

(THIS DISCLOSURE DOCUMENT IS NEITHER A PROSPECTUS NOR A STATEMENT IN LIEU OF PROSPECTUS. THIS DISCLOSURE DOCUMENT HAS BEEN PREPARED IN CONFORMITY WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF NON-CONVERTIBLE SECURITIES) REGULATIONS, 2021 ISSUED VIDE NOTIFICATION NO. SEBI/LAD-NRO/GN/2021/39 DATED AUGUST 09, 2021, AS AMENDED FROM TIME TO TIME, THE OPERATIONAL CIRCULAR ISSUED BY THE SECURITIES AND EXCHANGE BOARD OF INDIA VIDE CIRCULAR NUMBER SEBI/HO/DDHS/P/CIR/2021/613 DATED AUGUST 10, 2021, AS AMENDED FROM TIME TO TIME, THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 ISSUED VIDE CIRCULAR NO. SEBI/LAD-NRO/GN/2015-16/013 DATED SEPTEMBER 02, 2015, AS AMENDED FROM TIME TO TIME, SECTION 42 OF THE COMPANIES ACT, 2013 AND THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014)



INFORMATION MEMORANDUM FOR PRIVATE PLACEMENT

Type of Information Memorandum: This Information Memorandum is for Private Placement of the debentures more particularly identified herein below

Date of Information Memorandum: May 25, 2023

FEDBANK FINANCIAL SERVICES LIMITED

A public company with limited liability incorporated under the Companies Act, 1956 (registered as a non-banking financial company within the meaning of the Reserve Bank of India Act, 1934 (2 of 1934)) and validly existing under the Companies Act, 2013.

Date of Incorporation: April 17, 1995, **Place of Incorporation:** Kochi

Registered Office: Kanakia Wall Street, A Wing, 5th Floor, Unit No.511, Andheri Kurla Road, Andheri (East), Mumbai, Maharashtra – 400 093

Corporate Office: Kanakia Wall Street, A Wing, 5th Floor, Unit No.511, Andheri Kurla Road, Andheri (East), Mumbai, Maharashtra – 400 093

CIN: U65910MH1995PLC364635 | **Permanent account number (PAN):** AAACF8662J | **RBI Registration Number:** N-16.00187

Telephone No.: +91 22 6852 0601- ext 616, **E-mail:** secretarial@fedfina.com, **Website:** https://fedfina.com

Contact Person: Rajaraman Sundaresan; **Tel:** +91 22 6852 0601 | **E-mail:** secretarial@fedfina.com

CFO: C. V. Ganesh | **Tel:** +91 22 68520601-ext 607 | **E-mail:** cv.ganesh@fedfina.com

Compliance Officer/Company Secretary: Rajaraman Sundaresan, **Tel. No.:** +91 22 6852 0601- ext 616, **Email:** secretarial@fedfina.com

BACKGROUND

Information memorandum dated May 25, 2023 for issue of 10,000 (Ten Thousand) Unsecured, Listed, Rated, Redeemable, Transferable, Fully Paid Up, Subordinated Non-Convertible Debentures (in the form of subordinated debt eligible to be categorized as Tier II Capital in compliance with RBI Master Directions for Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016) having a face value of Rs. 1,00,000/- (Rupees One Lakh only) each, of the aggregate nominal value of Rs. 100,00,00,000/- (Rupees One Hundred Crore only), with a green shoe option of up to 10,000/- (Ten Thousand) Unsecured, Listed, Rated, Redeemable, Transferable, Fully Paid Up, Subordinated Non-Convertible Debentures (in the form of subordinated debt eligible to be categorized as Tier II Capital in compliance with RBI Master Directions for Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016) having a face value of Rs. 1,00,000/- (Rupees One Lakh only) each, of the aggregate nominal value of up to Rs. 100,00,00,000/- (Rupees One Hundred Crore only) on a private placement basis (the "Issue").

Debentures described under this Information Memorandum has been authorised by the Issuer through a resolution passed by the shareholders of the Issuer on August 05, 2022 pursuant to Section 42 and Section 71 of the Act read with applicable rules of the Act, a resolution passed by the shareholders of the Issuer on August 05, 2022 pursuant to Section 180(1)(c) of the Act and the resolution passed by the board of directors of the Issuer on April 28, 2023 in accordance with Section 179 of the Act and the Memorandum and Articles of the Company. The present issue of the Debentures in terms of this Information Memorandum is within the overall powers of the Board as per the above shareholder resolution.

GENERAL RISKS

As the Issue is being made on a private placement basis, this Information Memorandum has not been cleared by the Securities and Exchange Board of India ("SEBI"). The Issue has not been recommended or approved by SEBI, nor does SEBI guarantee the accuracy or adequacy of this Information Memorandum. Investment in non-convertible securities 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 contained under Section 3 of this Information Memorandum. These risks are not, and are not intended to be, a complete list of all risks and considerations relevant to the non-convertible securities or investor's decision to purchase such securities.

CREDIT RATING

The Debentures proposed to be issued by the Issuer have been rated by CARE Ratings Limited ("Rating Agency 1") and India Ratings and Research Private Limited ("Rating Agency 2"). The Debentures are assigned a rating of "CARE AA; Stable" (Double A; Outlook: Stable) by the Rating Agency 1 and "IND AA-/Positive" by the Rating Agency 2. Instruments with this rating are considered to have a high degree of safety regarding timely servicing of financial obligations and carry very low credit risk. The above rating is not a recommendation to buy, sell or hold securities and investors should take their own decision. The ratings may be subject to revision or withdrawal at any time by the Rating Agency 1 and Rating Agency 2 and should be evaluated independently of any other ratings. Please refer to Annexure I of this Information Memorandum for the letter dated May 10, 2023 from the Rating Agency 1 and the letter dated May 08, 2023 from the Rating Agency 2 assigning the credit rating abovementioned and the rating rationale adopted by the Rating Agency 1 and Rating Agency 2 for the aforesaid rating along with the latest press release.

For Fedbank Financial Services Limited


Authorised Signatories



The Issuer hereby declares the aforesaid credit ratings obtained by it in relation to the Debentures shall be valid on the date of Issue and on the date of listing of Debentures.

LISTING

The Debentures are proposed to be listed on the Wholesale Debt Market (WDM) segment of the BSE Limited ("BSE"). Please refer to **Annexure VIII** of this Information Memorandum for a copy of the in-principle approval letter dated May 19, 2023 issued by BSE.

Disclaimer: The issue does not fall within the ambit of Chapter V (Issuance and Listing of perpetual debt instruments, perpetual non-cumulative preference shares and similar instruments) of SEBI NCS Regulations, 2021 read with clarification provided by the SEBI on 'Clarification w.r.t. issuance and listing of perpetual debt instruments, perpetual non-cumulative preference shares and similar instruments under Chapter V of the SEBI (Issue and Listing of Non-convertible Securities) Regulations, 2021'. The face value of each Debenture issued on private placement basis shall be Rs. 1,00,000/- (Rupees One Lakh only).

ISSUE SCHEDULE

Heads	Date
Issue Opens on	May 25, 2023
Issue Closes on	May 25, 2023
Deemed Date of Allotment	May 26, 2023
Date of Earliest Closing of the Issue	N.A.

The Issuer reserves the right to change the Issue Schedule including the Deemed Date of Allotment at its sole discretion, without giving any reasons or prior notice. The Issue shall be open for subscription during the banking hours on each day during the period covered by the Issue Schedule.

ELIGIBLE INVESTORS

The following categories of investors, when specifically approached and have been identified upfront, are eligible to apply for this private placement of Debentures subject to fulfilling their respective investment norms/rules and compliance with laws applicable to them by submitting all the relevant documents along with the Application Form ("Eligible Investors"):

- (a) Qualified Institutional Buyers ("QIBs") means the following entities:
- (i) A mutual fund, venture capital fund, alternative investment fund and foreign venture capital investor registered with SEBI;
 - (ii) Foreign portfolio investor other than individuals, corporate bodies and family offices;
 - (iii) a public financial institution;
 - (iv) a scheduled commercial bank;
 - (v) a multilateral and bi-lateral development financial institution;
 - (vi) a State Industrial Development Corporation;
 - (vii) An insurance company registered with Insurance Regulatory and Development Authority of India (IRDAI);
 - (viii) A provident fund with minimum corpus of Rs.25,00,00,000/- (Rupees Twenty Five Crore)
 - (ix) A pension fund with minimum corpus of Rs.25,00,00,000/- (Rupees Twenty Five Crores)
 - (x) 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;
 - (xi) An insurance fund set up and managed by Army, Navy / Air force of the Union of India;
 - (xii) Insurance funds set up and managed by the Department of Posts, India; and
 - (xiii) Systemically, important Non- Banking Financial Companies.
- (b) Any non-QIB including *inter-alia* resident individual investors, Hindu Undivided Families (excluding minors and NRIs), Partnership Firms and Limited Liability partnership firms, Trusts (including public charitable trusts), association of persons, societies registered under the Applicable Laws in India, companies, bodies corporate etc, who/ which has been authorized by the Issuer, to participate in a particular issue on the EBP platform.
- (c) Any other person eligible to invest in the Debentures subject the relevant prevalent guidelines and as permitted under Applicable Laws.

All potential Investors are required to comply with the relevant regulations/guidelines applicable to them for investing in this issue of Debentures.

Further, Participation by potential investors in the Issue may be subject to statutory and/or regulatory requirements applicable to them in connection with subscription to Indian securities by such categories of persons or entities. Applicants are advised to ensure that they comply with all regulatory requirements applicable to them, including exchange controls and other requirements. Applicants ought to seek independent legal and regulatory advice in relation to the laws applicable to them.

BRIEF DETAILS ABOUT THE ISSUE

Details such as coupon/dividend rate, coupon/dividend payment frequency, redemption date, redemption amount and such other information pertaining to the Issue are more particularly set out under **Section 4.28** of this Information Memorandum. The Issuer further confirms that no underwriting is proposed to be undertaken in relation to the Issue.

Further, the Issuer shall maintain the Recovery Expense Fund with the BSE Limited (Please refer to the 'Summary Term Sheet' for more details).

ELECTRONIC BOOK MECHANISM AND DETAILS PERTAINING TO THE UPLOADING OF THE PLACEMENT MEMORANDUM ON THE ELECTRONIC BOOK PROVIDER PLATFORM

The Issue shall be open for bidding and subscription in accordance with the guidelines issued by SEBI and BSE pertaining to the procedure of Electronic Book Mechanism as specified by the SEBI Operational Circular, and the related operational guidelines, regulations issued by the

For Fedbank Financial Services Limited

[Signature]
Authorized Signatories



concerned Electronic Book Provider (“EBP”), as may be amended, clarified or updated from time to time (collectively, “Electronic Book Mechanism Guidelines” / “EBP Guidelines”).

Manner of bidding	Open bidding
Manner of Allotment	The allotment will be done on ‘Uniform Yield’ basis in accordance with Electronic Book Mechanism Guidelines.
Issue Size (and green shoe option, if any)	Rs. 100,00,00,000/- (Rupees One Hundred Crores Only) with an option to retain oversubscription up to Rs. 100,00,00,000/- (Rupees One Hundred Crores Only)
Interest Rate Parameter (being Coupon Rate and Coupon Type)	Coupon Rate: 9% per annum Coupon Type: Fixed
Manner of Settlement i.e. through clearing corporation or through escrow bank account of Issuer	The pay-in of the Application Money for the Debentures shall be made by Real Time Gross Settlement (RTGS) / NEFT by crediting the funds into the account of the clearing corporation of the Stock Exchange selected by the Issuer for pay-in of Application Money as prescribed under the electronic book building procedure, the details of which account have been specified below
Bid opening and closing date	Bid opening date: May 25, 2023 Bid closing date: May 25, 2023
Minimum Bid Lot	100 (One Hundred) Debentures having face value of Rs. 1,00,000/- (Rupees One Lakh only) each and in multiples of 1 (One) Debenture thereafter
Trading Lot Size	1 (One) Debenture
Settlement Cycle [T+1/ T+2] where T refers to the bidding/ issue day	The settlement shall be done on T+1

ISSUER’S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Information Memorandum 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 Information Memorandum 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 make this document as a whole or any of such information or the expression of any such opinions or intentions misleading.

