
- (d) meetings of the Board will be conducted in English;
- (e) minutes of each Board meeting written in English and signed by the chairman of such meeting, shall be circulated to each Director no later than 7 Business Days after the relevant meeting;
- (f) the Company shall ensure that any matter proposed by an Investor Director for discussion in a Board meeting shall be included on the agenda of the next Board meeting of the Company;
- (g) the presence of at least one-third of the Board or 3 Directors, whichever is higher, shall be required to constitute a quorum at a meeting of the Board; provided that and subject to Article 104, no quorum of a Board meeting shall be validly constituted unless at least 1 Promoter Director or the Promoter, 1 (one) Investor Director and 1 (one) independent Director are present at such meeting in accordance with Applicable Law. In the event a Board Reserved Matter that requires the affirmative vote of the Investor Directors in accordance with Article 112 is to be taken up at a meeting of the Board, the presence of such number of Investor Director/(s) (as applicable) representing a Major Investors' Majority (in addition to one Promoter Director or the Promoter) shall also be required to constitute quorum unless (i) a Major Investors' Majority have consented to such Board Reserved Matter at a Shareholder Meeting; or (ii) a Major Investors' Majority have given their prior written consent to such Board Reserved Matter;
- (h) in the absence of a quorum, the meeting of the Board shall be adjourned and be reconvened 7 days thereafter at the same time and place and if such day is not a Business Day, then the immediately following Business Day. At any such adjourned meeting, the presence of at least 3 Directors including at least 1 Promoter Director or the Promoter, 1 (one) Investor Director and 1 (one) independent Director, subject to Article 104, shall be required to constitute a quorum in accordance with Applicable Law, provided that, prior written consent of a Major Investors' Majority shall also be required in order to constitute quorum at such adjourned meeting without the presence of their Investor Directors if a Board Reserved Matter is to be taken up at such adjourned meeting, unless (A) a Major Investors' Majority have consented to such Board Reserved Matter at a Shareholder Meeting; or (B) a Major Investors' Majority have given their prior written consent to such Board Reserved Matter. The agenda for an adjourned meeting shall not contain any new matter other than those that were part of the agenda for the original meeting of the Board. If a quorum is not present within 1 hour of the time appointed for the adjourned meeting, the meeting shall again stand adjourned to the same time and place 7 days after the date set for the adjourned meeting. If a quorum is not present within 1 hour of the time appointed for the second adjourned meeting, the Directors present shall, subject to Applicable Law, form the quorum for such second adjourned meeting and may vote on all matters included in the agenda for such meeting of the Board (except for any Board Reserved Matters which have not

already received the consent of a Major Investors' Majority in accordance with the provisions of these Articles). In the event the quorum is not present at such second adjourned meeting, the Board may transact the matters in the agenda of the Board meeting by circulation to the extent such matters are permitted to be approved by circular resolution under Applicable Law;

- (i) the Directors shall be entitled to participate in the Board meetings via videoconference or other audio-visual means in accordance with Applicable Law. Directors who are not physically present at the meeting or who have not joined the meeting via videoconference or other audio-visual means, shall be entitled to join via teleconference or any other manner, provided however, unless permitted by Applicable Law, such Directors shall not be considered for the purposes of computation of the quorum and such Directors shall not be entitled to cast a vote at such Board meeting;
- (j) all decisions of the Board shall be taken by a simple majority vote of the Directors present and voting at the Board meeting, provided that where a decision to be taken by the Board is in respect of a Board Reserved Matter (not being a Shareholder Reserved Matter), such majority shall also include the consent of Investor Directors representing the Major Investors' Majority in accordance with Article 112(a);
- (k) In the event, a particular matter before the Board received equal/even votes, the matter shall be treated as rejected;
- (l) no circular resolution of the Board shall be valid unless the same has been circulated to all the Directors for a minimum period of 7 days and has been approved by a majority of the Directors, then entitled to receive notice of a Board meeting provided however that if the resolution proposed to be passed by circulation pertains to a Board Reserved Matter, then such resolution shall be valid and effective only if it has received the prior consent of a Major Investors' Majority either by written consent of such Major Investors or by affirmative vote of such number of Investor Director/(s) (as applicable) representing a Major Investors' Majority in accordance with Article 112;
- (m) any Director may require any additional item to be put on the agenda by written notice sent to the company secretary at least 5 days before the relevant meeting. Save for any such validly notified additional item, the business conducted at any meeting of the Board shall only comprise those matters expressly stated in the notice convening such meeting, unless otherwise agreed in writing by (i) such number of Investor Director/(s) (as applicable) representing a Major Investors' Majority; and (ii) the Promoter;
- (n) any Director may request in writing the company secretary to convene a meeting of the Board setting out the proposed agenda. If the company secretary does not convene such meeting of the Board within 5 days of such written request, such Director may directly convene a meeting of the Board and set the agenda for such Board meeting; and
- (o) the Promoter may, at his discretion and in consultation with the Board, invite upto 2 persons who represent Shareholders holding more than 2% of the Share Capital of the Company, to attend a meeting of the Board as invitees.

112. **Reserved Matters**

- (a) Save as specified in the Transaction Documents and subject to Applicable Law and listing requirements, no action shall be taken or resolution be passed in respect of the matters listed in this Article 112(a) (**Board Reserved Matters**) by the Board or Committees thereof (including by way of circular resolutions) in accordance with Article 111 except with the consent of a Major Investors' Majority and the corresponding quorum in respect thereof; and if such actions, decisions and/or resolutions are taken without such aforesaid consent, they shall be void *ab initio*.

The consent of any Major Investor for the Reserved Matters may be communicated by either (I) affirmative vote of its Investor Director (if any) at a Board meeting or Committee meeting or on resolutions passed by circulation in respect of a Board Reserved Matter; or (II) the affirmative vote of such Major Investor at a Shareholder Meeting in respect of a Shareholder Reserved Matter; or (III) the prior written consent of such Major Investor.

The following shall be the Board Reserved Matters:

- (i) determining the business policy and strategy of the Company and approving major business issues in accordance with it, approving the proposal for a Strategic Business Plan and any changes to such strategy or Strategic Business Plan;
 - (ii) approving any financial commitment or expenditure above INR 100,000,000 but less than 10% of the net Asset value of the Company in one or a series of related transactions (whether or not included generally in the Strategic Business Plan, unless already specifically included as a specific line item in the Strategic Business Plan approved as a Shareholders Reserved Matter);
 - (iii) deciding on the acquisition or disposal of securities or of any equity interest in another company, enterprise, venture and/or other legal entity, if such acquisition or disposal represents less than 5% of the total Asset value of the Company;
 - (iv) approving the adoption and/or changes to any key policies of the Company, including without limitation the credit, risk management, anti-money laundering, know your client, conflict of interest, environmental and social policies. For purposes of this provision, a key policy shall include those policies which are material in respect of the Company's financial matters, risk management procedures or legislative or regulatory compliance. Provided however that any changes in the Ordinary Course of Business to the policies of the Company in relation to credit, risk management and financial matters shall not be a Board Reserved Matter;
 - (v) approving the making by the Company of any loan to, advance to, or the entering by the Company into any other transaction with, any Related Party, including any Shareholder, employee or director of the Company, except pursuant to an ESOP or any other similar policies or schemes, where the value of such transaction is less than 50% of the book value of the Company's Assets determined as of the date of making the decision to execute such transaction, either individually or in the aggregate for a series of related transactions in any Financial Year, except as specified in the Transaction Documents and provided that all Directors with a conflict interest shall be exempted from voting;
 - (vi) incurrence of any liability amounting to an aggregate of up to 10% of the Company's total Asset value of the Company.
- (b) Notwithstanding anything to the contrary contained in these Articles, subject to Applicable Law, the Reserved Matters listed in this Article 112(b) (**Shareholder Reserved Matters**) shall (i) be decided only at a Shareholder Meeting and not at a meeting of the Board or any of its Committees; and (ii) require the consent of the Major Investors' Supermajority and the corresponding quorum in respect thereof; and if such actions, decisions and/or resolutions are taken without such aforesaid consent, they shall be void *ab initio*.

The following shall be the Shareholder Reserved Matters:

- (i) material change in the scope or nature of the Business;
- (ii) any amendment of the Constitutional Documents including but not limited to amendments that materially alter the distribution of powers between the governing bodies of the Company or the rights of the Shareholders, except as specified in or required pursuant to, the Transaction Documents;
- (iii) changes in equity capital structure of the Company, and decisions relating to exit rights of the Parties subject to Clause 24.5 of the Shareholders' Agreement;
- (iv) the authorisation, creation or issuance of Securities including the rights and obligations attached to such issuance of any class other than: (A) Securities issued in accordance with the Transaction Documents; and (B) Securities issued as part of the Second Financing Round;
- (v) re-classification of any Securities issued and outstanding as on the date hereof into Securities having preferential rights as to Dividends, voting or otherwise senior to the Equity Shares. It

is clarified that nothing contained in this Article 112(b)(v) shall apply to the issuance of any Securities with such preferential or senior rights;

- (vi) the sale by the Company of any of its Assets including sale of any securities held by it in the other Investee Entities, except for: (A) sale/assignment of Assets in the Ordinary Course of Business; (B) sale/assignment of Assets having a book value of less than 10% of the total advances given by the Company (either individually or in the aggregate for a series of related transactions); and (C) sale of Assets in accordance with the Transaction Documents;
- (vii) the making of any loan or advance by the Company to any Person, or the entry by the Company into any guaranty, indemnity, or surety contract or any contract of a similar nature in favour or for the benefit of any Person, other than in the Ordinary Course of Business;
- (viii) the grant by the Company of any lien on any of its Assets other than in the Ordinary Course of Business;
- (ix) any investments by the Company other than: (A) investments in accordance with the Transaction Documents; and (B) any investments of an amount that is less than 5% of the combined net worth of BFL and the Investee Entities as on the date of such investment;
- (x) the entry into any joint-venture or collaboration with any Person other than in the Ordinary Course of Business;
- (xi) any merger, disposals or consolidation of the Company (or any Subsidiary thereof and creation of subsidiaries) with one or more entities other than in Ordinary Course of Business involving aggregate amounts exceeding USD 5,000,000 (United States Dollar Five Million) or equivalent in any Indian currency;
- (xii) the Liquidation, dissolution or winding up of the business and affairs of the Company, or any other event amounting to a deemed liquidation of the Company (including a merger or consolidation, sale, lease, transfer, exclusive licence or other disposition of all or substantially all Assets of the Company) or any agreement or arrangement in relation to the foregoing; of the Company;
- (xiii) incurrence of indebtedness in excess of 5 times the combined Net Worth of the Company and the net worth of other Investee Entities as on the date of such incurrence;
- (xiv) issuance of Securities to, or grant of options for Securities to, Employees, including formulation of ESOPs and any amendments to the ESOPs of the Company as of the Effective Date;
- (xv) appointment or removal of Key Managerial Personnel of the Company where such appointment or removal involves a reputational concern;
- (xvi) any financial commitment or capital expenditures in excess of 10% of the net Asset value of the Company (either individually or in the aggregate for a series of related transactions) whether or not included generally in the Strategic Business Plan, unless already specifically included as a specific line item in the Strategic Business Plan approved by the Board;
- (xvii) entering into any contractual arrangement not being in the Ordinary Course of Business which obligates the Company to pay in excess INR 50,000,000 over the term of the contract (either individually or in the aggregate for a series of related transactions);
- (xviii) commencement of a new line of business that is unrelated to the Business;
- (xix) any change in the accounting or Tax related policies and practices of the Company, other than changes as may be required under Applicable Law;
- (xx) any appointment or re-appointment of statutory auditors of the Company;

- (xxi) purchase or lease of any property and opening of new offices in India or abroad otherwise than as provided for in the Strategic Business Plan;
- (xxii) approval of and any amendments to the Strategic Business Plan;
- (xxiii) listing of the Company on any stock exchange, or any decision as to the timing, structure, pricing and other details of such listing, or any other action leading to such listing;
- (xxiv) any increase or decrease in the authorized share capital of the Company or the creation or issue by the Company of any Securities or other equity interest convertible into or exercisable for any Securities, having rights, preferences or privileges senior to or on parity with the Securities then in issue;
- (xxv) the acquisition or disposal by the Company of any shares or other participation interests in any other company, enterprise, venture or any other legal entity, where the value of such acquisition or disposal is equal to or more than 5% of the total Asset value of the Company;
- (xxvi) the approval of the annual accounts (including balance sheets and profit and loss accounts) and annual reports of the Company;
- (xxvii) the approval, declaration or distribution of Dividends by the Company;
- (xxviii) the establishment of any new projects that may materially alter the Business of the Company. "Materially", means having an impact on the total Asset value of the Company of 5% or more of such total Asset value;
- (xxix) incurrence of any liability amounting to an aggregate of more than 10% of the total Asset value of the Company. Provided that any financing facility/bank-line granted to the Company or any debt instruments (not convertible into shares) issued by the Company, in each case, which amounts to less than 25% of the total Asset value of the Company shall not be a Shareholder Reserved Matter;
- (xxx) any change in the Financial Year for preparation of audited accounts of the Company;
- (xxxi) any transactions of the Company with Related Parties of any Party (other than any transactions inter-se the Investee Entities) where the value of such transaction exceeds 50% of the book value of the Company's Assets determined as of the date of making the decision to execute such transaction, either individually or in the aggregate for a series of related transactions in any Financial Year, except as specified in the Transaction Documents;
- (xxxii) any sale, transfer, licensing, assignment or disposal off in any manner whatsoever of any Intellectual Property Rights held by the Company;
- (xxxiii) any buyback, redemption or repurchase of Securities by the Company, except as specified in the Transaction Documents;
- (xxxiv) any increase or decrease in the size of the Board, or any change in the number, the composition of or manner of election of the Directors on the Board; except as specified in or required pursuant to, the Transaction Documents;
- (xxxv) entry into a settlement or arrangement with a creditor or debtor of the Company, outside the Ordinary Course of Business and for an amount in excess of INR 100,000,000, either individually or in the aggregate for a series of related transactions;
- (xxxvi) election of a chairman to the meeting of Shareholders;
- (xxxvii) election of the audit committee members and early termination of their powers;
- (xxxviii) if the Shareholders have at any previous Shareholder Meeting taken any decision which is in contradiction of Applicable Law, the cancellation of such decision;

- (xxxix) any decision involving the use of the Company's reserves and other funds for any distribution which is not in the Ordinary Course of Business;
 - (xl) any amendment to the Company's environmental and social policies adopted by the Company; and
 - (xli) any of the matters set out in Article 112(a) above which, in accordance with the law or the Constitutional Documents of the Company, require the approval of the Shareholders Meeting.
- (c) The Reserved Matters shall *mutatis mutandis* apply with respect to decisions proposed to be taken by any Investee Entity other than the Company (such matters being the **Investee Entity Reserved Matters**). Accordingly, the Company and Promoter shall exercise the rights available to them at meetings of the board of directors or shareholders of the other Investee Entities in favour of an Investee Entity Reserved Matter only with the prior written consent of a Major Investors' Majority/ Major Investors' Supermajority (in case of Shareholder Reserved Matters), unless such Investee Entity Reserved Matter has been approved as a Reserved Matter under these Articles.
- (d) The rights of the Major Investors/ the Investor Directors (as applicable) in respect of the Reserved Matters shall cease if the Securities of the Company are listed on a stock exchange. The rights of the Major Investors in respect of the Investee Entity Reserved Matters shall cease if the securities of the relevant Investee Entity are listed on a stock exchange.

SHAREHOLDER MEETINGS

113. The Company shall hold one general meeting i.e. the annual general meeting of the Shareholders in any given calendar year. Apart from the annual general meeting of Shareholders, the Board or any Person authorised by the Constitutional Documents shall be entitled to call for an extraordinary general meeting of Shareholders subject to Applicable Law (the annual general meetings and extraordinary general meetings are collectively referred to herein as **Shareholder Meetings**).
114. Prior written notice of 30 days shall be given to the Shareholders for all Shareholder Meetings; provided that, any given Shareholder Meeting may be held upon shorter notice if all the Shareholders entitled to attend and vote at the Shareholder Meeting waive such notice period in writing in accordance with the provisions of Applicable Law. Such notice shall be accompanied by: (a) the agenda setting out the business proposed to be transacted at such Shareholder Meeting; and (b) an explanatory statement and the text of any resolution to be submitted to the Shareholder Meeting.
115. Subject to Article 112(b), the quorum for a Shareholder Meeting shall be the presence in person of at least majority of the Investors or their authorised representatives or their proxies, provided that such quorum always includes the Promoter or his proxy and provided further that, the presence of the Major Investors' Supermajority (or their authorised representatives or proxies) will be also required to constitute quorum if a Shareholder Reserved Matter is to be taken up at the Shareholder Meeting unless: (a) such number of Investor Director/(s) (as applicable) representing a Major Investors' Supermajority have consented to such Shareholder Reserved Matter at a Board meeting; or (b) a Major Investors' Supermajority have consented in writing to such Shareholder Reserved Matter. Subject to Applicable Law, in the absence of a quorum within 30 minutes after the time appointed for the Shareholder Meeting, the Shareholder Meeting shall be adjourned by the Shareholders present and shall be reconvened in the next week on the same day, time and place and if such day is not a Business Day, then to the subsequent Business Day. At any such adjourned Shareholder Meeting, the presence in person of at least majority of the Investors (or their proxies) shall be required to constitute a quorum including the Promoter or his proxy, provided that, prior written consent of a Major Investors' Supermajority shall be also required in order to constitute quorum at such adjourned Shareholder Meeting without the presence of such Major Investors (by itself or through a representative/ proxy) if a Shareholder Reserved Matter is to be taken up at such adjourned Shareholder Meeting unless: (x) such number of Investor Director/(s) (as applicable) representing a Major Investors' Supermajority have consented to such Shareholder Reserved Matter at a Board meeting; or (y) a Major Investors' Supermajority have consented in writing to such Shareholder Reserved Matter. In the absence of a quorum at an adjourned Shareholder Meeting, the Shareholder Meeting shall be further adjourned by the Shareholders present and shall be reconvened in the next week on the same day, time and place and if such day is not a Business Day, then on the subsequent Business

Day. At any such second adjourned Shareholder Meeting, the presence in person of at least 5 (five) Shareholders (or their proxies) shall be required to constitute a quorum, provided that, prior written consent of a Major Investors' Supermajority shall also be required in order to constitute quorum at such second adjourned Shareholder Meeting without the presence of such Major Investors (by themselves or through a representative/ proxy) if a Shareholder Reserved Matter is to be taken up at such second adjourned Shareholder Meeting unless: (x) such number of Investor Director/(s) (as applicable) representing a Major Investors' Supermajority have consented to such Shareholder Reserved Matter at a Board meeting; or (y) a Major Investors' Supermajority have consented in writing to such Shareholder Reserved Matter.