Debenture Trustee	Registrar & Transfer Agent
 <p>Axis Trustee Services Limited Registered Office Address: Axis House, Wadia International Centre, P B Marg, Worli Mumbai – 400 025 Corporate Office Address: The Ruby, 2nd Floor, SW, 29, Senapati Bapat Marg, Dadar West, Mumbai – 400 028 Contact Person: Chief Operating Officer Email: Debenturetrustee@axistrustee.in Website: www.axistrustee.in Telephone: +91 22 6230 0451</p>	 <p>Link Intime India Private Limited Registered Office Address: C 101, 247 Park, L.B.S Marg, Vikhroli West, Mumbai, Maharashtra – 400 083 Corporate Office Address: C 101, 247 Park, L.B.S Marg, Vikhroli West, Mumbai, Maharashtra – 400 083 Contact Person: Mr. Ganesh Jadhav Email: ganesh.jadhav@linkintime.co.in Website: www.linkintime.co.in Telephone: +91 22 4918 6060 Fax No: +91 22 4918 6060</p>
Rating Agency 1	Compliance officer/ company secretary of the Issuer
 <p>CARE Ratings Limited Registered Office Address: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022 Corporate Office Address: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022 Contact Person: Shweta Agrawal Email: care@careedge.in Website: www.careedge.in Telephone: +91 22 6754 3456</p>	<p>Mr. Rajaraman Sundaresan Telephone: 022 68520601- ext 616 E-mail: secretarial@fedfina.com</p>
Rating Agency 2	
 <p>India Ratings and Research Private Limited</p>	

Registered and Corporate Office Address: Wockhardt Tower, West Wing, Level 4, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051 Contact Person: Arunima Basu Email: infogrp@indiaratings.co.in Website: www.indiaratings.co.in Telephone: +91-22-40001700	
Chief financial officer of the Issuer	Promoters of the Issuer/ Promoters
C. V. Ganesh Telephone: 022 68520601-ext 607 Email: cv.ganesh@fedfina.com	The Federal Bank Limited Telephone: 04844364239 Email: souvik@federalbank.co.in Fax No: N/A

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1. DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates or requires, the following terms shall have the meanings given below in this Information Memorandum.

Allot/ Allotment/ Allotted	Unless the context otherwise requires or implies, the allotment of the Debentures pursuant to the Issue to the successful Applicants.
Applicable Law	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 in India and any modifications or re-enactments thereof that are relevant to Debentures.
Applicants	The investor who applies for subscription to the Debentures by submitting a valid Application Form.
Application Form	The form used by the recipient of this Information Memorandum, to apply for subscription to the Debentures, which has been annexed hereto as Annexure III .
Application Money	The money credited by the Applicant to the bank account of the clearing corporation for the purpose of subscription of NCDs.
Approvals / Clearances	All mean any permit, permission, license, approval, authorisation, consent, clearance, waiver, no objection certificate or other authorisation of whatever nature and by whatever name called which is required to be granted by any Person including by any governmental authority, lenders, RBI, or any other authority under any Applicable Law.
Articles of Association/ Articles	The articles of association of the Issuer, as amended from time to time.
Beneficial Owner	Debenture Holder(s) of the Debentures in dematerialised form whose name is recorded as such with the Depository.
Board/ Board of Directors	The Board of Directors of the Issuer and includes any authorised committee of directors, formed or to be formed in this regard.
Business Day	Any day of the week (excluding Sundays, non-working Saturdays, and any other day which is a public holiday for the purpose of Section 25 of the Negotiable Instruments Act, 1881 (26 of 1881) (as may be amended/supplemented from time to time) in Mumbai and any other day on which banks are closed for customer business in Mumbai) on which the money market is functioning in Mumbai and “ Business Days ” shall be construed accordingly
BSE	BSE Limited
CDSL	Central Depository Services (India) Limited
Coupon	The Coupon shall be a fixed rate and shall be 9% (Nine Percent) per annum which shall be payable on an annual basis
Coupon Payment Date	Coupon shall be payable annually. Please refer to Annexure IX for Illustration of cashflows.
Coupon Payment Frequency/ Coupon Period	Coupon shall be payable annually
Companies Act/ the Act	The Companies Act, 2013 as amended/replaced from time to time.
Debentures / NCDs	10,000 (Ten Thousand) Unsecured, Listed, Rated, Redeemable, Transferable, Fully Paid Up, Non Convertible Debentures (in form of subordinated debt eligible to be categorised as Tier II Capital in compliance with RBI Master Directions) having a face value of Rs. 1,00,000/- (Rupees One Lakh only) each, of the aggregate nominal value of Rs. 100,00,00,000/- (Rupees One Hundred Crore only),

	with a green shoe option of up to 10,000 (Ten Thousand) Unsecured, Listed, Rated, Redeemable, Transferable, Fully Paid Up, Subordinated Non-Convertible Debentures (in the form of subordinated debt eligible to be categorised as Tier II Capital in compliance with RBI Master Directions for Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016) having a face value of Rs. 1,00,000/- (Rupees One Lakh only) each, aggregating up to Rs. 100,00,00,000/- (Rupees One Hundred Crore only)
Debenture Holders / Investors	Initially, the persons to whom the Information Memorandum has been issued to and who have subscribed the Debentures in the primary market and thereafter shall mean and include any Person to whom the Debentures are transferred to, each who fulfils the following requirements: (a) Persons who are registered as such as the Beneficial Owners; and (b) Persons who are registered as debenture holder(s) in the Register of Debenture Holder(s); (in the event of any inconsistency between sub paragraph (a) and (b) above, sub paragraph (a) shall prevail).
Debenture Outstandings	On any given date, shall mean any and all amounts that are outstanding in respect of the Debentures on such date (whether due or not), including Principal Amount and Coupon along with the Default Interest, liquidated damages, and all fees, costs, charges, expenses and other monies, if any, payable by the Company in accordance with the terms of the Transaction Documents.
Deemed Date of Allotment / Allotment Date	May 26, 2023 being the date on which the Debentures being issued hereunder are deemed to be allotted to the Debenture Holders.
Debenture Trustee / Trustees	Axis Trustee Services Limited
Debenture Trustee Agreement	The trustee agreement entered into by and between the Company and the Debenture Trustee dated May 17, 2023.
Debenture Trust Deed	The deed executed on or about the date hereof between the Company and the Debenture Trustee setting out the roles and responsibilities of the Debenture Trustee in connection with the issuance of the Debentures.
Default Interest	Please refer to Clause 4.28 (<i>Issue Details</i>).
Demat	Refers to dematerialised securities which are securities that are in electronic form and not in physical form, with the entries noted by the Depository.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Depository	A Depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time with whom the Issuer has made arrangements for dematerialising the Debentures.
Depository Participant / DP	A depository participant as defined under the Depositories Act.
Director(s)	Director(s) of the Issuer unless otherwise mentioned.
Disclosure Document/ Information Memorandum/ DD	This disclosure document which sets out the information regarding the Debentures being issued on a private placement basis.
DP ID	Depository Participant Identification Number.

Due Date	Any date on which the holders of the Debentures are entitled to any payments, including on the Coupon Payment Dates / Redemption Dates.
Event of Default	Any of the events described as an 'Event of Default' in the Transaction Documents.
Final Settlement Date	The date on which the Debentures have been redeemed by the Company in full in accordance with the terms of the Transaction Documents and a written confirmation of the same has been provided by the Debenture Trustee (acting on the instructions of the Debenture Holders) to the Company.
Financial Indebtedness	<p>Any indebtedness for or in respect of:</p> <ul style="list-style-type: none"> (i) monies borrowed; (ii) any amount availed of by acceptance of any credit facility; (iii) any amount raised pursuant to the issuance of any notes, bonds, debentures, loan stock or any other similar securities or instruments; (iv) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with generally accepted principles of accounting in India, be treated as a finance or capital lease; (v) receivables sold or discounted (other than any receivables sold in the ordinary course of business or to the extent that they are sold on a non-recourse basis); (vi) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing; (vii) any derivative transaction entered into in connection with protection against or benefit from fluctuation in price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account); (viii) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; (ix) the amount of any liability under an advance or deferred purchase agreement if one of the primary reasons behind the entry into such agreement is to raise finance; (x) any put option, guarantees, keep fit letter(s), letter of comfort, etc by whatever name called, which gives or may give rise to any financial obligation(s); (xi) any preference shares (excluding any compulsorily convertible preference shares); (xii) (without double counting) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (i) to (xi) above.
Financial Year/ FY/ Fiscal	Twelve months period commencing from April 1 of a particular calendar year and ending on March 31 of the subsequent calendar year.
Governmental Authority	The President of India, the Government of India, the Governor and the Government of any State in India, any ministry or department of the same, any municipal or local government authority, any authority or private body exercising powers conferred by applicable law and any court, tribunal or other judicial or quasi-judicial body,

	and shall include, without limitation, a stock exchange and any regulatory body.
Issue	Issue of up to 10,000 (Ten Thousand) Unsecured, Listed, Rated, Redeemable, Transferable, Fully Paid Up, Subordinated Non Convertible Debentures (in form of subordinated debt eligible to be categorised as Tier II Capital in compliance with RBI Master Directions) having a face value of Rs. 1,00,000/- (Rupees One Lakh only) each, of the aggregate nominal value of Rs. 100,00,00,000/- (Rupees One Hundred Crore only) with a green shoe option of up to 10,000 (Ten Thousand) Unsecured, Listed, Rated, Redeemable, Transferable, Fully Paid Up, Subordinated Non-Convertible Debentures (in the form of subordinated debt eligible to be categorized as Tier II Capital in compliance with RBI Master Directions for Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016) having a face value of Rs. 1,00,000/- (Rupees One Lakh only) each, aggregating up to Rs. 100,00,00,000/- (Rupees One Hundred Crore only) to be issued by the Issuer, in a single series, on a private placement basis, on such terms and conditions as set out in this Information Memorandum and the other Transaction Documents.
Issue Opening Date	Subject to any change to the Issue Schedule by the Issuer, the Issue Opening Date for the Debentures shall be as indicated on the cover page.
Issue Closing Date	Subject to any change to the Issue Schedule by the Issuer, the Issue Closing Date for the Debentures shall be as indicated on the cover page.
Issuer/ Company/ Fedbank	Fedbank Financial Services Limited
Majority Debenture Holders	Debenture Holder(s) holding an aggregate amount representing not less than 51% (Fifty One Percent) of the value of the nominal amount of the Debentures for the time being outstanding.
Material Adverse Effect	<p>With respect to the Company, the effect or consequence of an event, circumstance, occurrence or condition which has caused, as of any date of determination, or could in the opinion of the Debenture Trustee cause a material and adverse effect on:</p> <ul style="list-style-type: none"> (i) the financial condition, business or operation of the Company where net worth erodes by more than 10% (Ten Percent); or (ii) the ability of the Company to perform its obligations under the Transaction Documents; (iii) the business condition (financial or otherwise), operations, performance or prospects of the Issuer; or <p>the legality, validity or enforceability of, or the effectiveness of any of the Transaction Documents (including the ability of any party to enforce any of its remedies thereunder).</p>
Maturity Date / Redemption Date	April 26, 2030
Memorandum of Association/ Memorandum	The Memorandum of Association of the Issuer, as amended from time to time.
N.A.	Not Applicable
NBFC	Non-Banking Financial Company

NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
PAN	Permanent Account Number
Principal Amounts	Means the aggregate face value of the Debentures
Rating Agency / Rating Agency(ies)	Shall mean the Rating Agency 1 and/or the Rating Agency 2, as the context may require
Rating Agency 1	CARE Ratings Limited, a company incorporated under Companies Act, 1956 and having its registered office at 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022
Rating Agency 2	India Ratings and Research Private Limited, a company incorporated under Companies Act, 1956 and having its registered office at Wockhardt Tower, West Wing, Level 4, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051
RBI	Reserve Bank of India
RBI Master Directions	Shall mean the RBI Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, issued on September 01, 2016, as amended from time to time
Record Date	The date which will be used for determining the Debenture Holders who shall be entitled to receive the amounts due with respect to the Debentures on any Due Date, which shall be the date falling 15 (Fifteen) calendar days prior to any Due Date. Provided that if any Record Date falls on a day other than a Business Day, the immediately succeeding Business Day shall be considered the Record Date for that particular Due Date.
Recovery Expense Fund	Fund contributed by the Company towards creation of a recovery expense fund in terms of the Transaction Documents as required to be created in terms of the SEBI DT Operational Circular.
Redemption Amount	Shall mean principal amount of Rs. 1,00,000/- (Rupees One Lakh only) per Debenture, plus the accrued Coupon and Default Interest (if any).
Register of Debenture Holder(s)	The register maintained by the Company containing the name(s) of the Debenture Holder(s), which register shall be maintained at the registered office of the Company.
R&T Agent / Registrar and Transfer Agent	Registrar and Transfer Agent to the Issue, in this case being Link Intime India Private Limited.
ROC	Registrar of Companies
Rs. / INR	Indian National Rupee
RTGS	Real Time Gross Settlement
SEBI	Securities and Exchange Board of India, constituted under the Securities and Exchange Board of India Act, 1992 (as amended from time to time).
SEBI Debenture Trustee Regulations	Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, as amended from time to time.
SEBI NCS Regulations	The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended from time to time.
SEBI Operational Circular	SEBI circular on 'Operational Circular for issue and listing of Non-convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper' dated August 10, 2021 bearing reference number SEBI/HO/DDHS/P/CIR/2021/613, as amended from time to time

SEBI DT Operational Circular	SEBI circular on ‘Operational Circular for Debenture Trustees’ dated March 31, 2023 bearing reference number SEBI/HO/DDHS/P/CIR/2023/50, as amended from time to time.												
SEBI (LODR) Regulations / SEBI LODR	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.												
Special Resolution	A resolution passed by the Debenture Holders (whether at a meeting of the Debenture Holders or by way of a circular resolution) with approval of the Majority Debenture Holders.												
Stock Exchange	Shall mean the BSE and/ or NSE												
Subordinated Debt / Subordinated	<p>Subordinated debt means an instrument, which is fully paid up, is unsecured and is subordinated to the claims of other creditors and is free from restrictive clauses and is not redeemable at the instance of the holder or without the consent of the RBI.</p> <p>The book value of such instrument shall be subjected to discounting as provided hereunder:</p> <table border="1"> <thead> <tr> <th>Remaining maturity of the instruments</th><th>Rate of discount</th></tr> </thead> <tbody> <tr> <td>up to one year</td><td>100%</td></tr> <tr> <td>more than one year but up to two years</td><td>80%</td></tr> <tr> <td>more than two years but up to three years</td><td>60%</td></tr> <tr> <td>more than three years but up to four years</td><td>40%</td></tr> <tr> <td>more than four years but up to five years</td><td>20%</td></tr> </tbody> </table> <p>to the extent such discounted value does not exceed fifty per cent of Tier I capital.</p>	Remaining maturity of the instruments	Rate of discount	up to one year	100%	more than one year but up to two years	80%	more than two years but up to three years	60%	more than three years but up to four years	40%	more than four years but up to five years	20%
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more than four years but up to five years	20%												
TDS	Tax Deducted at Source												
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 per cent of the aggregate Tier I Capital of such company as on March 31 of the previous accounting year.												
Tier II Capital	<p>“Tier II capital” includes the following:</p> <p>(a) preference shares other than those which are compulsorily convertible into equity;</p> <p>(b) revaluation reserves at discounted rate of fifty five percent;</p> <p>(c) General provisions (including that for Standard Assets) and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one and one fourth percent of risk weighted assets;</p> <p>(d) hybrid debt capital instruments;</p> <p>(e) subordinated debt; and</p> <p>(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, to the extent the aggregate does not exceed Tier I capital.</p>												

Transaction Documents	The documents executed or to be executed in relation to the issuance of the Debentures, in this case being, (i) this Information Memorandum, (ii) the Debenture Trustee Agreement, (iii) the Debenture Trust Deed; and (iv) any other documents that may be designated by the Debenture Trustee as a Transaction Document.
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2. NOTICE TO INVESTORS AND DISCLAIMERS

2.1 ISSUER'S DISCLAIMER

This Information Memorandum is neither a prospectus nor a statement in lieu of a prospectus and should not be construed to be a prospectus or a statement in lieu of a prospectus under the Companies Act. The issue of the Debentures is being made strictly on a private placement basis and is proposed to be listed. Multiple copies hereof given to the same entity shall be deemed to be given to the same person and shall be treated as such. This Information Memorandum does not constitute and shall not be deemed to constitute an offer or invitation to subscribe to the Debentures to the public in general.

This Information Memorandum has been prepared solely to provide general information about the Issuer to investors to whom it is addressed and who, being permitted pursuant to the provisions of this Information Memorandum, are willing to subscribe to the Debentures. This Information Memorandum does not purport to contain all the information that any potential investor may require. Further, this Information Memorandum has been prepared for informational purposes relating to this transaction only and upon the express understanding that it will be used only for the purposes set forth herein.

Neither this Information Memorandum nor any other information supplied in connection with the Debentures is intended to provide the basis of any credit or other evaluation and any recipient of this Information Memorandum should not consider such receipt as a recommendation to subscribe to any Debentures. Each Investor contemplating subscription to any Debentures should make its own independent investigation of the financial condition and affairs of the Issuer, and its own appraisal of the creditworthiness of the Issuer. Potential investors should consult their own financial, legal, tax and other professional advisors as to the risks and investment considerations arising from an investment in the Debentures and should possess the appropriate resources to analyse such investment and the suitability of such investment to such Investor's particular circumstances. It is the responsibility of the Investors to also ensure that they will sell these Debentures in strict accordance with the terms and conditions of this Information Memorandum and Applicable Laws, so that the sale does not constitute an offer for sale to the public within the meaning of the Companies Act.

It is hereby clarified that, the Debentures will be in the nature of Subordinated Debt and are being issued for the purpose of inclusion as Tier II Capital and hence the claims of the holders thereof will be subordinated to the claims of other secured and other unsecured creditors of our Company, subject to and as set out under applicable statutory and/or regulatory requirements. In terms of the RBI Master Directions, Subordinated Debt is included as Tier II Capital along with preference shares and hybrid debt instruments etc. and shall be free of any restrictive clauses and shall not be redeemable at the initiative of the holder.

The Issuer confirms that, as on the date hereof, this Information Memorandum (including the documents incorporated by reference herein, if any) contains all the information that is material in the context of the Issue and regulatory requirements in relation to the Issue and is accurate in all such material respects. No person has been authorised to give any information or to make any representation not contained or incorporated by reference in this Information Memorandum or in any material made available by the Issuer to any potential Investor pursuant hereto and, if given or made, such information or representation must not be relied upon as having being authorised by the Issuer. Further, the Issuer accepts no responsibility for statements made otherwise than in the Information Memorandum or any other material issued by or at the instance of the Issuer and anyone placing reliance on any source of information other than this Information Memorandum would be doing so at its own risk.

This Information Memorandum and the contents hereof are restricted only for the intended recipient(s) who have been addressed directly and specifically through a communication by the Issuer and only such recipients may apply for the Debentures. All Investors are required to comply with the relevant regulations/ guidelines applicable to them for investing in this Issue. The contents of this Information

Memorandum are intended to be used only by those Investors to whom it is distributed. It is not intended for distribution to any other person and should not be reproduced by the recipient.

No invitation is being made to any persons other than those to whom the Application Form(s) along with this Information Memorandum being issued pursuant hereto have been sent. Any application by a person to whom the Information Memorandum has not been sent by the Issuer shall be rejected without assigning any reason.

The person who is in receipt of this Information Memorandum shall not reproduce or distribute in whole or part or make any announcement in public or to a third party regarding the contents hereof without the consent of the Issuer. The recipient agrees to keep confidential all information provided (or made available hereafter), including, without limitation, the existence and terms of the Issue, any specific pricing information related to the Issue or the amount or terms of any fees payable to the Issuer or other parties in connection with the Issue. This Information Memorandum may not be photocopied, reproduced, or distributed to others at any time without the prior written consent of the Issuer. Upon request, the recipients will promptly return all material received from the Issuer (including this Information Memorandum) without retaining any copies thereof. If any recipient of this Information Memorandum decides not to participate in the Issue, that recipient must promptly return this Information Memorandum and all reproductions whether in whole or in part and any other information statement, notice, opinion, memorandum, expression or forecast made or supplied at any time in relation thereto or received in connection with the Issue to the Issuer.

The Issuer does not undertake to update this Information Memorandum to reflect subsequent events after the date of this Information Memorandum and thus it should not be relied upon with respect to such subsequent events without first confirming its accuracy with the Issuer.

Neither the delivery of this Information Memorandum nor any sale of Debentures made hereafter shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Issuer since the date hereof.

This Information Memorandum does not constitute, nor may it be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation. No action is being taken to permit an offering of the Debentures or the distribution of this Information Memorandum in any jurisdiction where such action is required. Persons into whose possession this Information Memorandum comes are required to inform themselves about and to observe any such restrictions. The Information Memorandum is made available to potential Investors in the Issue on the strict understanding that it is confidential.

This information memorandum includes unaudited results on the basis of a limited review report issued by our statutory auditors for the quarter ended December 31, 2022. The limited review financial statements of the Issuer as of December 31, 2022 have been disclosed in **Part B of Annexure IV** of this IM.

2.2 DISCLAIMER OF THE TRUSTEE

The Issuer confirms that all necessary disclosures have been made in the Information Memorandum including but not limited to statutory and other regulatory disclosures. Investors should carefully read and note the contents of the Information Memorandum. Each prospective investor should make its own independent assessment of the merit of the investment in the Debentures and the Issuer. Prospective investors should consult their own financial, legal, tax and other professional advisors as to the risks and investment considerations arising from an investment in the Debentures and should possess the appropriate resources to analyse such investment and suitability of such investment to such investor's particular circumstance. Prospective investors are required to make their own independent evaluation and judgment before making the investment and are believed to be experienced in investing

in debt markets and are able to bear the economic risk of investing in such instruments. The Debenture Trustee, *ipso facto* does not have the obligations of a borrower or a principal debtor or as to the monies paid/invested by investors for the Debentures.

2.3 DISCLAIMER IN RESPECT OF JURISDICTION

This Issue is made in India to investors as specified under the clause titled “**Persons who may apply**” of this Information Memorandum, who shall be specifically approached by the Issuer. This Information Memorandum does not constitute an offer to sell or an invitation to subscribe to Debentures offered hereby to any person to whom it is not specifically addressed. Please refer to **Section 4.28** of this Information Memorandum, under row titled ‘Governing Law and Jurisdiction’ for details in relation to the governing law and jurisdiction applicable to any disputes arising out of this Issue. This Information Memorandum does not constitute an offer to sell or an invitation to subscribe to the Debentures herein, in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction.