116. The agenda for any adjourned Shareholder Meeting shall not contain any new matter other than those that were part of the agenda for the original Shareholder Meeting.
117. Voting on all matters to be considered at a Shareholder Meeting shall be by way of a poll unless otherwise agreed upon in writing by the Major Investors' Supermajority and the Promoter. On a poll, every Shareholder present in person or by proxy/ through a representative shall have one vote for each Security held by such Shareholder on an "as converted"/ Fully Diluted Basis.
118. All resolutions in relation to the Company which are required by Applicable Law to be referred to or passed by Shareholders must be passed by the majority required under Applicable Law for such matters in respect of which a resolution is required, provided that where such a matter is a Reserved Matter, such majority shall also include the consent of the Major Investors' Majority in accordance with Article 112(a) or the Major Investors' Supermajority in accordance with Article 112(b) (as applicable).
119. The chairman of a Shareholders Meeting shall be appointed in accordance with Article 112(b)(xxxvi). Such chairman of a Shareholder Meeting shall not be entitled to any casting vote.
120. Voting Rights: It is agreed and acknowledged by the Shareholders herein that each holder of Preference Shares shall have such rights to attend and vote at general meetings as prescribed by the Companies Act and other Applicable Laws from time to time and as specified under these Articles. Further to the aforesaid, for the purpose of voting, the holder of the Preference Share shall be deemed to have converted all its Preference Shares into Equity Shares and shall have voting rights on every resolution placed before the Company on the basis of its shareholding in the Company on as "as converted" basis/ Fully Diluted Basis, i.e., assuming the conversion of all the Preference Shares held by it into Equity Shares.

CONDUCT OF BUSINESS

121. **Strategic Business Plan**
The Board shall prepare a Strategic Business Plan at the start of each Financial Year. The Strategic Business Plan shall be approved and/or amended subject to the provisions of Article 112(b)(xxii) prior to adoption by the Board.
122. **Preparation of Reports and Investor Audit**
 - (a) The Company shall prepare (and shall engage such consultants as may be required to prepare) such Reports as a Major Investor may from time to time require as to any matter relating to the Business, Assets or the financial position of the Company.
 - (b) The Major Investors acting jointly shall have the right, at any time, to appoint an additional special auditor, if so required by the Major Investors. The Major Investors shall be responsible for the payment of any fees or costs of such special auditor. The Promoter and the Company shall allow the special auditor and its duly authorised agents, upon reasonable notice (which shall in all cases be at least 7 days), reasonable access to the employees and premises of the Investee Entities, including without limitation to the Books and Records, accounts and other information of the Investee Entities and shall provide all the necessary information required from the statutory auditor(s) of the Investee Entities.
123. **D&O Insurance**
The Company shall and shall cause the other Investee Entities to, at all times keep insured with a reputable insurer their respective directors and officers against any liability incurred by them in the lawful performance of their duties on terms approved by the Board. With effect from the Effective

Date, the Company shall obtain and keep valid a directors' and officers' liability insurance for an amount of at least INR 25,00,00,000 covering all Directors of the Company, which amount shall be reviewed periodically by the Board; and (ii) such indemnification shall survive cessation of an Investor Director as a Director or the relevant Investor ceasing to be a Shareholder and/or termination of the Shareholders' Agreement and shall be only with respect to the term during which such Investor Director served as Directors of the Company.

124. **Promoter Insurance**

The Company shall obtain and maintain for its benefit permanent incapacity and life insurance of the Promoter with a minimum cover of INR 50,00,00,000 with the proceeds payable to the Company.

125. **Accounts and Audit**

(a) The accounts of the Company and each other Investee Entity shall be prepared as per Applicable Law.

(b) Appointment of the statutory auditors of the Company shall be subject to the provisions of Article 112(b)(xx).

126. **Compliance with Applicable Law**

The Company shall and Promoter and the Key Managerial Persons shall cause the Company to: (a) be in material compliance with Applicable Law; (b) conduct its corporate affairs in accordance with the Shareholders' Agreement and its Constitutional Documents; (c) obtain and keep valid and in force all authorisations as may be required under Applicable Law; (d) duly file all documents required to be so filed with Governmental Authorities, in accordance with Applicable Law. For the purposes of this provision, the term 'material compliance' shall be deemed to have been achieved so long as breach of any Applicable Law does not result in a monetary liability of the Company of 1% or more of the Net Worth.

INFORMATION TO BE PROVIDED TO THE INVESTORS

127. The Company shall, and the Promoter shall procure that the Company shall provide, to each Investor and to BFL copies of the following:

(a) the consolidated and individual audited annual financial statements of the Investee Entities and BFL within 120 days after the end of each Financial Year; and

(b) the consolidated and individual unaudited quarterly financial statements of the Investee Entities and BFL within 60 days of the end of each quarter in a Financial Year.

The financial statements to be provided pursuant to this Article 127 shall include, at least, a balance sheet, a statement of profit or loss / income statement, and statements of cash flow and shall be prepared in English in accordance with generally accepted accounting principles.

128. The Company shall, and the Promoter shall procure that the Company shall provide, to each Major Investor copies of the following:

(a) monthly management information system (MIS) reports in a form determined by the Board within 20 days from the end of each calendar month;

(b) details of any material litigation or disputes and defaults under material contracts within 30 days of the Investee Entities and/ or BFL acquiring knowledge (including any information, details, notices, filings and any affidavits in relation to any Intellectual Property of the Investee Entities); and

(c) such other information as may be reasonably requested by the Major Investors, BFL or an Investor Director, within 45 days of such request.

129. A Major Investor shall, at all times, by giving a notice of at least 15 Business Days, be entitled to carry out inspection of the Books and Records and all other property of BFL and/ or the Investee Entities through its authorised representatives and/or agents and BFL/ the Investee Entities (as relevant) shall provide such information, data, documents and evidence as may be required for the purpose of, in the

course of and in connection with such inspection. A Major Investor shall be entitled, at its own cost and expense, to consult with the statutory auditors of BFL and/ or the Investee Entities regarding the financial affairs of BFL/ the Investee Entities (as relevant).

- 129A. The provisions of Articles 127 to 129A shall *mutatis mutandis* apply to the direct and indirect Subsidiaries of the Company.

KEY MANAGERIAL PERSONS

130. The Key Managerial Persons (and the Promoter) shall be responsible for the implementation of the Strategic Business Plan and for the day-to-day management and operations of the Company and its Subsidiaries, under the supervision of the Board. All Key Managerial Persons shall be employees of the Company or any other Investee Entity. All Key Managerial Persons shall be identified by the Board and appointed by the Company on terms determined by the Board.
131. The Employment Agreements entered into by the Company with its Key Managerial Persons shall contain standard confidentiality provisions and shall provide that all of the time of such Key Managerial Persons shall be devoted to the Company.
132. The Company shall procure that the Employment Agreements entered into by it with its Key Managerial Persons provide that the Key Managerial Persons shall not, directly or indirectly during their employment with the Company and for a period of 12 months thereafter:
- (a) carry on or engage in, directly or indirectly, whether through partnership or as a shareholder, joint venture partner, collaborator, consultant or agent or in any other manner whatsoever, whether for profit or otherwise, any business which competes with the whole or any part of the Business in India; or
 - (b) attempt in any manner to solicit from any client/customer, partner, principal, supplier service provider, agent or consultant except on behalf of the Company, of the business of the type carried on by the Company or to persuade any Person, which is a client/customer, partner, principal, supplier, service provider, agent or consultant of the Company to cease doing business or to reduce the amount of business which any such Person has customarily done or might propose doing with the Company, whether or not the relationship between the Company and such Person was originally established in whole or in part through his efforts; or
 - (c) employ or attempt to employ or assist anyone else to employ any person who is in the employment of the Company or was in the employment of the Company at any time during the preceding 12 months, in any business other than the Business of the Company.
- 132A. The provisions of Articles 130 to 132A shall *mutatis mutandis* apply to each of the other Investee Entities vis-à-vis their Key Managerial Persons and the Promoter and the Company shall ensure that the other Investee Entities comply with such provisions.

ISSUANCE OF SHARES BY THE COMPANY

133. **Pre-emptive Rights**
- (a) Subject to the provisions of Article 112(b)(iii), in the event the Company proposes to make a Preferential Issue of any new Securities, (collectively **New Securities**), each Investor, BFL and the Promoter (**PER Holder**) either by itself or through any of its Affiliates shall have the right to subscribe to such New Securities, along with and on the same price and terms and conditions as they are offered to any Third Party (**Prospective Subscriber**), on a *pro rata* basis in proportion to its shareholding in the Share Capital of the Company so as to retain its shareholding in the Share Capital of the Company (**Pre-emptive Right**) provided that Investor, BFL and the Promoter shall not have a Pre-emptive Right with respect to (i) any Securities issued as part of the Second Financing Round in accordance with the Transaction Documents; (ii) Securities that are reserved for issuance under an ESOP; and (iii) Securities issued on conversion of convertible instruments which have been issued in accordance with this Article 133.

- (b) The Pre-emptive Right will be exercisable by delivery of a written notice to the Company within 30 days from the date of receipt of a notice from the Company of any such proposed Preferential Issue setting out (i) the number, type, terms and conditions and price of the New Securities proposed to be issued to the Prospective Subscriber; (ii) the intended use of the proceeds of the Preferential Issue; (iii) the identity of the Prospective Subscriber; and (iv) the expected date of the closing of the Preferential Issue. If a PER Holder exercises its Pre-emptive Right under this Article either by itself or through its Affiliates, the Company will issue the New Securities to such PER Holder or its identified Affiliates (as applicable) simultaneously with the issuance of New Securities to the Prospective Subscriber.
- (c) For the avoidance of doubt, no Shareholder shall be entitled to renounce its rights to subscribe to the New Securities under this Article in favour of a Person other than its Affiliates.
- (d) In the event that an Affiliate of the PER Holder is to be issued New Securities under this Article 133, any subscription of New Securities by such an Affiliate pursuant to this Article shall not be complete unless such Affiliate executes a Deed of Adherence to become Party to the Shareholders' Agreement and such Affiliate shall have all rights and be subject to all obligations under these Articles in same capacity as the relevant PER Holder.
- (e) In the event the subscribing PER Holder or its Affiliate (as applicable) is a non-resident, such subscription shall be in compliance with the Foreign Exchange Management Act, 1999, including applicable minimum capitalisation norms.

134. **Anti-Dilution Right**

- (a) In the event that the Company issues any Securities, including pursuant to a conversion of convertible securities:
 - (i) at a price per Security that is lower than the First Round Subscription Price, each First Round Investor shall, to the extent permitted under Applicable Law, be entitled to an appropriate adjustment in its shareholding in the Share Capital of the Company (on a Fully Diluted Basis) on a broad based weighted average basis in the manner set out in Schedule 2; or
 - (ii) at a price per Security that is lower than the Second Round Subscription Price, each Second Round Investor shall, to the extent permitted under Applicable Law, be entitled to an appropriate adjustment in its shareholding in the Share Capital of the Company (on a Fully Diluted Basis) on a broad based weighted average basis in the manner set out in Schedule 2. Provided that with respect to the Second Round Investors, the anti-dilution adjustment shall, to the extent permitted under Applicable Law, be effected by adjustment of the conversion price of the Preference Shares held by each such Second Round Investor; or
 - (iii) at a price per Security that is lower than the BFL Subscription Price, BFL shall, to the extent permitted under Applicable Law, be entitled to an appropriate adjustment in its shareholding in the Share Capital of the Company (on a Fully Diluted Basis) on a broad based weighted average basis in the manner set out in Schedule 2.

Each issuance referred to in sub-Articles (i), (ii) and (iii) above is referred to herein as a **Dilutive Issuance**. The adjustments set out in this Article 134 are referred to herein as the **Anti-Dilution Adjustments**. Each Investor and BFL, where entitled to an Anti-Dilution Adjustment, is referred to herein as an **ADR Holder**.

- (b) Each ADR Holder shall have the right to require the Company to issue additional Equity Shares to such holder at the lowest price permissible under Applicable Law at which all ADR Holders may be issued such additional Equity Shares in order to give effect to the Anti-Dilution Adjustment.
- (c) Nothing contained in this Article 134 shall apply with respect to the (i) Securities issued as part of the Second Financing Round in accordance with these Articles; and (ii) Securities that are reserved for issuance under an ESOP.

135. **Rights of New Investors**

- (a) The rights and obligations of any Person to whom Securities are being issued and allotted shall be a Shareholder Reserved Matter as provided under Article 112(b) and Investee Entity Reserved Matters.
- (b) In the event that any Person who subscribes to Securities in accordance with these Articles is provided with rights more favourable than the rights available to Major Investors under these Articles, then such favourable rights shall also immediately be offered and become applicable to the Major Investors.
- (c) In the event that any Person who subscribes to Securities in accordance with these Articles (and who is not a Major Investor) is provided with rights more favourable than the rights available to other Investors who are not Major Investors, then such favourable rights shall also immediately be offered and become applicable to the other Investors who are not Major Investors.
- (d) Each Party shall take all actions, execute all documents, provide all consents, approvals and authorisations and pass all resolutions as may be required in order to give effect to the provisions of this Article 135.

136. **Rights Issuances by the Company**

If, pursuant to any rights issue of Securities by the Company, any Shareholder proposes to renounce the Securities offered to it by the Company for subscription in favour of any other Person other than Persons to which it is permitted to Transfer the Securities held by it under Article 138 below, such renunciation shall be subject to the prior written consent of the Major Investors' Supermajority and the Promoter.

TRANSFER OF SECURITIES

137. **Registration and Facilitation of Transfers**

- (a) Any Transfer or attempted Transfer of Securities or any interest in such Securities (including by way of Encumbrance), not expressly permitted by these Articles or not in accordance with the provisions of these Articles, will be null and void ab initio, and the Parties will do all acts, deeds or things to prevent such Transfer from being given effect and the Board shall not register any such Transfer of any Securities. The Transfer restrictions set out in these Articles (and subsequently incorporated into the Articles) shall not be capable of being avoided by the holding of Securities indirectly, whether through another Person or in any other manner.
- (b) Should any authorisations be required under Applicable Law for any Transfer of Securities in accordance with these Articles, the transferor or the transferee or both together and the Company, shall make or cause to be made an application to the relevant Governmental Authority and shall in good faith do all acts and deeds as may be necessary or required under Applicable Law to obtain such authorisation. The time period for consummation of any Transfer contemplated by these Articles shall stand suspended during the time period required to obtain such authorisations, and no Party shall be deemed to be in violation of these Articles solely by reason of its inability to complete a Transfer pending receipt of any such authorisation.

138. **Permitted Security Transfers**

- (a) Each Shareholder of the Company other than the Promoter shall be permitted to Transfer all or part of the Securities held by them to an Affiliate provided that: (i) the proposed transferee executes a Deed of Adherence in accordance with Article 154 agreeing to be bound by the terms of the Shareholders' Agreement and the Constitutional Documents; and (ii) where such Transfer is being made by an Investor, such Transfer shall be in compliance with the Foreign Exchange Management Act, 1999, including applicable minimum capitalisation norms (where applicable). Prior to the Affiliate to whom Securities are transferred under this Article ceasing to be an Affiliate of the relevant Shareholder, such Affiliate shall Transfer all Securities it holds in the Company to the concerned Shareholder or to another Affiliate of the concerned Shareholder.
- (b) Notwithstanding anything contained in Article 138(a) above, any Alpha Nominee may transfer any Securities held by it to a transferee for so long as Alpha remains the portfolio manager of such transferee with respect to such Securities, provided that such transferee is not a Competitor.

- (c) The Promoter shall be permitted to Transfer all or part of his Securities in the Company to a Promoter Relative or to BSHL or to entities that are wholly owned by the Promoter, the Promoter Relatives and/ or BSHL, provided that: (i) the proposed transferee executes a Deed of Adherence in accordance with Articles 154 agreeing to be bound by the terms of the Shareholders' Agreement and the Constitutional Documents; and (ii) such Transfer shall be in compliance with the Foreign Exchange Management Act, 1999, including applicable minimum capitalisation norms (where applicable); and (iii) the Promoter shall not Transfer any Securities to BFL under this Article 138(c) without the prior written consent of the Major Investors' Supermajority. Prior to any entity ceasing to be wholly owned by the Promoter, the Promoter Relatives and/ or BSHL, such entity shall Transfer any Securities held by it in the Company to the Promoter or to any Person to whom the Promoter is permitted to Transfer Securities under this Article 138.
- (d) Nothing contained in Article 140, Article 142 (*Right of First offer*) and Article 144 (*Tag Along Rights*) shall apply to Transfers under Article 138(a), Article 138(b) or Article 138(c).

139. **Transfers by Major Investors**

- (a) In the event of any proposed Transfer of Securities by the Major Investors pursuant to any of the provisions of these Articles other than a Transfer under Article 138, the prospective Third Party purchaser shall have the right to conduct legal, financial, technical, environmental and tax due diligence on the Company, the Investee Entities and their Subsidiaries and to interact with the Promoter, the Directors, the Key Managerial Persons and the senior employees of the Company, the Investee Entities and their Subsidiaries for the purpose of evaluating the proposed sale and purchase of Securities. The Promoter and the Company shall provide all necessary assistance in this regard to assist in the completion of such evaluation and in the proposed sale and purchase of Securities.
- (b) The Major Investors shall be entitled to divulge Confidential Information in respect of the Company, the Investee Entities and their Subsidiaries to such prospective Third Party purchaser for the purpose of enabling such prospective Third Party purchaser to evaluate the proposed sale and purchase of the Securities, which shall not be deemed to be a breach of the confidentiality obligations of the Investors under the Shareholders' Agreement, provided that the prospective Third Party purchaser has entered into a confidentiality and non-disclosure agreement in form and substance consistent with standard business practices.
- (c) Each of Paragon, IDFC and Alpha (each, a **Falling Away Investor**) shall on a best endeavour basis Transfer all (and not less than all) of the Securities held by it in the Share Capital to a single Third Party purchaser (i.e. one and not more than one) subject to Article 142 (*Right of First Offer*) and Article 143 (*Major Investors Right of First Offer*) by the Fall Away Date.
- (d) In the event, a Falling Away Investor has not Transferred all (and not less than all) Securities by the Fall Away Date, the rights and benefits provided to such Falling Away Investor as a Major Investor under these Articles shall automatically fall away without any action of any Party, unless such Falling Away Investor (along with its Affiliates) continues to hold at least 6% of the Share Capital of the Company.
- (e) In the event, a Falling Away Investor has Transferred all (and not less than all) of the Securities held by it in the Share Capital to a single Third Party Purchaser (i.e. one and not more than one) prior to the Fall Away Date, such Third Party Purchaser shall also continue to have the rights as a Major Investor but only up to the Fall Away Date, unless such Third Party Purchaser holds (and till such time it continues to hold) at least 6% of the Share Capital of the Company.
- (f) The Company shall provide customary representations and warranties which will be supported by an indemnity capped at the purchase price paid by the Third-Party purchaser for such Transfer. The Promoter may, at his option, agree to provide additional representations, indemnities or undertakings to the prospective Third-Party purchaser in connection with such Transfer.

140. **Promoter Lock-in, Released Securities and Exempted Transfers**

- (a) All securities of BFL, the Company and the other Investee Entities (collectively, the **Group Entities**), held by the Promoter and/or BSHL (as applicable) shall be locked-in, provided that notwithstanding the provisions of Article 140(c) and Article 144:

- (i) from 8 April 2020, the Promoter, together with BSHL, shall have the right to Transfer the Securities/ securities held by him/them in the Group Entities and/or in BSHL which represent up to upto 2% of the Share Capital of the Company on an Effective Interest Basis, so as to receive a maximum aggregate consideration of USD 7,500,000; and
 - (ii) from 8 April 2023, the Promoter, together with BSHL, shall have the right to Transfer the Securities/ securities held by him/them in the Group Entities and/or in BSHL which represent up to 1.25% of the Share Capital of the Company on an Effective Interest Basis (such securities together with securities released in Article 140(a)(i) above being referred to as the **Released Securities**), so as to receive a maximum aggregate consideration of USD 12,500,000.
- (b) Any proposed Transfer of Securities held by the Promoter and/or BSHL in the Group Entities other than: (i) a Transfer of the Released Securities; (ii) Transfer of Securities under Article 138 above; or (iii) Transfer of Securities held by the Promoter in accordance with Articles 146 to 151, shall require the prior written consent of each Major Investor.
- (c) The Promoter beneficially owns 100% of the share capital of BSHL and undertakes that, subject to Article 140(a), the beneficial ownership of BSHL will not be altered without the prior written consent of the Major Investors' Supermajority.

141. **No Transfer to Competitors**

Notwithstanding anything contained herein but save and except under Article 151 (*Exit Drag Along Right*) whereunder an Exit Drag Purchaser may be a Competitor, no Shareholder shall Transfer any Securities held by it to a Competitor.

142. **Right of First Offer**

Save as provided in Articles 138, 143 and 149(b), at any time during the term of the Shareholders' Agreement, if any Shareholder (other than the Promoter) desires to Transfer all or part of its Securities (**ROFO Securities**) or interest in the Company (such Shareholder being the **Transferring Shareholder**), such Securities will be required to be offered to the Promoter in the following manner:

- (a) Each Transferring Shareholder shall deliver a written notice (**Transfer Notice**) to the Promoter informing the Promoter of its intention to Transfer the ROFO Securities (including the number and nature of the ROFO Securities). The Transferring Shareholder shall promptly provide the Promoter with such other details as the Promoter may reasonably request.
- (b) For a period of 30 days after receipt of a Transfer Notice (**ROFO Period**), the Promoter shall have the right but not the obligation (**Right of First Offer**) to offer to purchase all (but not less than all) of ROFO Securities from the Transferring Shareholder. The Right of First Offer will be exercisable by the Promoter himself or through his nominees (such Person being the **ROFO Exercising Party**) by delivering a written notice within the ROFO Period to the Transferring Shareholder (**ROFO Notice**) setting out the price per ROFO Security at which the ROFO Exercising Party is willing to purchase the ROFO Securities and any other terms offered by the ROFO Exercising Party (**ROFO Price and Terms**).
- (c) Within 30 days of receipt of the ROFO Notice, the Transferring Shareholder shall have the right to deliver a written notice to the ROFO Exercising Party accepting the ROFO Price and Terms (**ROFO Acceptance Notice**). A ROFO Acceptance Notice will be irrevocable and a binding agreement between the Transferring Shareholder and the ROFO Exercising Party for transfer of the ROFO Securities at the ROFO Price and Terms.
- (d) The closing of any purchase of the ROFO Securities on the ROFO Price and Terms pursuant to the delivery of the ROFO Acceptance Notice will be as mutually determined by the Transferring Shareholder and the ROFO Exercising Party, but will in any event be no later than 30 days from the delivery of the ROFO Acceptance Notice unless otherwise agreed to by the ROFO Exercising Party in writing, provided that, if there is a regulatory approval required under Applicable Law for the Transfer, then the above period will be extended appropriately.

- (e) If:
 - (i) the Promoter/ his nominee does not deliver a ROFO Notice within the ROFO Period; or
 - (ii) the Transferring Shareholder does not deliver a ROFO Acceptance Notice within the period specified in Article 142(c) above;
 - (iii) the Transferring Shareholder delivers a notice to the Promoter rejecting the ROFO Price and Terms; or
 - (iv) the ROFO Exercising Party fails to purchase the ROFO Securities within 30 days of receipt of the ROFO Acceptance Notice from the Transferring Shareholder;

the Transferring Shareholder shall be permitted for a period of 120 days from the expiry of the relevant period or date in Articles 142(e)(i), 142(e)(ii), 142(e)(iii) or 142(e)(iv) above, as applicable, (such period being the **Free Sale Period**), to Transfer the ROFO Securities to any Person (**Third Party Purchaser**) subject to: (A) the number of ROFO Securities Transferred and the price at which the ROFO Securities are Transferred to the Third Party Purchaser being no more favourable to the Third Party Purchaser than the price and number of ROFO Securities set out in the relevant ROFO Price and Terms, if any; and (B) the restrictions set out in Article 141 (*No Transfer to Competitors*); and (C) such Third Party Purchaser executing a Deed of Adherence in accordance with Article 154 agreeing to be bound by the provisions of the Shareholders' Agreement and the Constitutional Documents in the capacity of an Investor and, where any rights available to a Major Investor are being transferred to a Third Party Purchaser in accordance with Article 155(c), in the capacity of a Major Investor.

- (f) If the Transferring Shareholder has not completed the sale of the ROFO Securities to the Third Party Purchaser in accordance with Article 142(e) above, until the expiry of the Free Sale Period, the Transfer Notice shall be null and void, and the provisions of this Article 142 shall be once again complied with, prior to consummating a sale of any Securities to a Third Party Purchaser.

143. **Major Investors' Right of First Offer**

- (a) Save as provided in Article 138, at any time during the term of the Shareholders' Agreement, if any Major Investor desires to Transfer all of its Securities (**MI ROFO Securities**) or interest in the Company (such Major Investor being the **MI Transferring Shareholder**), such Securities may (i.e. as a right and not as an obligation) be offered to any of the other Major Investors in priority to any other Shareholder, including the Promoter pursuant to Articles 142 and 149.
- (b) The provisions of Article 142 shall *mutatis mutandis* apply to any such Transfer of MI ROFO Securities by the MI Transferring Shareholders to a Major Investor.

144. **Tag Along Rights**

- (a) Subject to the provisions of Article 140 (*Promoter Lock-in, Released Securities and Exempted Transfers*), if the Promoter and/ or BSHL proposes to Transfer any Securities held by them in the Company or securities held by them in BFL (other than Securities and/ or securities of BFL that are Transferred as part of the Released Securities) to any Person (for the purposes of this Article, such Person being a **Promoter Transferee**), the Promoter shall deliver a written notice (**Promoter Transfer Notice**) to the Investors and the Company informing them of:
 - (i) the Promoter's/ BSHL's intention to Transfer such number of Securities and/ or securities of BFL as are identified in the Promoter Transfer Notice (such securities being the **Promoter Transfer Securities**);
 - (ii) the terms and conditions of such Transfer including the price offered per security (**Tag Price and Terms**), provided that (A) in the event any part of the consideration is in the nature of non-cash consideration, such price per security shall include a valuation of

such non-cash consideration; and (B) to the extent that the Promoter Transfer Securities include any securities held by the Promoter and/ or BSHL in BFL, the price per security shall be computed on an Effective Interest Basis; and

(iii) the identity of the Promoter Transferee.

It is hereby clarified, if an Investor Transfers its Securities under this Article 144 and the consideration includes non-cash consideration, such Investor shall be entitled to receive cash equivalent of such non-cash consideration.

(b) Upon receipt of the Promoter Transfer Notice, each Investor will have the right (**Tag Along Right**), but not the obligation, to require the Promoter or BSHL (as applicable) to ensure that the Promoter Transferee or, at the option of the Promoter or BSHL (as applicable), a third party purchaser identified by the Promoter, (such purchaser being the **Tag Purchaser**) purchases from such Investor on the Tag Price and Terms such number of securities (such securities being the **Tag Sale Securities**) which number is determined as follows:

(i) where the Transfer of the Promoter Transfer Securities will not result in a direct or indirect change in Control of the Company, all or part of the Securities held by the Investors as decided by the relevant Investor:

(ii) where the Transfer of the Promoter Transfer Securities will result in a direct or indirect change in Control of the Company, all of the Securities held by the Investors.

For the purpose of this Article 144 (*Tag Along Rights*), any veto rights or affirmative rights shall not amount to 'Control'.

(c) Within 5 days of receipt of the Promoter Transfer Notice, the Company shall notify each of the Investors in writing (i) whether the Transfer of the Promoter Transfer Securities to the Promoted Transferee would result in a change of Control of the Company; and (ii) the maximum number of Tag Sale Securities that may be transferred by each Investor by exercise of its Tag Along Right (determined in accordance with Article 144(b) above). Within 30 days of receipt of the Promoter Transfer Notice (**Tag Offer Period**), in the event an Investor elects to exercise its Tag-Along Right (such Party being the **Tag Exercising Party**), it must deliver a written notice of such election to the Promoter or BSHL (as applicable) which identifies the number of Tag Sale Securities being sold by it.

(d) The Tag Exercising Party will not be required to give to the Tag Purchaser any representations and/or warranties or provide any indemnity in respect of the Company including the Business, except for representations, warranties and indemnities regarding the validity of ownership of, and the Tag Exercising Party's authorisation to sell, the Tag Sale Securities held by it.

(e) The purchase of any Tag Sale Securities pursuant to exercise of the Tag Along Right by the Investors shall be completed by the Tag Purchaser along with the purchase of the Promoter Transfer Securities on the terms and conditions specified in the Promoter Transfer Notice within 90 days from the expiry of the Tag Offer Period. If the Tag Purchaser refuses or fails to purchase the Tag Sale Securities as provided in this Article 144, the Promoter and/ or BSHL (as applicable) will not be entitled to sell or otherwise Transfer any of its Promoter Transfer Securities to the Tag Purchaser.

(f) In the event that none of the Investors have exercised the Tag Along Right within the Tag Offer Period, the Promoter and/ or BSHL (as applicable) shall be free to sell the Promoter Transfer Securities to the Promoter Transferee provided that: (i) such sale shall be consummated within 90 days of the expiry of the Tag Offer Period; and (ii) the terms and conditions offered of such sale shall not be more favourable to the Promoter/ BSHL than those set out in the Promoter Transfer Notice.

(g) Upon expiry of the sale periods specified in Article 144(e) or Article 144(f) above (as applicable), the provisions of this Article 144 shall reapply.

145. **Change of Control of the Company, BFL or a Shareholder**

- (a) If any Shareholder proposes to Transfer any Securities of the Company held by it to any Person which would result in such Person, together with its Affiliates, directly and/ or indirectly acquiring Control of the Company, the transferring Shareholder shall obtain the written consent of the Promoter and each Major Investor prior to such Transfer. If such transferring Shareholder is the Promoter and/ or BSHL, the Transfer shall be subject to the provisions of Article 144 (*Tag Along Rights*).
- (b) If any shareholder of BFL proposes to Transfer any securities held by it in BFL to any Person which would result in such Person, together with its Affiliates, directly and/ or indirectly acquiring Control of the Company and/ or BFL, the transferring Shareholder shall obtain the written consent of the Promoter, BSHL and each Major Investor prior to such Transfer.
- (c) The Parties agree that any change in Control of any Party other than the Company (including, for the avoidance of doubt, Alpha) shall be treated as a Transfer by such Party of all the Securities held by them and the restrictions contained in Articles 137 to 145 shall *mutatis mutandis* apply to such Transfer, i.e. for the avoidance of doubt, the change of Control of such Party shall not be effected unless the provisions of Articles 137 to 145 have been complied with. Notwithstanding anything to the contrary contained in these Articles, as long as Alpha remains the portfolio manager with respect to the Alpha Nominees, transfer of any interest, Control or stake of any Alpha Nominee, shall not be subject to the restrictions on Transfer of Securities set out in these Articles, provided that no such transfer shall be made to a Competitor.
- (d) For the purpose of this Article 145, any veto rights or affirmative rights shall not amount to 'Control'.
- (e) Nothing contained in this Article 145 shall apply to any increase of funds under management by IDFC.

EXIT RIGHTS OF THE INVESTORS AND BFL

146. **Shareholder Exit Notice**

On and from 1 December 2023, any of the Major Investors, shall have the right, exercisable by delivery of a written notice to the Company (**Shareholder Exit Notice**) to require the Company to undertake the QIPO in the manner set out in Article 147. In the event the Company receives more than one written notice from the Major Investors under this Article 146, the first such written notice received by the Company shall be deemed to be the Shareholder Exit Notice.

147. **QIPO**

- (a) The Company and the Promoter shall use their best efforts to complete a registered qualified initial public offering of Equity Shares in compliance with Applicable Law (**QIPO**) within 12 months from the delivery of a Shareholder Exit Notice and in any case before the Mandatory Exit Trigger Date. Upon delivery of a Shareholder Exit Notice, the Company and Promoter shall initiate the QIPO process in accordance with this Article 147. The period for completion of the QIPO above may be extended as mutually agreed between the Company and the Major Investors' Supermajority and such period (or extended period, if any) is referred to herein as the **QIPO Period**. Upon occurrence of the events set out above, the Company and the Promoter shall make best efforts to obtain all relevant approvals, statutory or otherwise, that are necessary for the QIPO.
- (b) Subject to the provisions of Article 112(b)(xxiii), the Board shall appoint an independent, recognised and reputed merchant banker firm for conducting the QIPO (**Investment Bank**).
- (c) Subject to the provisions of Article 112(b)(xxiii), the Board shall, in consultation with the Investment Bank and the Major Investors, and subject to such statutory guidelines as may be in force, decide on:
 - (i) the method of listing of Equity Shares, i.e. either through a public issue of fresh Equity Shares, or through an offer for sale, or a combination of both and, where an offer for sale is proposed, the quantum of Equity Shares to be offered for sale in the QIPO (**OFS Quantum**);

- (ii) hiring of lawyers, accountants and other advisors necessary to prepare the information required for the prospectus;
 - (iii) preparation of a prospectus or admission document in respect of such listing application (on the basis of the audited accounts of the Company) and apply to the relevant stock exchange (or any Governmental Authority having jurisdiction over such stock exchange) for admission to trading of the Securities and shall use reasonable best endeavours to cause such listing application to become effective as promptly as practicable;
 - (iv) the price and other terms and conditions including timing of the QIPO;
 - (v) the stock exchanges on which the Equity Shares are to be listed; and
 - (vi) any other matters related to the QIPO.
- (d) In the event the price determined by the Investment Bank in accordance with Article 147(c)(iv) above is such that each of the Investors shall receive a minimum IRR of 25%, on their respective Aggregate Investments (**Benchmark Exit Price**) in the QIPO, the Company (and the Shareholders) shall be bound to proceed with the QIPO. The Major Investors' Supermajority must collectively consent in writing to the Company for any reduction in the Benchmark Price. However, in the event such price is below the Benchmark Exit Price with respect to any Investor, the Company (and the Shareholders) shall not proceed with the QIPO, unless the Major Investors' Supermajority collectively decide otherwise and communicate such decision in writing to the Company within 14 days of notification of the Benchmark Exit Price by the Investment Bank.
- (e) Subject to Article 147(d) above, in the event the Company undertakes the QIPO, each of the Shareholders shall cooperate to facilitate the QIPO, including without limitation (i) the exercise of its voting rights at relevant Shareholder meetings, and (ii) causing its nominated Directors to execute all documents as required by the Company from time to time in connection with the QIPO. The Parties agree that they shall cooperate in optimising the size of the QIPO, which shall be determined by the Board in consultation with the Investment Bank and the Major Investors.
- (f) *Costs; Lock in*
- (i) The Parties expressly understand, acknowledge and agree that the Company shall be responsible and liable for (A) all costs and expenses incurred in connection with the QIPO (including without limitation underwriting, distribution and selling costs), unless otherwise required by Applicable Law, and (B) any breach of the Company's representations, warranties, covenants, obligations and undertakings set forth in any agreement, instrument or other document in relation to the QIPO.
 - (ii) To the extent permissible under Applicable Law, any Equity Shares that are subject to a "lock in" as "promoter shares" after the QIPO shall be Equity Shares held by the Promoter and the Equity Shares owned by the Investors shall not be subject to any "lock in" as "promoter shares". The Parties agree and acknowledge that the Investors are not "promoters" of the Company and shall not be represented as a "promoter" or part of the "promoter group" or a "person acting in concert" with the "promoters" in the offer documents or any other documents relating to the QIPO or any regulatory or other filing by the Company and/ or the Promoter with any Governmental Authority nor shall any declaration be made by any of the Parties to this effect, and the Investors shall not be required provide any representations, warranties or indemnities for the purposes of the QIPO.
 - (iii) The Investors shall not be required to provide any information in connection with the QIPO other than in relation to the Equity Shares being offered for sale by the Investors and the minimum information required to be provided under Applicable Law by the Investors in their capacity as Shareholders for inclusion into the QIPO prospectus.
 - (iv) The Company agrees to indemnify and hold harmless the Investors, and each of their officers, directors, employees, consultants and legal advisers, from and against any loss, claim or liability

(and any actions, proceedings or settlements in respect thereof) arising out of or based on: (A) any untrue statement of a material fact contained in any prospectus, offering circular, or other offering document relating to the QIPO; (B) any failure to state a material fact necessary to make the statements in such documents not misleading; and (C) any violation of Applicable Law (including but not limited to the regulations of the Securities and Exchange Board of India or any stock exchange) in connection with the QIPO.

(g) *QIPO Offering Proportion; Shortfall*

- (i) Subject to Applicable Law and the OFS Quantum being determined in accordance with Article 147(c)(i) above, the Investors shall, in preference to the other Shareholders of the Company, have the right to offer the Equity Shares (post conversion of Securities) held by them for sale through the QIPO to make up the OFS Quantum, on a *pro rata* basis in proportion to their respective shareholding in the Share Capital of the Company (**QIPO Offering Proportion**) on the same terms and conditions as the primary Equity Shares offered to the public by the Company.
- (ii) For the purpose of determining the QIPO Offering Proportion: (A) the indirect shareholding of the holders of the 'Class A Equity Shares' (as such term is defined in the BFL Agreements) in the Company, computed on an Effective Interest Basis, shall be deemed to be BFL's shareholding in the Share Capital of the Company; and (B) each Investor's direct shareholding shall be considered at actuals.
- (iii) If the quantum of Equity Shares (post conversion of Securities) offered for sale by the Investors and BFL in accordance with Article 147(g)(i) above is lower than the OFS Quantum determined in accordance with Article 147(c)(i) above, then, subject to Applicable Law, the other Shareholders of the Company (including the Promoter) shall have the right to offer the Equity Shares (post conversion of Securities) held by them for sale through the QIPO on a *pro rata* basis in proportion to their respective inter-se shareholding in the Share Capital of the Company in order to make up the OFS Quantum.
- (iv) The Company and the Promoter shall undertake all necessary steps to ensure that the Equity Shares referred to in this Article 147(g) are offered for sale in the QIPO.