2.4 DISCLAIMER IN RESPECT OF RATING AGENCY

Ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. The Rating Agency(ies) has/ have based its/ their ratings on information obtained from sources believed by it to be accurate and reliable. The Rating Agency(ies) does/ do not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by the Rating Agency(ies) have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

2.5 FORCE MAJEURE

The Company reserves the right to withdraw the Issue at any time prior to the closing date thereof in the event of any unforeseen development adversely affecting the economic and/or regulatory environment or otherwise. In such an event, the Company will refund the Application Money, if any, collected in respect of the Issue in accordance with the Information Memorandum without assigning any reason.

2.6 ISSUE OF DEBENTURES IN DEMATERIALISED FORM

The Debentures will be issued in dematerialised form. The Issuer has made arrangements with the Depository(ies) for the issue of the Debentures in dematerialised form. Investors will have to hold the Debentures in dematerialised form as per the provisions of Depositories Act. The Issuer shall take necessary steps to credit the Debentures allotted to the beneficiary account maintained by the Investor with its depository participant. The Issuer will make the allotment to Investors on the Deemed Date of Allotment after verification of the Application Form and the accompanying documents.

2.7 DISCLAIMER CLAUSE OF THE ARRANGER(S)

The Issuer hereby declares that it has exercised due diligence to ensure complete compliance with prescribed disclosure norms in this Information Memorandum. The only role of the Arranger(s) with respect to the Debentures is confined to arranging placement of the Debentures on the basis of this Information Memorandum as prepared by the Issuer and in accordance with applicable laws. Without limiting the foregoing, the Arranger(s) are not acting, and have not been engaged to act, as an underwriter, merchant banker or other intermediary with respect to the Debentures. The Issuer is solely responsible for the truth, accuracy and completeness of all the information provided in the Information Memorandum. Neither are the Arranger(s) responsible for preparing, clearing, approving, scrutinizing or vetting the Information Memorandum, nor are they responsible for doing any due diligence for

verification of the truth, correctness or completeness of the contents of the Information Memorandum. The Arranger(s) shall use this document for the purpose of soliciting subscription from Eligible Investors in the Debentures to be issued by the Issuer on private placement basis. The Arranger(s) shall be entitled to rely on the truth, correctness and completeness of the Information Memorandum. It is to be distinctly understood that the aforesaid use of the Information Memorandum by the Arranger(s) should not in any way be deemed or construed to mean that the Information Memorandum has been cleared, approved, scrutinised or vetted by the Arranger(s). Nor should the contents of the Information Memorandum in any manner be deemed to have been warranted, certified or endorsed by the Arranger(s) as to the truth, correctness or completeness thereof. Each recipient must satisfy itself as to the accuracy, reliability, adequacy, reasonableness or completeness of the Information Memorandum.

The Arranger(s) have not conducted any due diligence review on behalf or for the benefit of the Trustee or any of the Debenture Holders. Each of the Debenture Holders should conduct such due diligence on the Issuer and the Debentures as it deems appropriate and make its own independent assessment thereof.

Distribution of the Information Memorandum does not constitute a representation or warranty, express or implied by the Arranger(s) that the information and opinions herein will be updated at any time after the date of the Information Memorandum. The Arranger(s) do not undertake to notify any recipient of any information coming to the attention of the Arranger(s) after the date of the Information Memorandum. No responsibility or liability or duty of care is or will be accepted by the Arranger(s) for updating or supplementing the Information Memorandum nor for providing access to any additional information as further information becomes available.

Neither the Arranger(s) nor any of their respective directors, employees, officers or agents shall be liable for any direct, indirect or consequential loss or damage suffered by any person as a result of relying on any statement in or omission from the Information Memorandum or in any other information or communications made in connection with the Debentures.

The Arranger(s) are acting for the Company in relation to the Issue of the Debentures and not on behalf of the recipients of the Information Memorandum. The receipt of the Information Memorandum by any recipient is not to be constituted as the giving of investment advice by the Arranger(s) to that recipient, nor to constitute such a recipient a customer of the Arranger(s). The Arranger(s) are not responsible to any other person for providing the protection afforded to the customers of the Arranger(s) nor for providing advice in relation to the Information Memorandum.

Each recipient of this Information Memorandum acknowledges that:

- (i) each recipient has been afforded an opportunity to request and to review and has received all additional information considered by the recipient to be necessary to verify the accuracy of or to supplement the information contained herein;
- (ii) such recipient has not relied on any intermediary that may be associated with the Debentures including the Arranger(s) in connection with its investigation of the accuracy of such information or its investment decision; and

The Issuer does not undertake to update the information in the Information Memorandum to reflect subsequent events after the date of the Information Memorandum and thus it should not be relied upon with respect to such subsequent events without first confirming its accuracy with the Issuer. Neither the delivery of the Information Memorandum nor any sale of Debentures made hereunder shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Issuer since the date hereof.

2.8 **DISCLAIMER CLAUSE OF STOCK EXCHANGES**

As required, a copy of this Information Memorandum shall be filed with BSE in terms of the SEBI NCS Regulations. It is to be distinctly understood that submission of this Information Memorandum to the BSE should not in any way be deemed or construed to mean that this Information Memorandum has been reviewed, cleared, or approved by the BSE; nor does the BSE in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Information Memorandum; nor does the BSE warrant that the Issuer's Debentures will be listed or will continue to be listed on the BSE; nor does the BSE take any responsibility for the soundness of the financial and other conditions of the Issuer, its promoters, its management or any scheme or project of the Issuer.

2.9 **DISCLAIMER CLAUSE OF SEBI**

As per the provisions of the SEBI NCS Regulations, it is not stipulated that a copy of this Information Memorandum has to be filed with or submitted to the SEBI for its review/ approval. It is to be distinctly understood that this Information Memorandum should not in any way be deemed or construed to have been approved or vetted by SEBI and that this Issue is not recommended or approved by SEBI. SEBI does not take any responsibility either for the financial soundness of any proposal for which the Debentures issued thereof is proposed to be made or for the correctness of the statements made or opinions expressed in this Information Memorandum.

Each recipient of the Information Memorandum acknowledges that each recipient has been afforded an opportunity to request and to review and has received all additional information considered by the recipient to be necessary to verify the accuracy of or to supplement the information contained therein.

The Company has prepared this Information Memorandum and the Company is solely responsible for its contents. All the information contained in this Information Memorandum has been provided by the Company or is from publicly available information.

2.10 **DISCLAIMER OF THE RESERVE BANK OF INDIA**

The Company holds a certificate of registration dated August 24, 2010 bearing registration no. N-16.00187 issued by the RBI to carry on the activities of a NBFC under section 45 IA of the Reserve Bank of India Act, 1934 ("**RBI Act**"). However, the Debentures have not been recommended or approved by the RBI nor does RBI guarantee the accuracy or adequacy of this Information Memorandum. It is to be distinctly understood that this Information Memorandum should not, in any way, be deemed or construed that the securities have been recommended for investment by the RBI. RBI does not take any responsibility either for the financial soundness of the Issuer, or the securities being issued by the Issuer or for the correctness of the statements made or opinions expressed in this Information Memorandum. Potential investors may make investment decision, in the securities offered in terms of this Information Memorandum solely on the basis of their own analysis and RBI does not accept any responsibility about servicing/ repayment of such investment.

3. RISK FACTORS

The following are some of the important factors that could cause actual results to differ materially from the Company's expectations:

The following are the risks envisaged by the management of the Company relating to the Company, the Debentures and the market in general. Potential investors should carefully consider all the risk factors stated in this Information Memorandum in relation to the Debentures for evaluating the Company and its business and the Debentures before making any investment decision relating to the Debentures. The Company believes that the factors described below represents the principal risks inherent in investing in the Debentures but does not represent that the statements below regarding the risks of holding the Debentures are exhaustive. *The ordering of the risk factors is intended to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk factor over another.* Potential Investors should also read the detailed information set out elsewhere in this Information Memorandum and reach their own views prior to making any investment decision.

If any one of the following stated risks actually occurs, the Company's business, financial conditions and results of operations could suffer and, therefore, the value of the Company's Debentures could decline and/or the Company's ability to meet its obligations in respect of the Debentures could be affected. More than one risk factor may have simultaneous effect with regard to the Debentures such that the effect of a particular risk factor may not be predictable. In addition, more than one risk factor may have a compounding effect which may not be predictable. No prediction can be made as to the effect that any combination of risk factors may have on the value of the Debentures and/or the Company's ability to meet its obligations in respect of the Debentures.

These risks and uncertainties are not the only issues that the Company faces. Additional risks and uncertainties not presently known to the Company or that the Company currently believes to be immaterial may also have a material adverse effect on its financial condition or business. Unless specified or quantified in the relevant risk factors, the Company is not in a position to quantify the financial or other implications of any risk mentioned herein below.

A. INTERNAL RISK FACTORS

Risks relating to the Company and its Business.

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

Our liquidity and ongoing profitability are, in large part, dependent upon our timely access to cost effective sources of funding. Our funding requirements historically have been met through a combination of borrowings such as working capital limits, term loans, short term revolving loans, etc., from banks. Our ability to raise funds, on acceptable terms and at competitive rates, continues to depend on various factors including our credit ratings, financial performance & growth prospects of our Company, the macro economic factors including regulatory environment and policy initiatives in India, developments in the international markets affecting the Indian economy, investors' and/or lenders' perception of demand for securities of NBFCs. Our business depends and will continue to depend on our ability to access diversified low-cost funding sources.

In the recent past the Indian economy witnessed defaults of debt repayments by large NBFC players. Such events heightened the investor focus around the health of the broader NBFC sector as well as their sources of liquidity. This has led to crunch in liquidity available to certain NBFCs. Re-occurrence of similar events may affect the market sentiment towards NBFC sector and as a whole may affect the borrowing capability of our Company adversely.

2. If we are unable to manage the level of NPAs, our financial position and results of operations may suffer.

The Non-Banking Financial Company-Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 01, 2016, as amended, prescribe the provisioning required in respect of our outstanding loan portfolio. Should the overall credit quality of our loan portfolio deteriorate, the current level of our provisions may not be adequate to cover further increases in the amount of our non-performing assets. Furthermore, although we believe that our total provision will be adequate to cover all known losses in our asset portfolio, our current provisions may not be adequate when compared to the loan portfolios of other financial institutions.

Moreover, there also can be no assurance that there will be no further deterioration in our provisioning coverage as a percentage of gross non-performing assets or otherwise, or that the percentage of non-performing assets that we will be able to recover will be similar to our past experience of recoveries of nonperforming assets. In the event of any further increase in our non-performing asset portfolio, there could be an even greater, adverse impact on our results of operations.

3. A substantial section of our customer base comprises of individuals, small traders and business operators, who generally are more likely to be affected by declining economic conditions than larger corporate borrowers. Any decline in the repayment capabilities of our borrowers, may result in increase in default thereby adversely affecting our business and financial condition.

Individual and small enterprise segment borrowers generally are less financially resilient than larger corporate borrowers, and, as a result, they can be more adversely affected by declining economic conditions. In addition, a significant majority of our customer base belongs to the low to medium income group and/or the small enterprises finance sector who may be more likely to be affected by declining economic conditions than large corporate houses.

Any decline in in the economic conditions may impact the repayment capabilities of our borrowers, which may result in increase in defaults, thereby adversely affecting our business and financial conditions.

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

The financial services market is being served by a range of financial entities, including traditional banking institutions, public sector banks, NBFCs and small finance banks. Our competitors may have greater financial resources, may be larger in terms of business volume and customer base, have greater brand recognition among customers, better institutional distribution platforms and may have lower cost of funds compared to us.

Moreover, as interest rate is a key factor driving a customers' decision in selecting a financier, competitors may offer loans at lower rates, owing to access to lower cost of capital, to retain market share. This competition is likely to further intensify as more and more international and domestic players enter into Indian financial services industry as a result of regulatory changes. Our future success will depend, to a large extent, on our ability to respond in a timely and effective manner to these competitive pressures. There can be no assurance that we will be able to compete successfully with such competitors and gain market share.

5. We may face asset-liability mismatches which could affect our liquidity and consequently may adversely affect our operations and profitability.

We face potential liquidity risks due to varying periods over which our assets and liabilities mature. As is typical for NBFCs, a portion of our funding requirements is met through short-term funding sources

such as bank loans, working capital demand loans, cash credit, short term loans and commercial papers. However, each of our products differs in terms of the average tenor, average yield, average interest rates and average size of loan. Our inability to obtain additional credit facilities or renew our existing credit facilities, in a timely and cost effective manner or at all, may lead to liquidation/ non building of assets, which in turn may adversely affect our operations and financial performance.

6. Any disassociation of our Company from “The Federal Bank Limited” could adversely affect our operations and profitability.

Our Promoters collectively hold 73.22% of our paid-up equity share capital as on the date of this Information Memorandum. If our Promoters cease to exercise control over our Company as a result of any transfer of shares or otherwise, our ability to derive any benefit from the brand name “Fedbank” and our goodwill associated with being a subsidiary of the “The Federal Bank Limited” may be adversely affected, which in turn could adversely affect our business and results of operations. Any such change of control could also significantly influence our business policies and operations.

7. We are required to comply with strict regulations and guidelines issued by regulatory authorities in India. Any non-compliance with such regulations/guidelines may affect our status of operations.

We are regulated principally by and have reporting obligations to the RBI. We are also subject to the corporate, taxation and other laws in effect in India. The regulatory and legal framework governing us may continue to change as India’s economy and commercial and financial markets evolve. In recent years, existing rules and regulations have been modified, new rules and regulations have been enacted and reforms have been implemented which are intended to provide tighter control and more transparency in India’s asset finance sector.

Compliance with many of the regulations applicable to our operations may involve significant costs and otherwise may impose restrictions on our operations. If the interpretation of the regulators and authorities varies from our interpretation, we may be subject to penalties and the business of our Company could be adversely affected. Our present operations may not meet all regulatory requirements or subsequent regulatory amendments. There can be no assurance that changes in these regulations and the enforcement of existing and future rules by governmental and regulatory authorities will not adversely affect our business and future financial performance.

8. We have entered into certain related party transactions and may continue to do so in the future.

We have entered into transactions with related parties, within the meaning of AS 18 as notified by the Companies (Accounting Standards) Rules, 2006 including our Promoters, Directors and related entities. We can give no assurance that we could not have achieved more favourable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we will enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations.

For further information on our related party transactions please see **Annexure V**. Such transactions may give rise to current or potential conflicts of interest with respect to dealings between us and such related parties. Additionally, there can be no assurance that any dispute that may arise between us and related parties will be resolved in our favour.

9. Our inability to obtain, renew or maintain our statutory and regulatory permits and approvals required to operate our business may have a material adverse effect on our business.

We require certain statutory and/or regulatory permits and approvals for our business. NBFCs in India are subject to strict regulations and supervision by the RBI. In addition to the numerous conditions required for the registration as a NBFC with the RBI, we are required to maintain certain statutory and

regulatory permits and approvals for our business. In the future, we will be required to renew such permits and approvals and obtain new permits and approvals for any proposed operations. There can be no assurance that the relevant authorities will issue any of such permits or approvals in a timely manner or at all, and/or on favourable terms and conditions. Failure by us to comply with the terms and conditions to which such permits or approvals are subject, and/or to renew, maintain or obtain the required permits or approvals may result in the interruption of our operations and may have a material adverse effect on our business, financial condition and results of operations.

In addition, our branches are required 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.

10. We are subject to supervision and regulation by RBI as a non-deposit-taking systemically important NBFC, and any adverse changes in RBI's regulations governing us could adversely affect our business.

We are regulated principally by and have reporting obligations to the RBI. We are also subject to the corporate, taxation and other laws in effect in India. The regulatory and legal framework governing us may continue to change as India's economy and commercial and financial markets evolve. In recent years, existing rules and regulations have been modified, new rules and regulations have been enacted and reforms have been implemented which are intended to provide tighter control and more transparency in India's asset finance sector. 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 NBFCs and provides guidelines to commercial banks with respect to their investment and credit exposure norms for lending to NBFCs. The RBI's regulations of NBFCs could change in the future which may require us to restructure our activities, incur additional cost, impose restrictions on banks in relation to the exposure to NBFCs or could otherwise adversely affect our business and our financial performance. The RBI, from time to time, amends the regulatory framework governing NBFCs to address, among others, concerns arising from certain divergent regulatory requirements for banks and NBFCs. The laws and regulations governing the banking and financial services industry in India have become increasingly complex and cover a wide variety of issues, such as interest rates, liquidity, securitisation, investments, ethical issues, money laundering and privacy. In some cases, there are overlapping regulations and enforcement authorities. Moreover, these laws and regulations can be amended, supplemented or changed at any time such that we may be required to restructure our activities and incur additional expenses to comply with such laws and regulations, which could materially and adversely affect our business and our financial performance. Compliance with many of the regulations applicable to our operations in India, including any restrictions on investments, lending and other activities currently being carried out by our Company, involves a number of risks, particularly in areas where applicable regulations may be subject to varying interpretations. Further, compliance with many of the regulations applicable to our operations may involve significant costs and otherwise may impose restrictions on our operations. 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 Indian laws, regulations and accounting principles and practices. There can be no assurance that the laws governing our Company and its operations 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.

11. Any failure or significant weakness of our internal processes or systems could cause operational errors or incidents of fraud, which would adversely affect our business, profitability and reputation.

We are responsible for establishing and maintaining adequate internal measures commensurate with the size and complexity of operations. Our internal audit functions make an evaluation of the adequacy and effectiveness of internal systems on an ongoing basis so that business units adhere to our policies, compliance requirements and internal guidelines. While we periodically test and update our internal processes and systems, we are exposed to operational risks arising from the potential inadequacy or failure of internal processes or systems, and our actions may not be sufficient to ensure effective internal checks and balances in all circumstances.

Our management information systems and internal procedures that are designed to monitor our operations and overall compliance may not identify every instance of non-compliance or every suspicious transaction. If internal system or process weaknesses are identified, our actions may not be sufficient to correct such weakness. Failures or material errors in our internal systems may lead to deal errors, pricing errors, inaccurate financial reporting, fraud and failure of critical systems and infrastructure. Such instances may also adversely affect our reputation, business and results of operations. Adverse publicity arising from disclosure of fraud may also have an adverse impact in our customers' confidence in our security measures. We cannot assure you that that we would be able to prevent frauds in the future or that our existing internal mechanisms to detect or prevent fraud will be sufficient. Any fraud discovered in the future may have an adverse effect on our business, profitability and reputation.

12. We face operational risks as we: (i) handle high volumes of cash and gold jewellery in a dispersed network of branches, we are exposed to operational risks, including employee negligence, fraud, petty theft, burglary and embezzlement; (ii) occasionally have to overcome deficiency of internal procedures; and (iii) may not be able to detect money-laundering and other illegal or improper activities fully or on a timely basis which could harm our results of operations and financial position.

Our business involves carrying out cash and gold jewellery transactions that expose us to the risk of fraud by employees, agents, customers or third parties, theft, burglary, and misappropriation or unauthorized transactions by our employees. Our insurance policies, security systems and measures undertaken to detect and prevent these risks may not be sufficient to prevent or detect such activities in all cases, which may adversely affect our operations and profitability. Our employees may also become targets of the theft, burglary and other crimes if they are present when these crimes are committed and may sustain physical and psychological injuries as a result. We may encounter difficulties recruiting and retaining qualified employees due to this risk and our business and operations may be adversely affected. Publicity arising from such disclosure of fraud may also have an adverse impact on our customers' confidence in our security measures.

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. The nature and size of the items provided as collateral allow these items to be misplaced or mistakenly delivered, which may have a negative impact on our operations and result in losses.

Additionally, we rely on our internal procedures for obtaining information on our customers and loan collateral provided. In the event of lapses or deficiencies in our procedures or in their implementation, we may be subject to business or operational risk. For example, in the event that we unknowingly receive stolen goods as collateral from a customer, the goods can be seized by the authorities. Once seized by the authorities, gold items will be stored in court storage facilities without a surety arrangement unless released to the Company from safe custody, upon a specific order. No recourse will generally be available to the Company in the event of such seizure, except the recovery of the loss from the customer.

We are required to comply with applicable anti-money-laundering, anti-terrorism laws and other applicable regulations in India. We, in the course of our operations, run the risk of failing to comply with the prescribed KYC procedures and the consequent risk of fraud and money laundering by dishonest customers despite putting in place systems and controls to prevent the occurrence of these risks. In our pursuit of business, we run the risk of inadvertently offering our financial products and services ignoring customer suitability and appropriateness despite having a Board approved customer suitability policy and associated processes in place. To the extent the Company fails to fully comply with applicable laws and regulations, the relevant government agencies to which the Company reports have the power and authority to impose fines and other penalties. In addition, the Company's business and reputation could suffer if customers use the Company for money-laundering or illegal or improper purposes. Any potential penalties or liabilities imposed by the relevant regulators on such matters may adversely affect the Company's financial condition and results of operations.

13. Any downgrade in our credit ratings could increase our borrowing costs, affect our ability to obtain financing, and adversely affect our business, results of operations and financial condition.

The cost and availability of capital depends in part on our short-term and long-term credit ratings. Credit ratings reflect the opinions of ratings agencies on our financial strength, operating performance, strategic position and ability to meet our obligations. Additionally, the credit ratings of our Promoter, and the factors which impact it, have an effect on our credit ratings, given the existing relationship between us and our Promoter.

Any downgrade in our credit ratings or the credit ratings of our Promoter could increase borrowing costs, result in an event of default under certain of our financing arrangements and adversely affect our access to capital and debt markets, which could in turn adversely affect our interest margins, our business, results of operations, financial condition and cash flows. In addition, any downgrade in our credit ratings or the credit ratings of our Promoter could increase the probability that our lenders impose additional terms and conditions to any financing or refinancing arrangements we enter into in the future, impair our future issuances of debt and equity, and our ability to raise new capital on a competitive basis and adversely affect our business, results of operations and financial condition.

14. Some of our Directors and our Promoter may have interests in entities in businesses similar to ours, which may result in conflicts of interest with us.

Some of our Directors may have investments or interests in entities engaged in businesses similar to ours, which may, in the future, result in conflicts of interest with us. Our director, Maninder Singh Juneja, is involved or interested in certain companies engaged in similar business activities as us and provides similar services as some of our products.

15. Our NCDs are listed on BSE and we are subject to rules and regulations with respect to such listed NCDs. If we fail to comply with such rules and regulations, we may be subject to certain penal actions, which may have an adverse effect on our business, results of operations, financial condition and cash flows. Further, the trading in our NCDs has been and may continue to be limited or sporadic, which may affect our ability to raise debt financing in the future.

Our NCDs are listed on the debt segment of BSE. We are required to comply with various applicable rules and regulations, including the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended, and applicable provisions of the SEBI (LODR) Regulations, in terms of our listed NCDs, and the listing agreement entered into therein. If we fail to comply with such rules and regulations, we may be subject to certain penal actions, including, without limitation, restrictions on the further issuance of non-convertible securities by us or our Promoter and the freezing of transfers of securities, which may have an adverse effect on our business, results of operations, financial condition and cash flows.