(h) *Reinstatement of Rights*

Notwithstanding anything provided elsewhere in these Articles and subject to Applicable Law, in the event that:

- (i) a draft red herring prospectus, or a red herring prospectus, as the case may be, has been filed in connection with the QIPO, which, prior to such filing, has necessitated the alteration of the Securities / Equity Shares held by the Investors and/or BFL and/or the rights attaching to any of such Securities / Equity Shares under these Articles, as the case may be (such alterations being, collectively, the **Alteration Rights**); and
- (ii) within 9 months of the filing of the draft red herring prospectus or within 6 weeks of the filing of the red herring prospectus (the **Listing Cut-off Date**), the QIPO does not complete for any reason whatsoever;

then the Promoter and the Company shall undertake all necessary actions as may be required by either of the Investors and/or BFL to ensure simultaneous reinstatement of their rights, as applicable, under these Articles, immediately prior to the Alteration Rights. The Company and Promoter undertake and covenant to each of the Investors and BFL that they shall, within 15 Business Days of the Listing Cut-off Date (if the QIPO has not closed by that date) or, if earlier, from the date on which the QIPO process is cancelled or discontinued or postponed, take all such actions as may be required by the relevant Investor and/or BFL to reinstate such rights, including causing the alteration of the Articles to include the rights of such Investor and/or BFL immediately prior to the Alteration Rights and entering into agreements necessary in this regard.

148. **Strategic Sale**

- (a) In addition to the QIPO, during the QIPO Period, the Company and/or the Promoter shall initiate the process to provide an exit to the Investor(s) by way of a Transfer of all of the Securities held by such Investor(s) (such Transfer being a **Strategic Sale** and such Securities being the **Strategic Sale Securities**) to a Third Party purchaser(s) (not being a Competitor and, in case of FMO, also being a Qualified Purchaser) identified by the Company and the Promoter (**Strategic Sale Purchaser**) at a price per Security which is not less than the Benchmark Exit Price. Nothing contained in Articles 137 to 145 shall be applicable to a Transfer in accordance with this Article 148.
- (b) Any Transfer of the Strategic Sale Securities to a Strategic Sale Purchaser(s) under this Article 148 shall be subject to the following:
 - (i) any proposed Transfer of Strategic Sale Securities to a Strategic Sale Purchaser(s) shall be completed before the Mandatory Exit Trigger Date;
 - (ii) such Transfer shall be in compliance with the Foreign Exchange Management Act, 1999, including applicable minimum capitalisation norms, where applicable;
 - (iii) the Strategic Sale Purchaser(s) shall execute a Deed of Adherence agreeing to be bound by the provisions of the Shareholders' Agreement and the Constitutional Documents in accordance with Article 154; and
 - (iv) such Strategic Sale Purchaser(s) shall be a Qualified Purchaser.
- (c) The Investor selling the Strategic Sale Securities will not be required to give to the Strategic Sale Purchaser any representations and/or warranties or provide any indemnity in respect of the Company including the Business, except for representations, warranties and indemnities regarding the validity of ownership of, and the Strategic Sale Securities authorisation to sell, the Strategic Sale Securities held by it. If any such representations, warranties and indemnities regarding the Company or Business are required by the Strategic Sale Purchaser, the Company may provide the same to the reasonable satisfaction of the Strategic Sale Purchaser.

149. **Third Party Sale**

- (a) If no QIPO or Strategic Sale has been completed within the QIPO Period, unless an Exit Drag Along Notice has been delivered in accordance with Article 151(a) below, each Shareholder (other than the Promoter) (being, an **Exiting Shareholder**) shall be entitled to Transfer all of the Securities held by it (the **Exit Securities**) to a third party purchaser (**Exit Purchaser**) subject to the provisions of this Article 149. Save and except as provided below, nothing contained in Articles 137 to 145 shall be applicable to a Transfer in accordance with this Article 149.
- (b) *Right of First Offer*

The Exiting Shareholder may (i.e. as a right and not as an obligation) offer all of the Exit Securities for purchase to any Major Investor in accordance with 143 (*Major Investors' Right of First Offer*). If the Exiting Shareholder does not offer the Exit Securities to any Major Investor or the Major Investor to whom the Exit Securities are offered does not purchase the Exit Securities, the Exiting Shareholder shall provide the Promoter (the Major Investor to whom the Exit Securities are offered or the Promoter, as the case may be, exercising the right under this Article 149(b) being the **Exit ROFO Party**) with a Right of First Offer to purchase the Exit Securities proposed to Transferred by it. The provisions of Articles 142(a) to 142(d) above shall apply *mutatis mutandis* to the Right of First Offer being provided to the Promoter with respect to the Exit Securities under this Article 149(b).
- (c) *Appointment of Merchant Banker and Determination of Fair Value*
 - (i) If:

- (A) the Exit ROFO Party has exercised its right to purchase the Exit Securities being Transferred by an Exiting Shareholder under Article 149(b); and
- (B) the Exiting Shareholder has not delivered a ROFO Acceptance Notice in connection with such right within the period specified in Article 142(c);

the Exiting Shareholder shall have the right, exercisable by delivery of a written notice to the Company and the Exit ROFO Party within 30 days of the expiry of the period for delivery of a ROFO Acceptance Notice, to identify a merchant banker from the list of merchant bankers set out in Schedule 3 for determination of the Fair Value of the Exit Securities proposed to be Transferred by the Exiting Shareholder. Such merchant banker shall be appointed by the Company at the Company's cost within 30 days of receipt of such notice.

- (ii) Within 30 days of receipt of a notice from the merchant banker specifying the Fair Value and setting out the underlying computation in accordance with Schedule 5, the Exit ROFO Party and the Exiting Shareholder may, at their respective sole discretion, mutually agree in writing on a Transfer of the Exit Securities by the Exiting Shareholder to the Exit ROFO Party at the Fair Value. Such Transfer shall be completed on a date mutually agreed between the Exit ROFO Party and the Exiting Shareholder. The Exit ROFO Party may complete the purchase of the Exit Securities by itself and/or through its nominees in a proportion decided by the Exit ROFO Party and notified in writing to the Company and the Exiting Shareholder.

(d) *Transfer of Securities to the Exit Purchaser*

- (i) If:
 - (A) the Exit ROFO Party has not exercised its right to purchase the Exit Securities being Transferred by an Exiting Shareholder under Article 149(b) within the period specified in Article 142(b); or
 - (B) the Exiting Shareholder has not exercised its right to cause the Company to appoint a merchant banker under Article 149(c)(i); or
 - (C) the Exit ROFO Party and the Exiting Shareholder have not mutually agreed on a Transfer of the Exit Securities by the Exiting Shareholder to the Exit ROFO Party under Article 149(c)(ii) or, where such Transfer has been agreed it has not been consummated within the mutually agreed timeline under Article 149(c)(ii);
 - (D) the Exiting Shareholder shall have the right to Transfer all (but not less than all) the Exit Securities to the Exit Purchaser in accordance with this Article 149(d).
- (ii) Any Transfer of Exit Securities to an Exit Purchaser shall be subject to the following:
 - (A) any proposed Transfer of Exit Securities to an Exit Purchaser shall be in compliance with the Foreign Exchange Management Act, 1999, including applicable minimum capitalisation norms, where applicable;
 - (B) the number of Exit Securities and the price at which the Exit Securities are proposed to be Transferred to the Exit Purchaser shall be no more favourable to the Exit Purchaser than the number and price of Exit Securities set out in the ROFO Price and Terms offered by the Exit ROFO Party to the Exiting Shareholder (if any) and the Fair Value (where the Exit ROFO Party has offered in writing to purchase the Exit Securities at the Fair Value) or any other purchase price and terms that are offered by the Exit ROFO Party in writing in accordance with Article 149(c)(ii) above;

- (C) the Exit Purchaser shall not be a Competitor;
- (D) in case the Exiting Shareholder is FMO, the Exit Purchaser shall be Qualified Purchaser;
- (E) the Exit Purchaser shall execute a Deed of Adherence agreeing to be bound by the provisions of the Shareholders' Agreement and the Constitutional Documents in accordance with Article 154.

150. **Mandatory IPO**

- (a) On and from the Mandatory Exit Trigger Date, the Major Investors' Supermajority shall collectively have the right, exercisable by delivering a written notice to the Company, BFL and their respective shareholders (such notice being a **Mandatory IPO Notice**), to require the Company to undertake an initial public offering of the Equity Shares of the Company at a price per Equity Share which is equal to at least the Fair Value (such public offering being a **Mandatory IPO**). The Major Investors' Supermajority delivering the Mandatory IPO Notice are referred to herein as the **MI Initiating Investors**. If a QIPO process is ongoing in accordance with the Transaction Documents at the time of delivery of a Mandatory IPO Notice: (i) BFL, the Company and the Promoter shall not be required to pursue such QIPO and in such event BFL, the Company and Promoter shall cease all actions in connection with the QIPO; (ii) each of the Parties agrees that BFL, the Company and Promoter shall not have any liability to any Person in connection with ceasing to pursue a QIPO in accordance with this Article 150 save and except any liability that has accrued in accordance with these Articles prior to delivery of the Mandatory IPO Notice (including payment of fees and expenses to consultants and advisors in relation to the QIPO) or in respect of any antecedent or prior breaches; (iii) the MI Initiating Investors shall have the right to take control over the QIPO process and to utilise all the resources, collaterals and information relating to the QIPO and; (iv) the MI Initiating Investors shall use best efforts to complete the Mandatory IPO within a period of 12 months from the Mandatory Exit Trigger Date and if the listing of the Company has not been completed within this timeline, the Mandatory IPO shall not be further pursued by the MI Initiating Investors.
- (b) The provisions of Article 147(b) to Article 147(g) shall *mutatis mutandis* apply to a Mandatory IPO and, subject to Applicable Law, the Company and the Promoter hereby agree and undertake to act in accordance with the joint written instructions of the MI Initiating Investors in relation to a Mandatory IPO.
- (c) For the purposes of all actions undertaken in connection with a Mandatory IPO (including issuing joint written instructions to the Company and the Promoter), the MI Initiating Investors will act on the basis of decisions arrived at by a three-fourth majority of the MI Initiating Investors (which majority shall be determined on the basis of their shareholding in the Share Capital of the Company).

151. **Exit Drag Along Right**

- (a) On and from the Mandatory Exit Trigger Date:
 - (i) if no Mandatory IPO Notice has been delivered within a period of 3 months from the Mandatory Exit Trigger Date, and the Major Investors' Supermajority collectively decide in writing to not initiate the Mandatory IPO; or
 - (ii) if the Mandatory IPO Notice has been delivered within a period of 3 months from the Mandatory Exit Trigger Date, but the MI Initiating Investors decide in writing (in accordance with Article 150(c) above) to not further pursue the Mandatory IPO;

(the Major Investors' Supermajority referred to in Article 151(a)(i) and Article 151(a)(ii) above, as the case may be, being referred to as the **Exit Drag Exercising Investors**),

the Exit Drag Exercising Investors shall have the right, exercisable by delivering a written notice to the Company and all the other Shareholders (such notice being the **Exit Drag Along Notice**), stating their intention to require a sale of all of the Securities of the Company (such

Securities being the **Exit Drag Securities**) in the manner set out in this Article 151 (**Exit Drag Along Right**). The Exit Drag Along Notice shall include (A) the identity of the Purchaser (the **Exit Drag Purchaser**); and (B) the purchase price per Exit Drag Security offered by the Exit Drag Purchaser, which price shall be identical to the price per Security at which the Exit Drag Exercising Investors sell their Securities (**Exit Drag Offer Price**). The Exit Drag Purchaser shall be a *bona fide* Third-Party purchaser(s) and shall not be an Affiliate or Related Party or nominee of any Investor. Provided that, if the Exit Drag Purchaser is not a Qualified Purchaser as determined by FMO, FMO may elect not to Transfer its Securities to such Exit Drag Purchaser and no Party shall be able to drag or cause FMO to Transfer its Securities to such Exit Drag Purchaser under any circumstances.

- (b) Notwithstanding anything contained hereinabove, the Exit Drag Exercising Investors shall not be permitted to exercise the Exit Drag Along Right under this Article 151 on any Investor(s), unless each of the Investors shall receive a minimum IRR of 20% on their respective Aggregate Investments (**Exit Drag Minimum IRR**) from the Exit Drag Purchaser. Provided that, any Investor who shall not receive the Exit Drag Minimum IRR as mentioned above, shall be entitled (as a right but not an obligation) to not Transfer its Securities to the Exit Drag Purchaser and no Party shall be able to drag or cause such Investor to Transfer its Securities to such Exit Drag Purchaser under any circumstances. It also is clarified for the avoidance of doubt that the Exit Drag Minimum IRR shall not mandatorily be applicable in respect of the Exit Drag Securities that will be Transferred by the Promoter and/or any other Shareholder (excluding the Investors) pursuant to the Exit Drag Along Right.
- (c) Within a period of 365 days from delivery of the Exit Drag Along Notice, the Exit Drag Exercising Investors shall be entitled to complete the sale of the Exit Drag Securities. The Exit Drag Securities shall be transferred to the Exit Drag Purchaser at the same price and on the same terms and conditions at which the Securities of the Company held by the Exit Drag Exercising Investors are being transferred to Exit Drag Purchaser (i.e. the Exit Drag Offer Price) provided that the Exit Drag Exercising Investors are not receiving any other consideration (direct or indirect, whether in cash or in kind and by whatever name called) for the Transfer of their Securities. It is hereby clarified, if an Investor Transfers its Securities under this Article 151 and the consideration includes non-cash consideration, such Investor shall be entitled to receive cash equivalent of such non-cash consideration.
- (d) On and from the delivery of the Exit Drag Along Notice until the completion of the sale of the Exit Drag Securities to the Exit Drag Purchaser in accordance with this Article 151; the Exit Drag Exercising Investors shall have the joint right to appoint (i) a majority of Directors on the Board of the Company; and (ii) a majority of the directors on the board of directors of BFL.
- (e) The provisions of Articles 137 to 145 shall not apply to any Transfer of the Exit Drag Securities which is consummated within a period of 120 days from delivery of the Exit Drag Along Notice. At any time during such period, the Company shall, within 15 Business Days of a joint written request by Exit Drag Exercising Investors, provide information and appropriate documentation relating to the Company, the other Investee Entities and the Business and access to its senior and appropriate personnel as may be reasonably requested by the Exit Drag Exercising Investors in connection with a Transfer of Securities under this Article 151 to the Exit Drag Purchaser who has made a written commitment (whether or not binding) to purchase Securities and is bound by confidentiality obligations commensurate with those set out in Clause 20 of the Shareholders' Agreement.
- (f) For the avoidance of doubt, it is clarified that the Exit Drag Along Right shall extend to the sale of 100% of the Share Capital of the Company subject to (i) FMO's right under Article 151(a) above that if the Exit Drag Purchaser is not a Qualified Purchaser as determined by FMO, FMO may elect not to Transfer its Securities to such Exit Drag Purchaser and no Party shall be able to drag or cause FMO to Transfer its Securities to such Exit Drag Purchaser under any circumstances; and (ii) the right of an Investor under Article 151(b) above i.e. if such Investor shall not receive the Exit Drag Minimum IRR, such Investor shall be entitled (as a right but not an obligation) to not Transfer its Securities to the Exit Drag Purchaser and no Party shall be able to drag or cause such Investor to Transfer its Securities to such Exit Drag Purchaser under any circumstances.

- (g) In the event the Exit Drag Purchaser, together with its Affiliates, acquires at least 6% of the Share Capital of the Company in a Transfer under this Article 151, such Exit Drag Purchaser shall be designated as a Major Investor under these Articles and shall have all rights and be subject to all obligations under these Articles in the capacity of a Major Investor until such Exit Drag Purchaser and its Affiliates collectively hold at least 6% of the Share Capital of the Company.
- (h) For the purposes of all actions undertaken in connection with the Exit Drag Along Right (including issuing joint written instructions to the Company and its Shareholders, BFL and its shareholders, and the Promoter), the Exit Drag Exercising Investors will act on the basis of decisions arrived at by a three-fourth majority of the Exit Drag Exercising Investors (which majority shall be determined on the basis of their shareholding in the Share Capital of the Company).

EVENT OF DEFAULT

152. Occurrence of a Category 1 EoD

- (a) Within 30 days of becoming aware of the occurrence of a Category 1 EoD, each Major Investor (being a **Put Exit Investor**) shall have the right but not the obligation, to issue a written notice (being a **Put Option Notice**) to the Promoter, the Company and other Investors requiring (i) the Company to appoint a merchant banker (as identified by the Put Exit Investor from the list of merchant bankers set out in Schedule 3) at the Company's cost for determination of the Put Option Consideration in accordance with Schedule 5; and (ii) the Promoter to purchase all (but not less than all) of the Securities held by it (**Put Option**) for the Put Option Consideration. Upon receipt of a Put Option Notice from a Major Investor, each Investor not being a Major Investor shall also have a right to exercise the Put Option by delivering a Put Option Notice to the Promoter, the Company and other Investors. Each such Investor (not being a Major Investor) exercising the Put Option shall accordingly be construed as a Put Exit Investor for the purposes of this Article 152 (*Occurrence of a Category 1 EoD*).
- (b) Within 30 days of receipt of the Put Option Notice, the Company shall appoint the merchant banker specified in the Put Option Notice for determination of the Put Option Consideration. Where more than one Major Investor has exercised its Put Option, a single merchant banker, identified jointly by the relevant Major Investors and notified in writing to the Company, shall be appointed by the Company, provided that, where the relevant Major Investors have not delivered such notice within 15 days of delivery of the last Put Option Notice, a single merchant banker shall be identified by a draw of lots from the merchant bankers identified in the Put Option Notices. The appointment of the merchant banker shall be completed within 30 days of receipt of the last Put Option Notice. It is clarified that the Put Option will be exercisable individually by each of the Major Investors and the exercise of the Put Option by a Major Investor shall not be contingent on exercise of the Put Option by the other Major Investors.
- (c) The Promoter shall be obligated to purchase, and the Put Exit Investor shall be obligated to sell, all the Securities held by the Put Exit Investor for the Put Option Consideration. Such Transfer shall be completed on a date mutually agreed between the Promoter and the Put Exit Investor but will be no later than 45 days from the date of receipt of the notice from the merchant banker specifying (i) the Fair Value and setting out the underlying computation thereof; and (ii) the Put Option Consideration computed on the basis of such Fair Value; in accordance with Schedule 5, provided that, if there is a regulatory approval required under Applicable Law for such Transfer, then the above period will be extended appropriately.
- (d) The provisions of Articles 137 to 145 shall not apply to:
 - (i) any Transfer of Securities under this Article 152 pursuant to exercise of the Put Option; and
 - (ii) any Transfer of Securities by an Investor to any Person which is consummated within a period of 180 days from such Investor becoming aware of the occurrence of a

Category 1 EoD (**Category 1 EoD Sale Period**). At any time during the Category 1 EoD Sale Period, the Company shall, within 15 Business Days of a written request by an Investor, provide information and appropriate documentation relating to the Company, the other Investee Entities and the Business and access to its senior and appropriate personnel as may be reasonably requested by the Investor in connection with a Transfer of Securities under this 152(d)(ii) to a *bona fide* purchaser who has made a written commitment (whether or not binding) to purchase Securities and is bound by confidentiality obligations commensurate with those set out in Clause 20 of the Shareholders' Agreement.

- (e) Upon receipt of a Put Option Notice from a Major Investor (and in case of more than one Put Option Notice received from the Major Investors, upon the receipt of the first such Put Option Notice), it is acknowledged and agreed by the Promoter that (i) all his voting and economic rights in relation to the Securities held by him (whether directly or indirectly) in the Company and the Investee entities shall automatically stand suspended and subject to Applicable Law shall be redistributed on a pro-rata basis between the Investors; (ii) no compensation of any nature will be paid by the Company or any Investee Entities to the Promoter; (iii) all vesting of ESOPs and other benefits to the Promoter by the Company or the Investee Entities as per his employment agreement shall also be suspended; till the Securities specified in the Put Option Notice have been acquired by the Promoter from the Put Exit Investor(s).
- (f) Notwithstanding the service of a Put Option Notice, each Shareholder shall do all things in its power to continue to operate the Company in the Ordinary Course of Business as it existed at the time at which the Put Option Notice was served (including, if appropriate, during the period of valuation or any period during which any matter relating to this Article 152 is the subject of proceedings).
- (g) Following service of a Put Option Notice until completion of the Transfer of the Securities held by the Put Exit Investor pursuant to this Article 152, the Company shall not make any significant changes to its debt obligations or incur any liabilities or obligations other than in the Ordinary Course of Business, in accordance with past commercial practice.

153. Occurrence of a Category 2 EoD

- (a) Upon the occurrence a Category 2 EoD, the Promoter shall have a period of 60 days from such occurrence to remedy such Category 2 EoD to the satisfaction of the Major Investors' Supermajority and notify the Major Investors of such remedial actions together with such information as may be required to evidence such remedy. Upon such remedy, the Category 2 EoD shall cease to exist. In the event that the Major Investors' Supermajority are collectively not satisfied with the manner in which a Category 2 EoD has been remedied, it shall notify the Promoter in writing of such dissatisfaction together with reasons for such dissatisfaction.
- (b) Within a period of 60 days from the expiry of the period specified in Article 153(a) above, where a Category 2 EoD is not remedied in accordance with Article 153(a) above, each Major Investor shall have the right, exercisable by delivering a written notice to the Company, BFL and their respective shareholders (such notice being the **EoD Drag Along Notice** and the Major Investor delivering the EoD Drag Option Notice being the **EoD Drag Exercising Investor**), stating its intention to require a sale of all or part of: (i) the Securities held by the Promoter and BSHL; and/ or (ii) the securities held by the Promoter and BSHL in BFL (such Securities/ securities being the **EoD Drag Securities**) in the manner set out in this Article 153 along with all (but not less than all) of the Securities of the Company and securities of BFL held by the EoD Drag Exercising Investors and any Tag Sale Securities offered for sale by the Tag Exercising Parties under this Article 153 in a *bona fide* sale transaction (**EoD Drag Along Right**). The EoD Drag Along Notice shall also specify (i) the identity of the Person to whom such Securities/ securities are intended to be sold pursuant to exercise of the EoD Drag Along Right (**EoD Drag Purchaser**); and (ii) the price per Security/ security offered by the EoD Drag Purchaser (**EoD Drag Offer Price**). The EoD Drag Purchaser shall be a *bona fide* Third-Party purchaser and shall not be an Affiliate or Related Party or nominee of any Investor.

- (c) Where two or more Major Investors exercise their respective EoD Drag Along Rights by delivery of a EoD Drag Along Notice under Article 153(b) above, the provisions of Articles 153(d) to 153(h) shall apply in relation to the EoD Drag Along Right offering the highest EoD Drag Offer Price.
- (d) Within a period of 120 days from delivery of the EoD Drag Along Notice, the EoD Drag Exercising Investors shall be entitled, by jointly delivering a notice in writing to the Company, BFL and their respective shareholders, to proceed with the EoD Drag Along Right by sale of such number of EoD Drag Securities as may be specified in writing by the EoD Drag Exercising Investors to the EoD Drag Purchaser along with all (but not less than all) of the Securities of the Company and securities of BFL held by the EoD Drag Exercising Investors in a *bona fide* transaction. The EoD Drag Securities shall be transferred to the EoD Drag Purchaser at the same price and on the same terms and conditions at which the Securities of the Company and securities of BFL held by the EoD Drag Exercising Investors are being transferred to the EoD Drag Purchaser (i.e. the EoD Drag Offer Price) provided that the EoD Drag Exercising Investors are not receiving any other consideration (direct or indirect, whether in cash or in kind and by whatever name called) for the Transfer of their Securities or their securities in BFL. It is hereby clarified, if an Investor Transfers its Securities under this Article 153 and the consideration includes non-cash consideration, such Investor shall be entitled to receive cash equivalent of such non-cash consideration.
- (e) The provisions of Article 144 (*Tag Along Rights*) shall *mutatis mutandis* apply to any Transfer of Securities by the Promoter and BSHL under this Article 153. The EoD Drag Exercising Investors shall ensure that the EoD Drag Purchaser purchases any Tag Sale Securities offered by the Tag Exercising Parties simultaneously with, and at the same price and on the same terms and conditions as that of, the purchase of the EoD Drag Securities and the Securities of the Company/ securities of BFL held by the EoD Drag Exercising Investors.
- (f) On and from the delivery of the EoD Drag Along Notice until the earlier of (i) the expiry of period of delivery of a EoD Drag Along Notice; or (ii) the completion of the sale of Securities of the Company/ securities of BFL to the EoD Drag Purchaser in accordance with this Article 153; the EoD Drag Exercising Investors shall have the joint right to appoint (A) a majority of Directors on the Board of the Company; and (B) a majority of the directors on the board of directors of BFL.
- (g) Save as specified in this Article 153, the provisions of Articles 137 to 145 shall not apply to:
 - (i) any Transfer of Securities under this Article 153, pursuant to exercise of the EoD Drag Along Right; and
 - (ii) any Transfer of Securities by the Investors which is consummated within a period of 180 days from the occurrence of a Category 2 EoD (**Category 2 EoD Sale Period**). At any time during the Category 2 EoD Sale Period, the Company shall, within 15 Business Days of a written request by an Investor, provide information and appropriate documentation relating to the Company, the other Investee Entities and the Business and access to its senior and appropriate personnel as may be reasonably requested by the Investor in connection with a Transfer of Securities under this Article 153(g)(ii) to a *bona fide* purchaser who has made a written commitment (whether or not binding) to purchase Securities and is bound by confidentiality obligations commensurate with those set out in Clause 20 of the Shareholders' Agreement.
- (h) Any Person who, together with its Affiliates, acquires at least 6% of the Share Capital of the Company in a Transfer under Article 153(g)(ii) above shall be designated as a Major Investor under these Articles and shall have all rights and be subject to all obligations under these Articles in the capacity of a Major Investor until such transferee and its Affiliates collectively hold at least 6% of the Share Capital of the Company.

DEED OF ADHERENCE AND TRANSFER OF CERTAIN RIGHTS

154. **Deed of Adherence**

- (a) *Issuance of Securities*
No issue of Securities or any instrument which is optionally or compulsorily convertible into Securities will be made to any Investor or BFL in the Second Financing Round or Person in subsequent financing rounds unless such Investor, BFL or Person (*as the case may be*) is a Party to the Shareholders' Agreement or enters into a Deed of Adherence pursuant to which it shall be bound by the terms of the Shareholders' Agreement and the Constitutional Documents.
- (b) *Transfer of Securities*
The Company shall not register a Transfer of any Security and no Party shall Transfer any Security unless the transferee, if not already a Party to the Shareholders' Agreement, first enters into a Deed of Adherence agreeing to be bound by the provisions of the Shareholders' Agreement and the Constitutional Documents in the manner set out in this Article 154.
- (c) Subject to the provisions of Article 155 below, where a Shareholder has executed a Deed of Adherence in accordance with the provisions of these Articles, it/ he shall become a party to these Articles and be entitled to the benefit of the continuing provisions of, and shall assume the obligations contained in these Articles relating to holders of Securities.

155. **Transfer of Certain Rights**

- (a) *Transfer of Securities by the Promoter*
 - (i) In connection with any Transfer of Securities undertaken by the Promoter, pursuant to the provisions of Article 138, the proposed transferee shall be designated as a Promoter under these Articles and shall have all rights and be subject to all obligations under these Articles in the capacity of a Promoter, provided that Bhupinder Singh will continue to be designated as Promoter under these Articles notwithstanding such Transfers.
 - (ii) In connection with any Transfer of Securities undertaken by the Promoter in accordance with these Articles other than as specified in Article 155(a)(i) above:
 - (A) the proposed transferee shall be designated as an Investor under these Articles and shall have all rights and be subject to all obligations under these Articles in the capacity of an Investor; and
 - (B) where the proposed transferee, together with its Affiliates, acquires at least 6% of the Share Capital of the Company, on an Effective Interest Basis (including by purchase of securities held by the Promoter in BFL), the proposed transferee shall be designated as a Major Investor under these Articles and shall have all rights and be subject to all obligations under these Articles in the capacity of a Major Investor until such transferee and its Affiliates collectively hold at least 6% of the Share Capital of the Company computed on an Effective Interest Basis. The provisions of this Article 155(a)(ii)(B) shall apply once and accordingly, only 1 proposed transferee to whom the Promoter Transfers any Securities may be designated as a Major Investor under this Article 155(a)(ii)(B).
- (b) *Transfer of Securities by Investors*
Subject to the provisions of Article 155(c) below, in connection with any Transfer of Securities undertaken by an Investor, including a Major Investor, in accordance with these Articles, the proposed transferee shall be designated as an Investor under these Articles and shall have all rights and be subject to all obligations under these Articles in the capacity of an Investor.
- (c) *Transfer of Major Investor Rights*
 - (i) Subject to the provisions of Article 155(c)(ii) below, in connection with any Transfer of Securities undertaken by a Major Investor, in accordance with these Articles:

- (A) where the Securities being transferred by such Major Investor to a proposed transferee represent at least 6% of the Share Capital of the Company on a Fully Diluted Basis, the transferring Major Investor may, at its discretion, also transfer all or part of its rights as a Major Investor under these Articles to such transferee and such transferee shall be entitled to exercise such rights as a Major Investor until such transferee and its Affiliates collectively hold at least 6% of the Share Capital of the Company on a Fully Diluted Basis;
 - (B) where the Mandatory IPO has not been completed within 18 months of it being initiated, the transferring Major Investor may, at its discretion, also transfer all or part of its rights as a Major Investor under these Articles to such transferee irrespective of the stake being acquired by the transferee in the Share Capital and such transferee shall be entitled to exercise such rights as a Major Investor as a transferred to it; or
 - (C) where the criteria set out in sub-Articles 155(c)(i)(A) and 155(c)(i)(B) above are not met, the transferring Major Investor may, at its discretion, also transfer all or part of its rights as a Major Investor under these Articles to a transferee, subject to the Promoter having consented in writing to such transfer of rights and such conditions as the Promoter may specify.
- (ii) It is clarified that any transfer of rights available to Major Investors in accordance with this Article 155(c) shall not result in a duplication of such rights. Accordingly, each right available to the transferring Major Investor shall, post such transfer, be exercisable either by a Major Investor or by the transferee, as may be mutually agreed between them in accordance with Article 155(c)(iii) below.
 - (iii) Any transfer of rights as a Major Investor in accordance with this Article 155(c) shall be effective upon the transferring Major Investor and the proposed transferee agreeing in writing on the rights to be transferred to the proposed transferee and delivering a copy of such written agreement to the Company and the Promoter.
- (d) It is hereby clarified that any Person who purchases Securities in accordance with the provisions of these Articles and fulfils the criteria specified in this Article 155 for being designated as a Major Investor shall be designated as a Major Investor hereunder and shall have all rights and be subject to all obligations under these Articles in the capacity of a Major Investor.

Promoter Non-Compete

- 156. The Promoter covenants and agrees that he shall not, and shall procure that none of his Affiliates (other than the Investee Entities) will, engage in any Restricted Activities, from the Effective Date until the completion of 2 (two) years from the Promoter ceasing to hold any Securities in the Company or any securities in BFL (**Restricted Period**), and that he shall conduct the Business in India only through the Investee Entities and direct all commercial opportunities received by him relating to the Business exclusively to the Investee Entities, on terms not less favourable than those offered to him.
- 157. The Promoter covenants and agrees that the Promoter and/or Affiliates of the Promoter (except the Investee Entities) shall not, directly or indirectly, or beneficially, in any capacity whatsoever, invest in, or participate in, or be financially engaged in, concerned with, or interested in any undertaking or in the management of any Person engaged in or having an interest in the Business during the Restricted Period.
- 158. The undertakings in Articles 156 to 159 are given by the Promoter to the Investors, and to the Company and apply to actions carried out by the Promoter (or any of his Affiliates other than the Investee Entities) in any capacity and whether directly or indirectly, on the Promoter's (or such Affiliate's) own behalf, on behalf of any other Person or jointly with any other Person.
- 159. Each of the covenants in Articles 156 to 159 is considered fair and reasonable by the Promoter and BSHL (in consideration of the subscription to Securities by the Investors pursuant to the Transaction Documents (as relevant)), but if any such restriction is found to be unenforceable but would be valid if any part of it

were deleted or the period or area of application reduced, the restriction shall apply with such modifications as may be necessary to make it valid and effective.

FALL AWAY OF MAJOR INVESTOR RIGHTS

160. An Investor shall cease:
- (a) to have the right to appoint an Investor Director on the Board (if available to it) and the right to appoint an Observer if (a) such Investor ceases to be a Major Investor; or (b) if required by Applicable Law, upon listing of the Securities of the Company on a stock exchange; and
 - (b) to have all other rights with respect to a Major Investor, including on the Reserved Matters: (a) if such Investor ceases to be a Major Investor; or (b) if required by Applicable Law, upon listing of the Securities of the Company on a stock exchange.

DISPUTE RESOLUTION

161. **Arbitration Procedure**

In the event of any dispute, controversy or difference between the Parties arising out of or relating to these Articles or any other Transaction Documents (including a dispute relating to the validity or existence of these Articles or any other Transaction Documents and any non-contractual obligations arising out of or in connection with these Articles or any other Transaction Documents) (a **Dispute**), any Party to the Dispute shall be entitled to refer the Dispute to binding arbitration in accordance with the UNCITRAL Arbitration Rules in force (**Rules**) (with notice to the other Party/ Parties) to be finally resolved in the manner set out in these Articles and the rights and obligations of the Parties shall remain in full force and effect pending the award in such arbitration proceeding.

162. **Appointment of Arbitrators**

- (a) The arbitral tribunal shall consist of three arbitrators, appointed as follows:
 - (i) The claimant(s) shall appoint an arbitrator in the request for arbitration and the respondent(s) shall appoint an arbitrator in the answer. The two arbitrators so appointed shall, within 30 (thirty) days of delivery of the answer, appoint a third arbitrator who shall act as the presiding arbitrator of the tribunal.
 - (ii) If any arbitrators are not selected within this time period, such arbitrator shall be appointed at the request of any party by the appointing authority in accordance with the Rules.
- (b) Any challenge of an arbitrator for lack of impartiality or other ground shall be decided by the appointing authority in accordance with the Rules.

163. **Venue, Language and Rules of Arbitration**

The arbitration shall be administered by the International Chamber of Commerce in accordance with the practice note on UNCITRAL cases. The juridical seat and venue of arbitration shall be London. The language of the arbitration shall be English. The arbitration shall be conducted in accordance with the Rules, which Rules are deemed to be incorporated by reference in these Articles. Notwithstanding anything to the contrary contained in these Articles, other than the provisions of sections 9, 27 and 37, the provisions of Part I of the Arbitration and Conciliation Act, 1996 shall not apply to the arbitration conducted in accordance with these Articles.

164. **Award; Apportionment of Costs**

The arbitration award of the arbitrators shall be final and binding on the Parties and shall be enforceable in accordance with its terms. The arbitrators shall state reasons for their findings in writing. The Parties waive any right of application or appeal to any court, insofar as such waiver is permitted by Applicable Law. The Parties agree to be bound thereby and to act accordingly. The costs of arbitration and the manner of bearing such costs shall be determined by the arbitrators.

165. **Waiver of Rights**

Each Party agrees that no Party shall have any right to commence or maintain any suit or legal proceedings until the Dispute has been determined in accordance with the arbitration procedure provided herein and then only for enforcement of the award rendered in the arbitration.

166. **Specific Performance**

The Parties agree that damages may not be an adequate remedy and the Parties shall be entitled to an injunction, restraining order, right for recovery, specific performance or such other equitable relief to restrain the other Party from committing any violation or enforce the performance of the covenants, warranties or obligations contained in these Articles.

INDEMNITY

167. The Company shall, defend, indemnify and hold harmless BFL and the Investors and their Affiliates, officers, directors, employees, agents and authorised representatives in the manner as specified in the Shareholders' Agreement.

168. Notwithstanding any contained in the foregoing, the Company shall also defend, indemnify and hold harmless the Second Round Investors in accordance with the provisions of the Second Round SSA.

NOTICES

169. Unless otherwise stated, all notices, approvals, instructions, demand and other communication given or made under these Articles shall be in writing and may be given by email or by personal delivery or by sending the same by pre-paid registered mail or courier addressed to the relevant Party at its address or email set out in Clause 23 of the Shareholders' Agreement.

GOVERNING LAW

170. These Articles and any non-contractual obligations arising out of or connecting to it shall be governing by the laws of the Republic of India. Subject to the provisions of Articles 161 to 166, courts at New Delhi shall have jurisdiction over matters arising out of the Shareholders' Agreement and these Articles.

MISCELLANEOUS

171. **Confidential Information and FMO Disclosures/Complaint Mechanism**

The provisions of Clause 20.2, Clause 20.3 and Clause 20.4 of the Shareholders' Agreement shall *mutatis mutandis* apply to these Articles.

172. **Right to invest**

The Company acknowledges that each Investor and its Affiliates are entitled to hold an investment in any Person that competes with the Company (including the Competitors) subject to such investments being financial investments and the Investor and/ or its Affiliates not exercising Control over such Person.

173. **Severability**

Each of the provisions of these Articles is severable. The validity, legality and enforceability of the remaining provisions of these Articles shall not in any way be affected or impaired if any provision of these Articles is rendered void, illegal or unenforceable in any respect under any Applicable Law. If any invalid, unenforceable or illegal provision would be valid, enforceable or legal if some part of it were deleted or modified, the provision shall apply with modification as necessary to give effect to the commercial intention of the Parties.

174. **Assurances**

(a) Each of the Parties shall co-operate with the others and execute and deliver to the others such instruments and documents and take such other actions and execute and deliver such other instruments and documents as may be reasonably requested or required from time to time in

order to carry out, give effect to and confirm their rights and the intended purpose of these Articles and to cause the fulfilment at the earliest practicable date of all of the conditions to their respective obligations to consummate the transactions contemplated by these Articles, provided that no such document or agreement shall be inconsistent with the spirit and intent of these Articles.