Trading in our NCDs has been limited and we cannot assure you that the NCDs will be frequently traded on the BSE or that there would be any market for the NCDs. Further, we cannot predict if and to what extent a secondary market may develop for the NCDs or at what price the non-convertible debentures will trade in the secondary market or whether such market will be liquid or illiquid.

16. Refusal in listing of any security of the Issuer during last three years by any of the Stock Exchanges in India or abroad.

As of the date of this Information Memorandum, the Issuer has not been refused listing of any security during the last 3 (Three) years by any of the Stock Exchanges in India or abroad and therefore, this would not be applicable.

17. In case of outstanding debt instruments or deposits or borrowings, any default in compliance with the material covenants such as creation of security as per terms agreed, default in payment of interest, default in redemption or repayment, non-creation of debenture redemption reserve, default in payment of penal interest wherever applicable.

As on the date of this Information Memorandum, the Issuer has not defaulted in compliance with any material covenants agreed to by the Issuer and therefore, this would not be applicable.

B. Risks Relating to the Debentures

1. You 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.

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.

2. Any downgrading in credit rating of our NCDs may affect the value of NCDs and thus our ability to raise further debts.

The rating of the NCDs by Rating Agency and/or agencies indicates high degree of safety regarding timely servicing of financial obligations and carrying very low credit risk. The ratings provided by Rating Agency and/or Agencies may be suspended, withdrawn or revised at any time by the assigning rating agency and should be evaluated independently of any other rating. These ratings are not a recommendation to buy, sell or hold securities and investors should take their own decisions.

Any adverse revisions of our credit rating may adversely impact our ability to raise additional financing, the interest rates and other commercial terms at which such additional financing is available. This could have a material adverse effect on our business and financial performance and our ability to obtain financing for lending operations.

3. Our Company may raise further borrowings and charge its assets subject to receipt of necessary consents.

Our Company may, subject to receipt of all necessary consents, raise further borrowings and charge its assets. Our Company will decide the nature of security that may be provided for future borrowings. In the event of creation of a charge on the assets of the Company in favour of other lenders, there may be a reduction in the amounts recoverable by the NCD holders upon our Company's bankruptcy, winding-up or liquidation.

- 4. *There may be no active market for the non-convertible debentures on the debt segment of the Stock Exchange. As a result, the liquidity and market prices of the non-convertible debentures may fail to develop and may accordingly be adversely affected.***

There can be no assurance that an active market for the NCDs will develop. If an active market for the NCDs fails to develop or be sustained, the liquidity and market prices of the NCDs may be adversely affected. The market price of the NCDs would depend on various factors inter alia including (i) the interest rate on similar securities available in the market and the general interest rate scenario in the country; (ii) the market for listed debt securities; (iii) general economic conditions; and (iv) our financial performance, growth prospects and results of operations. The aforementioned factors may adversely affect the liquidity and market price of the NCDs, which may trade at a discount to the price at which you purchase the NCDs and/or be relatively illiquid.

- 5. *Issuer's indebtedness and covenants imposed by its financing arrangements may restrict its ability to conduct its business or operations***

The Issuer's financing arrangements require it to maintain certain security cover for some of its borrowings. Should there be any breach of financial or other covenants of any financing arrangements and such breach continues beyond the stipulated cure period (if any), the Issuer may be subjected to various consequences as a result of such default including forced repayment of such borrowings. Further, under some of the financing arrangements, the Issuer is required to inform / obtain prior approval of the lenders / debenture holders / debenture trustee for various actions. This may restrict / delay some of the actions / initiatives of the Issuer from time to time.

- 6. *Material changes in regulations to which the Issuer is subject could impair the Issuer's ability to meet payment or other obligations.***

The Issuer is subject generally to changes in Indian law, as well as to changes in government regulations and policies and accounting principles. Any changes in the regulatory framework could adversely affect the profitability of the Issuer or its future financial performance, by requiring a restructuring of its activities, increasing costs or otherwise.

- 7. *Risk in relation to the nature of the Debentures.***

The Debentures are subordinated in nature and intended to constitute Tier II regulatory capital of the Issuer. The Debentures and any amounts of interest due thereon are unsecured obligations of the Issuer. Accordingly, the claims of the investors in Debentures in case the Issuer goes into liquidation and is being wound up shall be subordinated to the claims of the other creditors of the Issuer.

- 8. *The Debentures may not qualify as Tier II Capital***

There is no guarantee that the Debentures shall qualify as Tier II Capital under the guidelines of RBI. The failure of the Debentures to qualify as Tier II Capital due to any reason, including changes in law, regulations, interpretations by RBI, would adversely affect the Issuer's Capital Adequacy Ratio to the extent of such disallowance.

- 9. *Other risks in connection with Debentures***

The payment of redemption of principal amount of the Debentures would be subject to the requirements of RBI, if any, including requirement of the Debentures not being redeemable at the initiative of the holder of the Debentures or without the consent of the RBI. The monies being raised pursuant to the terms set out herein are for the purposes of augmenting the Tier II Capital of the Issuer.

C. RISKS IN RELATION TO ENFORCEMENT

1. *Significant delays may be faced in court proceedings in India.*

The Debenture Trustee and/or the Debenture Holders may need to seek recourse to Indian courts to enforce their rights under the Transaction Documents and/or in respect of the Debentures in the event that the Issuer fails to honour its obligations in relation to the Debentures. It is not unusual for court proceedings in India to continue for extended periods. Disposition of cases may be further subject to various delays including multiple levels of appellate adjudication.

2. *Exercise of powers by the Debenture Trustee is subject to equitable principles and supervisory powers of courts.*

The exercise by the Debenture Trustee of the powers and remedies conferred on it under the Debentures, and the Transaction Documents, or otherwise vested in it by law, will be subject to general equitable principles, the general supervisory powers and discretion of the Indian courts in the context thereof and the obtaining of any necessary governmental or regulatory consents, approvals, authorisations or orders.

The right of the Debenture Holders to receive payments under the Debentures will be junior to certain tax and other liabilities, including monies due and payable to secured creditors of the Issuer, preferred by law on an insolvency of the Issuer.

D. EXTERNAL RISK FACTORS

Risks Relating to the Indian Economy

1. *A slowdown in economic growth in India could cause our business to be adversely affected.*

Our results of operations are significantly affected by factors influencing the Indian economy and the global economy in general. Any slowdown in economic growth in India could adversely affect us, including our ability to grow our loan portfolio, the quality of our assets, and our ability to implement our strategy.

Any slowdown in the growth or negative growth of sectors where we have a relatively higher exposure could adversely impact our performance. Any such slowdown, and in particular the financing requirement of our customers could adversely affect our business, prospects, results of operations and financial condition.

2. *Political instability or changes in Government of India could adversely affect economic conditions in India generally, and consequently, our business in particular.*

The Government of India has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. Since 1991, successive governments have pursued policies of economic and financial sector liberalisation and deregulation and encouraged infrastructure projects. There can be no assurance that these liberalised policies will continue in the future as well. A significant change in Government's policies in the future could affect business and economic conditions in India. This could also adversely affect our business, prospects, results of operations and financial condition.

3. *Any downgrading of India's sovereign rating by an international rating agency(ies) may affect our business and our liquidity to a great extent.*

Any adverse revision to India's credit rating for domestic and international debt by international rating agencies may adversely impact our ability to raise additional finances at favourable interest

rates and other commercial terms. This could have an adverse effect on our growth, financial performance and our operations. Instances of corruption in India have the potential to discourage investors and derail the growth prospects of the Indian economy. Corruption creates economic and regulatory uncertainty and could have an adverse effect on our business, profitability and results of operations. The Indian economy has had sustained periods of high inflation. Should inflation continue to increase sharply, our profitability and results of operations may be adversely impacted. High rates of inflation in India could increase our employee costs which could have an adverse effect on our profitability and results of operations.

4. REGULATORY DISCLOSURES

PART A: DISCLOSURES UNDER SEBI NCS REGULATIONS

The Information Memorandum is prepared in accordance with the provisions of SEBI NCS Regulations and SEBI Operating Circular and in this section, the Issuer has set out the details required as per **Schedule II** of the SEBI NCS Regulations and SEBI Operating Circular.

4.1 Documents submitted to the BSE

The following documents have been submitted to the BSE:

- A. Memorandum and Articles of Association and necessary resolution(s) for the allotment of the Debentures;
- B. Copy of last 3 (Three) years audited annual reports;
- C. Statement containing particulars of, dates of, and parties to all material contracts and agreements;
- D. Copy of the resolution passed by the shareholders of the Company at the Annual General Meeting, authorising the issue/offer of non-convertible debentures by the Company;
- E. Certified true copy of the resolution passed by the Company at the Annual General Meeting authorising the Company to borrow, upon such terms as the Board may think fit, up to an aggregate limit of Rs.15,000,00,00,000/- (Rupees Fifteen Thousand Crores Only);
- F. Copy of the Board / Committee Resolution authorising the issue of Debentures and list of authorised signatories;
- G. Undertaking from the Issuer stating that all documents required to be executed in relation with the Debentures shall be executed within the time frame specified, and uploaded on the website of the designated Stock Exchange, where the Debentures are listed, within the timelines specified under the extant regulations;
- H. The Trustee shall submit a due diligence certificate to the Stock Exchange in the format as specified in **Schedule IVA** of the SEBI NCS Regulations. The Stock Exchange shall list the Debentures only upon receipt of the aforementioned due diligence certificate from the Trustee; and
- I. Any other particulars or documents that the Stock Exchange may call for as it deems fit.

4.2 Documents submitted to the Debenture Trustee

The following documents have been submitted to the Debenture Trustee:

- A. Memorandum and Articles of Association and necessary resolution(s) for the allotment of the Debentures;
- B. Copy of last 3 (Three) years audited annual reports;
- C. Statement containing particulars of, dates of, and parties to all material contracts and agreements;
- D. Latest audited and standalone financial information (profit & loss statement, balance sheet and cash flow statement) and auditor qualifications, if any;
- E. An undertaking to the effect that the Issuer would, till the redemption of the Debentures, submit the details mentioned in point (D) above to the Debenture Trustee within the timelines as mentioned in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, the Issuer shall also promptly submit to the Debenture Trustee all the other documents/intimations as are required to be submitted under the provisions of Regulation 56 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, the Issuer shall within 180 (One Hundred and Eighty) days from the end of the financial year, submit a copy of the latest annual report to the Debenture Trustee and the Debenture Trustee shall be obliged to share the details submitted under this clause with all 'Qualified Institutional


Buyers' (QIBs) and other existing debenture holders within 2 (Two) Business Days of their specific request.