- (b) Each Shareholder agrees that, except as expressly permitted in or required by these Articles, it shall not:
 - (i) grant any proxy, or enter into or agree to be bound by any voting trust, with respect to any Securities;
 - (ii) enter into any shareholder agreements or arrangements of any kind with any Person with respect to any Securities; or
 - (iii) take any other action, which in any such case is inconsistent with the provisions of these Articles (whether or not such agreements or arrangements are with Persons who are Parties to the Shareholders' Agreement), including, but not limited to, agreements or arrangements with respect to the acquisition, disposition or voting of Securities, in any manner which is inconsistent with the provisions of these Articles and the Shareholders' Agreement.

175. Waivers etc.

- (a) No Party shall be deemed to have waived any right under these Articles, unless such Party shall have delivered to the other Parties a written waiver. Unless specified otherwise, any such waiver shall be limited to the specific rights waived.
- (b) No forbearance, indulgence or relaxation of a Party at any time to require performance of any provision of these Articles shall in any way affect, diminish or prejudice its right to require performance of the same provision and any waiver or acquiescence by such Party of any breach of any provision of these Articles shall not be construed as a waiver or acquiescence of any continuing or succeeding breach of such provisions, a waiver of any continuing or succeeding breach of such provisions, a waiver of any right under or arising out of these Articles or acquiescence to or recognition of rights and/or position other than as expressly stipulated in these Articles.

176. Rights of the Parties

- (a) The rights of each Party under these Articles and the Shareholders' Agreement are, except as otherwise expressly provided in these Articles and the Shareholders' Agreement, cumulative and not alternative to the rights and remedies provided by Applicable Law.
- (b) The Parties agree that these Articles and the Shareholders' Agreement has been entered into in good faith and each Party shall at all times act in good faith towards each other and shall comply with all its obligations under these Articles and shall refrain from any act which could damage any lawful rights and interests of the other Parties.

177. Assignment

Except as permitted under these Articles and the Shareholders' Agreement, no Party to these Articles and the Shareholders' Agreement shall assign any of his/ its rights or obligations to another Party or Person without the prior written consent of the other Parties hereto. The Promoter shall be entitled to assign any of his rights (including the right to subscribe to Securities of the Company) to a Promoter Relative or to entities that are wholly owned by the Promoter and/ or the Promoter Relatives provided that such Person enters into a Deed of Adherence pursuant to which such Person shall become Party to and be designated as a 'Promoter' under, the Shareholders' Agreement, the First Round SSA, the Second Round SSA and these Articles and shall have all rights and be subject to all obligations under

the Shareholders' Agreement, the First Round SSA, the Second Round SSA and these Articles in their capacity as a 'Promoter'.

178. **Independent Parties**

The Shareholders are independent contracting parties and nothing contained in these Articles shall be construed to be inconsistent with this relationship or status. Nothing in these Articles shall be deemed to constitute a partnership or association of persons between the Shareholders or constitute any Shareholder as the agent, employee or representative of any other.

Note: For complete Articles of Association, including schedules thereof, refer to the "Material Contract and Documents" on page 309 of the Prospectus.

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts which are or may be deemed material have been entered or are to be entered into by our Company. These contracts and also the documents for inspection referred to hereunder, may be inspected on Working Days at the Registered Office of our Company situated at Unit No. 1203, 12th Floor, B Wing, The Capital, Plot No. C - 70, G Block, Bandra Kurla Complex, Mumbai - 400 051, Maharashtra, India between 10 am to 5 pm on any Working Day from the date of the filing of this Prospectus with the Stock Exchanges.

MATERIAL CONTRACTS

1. Issue Agreement dated December 29, 2021 between our Company and the Lead Managers.
2. Registrar Agreement dated January 03, 2022 between our Company and the Registrar to the Issue.
3. Debenture Trustee Agreement dated December 27, 2021 between our Company and the Debenture Trustee.
4. Agreed form of Debenture Trust Deed to be executed between our Company and the Debenture Trustee.
5. Public Issue Account and the Sponsor Bank Agreement dated January 14, 2022, executed among our Company, the Lead Managers, the Public Issue Account Bank, Sponsor Bank and the Registrar to the Issue.
6. Consortium Agreement dated January 14, 2022 among our Company, the Lead Managers and the Lead Broker.
7. Tripartite Agreement dated September 06, 2018 between our Company, the Registrar to the Issue and CDSL.
8. Tripartite Agreement dated March 08, 2017 between our Company, the Registrar to the Issue and NSDL.

MATERIAL DOCUMENTS

1. Memorandum and Articles of Association of our Company, as amended to date.
2. Original Certificate of Incorporation dated January 08, 1991 issued by the Registrar of Companies, NCT Delhi & Haryana.
3. Revised Certificate of Incorporation dated August 30, 2018 on change of name from "Visu Leasing and Finance Private Limited" to "InCred Financial Services Private Limited".
4. Certificate dated November 01, 2018 on conversion of Company from private limited company to public limited company and effective change of name to "InCred Financial Services Limited".
5. The revised Certificate of Registration No. number B-13.02395 dated November 04, 2020 issued by RBI under Section 45-IA of the RBI Act.
6. Copy of Shareholders Resolution passed at the general meetings of the Company held on March 26, 2019 and August 24, 2021 approving the overall borrowing limits of the Board of Directors of our Company.
7. Copy of the Resolution passed by the Board of Directors of the Company at the meeting held on December 31, 2021 for approving the Issue Size.
8. Copy of the resolution passed by the Finance Committee at its meeting held on January 10, 2022 approving the Draft Prospectus.
9. Copy of the resolution passed by the Finance Committee at its meeting held on January 17, 2022 approving the Prospectus.
10. CRISIL Letter no. RL/VLEAFP/283077/NCD/1221/22540/101398026 dated December 13, 2021, for assigning the credit rating for issue of proposed NCDs.

11. CRISIL Letter no. RL/VLEAFP/283590/NCD/1221/23014/101398026/1 dated January 13, 2022 for revalidating the credit rating for issue of proposed NCDs.
12. Consents of the Directors, Chief Financial Officer, Company Secretary and Compliance Officer, Lead Managers, Legal Advisor to the Issue, Credit Rating Agency, Bankers to our Company, Registrar to the Issue and the Debenture Trustee for the NCDs, Public Issue Account Bank, Refund Bank and Sponsor Bank and the Lead Broker to include their names in this Prospectus, in their respective capacities.
13. Written consent dated January 17, 2022 from S.R. Batliboi & Associates LLP, Chartered Accountants, to include their name as required under section 26(1) of the Companies Act, 2013 read with the SEBI NCS Regulations, in this Prospectus, and as an “expert” as defined under section 2(38) of the Companies Act, 2013, to the extent and in their capacity as our Statutory Auditors, and in respect of their (i) examination reports, dated January 07, 2022 on our Reformatted Financial Information; and (ii) their reports on our unaudited interim standalone financial results prepared in accordance with Regulation 52 of SEBI LODR Regulations and such consent has not been withdrawn as on the date of this Prospectus. However, the term “expert” shall not be construed to mean an “expert” as defined under the U.S. Securities Act.
14. The Statement of Tax Benefits issued by Nahta Jain & Associates, Chartered Accountants dated January 03, 2022.
15. Annual Reports of our Company for the last three financial years ended March 31, 2021, 2020 and 2019.
16. Reformatted Financial Information of our Company for the year ending March 31, 2021, 2020 and 2019
17. The limited review report dated October 25, 2021 in relation to the six months period ended September 30, 2021 on the unaudited interim standalone financial results of our Company prepared in accordance with Regulation 52 of SEBI LODR Regulations.
18. Composite scheme of amalgamation and arrangement pursuant to which Bee Finance Limited will merge into KKR Capital Markets India Private Limited and the InCred Demerged Undertaking of our Company shall demerge into KKR India Financial Services Limited
19. In-principle listing approval from BSE by its letter no. DCS/BM/PI-BOND/023/21-22 dated January 17, 2022.
20. In-principle listing approval from NSE by its letter no. NSE/LIST/C/2021/0010 dated January 17, 2022.
21. Due Diligence Certificate dated January 08, 2022 from Debenture Trustee to the Issue.
22. Due Diligence Certificate dated January 17, 2022 filed by Sundae Capital Advisors Private Limited with SEBI.

Any of the contracts or documents mentioned in this Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the applicants, subject to compliance of the provisions contained in the provisions of the Companies Act, 2013 and other relevant statutes.

DECLARATION

We, the Directors of the Company, hereby certify and declare that all applicable legal requirements in connection with the Issue, including the Companies Act, 2013 (to the extent in force), and the rules made thereunder, the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, the Securities Contracts (Regulation) Act, 1956 and the rules and regulations made thereunder, the Securities and Exchange Board of India Act, 1992 and the rules and regulations made thereunder, each, as amended, and rules / regulations / guidelines / circulars issued by the Government of India, the Securities and Exchange Board of India and other competent authorities in this respect, from time to time, have been duly complied with and that no statement made in the Prospectus contravenes any such requirements.

We further certify that the Prospectus does not omit disclosure of any material information that may make the statements made herein, in the light of the circumstances in which they were made, misleading and that all statements in the Prospectus are true and correct in all material respects.

We further certify that:

- (a) the Issuer is in compliance with the provisions of Securities Contracts (Regulation) Act, 1956 (42 of 1956) and the Securities and Exchange Board of India Act, 1992, Companies Act and the rules and regulations made thereunder;
- (b) the compliance with the Act and the rules does not imply that payment of dividend or interest or repayment of debt securities, is guaranteed by the Central Government;
- (c) the monies received under the Issue shall be used only for the purposes and objects indicated in the Prospectus;
- (d) all disclosures and statements in the Prospectus and in the attachments thereto is true, correct and complete and no information material to the subject matter of the Prospectus has been suppressed or concealed and is as per the original records maintained by the Company.

Signed by the Board of Directors of the Company

Sd/-
Bhupinder Singh
Whole Time Director and CEO

Sd/-
Vivek Bansal
Whole Time Director and CFO

Sd/-
Vivek Anand PS
Non-executive, Non-Independent Director

Sd/-
Rupa Rajul Vora
Independent Director

Sd/-
Debashish Dutta Gupta
Independent Director

Sd/-
Karnam Sekar
Independent Director

Date: January 17, 2022
Place: Mumbai

ANNEXURE I - DAY COUNT CONVENTION AND INDICATIVE CASH FLOWS

ILLUSTRATION FOR GUIDANCE IN RESPECT OF THE DAY COUNT CONVENTION AND EFFECT OF HOLIDAYS ON PAYMENTS

Investors should note that the below examples are solely for illustrative purposes and is not specific to the Issue

	Series I	Series II	Series III
Face Value per NCD (in ₹)	1,000	1,000	1,000
Day and Date of Allotment (tentative)	February 18, 2022	February 18, 2022	February 18, 2022
Tenure	12 (twelve) months and 1 (one day)	24 months	24 months
Maturity / Redemption Date (Months from the Deemed Date of Allotment)	12 (twelve) months and 1 (one day)	24 (twenty four) months	50% of the face value of NCD will be redeemed on the date occurring on expiry of 12 (twelve) months from the Deemed Date of Allotment and remaining 50% will be redeemed on the date occurring on expiry of 24 (twenty four) months from the Deemed Date of Allotment
Coupon (%) p.a. for NCD Holders	NA	9.25% (nine decimal two five percent) per annum compounded monthly payable annually	9.13% (nine decimal one three percent) per annum compounded monthly payable annually
Effective Yield (%) p.a. for NCD Holders	9.25% (nine decimal two five percent)	9.65% (nine decimal six five percent)	9.52% (nine decimal five two percent)
Frequency of the coupon payment with specified dates starting from date of allotment	Cumulative	Annually	Annually
Day Count Convention	Actual / Actual	Actual / Actual	Actual / Actual

Series I

Cash Flows	Due Date	Date of payment	No. of days in coupon period	(Amount in ₹)
				Amount
Deemed date of allotment	Friday, February 18, 2022	Friday, February 18, 2022		(1,000.00)
Coupon / Interest payment	Sunday, February 19, 2023	Friday, February 17, 2023	366	92.75
Principal / Maturity Value	Sunday, February 19, 2023	Friday, February 17, 2023		1,000.00

Series II

Cash Flows	Due Date	Date of payment	No. of days in coupon period	(Amount in ₹)
				Amount
Deemed date of allotment	Friday, February 18, 2022	Friday, February 18, 2022		(1,000.00)
Coupon / Interest payment	Saturday, February 18, 2023	Monday, February 20, 2023	365	96.50
Coupon / Interest payment	Sunday, February 18, 2024	Friday, February 16, 2024	365	96.50
Principal / Maturity Value	Sunday, February 18, 2024	Friday, February 16, 2024		1,000.00

Series III

Cash Flows	Due Date	Date of payment	(Amount in ₹)	
			No. of days in coupon period	Amount
Deemed date of allotment	Friday, February 18, 2022	Friday, February 18, 2022		(1,000.00)
Coupon / Interest payment	Saturday, February 18, 2023	Monday, February 20, 2023	365	95.20
Principal / Maturity Value	Saturday, February 18, 2023	Friday, February 17, 2023		500.00
Coupon / Interest payment	Sunday, February 18, 2024	Friday, February 16, 2024	365	47.60
Principal / Maturity Value	Sunday, February 18, 2024	Friday, February 16, 2024		500.00

Notes:

1. Effect of public holidays has been ignored as these are difficult to ascertain for future period except January 26, April 1, May 1, August 15, October 2, day have been taken into consideration.
2. As per SEBI Operational Circular, in order to ensure uniformity for payment of interest / redemption on debt securities, the interest/redemption payment shall be made only on a Working Day. Therefore, if the interest payment date falls on a non-Working Day, the coupon payment shall be on the next Working Day. However, the future coupon payment dates would be as per the schedule originally stipulated. In other words, the subsequent coupon schedule would not be disturbed merely because the payment date in respect of one particular coupon payment has been postponed earlier because of it having fallen on a holiday. However, if the redemption date of the debt securities falls on non- Working Day, the redemption proceeds shall be paid on the previous Working Day.
3. Deemed Date of Allotment has been assumed to be February 18, 2022.
4. The last coupon payment will be paid along with maturity amount at the redemption date

CONFIDENTIAL

RL/ VLEAFP /283590/NCD/1221/23014/101398026/1

January 13, 2022

Mr. Ashish Singhal

Vice President

Incred Financial Services Limited

The Capital, Unit No. 1502A

15th Floor - B Wing,

Bandra Kurla Complex

Mumbai City - 400051

Dear Mr. Ashish Singhal,

Re: CRISIL Rating on the Rs.150 Crore Non Convertible Debentures[&] of Incred Financial Services Limited

All ratings assigned by CRISIL Ratings are kept under continuous surveillance and review.

Please refer to our rating letter dated December 23, 2021 bearing Ref. no:

RL/VLEAFP/283590/NCD/1221/23014/101398026

Please find in the table below the rating outstanding for your company.

S.No.	Instrument	Rated Amount (Rs. in Crore)	Rating Outstanding
1	Non Convertible Debentures	150	CRISIL A/Watch Positive

As per our Rating Agreement, CRISIL Ratings would disseminate the rating along with outlook through its publications and other media, and keep the rating along with outlook under surveillance for the life of the instrument. CRISIL Ratings reserves the right to withdraw, or revise the rating / outlook assigned to the captioned instrument at any time, on the basis of new information, or unavailability of information, or other circumstances which CRISIL Ratings believes may have an impact on the rating.

As per SEBI circular (reference number: CIR/IMD/DF/17/2013; dated October 22, 2013) on centralized database for corporate bonds/debentures, you are required to provide international securities identification number (ISIN; along with the reference number and the date of the rating letter) of all bond/debenture issuances made against this rating letter to us. The circular also requires you to share this information with us within 2 days after the allotment of the ISIN. We request you to mail us all the necessary and relevant information at debtissue@crisil.com. This will enable CRISIL Ratings to verify and confirm to the depositories, including NSDL and CDSL, the ISIN details of debt rated by us, as required by SEBI. Feel free to contact us at debtissue@crisil.com for any clarification you may need.

Should you require any clarification, please feel free to get in touch with us.

Yours sincerely,



Poonam Upadhyay

Associate Director - CRISIL Ratings



Nivedita Shibu

Associate Director - CRISIL Ratings



& Public issue

Disclaimer: A rating by CRISIL Ratings reflects CRISIL Ratings' current opinion on the likelihood of timely payment of the obligations under the rated instrument, and does not constitute an audit of the rated entity by CRISIL Ratings. Our ratings are based on information provided by the issuer or obtained by CRISIL Ratings from sources it considers reliable. CRISIL Ratings does not guarantee the completeness or accuracy of the information on which the rating is based. A rating by CRISIL Ratings is not a recommendation to buy / sell or hold the rated instrument; it does not comment on the market price or suitability for a particular investor. CRISIL Ratings has a practice of keeping all its ratings under surveillance and ratings are revised as and when circumstances so warrant. CRISIL Ratings is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of its ratings. CRISIL Ratings' criteria are available without charge to the public on the web site, www.crisilratings.com. CRISIL Ratings or its associates may have other commercial transactions with the company/entity. For the latest rating information on any instrument of any company rated by CRISIL Ratings, please contact Customer Service Helpline at CRISILratingsdesk@crisil.com or at 1800-267-1301

CRISIL Ratings Limited
(A subsidiary of CRISIL Limited)
Corporate Identity Number: U67100MH2019PLC326247

RL/VLEAFP/283077/NCD/1221/22540/101398026

December 13, 2021

Mr. Ashish Singhal

Vice President - Treasury

Incred Financial Services Limited

The Capital, Unit No. 1502A

15th Floor - B Wing,

Bandra Kurla Complex

Mumbai City - 400051

Dear Mr. Ashish Singhal,

Re: CRISIL Rating on the Rs. 150 Crore Non Convertible Debentures[&] of Incred Financial Services Limited

We refer to your request for a rating for the captioned Debt instrument.

CRISIL Ratings has, after due consideration, assigned a CRISIL A (pronounced as CRISIL A) rating to the captioned Debt instrument. and placed the rating under "Rating Watch with Positive Implications". Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk. The Rating Watch reflects an emerging situation, which may affect the credit profile of the rated entity.

As per our Rating Agreement, CRISIL Ratings would disseminate the rating along with outlook through its publications and other media, and keep the rating along with outlook under surveillance for the life of the instrument. CRISIL Ratings reserves the right to withdraw, or revise the rating / outlook assigned to the captioned instrument at any time, on the basis of new information, or unavailability of information, or other circumstances which CRISIL Ratings believes may have an impact on the rating.

As per SEBI circular (reference number: CIR/IMD/DF/17/2013; dated October 22, 2013) on centralized database for corporate bonds/debentures, you are required to provide international securities identification number (ISIN; along with the reference number and the date of the rating letter) of all bond/debenture issuances made against this rating letter to us. The circular also requires you to share this information with us within 2 days after the allotment of the ISIN. We request you to mail us all the necessary and relevant information at debtissue@crisil.com. This will enable CRISIL Ratings to verify and confirm to the depositories, including NSDL and CDSL, the ISIN details of debt rated by us, as required by SEBI. Feel free to contact us at debtissue@crisil.com for any clarification you may need.

Should you require any clarification, please feel free to get in touch with us.

With warm regards,

Yours sincerely,



Poonam Upadhyay

Associate Director - CRISIL Ratings



Nivedita Shibu

Associate Director - CRISIL Ratings



& *Public issue*

Disclaimer: A rating by CRISIL Ratings reflects CRISIL Ratings' current opinion on the likelihood of timely payment of the obligations under the rated instrument, and does not constitute an audit of the rated entity by CRISIL Ratings. Our ratings are based on information provided by the issuer or obtained by CRISIL Ratings from sources it considers reliable. CRISIL Ratings does not guarantee the completeness or accuracy of the information on which the rating is based. A rating by CRISIL Ratings is not a recommendation to buy / sell or hold the rated instrument; it does not comment on the market price or suitability for a particular investor. CRISIL Ratings has a practice of keeping all its ratings under surveillance and ratings are revised as and when circumstances so warrant. CRISIL Ratings is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of its ratings. CRISIL Ratings' criteria are available without charge to the public on the web site, www.crisil.com. CRISIL Ratings or its associates may have other commercial transactions with the company/entity. For the latest rating information on any instrument of any company rated by CRISIL Ratings, please contact Customer Service Helpdesk at CRISILratingdesk@crisil.com or at 1800-267-1301.

CRISIL Ratings Limited

(A subsidiary of CRISIL Limited)

Corporate Identity Number: U67100MH2019PLC326247

	<i>1st tranche</i>		<i>2nd tranche</i>		<i>3rd tranche</i>	
<i>Instrument Series:</i>						
<i>Amount Placed:</i>						
<i>Maturity Period:</i>						
<i>Put or Call Options (if any):</i>						
<i>Coupon Rate:</i>						
<i>Interest Payment Dates:</i>						
<i>Principal Repayment Details:</i>	Date	Amount	Date	Amount	Date	Amount
<i>Investors:</i>						
<i>Trustees:</i>						

In case there is an offer document for the captioned Debt issue, please send us a copy of it.

Disclaimer: A rating by CRISIL Ratings reflects CRISIL Ratings' current opinion on the likelihood of timely payment of the obligations under the rated instrument, and does not constitute an audit of the rated entity by CRISIL Ratings. Our ratings are based on information provided by the issuer or obtained by CRISIL Ratings from sources it considers reliable. CRISIL Ratings does not guarantee the completeness or accuracy of the information on which the rating is based. A rating by CRISIL Ratings is not a recommendation to buy / sell or hold the rated instrument; it does not comment on the market price or suitability for a particular investor. CRISIL Ratings has a practice of keeping all its ratings under surveillance and ratings are revised as and when circumstances so warrant. CRISIL Ratings is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of its ratings. CRISIL Ratings' criteria are available without charge to the public on the web site, www.crisil.com. CRISIL Ratings or its associates may have other commercial transactions with the company/entity. For the latest rating information on any instrument of any company rated by CRISIL Ratings, please contact Customer Service Helpdesk at CRISILratingdesk@crisil.com or at 1800-267-1301.

Ratings

CRISIL Ratings Limited (A subsidiary of CRISIL Limited)

CRISIL

An S&P Global Company

Rating Rationale

December 13, 2021 | Mumbai

Incred Financial Services Limited

'CRISIL A' assigned to Non Convertible Debentures; Placed on 'Watch Positive'; Ratings continues on 'Watch Positive'; Rated amount enhanced for Commercial Paper

Rating Action

Total Bank Loan Facilities Rated	Rs.2250 Crore
Long Term Rating	CRISIL A/Watch Positive (Continues on 'Rating Watch with Positive Implications')
Rs.150 Crore Non Convertible Debentures^{&}	CRISIL A/Watch Positive (Assigned; Placed on 'Rating Watch with Positive Implications')
Rs.200 Crore Long Term Principal Protected Market Linked Debentures	CRISIL PPMLD A r /Watch Positive (Continues on 'Rating Watch with Positive Implications')
Rs.200 Crore Long Term Principal Protected Market Linked Debentures	CRISIL PPMLD A r /Watch Positive (Continues on 'Rating Watch with Positive Implications')
Rs.825 Crore Non Convertible Debentures	CRISIL A/Watch Positive (Continues on 'Rating Watch with Positive Implications')
Rs.150 Crore (Enhanced from Rs.100 Crore) Commercial Paper	CRISIL A1/Watch Positive (Continues on 'Rating Watch with Positive Implications')

[&] Public issue

1 crore = 10 million

Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL Ratings has assigned its '**CRISIL A**' rating to Rs 150 crore non-convertible debentures (Public Issue) of Incred Financial Services Limited (Incred) and placed it on '**Rating Watch with Positive Implications**'. Outstanding ratings of '**CRISIL A/CRISIL PPMLD Ar/CRISIL A1**' on existing long term bank loan facilities, non-convertible debenture, long term principal protected market linked debentures and commercial paper programme continue to be on '**Rating Watch with Positive Implications**'.

The ratings on debt instruments of Incred were placed on Watch Positive after the company's board approved the proposed corporate reorganization inter alia involving the demerger of the company's retail lending portfolio into KKR India Financial Services Limited (KIFSL). The proposed reorganization is expected to come into effect by the first half of calendar year 2022 and, is subject to receipt of necessary approvals under applicable law, including approvals from the creditors, debenture holders, National Company Law Tribunal (NCLT), other relevant governmental/regulatory authorities and third parties. CRISIL Ratings understands that Incred had filed the composite scheme of arrangement between itself, Bee Finance Limited, KKR Capital Markets India Private Limited, KIFSL and their respective shareholders with NCLT Mumbai on September 27, 2021. Further, a joint application had been made by Incred and KIFSL to RBI for prior approval of change in control and no objection on the NCLT application and, RBI's approval on the same has been received on December 8, 2021. The Company has received an NCLT order dated November 10, 2021 pursuant to which a meeting of the Equity shareholders, Preference shareholders and secured creditors is being called on December 15, 2021.

The resultant entity (post the reorganization subject to necessary approvals) is expected to use the brand name 'InCred Financial Services Ltd' and will be spearheaded by the current leadership team of InCred. The company's existing investors are expected to hold over 65% stake in the resultant entity and KKR Singapore – as a strategic investor in the resultant entity – will hold the single largest stake of ~35%.

The Watch with positive implications factors in the likely improvement in the merged entity's financial risk profile after the reorganization. The resultant entity is expected to benefit from the significant increase in net worth to upwards of Rs 2,000 crore on consummation of the reorganization. InCred's operating profitability and overall earnings profile are also expected to improve by the end of fiscal 2022. In addition, it is expected that there will be a steady improvement in Incred's asset quality metrics with a reduction in the level of stressed assets.

CRISIL Ratings believes that there are many steps and developments, which may potentially need to be considered and approved by regulators before the reorganization comes into effect. The rating watch will be resolved and final rating action will be taken once there is adequate progress on receipt of requisite approvals for the reorganization and, after taking into

consideration other developments pertaining to the amalgamation scheme and company's performance. Should the rating change, it is unlikely to be by more than a notch.

The outstanding ratings continue to reflect InCred's experienced leadership team, strong capitalisation with healthy gearing, backed by a high pedigree investor base and diversified loan portfolio. These strengths are partially offset by the moderate scale of operations and profitability, constrained by a one-time special provision/expense and moderate asset quality.

Having commenced operations in February 2017, Incred has built a diversified portfolio with assets under management (AUM) of Rs 2,634 crore as on March 31, 2021. The company provides a wide range of loan products that include personal loans, small and medium enterprise (SME) business loans, education loans, school financing loans and loans to financial institutions (FIs). As on October 31, 2021, the AUM stood at Rs 3,006 crore, which marks a 14% growth (un-annualized) from the AUM as on March 31, 2021 and, was primarily driven by traction in Q2 2022.

With gradual pick-up in business activity, monthly collection efficiency had revived in the second half of fiscal 2021 with the overall collection efficiency for the non – NPA portfolio improving to 100% in March 2021. However, in the aftermath of the pandemic's second wave, the rate of collections declined marginally in Q1 2021 and has started to improve thereafter. For October 2021, the collection efficiency for the non-NPA portfolio was 97%. Monthly disbursements also exhibited a similar trend. After dropping to Rs 29 crore in April 2020, a gradual ramp up in business alongside increasing economic activity resulted in disbursements of Rs 279 crore in December 2020 and Rs 419 crore in March 2021. Thereafter, a temporary slowdown was observed in April 2021 due to the pandemic's second wave followed by gradual revival over rest of the quarter. In the near to medium term, the company's ability to improve collections to pre-Covid levels on a steady-state basis remains a key monitorable.

Considering the gap between current and pre-Covid collection levels, there is a risk of increase in credit losses. Early bucket delinquencies (0-60 days) may remain elevated over the coming months. The company made provisions and write offs of Rs 88.6 crore (including Rs 42.4 crore of write offs) in fiscal 2021 and Rs 30.4 crore (including Rs 14.7 crore of write offs) in H1 2022. Asset quality has remained volatile amidst the on-going pandemic and lockdown, the 90+ days past due (dpd) stood at 3.7% as on October 31, 2021, compared with 3.4% as on March 31, 2021. Further, as part of the one-time restructuring scheme related to Covid-19 announced by the Reserve Bank of India (RBI), the company had a restructured portfolio of Rs 117.6 crore as on September 30, 2021. Over the medium term, InCred's ability to manage asset quality and maintain healthy collections amidst evolving Covid-19 scenario, remains a key monitorable.

Analytical Approach

For arriving at the rating, CRISIL Ratings has evaluated the standalone business, financial, and management risk profile of Incred.

Key Rating Drivers & Detailed Description

Strengths:

*** Strong capitalisation position supported by high pedigree of investor base**

Incred is well-capitalised, with network of Rs 1,071 crore with low gearing of 2.1 times as on September 30, 2021. This marks a significant improvement from Rs 595 crore of network as on March 31, 2019. The company commenced its operations with a network of around Rs 500 crore, mainly contributed by the founder's company – Bee Finance Ltd (Mauritius). In fiscal 2019, Incred raised optionally convertible debentures (OCDs) in fiscal 2017, and converted them to equity in fiscal 2019 (April 2018) to the tune of Rs 116 crore from Investcorp (IDFC Private Equity) and Paragon Partners. Furthermore, during April and May 2019, Incred raised compulsorily convertible preference shares (CCPS) of Rs 427 crore from institutional investors such as FMO (the Netherlands Development Finance Company), OAKS Asset Management (Formerly known as Alpha Capital), Moore Strategic Ventures, and Elevar Equity. CRISIL Ratings believes Incred's capital position is strong with regards to its scale and nature of operations, supported by its demonstrated ability to raise capital from existing as well as new investors. After the proposed reorganization comes into effect, further accretion to network is expected.

*** Experienced promoters and senior management team**

Incred was promoted in 2016, by Mr Bhupinder Singh, Managing Director and Chief Executive Officer. Having been associated with Deutsche Bank with his last stint as head of the Corporate Finance division and the co-head of the Fixed Income, Equities and Investment Banking divisions for the Asia Pacific region, Mr Singh has a rich professional experience of over two decades. Over its operating history, the company's senior management team has gained strength, and now comprises renowned professionals from various industry sections.

Mr Vivek Bansal, Incred's Chief Financial Officer (CFO), has experience of two decades, which include leadership stints in Fidelity Investments (London) and Standard Chartered (Mumbai). Prior to Incred, Mr Bansal served as deputy CFO of YES Bank and Group Head of Finance. Mr Rahul Bhargava, who is the Chief Product and Technology Officer, had been associated with companies such as Amazon, PayPal and Amex over the past two decades. He has been instrumental in laying the foundation of Incred's digital operating framework and interface. The business side is headed by Mr Saurabh Jhalaria who has over 18 years of work experience and was earlier Managing Director – Singapore operations at Deutsche Bank. Mr Prithvi Chandrasekhar (Chief Risk Officer), has held various positions across several companies, including Capital One and McKinsey over a professional stint of 25 years. This team of senior executives reports to a board comprising veterans from the financial services industry. These include independent directors, nominee directors from investor bodies and a few representatives from the senior management team of Incred Financial. Post reorganization, the existing management of Incred will continue to lead the resultant entity.

*** Diversified loan portfolio**

InCred had a diversified loan portfolio of Rs 2,634 crore as on March 31, 2021 which has further increased to Rs 3,006 crore as of October 31, 2021. The AUM mix consists of personal loans (34%), secured school financing (19%), student

loans (14%), lending to NBFCs (15%) and anchor-backed business lines (17%). The company's portfolio also comprises non anchor backed business loans (1%) which has been discontinued by the company.

In the initial phase, growth in the loan portfolio was driven by higher focus on wholesale segments such as supply chain financing and lending to financial institutions and escrow-backed lending which, cumulatively formed 76% of the total loan book as on June 30, 2017. These two segments were followed by unsecured business loans, which formed another 18% of the loan portfolio with slightly higher degree of granularity. However, eventual growth corresponded with diversification across asset segments with more focus on retail or consumer loans. Thereafter, the company ventured into segments such as personal loans and two-wheeler loans, and also tapped the niche segment of education loans via student loans and secured school funding. Over the quarters, concentration around wholesale segments has reduced and the loan book has diversified across retail segments. Presently, 48% of AUM is composed of retail loans and the balance consists of loans to SMEs and NBFCs. Also, given low correlation between these segments, CRISIL Ratings believes that the diversified loan portfolio supports the overall business profile, especially in case of pressure in any one segment.

Weakness:

*** Moderate earnings profile**

Owing to the nascent scale of operations, operating expenses of Incred, though correcting, have remained high attributed to head office costs, especially employee and technology-linked expenses. Furthermore, on-boarding of senior management to lead respective asset segments has also contributed to the high employee expenses. In fiscal 2020, the company focused on optimizing cost and overall operating expenses increased by only 19%. However, the business growth was less than what was budgeted, as AUM grew at 17% over the year on account of cautious origination in some segments and overall challenging macroeconomic environment for most part of the year. Disbursements in the last quarter of fiscal 2020 were also impacted because of the lockdown. Resultantly, the operating expense ratio for the year remained high at 6.9%. During this period, the company's strategic exit from its housing finance subsidiary led to recognition of Rs 6.2 crore as impairment which also contributed to the high operating expenses. Additionally, write-offs of Rs 35 crore primarily in the personal loans and non-anchor supply chain segments and dedicated Covid-19 linked provisioning of Rs 5 crore further constrained the profitability. This translated to a low RoMA of 0.2% for fiscal 2020 (0.2% for fiscal 2019). However, upon adjusting for one-time impairment loss and Covid-19 provisioning, RoMA stood at 1.1% for fiscal 2020.

For fiscal 2021, Incred has reported a net profit of Rs 10 crore, after factoring in higher provisioning and write offs of Rs 89 crore and non-cash ESOP expenses of Rs 9.4 crore. Consequently, the RoMA for fiscal 2021 was 0.4%, and after adjusting for this one-time/ non-cash expenses, annualised RoMA is estimated at ~1.6%. Credit cost rose to 3.7% in fiscal 2021, compared with 2.6% in fiscal 2020. For H1 2022, the company reported an annualized RoMA of 0.5% corresponding to a net profit of Rs 7 crore. After adjusting for non-cash ESOP expenses, the annualized RoMA for the period was about 1.2%.

Given the provisioning policy, coupled with sustained focus on tightening costs and operating expenses, CRISIL Ratings expects Incred's profitability to improve from the third quarter of fiscal 2022 in the normal course of business. However, as a result of the pandemic and weak economic activity, AUM growth may be challenging. In this milieu, Incred's ability to scale up the portfolio, enhance recoveries and improve profitability while keeping credit costs low, will be a key rating sensitivity factor.

*** Asset quality remains a monitorable**

Given the short track record of operations and low seasoning in the loan portfolio, asset quality of the book remains untested. While a small section of the portfolio has completed one cycle, a sizable chunk still lacks seasoning. As on March 31, 2020, GNPA stood at 2.8%, as compared to 1.8% as on March 31, 2018. Elevation in non-performing assets stemmed from challenges faced within personal loans and non-anchor business loan segments wherein the company also took write-offs of Rs 35 crore. During fiscal 2021, GNPA's rose to 4.5% by December 31, 2020 amidst tepid economic environment. However, following the recovery in Q4 2021, GNPA's reduced to 3.4% as of March 31, 2021 which – after the pandemic's second wave, again elevated marginally to 3.7% as on October 31, 2021. As on September 30, 2021, the company had a restructured portfolio of Rs 117.6 crore and almost 80% of it was current (0 dpd) and 9.3% was in the 90+ dpd bucket.

In terms of collections, when calculated after giving benefit of over-dues, collections improved to 100% in March 2021, from 89% in September 2020. However, impacted by the pandemic's second wave and the sporadic lockdown that followed, monthly collection efficiency for the non – NPA portfolio, over Q1 2022 has ranged between 96-98%. For October 2021, it was 97%. Going forward, the company's ability to scale up operations, while maintaining asset quality and profitability at adequate levels amidst the current challenges, will be key rating sensitivity factors. Nevertheless, CRISIL Ratings notes that Incred has adequate equity capital to absorb high credit cost, if any, in the next 2-3 quarters.

*** Moderate scale of operations and market position with limited seasoning**

As on March 31, 2021, Incred's AUM stood at Rs 2,634 crore, as compared to Rs 2077 crore, a year ago - registering a growth of 27% over this period. However, the AUM is spread across seven asset classes. While this gives Incred the benefit of diversity, scale of operations and market position remains moderate within each asset class. In the aftermath of the pandemic's second wave, the AUM dipped marginally to Rs 2,553 crore as at the close of Q1 of fiscal 2022 however, has revived to Rs. 3,006 crore as on October 31, 2021. Bulk of the loan portfolio has not yet seasoned and the company's ability to profitably scale the portfolio across diverse segments remains to be demonstrated.

Liquidity: Adequate

As on November 30, 2021, the company had liquidity balance of Rs 424 crore (includes cash and equivalents, cash credit and working capital demand lines and excludes committed term loans and any upcoming collections). This balance covers the estimated outflow towards debt obligations and operating expenses scheduled for the succeeding 2 months, by over 1.1 times. Incrementally, the company has raised external funds of about Rs 1400 crore in fiscal 2021 and Rs 1340 crore in the first half of fiscal 2022.

Rating Sensitivity Factors**Upward factors:**

- Improvement in earnings profile with ROMA reaching to 2% by fiscal 2022 and thereafter settling at closer to 2.5% on steady state basis.
- Sustenance in asset quality metrics with 90+ days past due (dpd) (including write-offs) remaining below 4% on steady-state basis over the medium term
- Increase in scale of operations while maintaining comfortable adjusted gearing

Downward factors:

- Steady-state adjusted gearing of over 4 times, or inability to raise capital to fund growth
- Any adverse movement in asset quality with 90+ dpd (including write-offs) seeing material deterioration over the medium term
- Earnings profile remaining sub-optimal with inability to achieve a sustained RoMA level of >1.5% over the near to medium term.