4.3 Issue Schedule

Particulars	Date
Issue Opening Date	May 25, 2023
Issue Closing Date	May 25, 2023
Pay In Date	May 26, 2023
Deemed Date of Allotment	May 26, 2023

4.4 Name, logo, address, websites, email address, telephone number and contact person of Issuer, Debenture Trustee, Rating Agency(ies), Registrar, Statutory Auditor and Legal Counsel (if any), Guarantor (if applicable) and Arranger (if any):

Sr. No.	Particulars	Details
1.	Issuer	<p>Fedbank Financial Services Limited Registered office address: Kanakia Wall Street, A Wing, 5th Floor, Unit No.511, Andheri Kurla Road, Andheri East Mumbai, Maharashtra – 400 093 Corporate office address: Kanakia Wall Street, A Wing, 5th Floor, Unit No.511, Andheri Kurla Road, Andheri East Mumbai, Maharashtra – 400 093 Website: https://fedfina.com E-mail address: secretarial@fedfina.com Telephone number: +91 22 6852 0601- ext 616 Contact person: Rajaraman Sundaresan</p> <p><i>Please refer to the cover page of this Information Memorandum for the logo of the Issuer.</i></p>
2.	Registration	<p>Corporate Identification Number U65910MH1995PLC364635 issued by the Registrar of Companies, Ernakulam.</p> <p>The Company holds a certificate of registration dated August 24, 2010 bearing registration number N-16.00187 issued by the RBI to carry on the activities of a non-banking financial institution without accepting public deposits (subject certain restrictions) under Section 45 IA of the RBI Act.</p>
3.	Arrangers (if any)	 <p>A. K. Stockmart Private Limited Unit No. 601-602, 6th Floor, Windsor, Off CST Road, Kalina, Santacruz (East), Mumbai - 400 098 (India) Tel No.: (+91 22) 6754 6500 Contact Person: Mr. Ranjit Dutta E-mail: stockmart@akgroup.co.in Website: www.akgroup.co.in</p>
4.	Guarantor, if applicable	N.A

Sr. No.	Particulars	Details
5.	Statutory Auditors of the Issuer	<p style="text-align: center;">B S R & Co. LLP Chartered Accountants</p> <p>BSR & Co. LLP, Chartered Accountants 14th Floor, Central B Wing and North C Wing, Nesco IT Western Express Highway, Goregaon (East), Mumbai 400063. Tel No.: 22 6257 1000 Contact Person: Mr. Ashwin Suvarna E-mail: asuvarna@bsraffiliates.com Website: https://bsrco.in/</p>
6.	Compliance Officer of the Issuer	<p>Name: Rajaraman Sundaresan Address: Kanakia Wall Street, A Wing, 5th Floor, Unit No.511 & 512, Andheri Kurla Road, Chakala, Andheri East Mumbai, Maharashtra – 400 093 Tel: +91 22 6852 0601- ext 616 E-mail: secretarial@fedfina.com</p>
7.	Chief Financial Officer (CFO) of the Issuer	<p>Name: C. V. Ganesh Address: Kanakia Wall Street, A Wing, 5th Floor, Unit No.511 & 512, Andheri Kurla Road, Chakala, Andheri East Mumbai, Maharashtra – 400 093 Tel: 022 68520601-ext 607 E-mail: cv.ganesh@fedfina.com</p>
8.	Debenture Trustee to the Issue	<p style="text-align: center;"> AXIS TRUSTEE</p> <p>Axis Trustee Services Limited Registered Office: Axis Trustee Services Limited Axis House, Bombay Dyeing Mills Compound, Pandurang Budhkar Marg, Worli, Mumbai - 400 025 Tel: +91 22 6230 0451 Contact person: Chief Operating Officer E-mail: debenturetrustee@axistrustee.in</p> <p><i>Please refer to the cover page of this Information Memorandum for the logo of the Debenture Trustee.</i></p>
9.	Registrar and Transfer Agent to the Issue	<p>Link Intime India Private Limited II Floor, Kences Towers No. 1 Ramakrishna Street, T. Nagar, Chennai – 600 017, Tamil Nadu Tel: +91 22 49186101 Fax: +91 22 49186000 Contact person: Mr. Amit Dabhade E-mail: ganesh.jadhav@linkintime.co.in</p> <p><i>Please refer to the cover page of this Information Memorandum for the logo of the Registrar and Transfer Agent.</i></p>

Sr. No.	Particulars	Details
10.	Credit Rating Agency(ies) of the Issue	CARE Ratings Limited 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022 Tel No: +91 22 6754 3456 Contact Person: Shweta Agrawal E-mail: care@careedge.in <i>Please refer to the cover page of this Information Memorandum for the logo of the Rating Agency 1.</i>
		India Ratings and Research Private Limited Wockhardt Towers, 4th Floor, West Wing, Bandra Kurla Complex, Bandra East, Mumbai – 400 051 Tel No: +91 22 4000 1700 Contact Person: Arunima Basu E-mail: infogrp@indiaratings.co.in <i>Please refer to the cover page of this Information Memorandum for the logo of the Rating Agency 2.</i>
11.	Legal Counsel	Wadia Ghandy & Co.  N. M. Wadia Buildings 123, Mahatma Gandhi Road Fort, Mumbai – 400 001, Website: N/A Phone: +91 22 4073 5700 Email: N/A Contact Person: N/A

4.5 A brief summary of business / activities of Issuer and its subsidiaries with the details of branches or units if any and its line of business

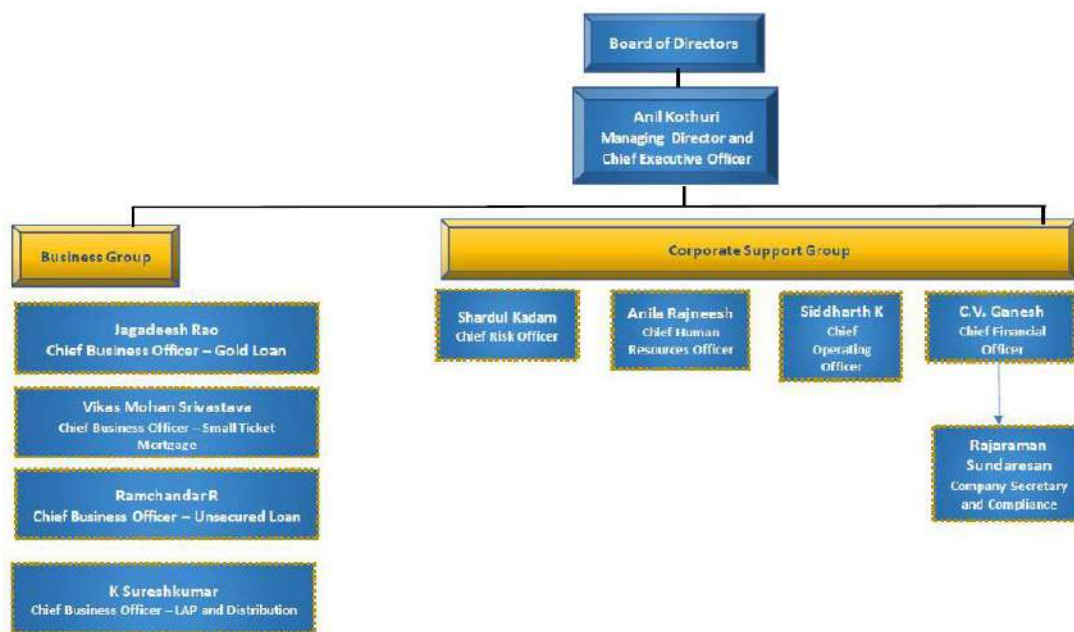
A. Overview of the business of the Issuer:

I. Brief overview of the Company

Our Company was incorporated as ‘Fedbank Financial Services Limited’ on April 17, 1995 in Kerala at Kochi as a public limited company under the Companies Act, 1956, and was granted a certificate of incorporation by the Registrar of Companies, Kerala at Kochi. Our Company received a certificate of commencement of business issued by the Registrar of Companies, Kerala at Kochi dated July 17, 1995. Subsequently, pursuant to a change in our registered office by way of a resolution passed by our shareholders on February 10, 2021, a certificate of registration in relation to the change of state was issued by the Registrar of Companies,

Maharashtra at Mumbai on July 26, 2021. Our Company is registered with the Reserve Bank of India (“RBI”) to carry on the business of non-banking financial institution without accepting public deposits (certificate of registration no. N-16.00187).

B. Corporate Structure of the Issuer:



C. Project cost and means of financing, in case of funding new projects:

N.A.

D. A columnar representation of the audited financial statements (i.e. Profit & Loss statement, Balance Sheet and Cash Flow statement) both on a standalone and consolidated basis for a period of three completed years which shall not be more than six months old from the date of this Information Memorandum or the issue opening date, as may be applicable. The above financial statements shall be accompanied with the Auditor’s Report along with the requisite schedules, footnotes, summary etc.

(Please refer to the below columnar representation which have been derived from the audited financial statements of the Company for the last three Financial Years ended March 31, 2020, March 31, 2021 and March 31, 2022 (Audit reports for the said period and the financial statements including notes and other annexures have been annexed as Part A of Annexure IV)).

STATEMENT OF PROFIT & LOSS				
	(INR in Lakhs)			
	For the Nine Months ended	For the year ended	For the year ended	For the year ended
	Dec 31, 2022	Mar 31, 2022	Mar 31, 2021	Mar 31, 2020
Revenue from operations				
(a) Interest income	79,268.00	82,189.00	65,810.00	42,548.00
Dividend income	-	-	-	-
Rental income	-	-	-	-
(b) Fee and commission income	4,017.00	4,289.47	3,174.00	2,385.00
(c) Net gain on fair value changes	802.32	453.69	198.09	9.00

Net gain on derecognition of financial instruments under amortised cost category	-	-	-	-
Premium from Insurance business	-	-	-	-
Sale of products	-	-	-	-
Sale of services	-	-	-	-
Other operating revenue	-	-	-	-
Total Revenue from operations	84,087.00	86,932.16	69,182.09	44,942.00
Other income	2,715.00	1,432.00	575.00	1,665.00
Total Revenue	86,802.00	88,364.16	69,756.09	46,607.00
Expenses				
(a) Finance costs	33,113.00	34,765.09	31,319.07	20,110.00
(b) Fees and commission expenses	1,730.00	1,470.16	1,203.65	1,239.00
Net loss on fair value changes	-	-	-	-
Net loss on derecognition of financial instruments under amortised cost category	-	-	-	-
(c) Impairment on financial instruments	3,705.00	8,387.81	7,121.00	2,188.00
Cost of materials consumed	-	-	-	-
Changes in inventories of commodities, finished goods, work-in-progress and stock-in-trade	-	-	-	-
Change in Policy Liability - Actuarial	-	-	-	-
Policy Benefit	-	-	-	-
(d) Employee benefits expense	17,869.00	17,541.20	13,158.95	10,082.00
(e) Depreciation, amortisation and impairment	3,077.00	3,669.69	2,726.85	1,921.00
(f) Other expenses	8,494.00	8,608.70	6,533.00	5,467.00
Total expenses	67,988.00	74,442.65	62,063.00	41,007.00
Profit / (loss) before exceptional items and tax	-	13,921.51	7,693.09	5,600.00
Exceptional items	-	-	-	-
Share of (loss)/ profit in Associates companies	-	-	-	-
Profit before tax (III - IV)	18,814.00	13,921.00	7,693.09	5,600.00
Tax expenses:				
Current tax	4,489.32	4,710.18	2,923.58	1,849.00
(1) Current tax	4,489.32	4,710.18	2,923.58	1,849.00
(2) Short / (Excess) provision for earlier years	-	-	-	-
Deferred tax	215.56	(1,135.16)	(1,399.15)	(163.00)
(2) MAT credit entitlement		-	-	(47.00)
(2) Deferred tax (net)	215.56	(1,135.16)	(899.15)	(116.00)
Tax expenses - Prior Period		-	(500.00)	-
Profit/(loss) for the period/year	14,109.12	10,345.98	6,168.00	3,914.00
Profit/ (Loss) from discontinuing operations	-	-	-	-
Tax expense of discontinuing operations	-	-	-	-
Profit/ (Loss) from discontinuing operations (after tax)	-	-	-	-
Profit/ (Loss) for the period	14,109.12	10,345.98	6,168.00	3,914.00
Other Comprehensive Income/(Loss)				
(1) Basic (INR)	-	3.32	2.19	1.61
(2) Diluted INR)	-	3.31	2.18	1.60
Items that will not be reclassified to profit or loss				
(i) Remeasurement gain / (loss) on defined benefit plans (OCI)	48.19	92.32	44.01	(20)