About the Company

InCred is a non-deposit taking, non-banking financial company headquartered in Mumbai. Incorporated in January 1991 as Visu Leasing and Finance Pvt Ltd (VLFL), this company was acquired by Incred in 2016, after which, its name was changed to the current one. Incred is a new-age financial services platform that leverages technology and data science, throughout its lending chain, thereby reducing the turnaround time. Since operations began in February 2017, Incred has built a diversified portfolio with AUM of Rs 3,006 crore as on October 31, 2021.

Key Financial Indicators

As on/for the year ended March 31	Unit	2021	2020 [^]	2019
Total assets	Rs crore	2,791	2,204	1,874
Advances	Rs crore	2,634	2,077	1,745
Total income	Rs crore	392	332	291
Profit after tax (PAT)	Rs crore	10.2	2.7	4
Gross NPA	%	3.4	2.8	1.8
Gearing	Times	1.6	1.1	2.1
Return on assets	%	0.4	0.2	0.2

[^]Includes the amalgamation impact of InCred Housing Finance Private Limited

Any other information: Not applicable

Note on complexity levels of the rated instrument:

CRISIL Ratings' complexity levels are assigned to various types of financial instruments. The CRISIL Ratings' complexity levels are available on www.crisil.com/complexity-levels. Users are advised to refer to the CRISIL Ratings' complexity levels for instruments that they consider for investment. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name of instrument	Date of allotment	Coupon rate (%)	Maturity date	Issue size (Rs.Crore)	Complexity Levels	Rating outstanding with outlook
NA	Non-Convertible Debenture (Public Issue) [^]	NA	NA	NA	150	Simple	CRISIL A/Watch Positive
NA	Non-Convertible Debenture [^]	NA	NA	NA	260	Simple	CRISIL A/Watch Positive
INE945W07134	Non Convertible Debenture	22-Jun-20	NA	22-Jun-23	50	Simple	CRISIL A/Watch Positive
INE945W07142	Non Convertible Debenture	23-Jun-20	NA	20-Dec-21	100	Simple	CRISIL A/Watch Positive
INE945W07159	Non Convertible Debenture	26-Jun-20	NA	26-Jun-23	100	Simple	CRISIL A/Watch Positive
INE945W07167	Non Convertible Debenture	31-Jul-20	NA	28-Jan-22	25	Simple	CRISIL A/Watch Positive
INE945W07167	Non Convertible Debenture	31-Jul-20	NA	28-Jan-22	25	Simple	CRISIL A/Watch Positive
INE945W07175	Non Convertible	10-Aug-20	NA	10-Feb-22	50	Simple	CRISIL A/Watch Positive

	Debenture						
INE945W07191	Non Convertible Debenture	11-Sep-20	NA	14-Mar-22	50	Simple	CRISIL A/Watch Positive
INE945W07191	Non Convertible Debenture	11-Sep-20	NA	14-Mar-22	25	Simple	CRISIL A/Watch Positive
INE945W07225	Non Convertible Debenture	04-Dec-20	NA	04-Jun-22	25	Simple	CRISIL A/Watch Positive
INE945W07316	Non-Convertible Debenture	27-Jul-21	NA	27-Jul-27	115	Simple	CRISIL A/Watch Positive
NA	Long Term Principal Protected Market Linked Debentures^	NA	NA	NA	170	Highly Complex	CRISIL PPMLD A r/Watch Positive
INE945W07308	Long Term Principal Protected Market Linked Debentures	20-Jul-21	NIFTY 50 LINK	26-Apr-24	30	Highly Complex	CRISIL PPMLD A r/Watch Positive
NA	Long Term Principal Protected Market Linked Debentures^	NA	NA	NA	3.5	Highly Complex	CRISIL PPMLD A r/Watch Positive
INE945W07290	Long Term Principal Protected Market Linked Debentures	02-Jul-21	NIFTY 50 LINK	02-Jul-26	75	Highly Complex	CRISIL PPMLD A r/Watch Positive
INE945W07258	Long Term Principal Protected Market Linked Debentures	23-Apr-21	NIFTY 50 LINK	20-Oct-22	37.2	Highly Complex	CRISIL PPMLD A r/Watch Positive
INE945W07274	Long Term Principal Protected Market Linked Debentures	27-May-21	NIFTY 50 LINKED	26-May-23	15.4	Highly Complex	CRISIL PPMLD A r/Watch Positive
INE945W07282	Long Term Principal Protected Market Linked Debentures	01-Jun-21	NIFTY 50 INDEX LINKED	04-Oct-24	13.9	Highly Complex	CRISIL PPMLD A r/Watch Positive
INE945W07308	Long Term Principal Protected Market Linked Debentures	20-Jul-21	NIFTY 50 INDEX LINKED	26-Apr-24	15	Highly Complex	CRISIL PPMLD A r/Watch Positive
INE945W07324	Long Term Principal Protected Market Linked Debentures	29-Jul-21	10Y G-SEC LINKED	29-Dec-22	20	Highly Complex	CRISIL PPMLD A r/Watch Positive
INE945W07332	Long Term Principal Protected Market	29-Jul-21	10Y G-SEC LINKED	29-Aug-23	20	Highly Complex	CRISIL PPMLD A r/Watch Positive

	Linked Debentures						
NA	Commercial Paper	NA	NA	7 to 365 Days	150	Simple	CRISIL A1/Watch Positive
NA	Term Loan	17-Feb-21	NA	15-Feb-24	40	NA	CRISIL A/Watch Positive
NA	Term Loan	29-Sep-18	NA	30-Sep-22	150	NA	CRISIL A/Watch Positive
NA	Term Loan	12-Jul-19	NA	12-Jul-22	150	NA	CRISIL A/Watch Positive
NA	Term Loan	13-Feb-20	NA	30-Nov-24	50	NA	CRISIL A/Watch Positive
NA	Term Loan	27-Jan-20	NA	27-Jan-24	20	NA	CRISIL A/Watch Positive
NA	Term Loan	04-Dec-20	NA	15-Sep-25	50	NA	CRISIL A/Watch Positive
NA	Term Loan	30-Apr-20	NA	30-Apr-23	50	NA	CRISIL A/Watch Positive
NA	Term Loan	22-Nov-18	NA	22-Nov-21	40	NA	CRISIL A/Watch Positive
NA	Term Loan	28-May-19	NA	27-May-23	100	NA	CRISIL A/Watch Positive
NA	Term Loan	22-Feb-21	NA	15-Feb-26	50	NA	CRISIL A/Watch Positive
NA	Term Loan	15-Dec-20	NA	31-Dec-23	25	NA	CRISIL A/Watch Positive
NA	Term Loan	06-Mar-20	NA	30-Jun-23	20	NA	CRISIL A/Watch Positive
NA	Term Loan	29-Feb-20	NA	28-Feb-25	75	NA	CRISIL A/Watch Positive
NA	Term Loan	30-Aug-19	NA	15-Aug-22	40	NA	CRISIL A/Watch Positive
NA	Term Loan	03-Dec-20	NA	15-Dec-23	24.5	NA	CRISIL A/Watch Positive
NA	Term Loan	17-Jun-20	NA	30-Jun-25	100	NA	CRISIL A/Watch Positive
NA	Term Loan	14-Jun-21	NA	11-Mar-24	35	NA	CRISIL A/Watch Positive
NA	Term Loan	31-Mar-21	NA	28-Mar-26	50	NA	CRISIL A/Watch Positive
NA	Term Loan	19-Mar-21	NA	19-Mar-24	35	NA	CRISIL A/Watch Positive
NA	Term Loan	17-Jun-21	NA	17-Jun-23	20	NA	CRISIL A/Watch Positive
NA	Term Loan	22-Jul-21	NA	Jun-22	125	NA	CRISIL A/Watch Positive
NA	Term Loan	23-Jul-21	NA	Aug-24	25	NA	CRISIL A/Watch Positive
NA	Term Loan	14-Aug-21	NA	Aug-23	20	NA	CRISIL A/Watch Positive
NA	Term Loan	24-Aug-21	NA	Aug-25	200	NA	CRISIL A/Watch Positive
NA	Term Loan	18-Aug-21	NA	Feb-25	45	NA	CRISIL A/Watch Positive
NA	Term Loan	30-Sep-21	NA	Sep-24	150	NA	CRISIL A/Watch Positive
NA	Term Loan	09-Sep-21	NA	Sep-25	100	NA	CRISIL A/Watch Positive
NA	Term Loan	22-Sep-21	NA	Sep-24	30	NA	CRISIL A/Watch Positive
NA	Cash Credit and Working Capital Demand Loan	NA	NA	NA	105	NA	CRISIL A/Watch Positive
NA	Proposed Long Term Bank Loan Facility	NA	NA	NA	325.5	NA	CRISIL A/Watch Positive

^Yet to be issued

Annexure - Rating History for last 3 Years

Instrument	Current			2021 (History)		2020		2019		2018		Start of 2018
	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT	2250.0	CRISIL A/Watch Positive	18-11-21	CRISIL A/Watch Positive	02-07-20	CRISIL A1		--		--	--
			--	22-09-21	CRISIL A/Watch Positive		--		--		--	--
			--	20-08-21	CRISIL A/Watch Positive		--		--		--	--
			--	10-08-21	CRISIL A/Stable		--		--		--	--
			--	04-03-21	CRISIL A1 / CRISIL A/Stable		--		--		--	--
			--	25-02-21	CRISIL A1		--		--		--	--
Commercial Paper	ST	150.0	CRISIL A1/Watch Positive	18-11-21	CRISIL A1/Watch Positive		--		--		--	--
			--	22-09-21	CRISIL A1/Watch Positive		--		--		--	--
			--	20-08-21	CRISIL A1/Watch Positive		--		--		--	--
			--	10-08-21	CRISIL A1		--		--		--	--
			--	04-03-21	CRISIL A1		--		--		--	--
Non Convertible Debentures	LT	975.0	CRISIL A/Watch Positive	18-11-21	CRISIL A/Watch Positive		--		--		--	--
			--	22-09-21	CRISIL A/Watch Positive		--		--		--	--
			--	20-08-21	CRISIL A/Watch Positive		--		--		--	--
			--	10-08-21	CRISIL A/Stable		--		--		--	--
			--	04-03-21	CRISIL A/Stable		--		--		--	--
Long Term Principal Protected Market Linked Debentures	LT	400.0	CRISIL PPMLD A r /Watch Positive	18-11-21	CRISIL PPMLD A r /Watch Positive		--		--		--	--
			--	22-09-21	CRISIL PPMLD A r /Watch Positive		--		--		--	--
			--	20-08-21	CRISIL PPMLD A r /Watch Positive		--		--		--	--
			--	10-08-21	CRISIL PPMLD A r /Stable		--		--		--	--
			--	04-03-21	CRISIL PPMLD A r /Stable		--		--		--	--

All amounts are in Rs.Cr.

Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Cash Credit & Working Capital Demand Loan	10	The Karnataka Bank Limited	CRISIL A/Watch Positive
Cash Credit & Working Capital Demand Loan	35	RBL Bank Limited	CRISIL A/Watch Positive
Cash Credit & Working	10	YES Bank Limited	CRISIL A/Watch Positive

Capital Demand Loan			
Cash Credit & Working Capital Demand Loan	50	IDFC FIRST Bank Limited	CRISIL A/Watch Positive
Proposed Long Term Bank Loan Facility	325.5	Not Applicable	CRISIL A/Watch Positive
Term Loan	400	Bank of Baroda	CRISIL A/Watch Positive
Term Loan	50	Bank of India	CRISIL A/Watch Positive
Term Loan	70	Bank of Maharashtra	CRISIL A/Watch Positive
Term Loan	50	Central Bank Of India	CRISIL A/Watch Positive
Term Loan	75	Hinduja Leyland Finance Limited	CRISIL A/Watch Positive
Term Loan	250	IDFC FIRST Bank Limited	CRISIL A/Watch Positive
Term Loan	95	Indian Bank	CRISIL A/Watch Positive
Term Loan	25	Maanaveeya Development & Finance Private Limited	CRISIL A/Watch Positive
Term Loan	20	Nabkisan Finance Limited	CRISIL A/Watch Positive
Term Loan	20	Suryoday Small Finance Bank Limited	CRISIL A/Watch Positive
Term Loan	275	State Bank of India	CRISIL A/Watch Positive
Term Loan	64.5	Tata Capital Financial Services Limited	CRISIL A/Watch Positive
Term Loan	100	Union Bank of India	CRISIL A/Watch Positive
Term Loan	30	ESAF Small Finance Bank Limited	CRISIL A/Watch Positive
Term Loan	40	Aditya Birla Finance Limited	CRISIL A/Watch Positive
Term Loan	50	Canara Bank	CRISIL A/Watch Positive
Term Loan	35	The Karnataka Bank Limited	CRISIL A/Watch Positive
Term Loan	20	Nabkisan Finance Limited	CRISIL A/Watch Positive
Term Loan	125	Small Industries Development Bank of India	CRISIL A/Watch Positive
Term Loan	25	Nabsamruddhi Finance Limited	CRISIL A/Watch Positive

This Annexure has been updated on 13-Dec-2021 in line with the lender-wise facility details as on 22-Sep-2021 received from the rated entity

Criteria Details

Links to related criteria

[CRISILs Bank Loan Ratings - process, scale and default recognition](#)

[Rating Criteria for Finance Companies](#)

[CRISILs Criteria for rating short term debt](#)

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December 24, 2021

To
The Board of Directors
InCred Financial Services Limited
Unit No. 1203, 12th Floor, B Wing, The Capital
Plot No. C - 70, G Block, Bandra Kurla Complex
Mumbai, 400051, Maharashtra, India

Dear Sir,

Sub.: Proposed Public Issue of rated secured redeemable Non-Convertible Debentures aggregating upto 150 Crores by InCred Financial Services Limited.

We, the undersigned, hereby give our Consent for including our name as Debenture Trustee to the proposed Public Issue of Non-Convertible Debentures by InCred Financial Services Limited in the Draft Prospectus / Prospectus to be filed with SEBI and / or Stock Exchanges and / or Registrar of Companies which the Company intends to issue in respect of the abovementioned Public Issue. We also authorize you to deliver a copy of this consent to SEBI / the Stock Exchanges / Registrar of Companies.

The following details with respect to us may be disclosed:

Name: Catalyst Trusteeship Limited
Address: 'GDA House', Plot No. 85, Bhusari Colony (Right), Kothrud,
Pune – 411038, Maharashtra
Tel: 022 4922 0555
Fax: 022 4922 0505
E-mail: ComplianceCTL-Mumbai@ctltrustee.com
Website: www.catalysttrustee.com
Contact Person: Mr. Umesh Salvi
SEBI Registration No: IND000000034
Compliance Officer: Ms. Rakhi Kulkarni
CIN: U74999PN1997PLC110262

We confirm that we are registered with the SEBI and that such registration is valid as on the date of this letter.

We enclose a declaration regarding our registration with SEBI as **Annexure A** and a copy of our registration certificate enclosed herein as **Annexure B**.

We also confirm that we have not been prohibited by SEBI to act as an intermediary in capital market issues.

We also agree to keep strictly confidential, until such time as the proposed transaction is publicly announced by the Company in the form of a press release, (i) the nature and scope of this transaction; and (ii) our knowledge of the proposed transaction of the Company.



We confirm that we will immediately inform you and the Lead Manager of any change to the above information until the date when the NCDs commence trading on the Stock Exchanges.

In absence of any such communication from us, the above information should be taken as updated information until the NCDs commence trading.

This letter may be relied upon by you, the Lead Manager and the legal advisors to the Issue in respect of the Issue.

Yours faithfully,

For Catalyst Trusteeship Limited

Neerali Lakhani

Authorised Signatory

Name: Neerali Lakhani

Designation: Senior Manager



ANNEXURE A

We hereby confirm that as on date the following details in relation to our registration with the Securities and Exchange Board of India is true and correct:

1.	Name	Catalyst Trusteeship Limited
2.	Registration Number	IND000000034
3.	Date of registration/ Renewal of registration	July 29, 2016
4.	Date of expiry of registration	Permanent Registration
5.	If applied for renewal, date of application	Not Applicable
6.	Any communication from SEBI prohibiting the entity from acting as an intermediary	NIL
7.	Any enquiry/ investigation being conducted by SEBI	NIL
8.	Details of any penalty imposed by SEBI	NIL

Please find enclosed a copy of the SEBI Registration Certificate.

Yours faithfully,

For Catalyst Trusteeship Limited

Neeralaxmi

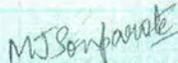
Authorised Signatory

Name: Neerali Lakhani

Designation: Senior Manager



ANNEXURE B

डिबेंचर न्यासी	प्रारूप अ FORM-B	DEBENTURE TRUSTEE
भारतीय प्रतिभूति और विनियम बोर्ड SECURITIES AND EXCHANGE BOARD OF INDIA (डिबेंचर न्यासी) विनियम, 1993 (DEBENTURE TRUSTEE) REGULATIONS, 1993 000 258 (विनियम 8) (Regulation 8) (Regulation 8A) रजिस्ट्रीकरण प्रमाणपत्र PERMANENT REGISTRATION CERTIFICATE OF REGISTRATION		
1) बोर्ड, भारतीय प्रतिभूति और विनियम बोर्ड अधिनियम, 1992 के अधीन डिबेंचर न्यासी के लिए बनाए गए नियमों और विनियमों के साथ पठित उस अधिनियम को धारा-12 की उपधारा (1) द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए, 1) In exercise of the powers conferred by sub-section (1) of section 12 of the Securities and Exchange Board of India Act, 1992, read with the rules and regulations made thereunder for the debenture trustee the Board hereby grants a certificate of registration to		
CATALYST TRUSTEESHIP LIMITED GDA HOUSE, PLOT NO. 85, BHUSARI COLONY (RIGHT), PAUD ROAD PUNE - 411 038 MAHARASHTRA		
को नियमों में, शर्तों के अधीन रहते हुए और विनियमों के अनुसार डिबेंचर न्यासी के रूप में रजिस्ट्रीकरण का प्रमाणपत्र इसके द्वारा प्रदान करता है। as a debenture trustee subject to the conditions in the rules and in accordance with the regulations.		
2) डिबेंचर न्यासी के लिए रजिस्ट्रीकरण कूट है। 2) Registration Code for the debenture trustee is IND000000034		
3) जब तक नवीकृत न किया जाए, रजिस्ट्रीकरण का प्रमाणपत्र से तक विधिमान्य है। 3) Unless renewed, the certificate of registration is valid from to		
3) This Certificate of Registration shall be valid for permanent, unless suspended or cancelled by the Board.		
		आदेश से भारतीय प्रतिभूति और विनियम बोर्ड के लिए और उसकी ओर से By order For and on behalf of Securities and Exchange Board of India
स्थान Place :	MUMBAI	
तारीख Date :	JULY 29, 2016	
	 MEDHA SONPAROTE प्राधिकृत हस्ताक्षरकर्ता Authorised Signatory	