Fair value gain / loss - OCI - equity	-	-	-	-
Share of Other Comprehensive Income in Associates and Joint Ventures, to the extent not to be reclassified into profit or loss	-	-	-	-
Less: Income tax relating to items that will not be reclassified to profit or loss	(12.62)	(23.75)	(11.08)	5
(ii) Tax effect on Remeasurement gain / (loss) on defined benefit plans (OCI)	(12.62)	(23.75)	(11.08)	-
Tax effect on Fair value gain / loss - OCI - equity	-	-	-	-
Total	34.57	67.57	32.93	(15)
(b) Items that will be reclassified to profit or loss				
(i) Fair value gain / loss - OCI - debt	992.02	-	-	-
(ii) Fair value gain - OCI - Investment in Government Securities	(11.14)			
Foreign Exchange Translation Reserve – OCI	-	-	-	-
Share of Other Comprehensive Income in Associates and Joint Ventures, to the extent to be reclassified into profit or loss	-	-	-	-
Less: Income tax relating to items that will be reclassified to profit or loss	-	-	-	-
Tax effect on above (i) and (ii)	(257.04)			
Tax effect on Fair value gain / loss - OCI – debt	-	-	-	-
Tax effect on Foreign Exchange Translation Reserve - OCI	-	-	-	-
Total	723.84	-	-	-
Other Comprehensive Income/(Loss)	759.44	67.57	32.93	(15)
Total Comprehensive Income/(Loss)	14,868.00	10,413.55	6,200.93	3900
Earnings per equity share (EPS)				
(1) Basic (INR)	4.39	3.32	2.19	1.61
(2) Diluted INR)	4.38	3.31	2.18	1.60
Face value per share (in ₹)	10.00	10.00	10.00	10.00

BALANCE SHEET				
(INR in Lakhs)				
Particulars	For the Nine Months ended	For the year ended	For the year ended	For the year ended
	Dec 31, 2022	Mar 31, 2022	Mar 31, 2021	Mar 31, 2020
ASSETS				
Financial assets				
(a) Cash and cash equivalents	-	6,596.26	52,603.20	14,229.00
(b) Bank balances other than cash and cash equivalents	-	7,663.94	15,475.64	7,502.00
(c) Derivative financial instruments	-	-	-	-
(d) Stock in trade	-	-	-	-
(c) Receivables	-			
(i) Trade receivables	-	1,183.67	117	231.00
(ii) Other receivables	-	385.98	319.52	140.00

(d) Loans	-	5,64,481.00	4,55,214.00	3,68,652.00
(e) Investments	-	51,432.50	3,249.29	4,136.00
(f) Other financial assets	-	1,176.69	1,352.90	828.00
Total Financial assets	-	6,32,921.00	5,28,332	3,95,718.00
Non-financial assets				
(a) Inventories	-	-	-	-
(b) Reinsurance assets	-	-	-	-
(a) Current tax assets (net)	-	1,192.21	985.89	839.00
(b) Deferred tax assets (net)	-	3,149.83	2,038.42	650.00
(e) Investment property	-	-		
(c) Property, Plant and Equipment	-	3,086.34	1,886.00	10,466.00
(d) Right Of Use Assets	-	11,969.70	11,185.00	
(e) Capital work in progress	-	65.64	96.25	42.00
(h) Intangible assets under development	-	-	-	-
(i) Goodwill	-	-	-	-
(f) Other Intangible assets	-	306.37	231.43	198.00
(g) Other non- financial assets	-	2,880.00	1,876	705.00
Total Non-financial assets	-	22,650.09	18,298.00	12,900.00
TOTAL ASSETS	-	6,55,571.00	5,46,630.18	4,08,619.00
LIABILITIES & EQUITY				
Financial liabilities				
(a) Payables	-			
Trade payables	-			
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	10.00
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	643.03	432.50	399.00
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	-	-	-	485.00
(c) Insurance claims payable	-	-	-	-
(b) Debt securities	-	53,341.64	59,369.81	12,178.00
(c) Borrowings (other than debt securities)	-	4,22,434.62	3,47,593.00	3,09,581.00
(e) Deposits	-	-	-	-
(d) Subordinated Liabilities	-	25,907.23	25,845.91	-
(e) Lease Liability	-	13,704.26	12,462.61	13,426.00
(f) Other financial liabilities	-	21,097.00	15,811.06	-
Total Financial liabilities	-	5,37,127.78	4,61,516	3,36,079.00
Non-financial liabilities				
(a) Current tax liabilities (net)	-	-	-	-
(a) Provisions	-	313.37	302.69	192.00
(c) Provision for policyholders' liabilities	-	-	-	-
(c) Deferred tax liabilities (net)	-	-	-	-
(b) Other non-financial liabilities	-	2,778.00	1,339.00	3,232.00
Total Non-financial liabilities	-	3,091.37	1,641.69	3,424.00

Equity	-			
(a) Equity share capital	-	32,151.76	28,992.34	27,342.00
(b) Equity component of compound financial instruments	-	-	-	-
(b) Other equity	-	83,200.00	54,480.88	41,774.00
	-	1,15,351.76	83,473.23	69,116.00
TOTAL LIABILITIES AND EQUITY	-	6,55,570.91	5,46,629.81	4,08,619.00
CASH FLOW STATEMENT				
	(INR in Lakhs)			
	For the Nine Months ended	For the year ended	For the year ended	For the year ended
	Dec 31, 2022	Mar 31, 2022	Mar 31, 2021	Mar 31, 2020
CASH FLOW FROM OPERATING ACTIVITIES				
Net profit before tax	-	13,921.00	7,693.26	5,600.20
Adjustments for:	-			
Finance cost	-	34,765.09	31,319.07	20,103.00
Share based payment to employee	-	248.6	261.7	253
Depreciation	-	3,669.69	2,726.90	1,921.00
Interest income from Investment	-	-89.31	-158	-
Liability no longer required, written back	-	-3.16	-11.4	-
Interest on Fixed Deposit	-	-818.48	-879.3	-
Loss on sale of tangible assets	-	74.5	12.8	18
Profit on Sale of Mutual Fund units (Net) - realised	-	-444.34	-197.9	-
Gain/(Loss) on fair valuation of mutual fund - unrealised	-	-9.35	0.2	-8
Security deposit - Fair Valuation	-	12.51	16.9	-
EIR impact on Loans	-	231.53	-309.1	-329
Interest on NPA income booked under IND AS	-	-	-	-
Excess interest spread on Direct Assignment Transaction (net)	-	-703.56	-758.9	-1,054.00
Impairment on financial instrument	-	8,387.81	7,174.61	2,175.00
Provision for Doubtful Interest	-	-	85.6	-
Provision for fraud cases	-	-	-	-
Provision for F&F recovery	-	-	-	-
CWIP written off	-	-	6.4	-
Reclassification of actuarial gains/losses to other comprehensive income	-	-	-	-
Modification gain or loss on lease asset	-	-	-	-
Operating profit before working capital changes	-	59,242.54	46,984.00	28,679.00
Adjustments for working capital:				
- (Increase)/decrease in loans	-	-1,17,035.07	-88,533	-1,70,889.00
- (Increase)/decrease in financial asset and non financial asset	-	-840.2	-3,101.00	469
- (Increase)/decrease in trade and other receivables	-	-1,279.92	-66.2	-113

- Increase/(decrease) in trade payables	-	-353.97	114.1	224
- Increase/(decrease) in provisions	-	102.69	110.9	121
- Increase/(decrease) in financial liabilities and non financial liabilities	-	7,290.00	8,902.86	3,944.00
Cash generated from / (used in) operating activities	-	-52,873.94	-35,588.24	-1,37,564.80
Direct taxes paid (net)	-	-4,916.39	-1,534.51	-1,756.00
Net cash generated from / (used in) operating activities	-	-57,790.33	-37,122.75	-1,39,320.80
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of tangible assets	-	-2,460.81	-1,115.40	-1,876.00
Sale of tangible assets	-	5.21	4	-
Purchase of intangible assets	-	-227.78	-	-
CWIP Written Off	-	-	-	-
Investment in Government securities	-	-41,874.11	-	121
Redemption of Government securities	-	1,500.00	-	-
Redemption / (Investment) of NCD	-	0	297	-
Investment in Mutual Fund	-	-3,93,380.33	-2,69,128.00	-3,000.00
Interest on NCD	-	-	-	-
Sale of Mutual Fund	-	3,86,026.00	2,69,826.50	-
Redemption of fixed deposit	-	1,22,205.26	92,412.94	2,500.00
Investment in fixed deposit	-	-1,14,555.26	-1,00,386.54	4,999.00
Interest on fixed deposits	-	980.54	879	-
Liability no longer required, written back	-	-	-	-
Profit on Sale of Mutual Fund units (Net)	-	-	-	8
Interest from Debentures	-	-	-	-
Investment in Deposits	-	-	-	-
Interest income from Investment	-	89.31	158	-
Net cash generated from / (used in) investing activities	-	-41,691.97	-7,052.50	-7,246.00
CASH FLOW FROM FINANCING ACTIVITIES				
Debt Securities availed	-	40,000.00	1,89,487.01	1,61,707.00
Debt Securities repaid	-	-45,000.00	-1,44,090.01	-
Borrowings availed	-	1,85,000.00	1,42,971.27	-
Borrowings repaid	-	-1,10,009.89	-1,06,222.97	-
Subordinate borrowing availed	-	-	24,999.00	-
Subordinate borrowing repaid	-	-	-	-
Finance Cost	-	-34,918.53	-30,215.60	-19,601.00
Lease Payment (principal)	-	-1,850.24	-1,277.39	-1,376.00
Lease Payment (interest)	-	-900.49	-1,003.00	-
Share application money pending allotment	-	-3.6	3.6	-
Equity Shares Issued	-	2,886.45	1,650.00	4,433.00
Money received on partly paid OCRPS (being fully paid)	-	1,896.62	-	-
Redemption of OCRPS	-	-842	-	-
Share Premium net of Share Issue Expenses	-	17,216.09	6,247.30	14,910.00
Share Issue Expenses	-	-	-	-188

Net cash generated from / (used in) financing activities	-	53,474.40	82,549.21	1,59,885.00
Net increase / (decrease) in cash and cash equivalents	-	-46,007.90	38,373.97	13,318.00
Cash and cash equivalents as at the beginning of the period	-	52,603.20	14,228.61	911
Closing balance of cash and cash equivalents (A+B+C)	-	6,596.00	52,602.58	14,229.00
Components of cash and cash equivalents:				
Cash on hand	-	1,683.98	746.94	763
Balances with banks	-	-	-	-
- in current accounts	-	4,912.28	10,856.26	6,165.00
- in fixed deposit with maturity less than 3 months	-	-	41,000.00	7,301.00
- in deposits with financial institutions	-	-	-	-
Bank Overdraft	-	-	-	-
Cash and cash equivalents	-	6,596.26	52,603.20	14,229.00

The limited review financials for the quarter/ nine months ended December 31, 2022 have been separately annexed as Part B of Annexure IV.

E. Key Operational and Financial Parameters for the last 3 (Three) audited years on a consolidated basis (wherever available) else on a standalone basis:

Standalone basis*

(Rs. In lakhs)

Parameters	For the nine months period ended on Dec 31, 2022**	31-Mar-22	31-Mar-21	31-Mar-20
	(Unaudited)	(Audited)	(Audited)	(Audited)
Balance Sheets				
Net Fixed assets	-	15,428	13,398	10,466
Current assets	-	3,64,168	3,10,766	1,87,405
Non-current assets	-	2,76,347	2,22,794	2,10,747
Total assets	860,919	6,55,571	5,46,630	4,08,619
Non-Current Liabilities (including maturities of long-term borrowings and short-term borrowings)	-	501683	432809	321759
Financial (borrowings, trade payables, and other financial liabilities)	-	3,22,919	2,88,301	2,09,931
Provisions: <i>Impairment Allowance</i>	-	11613	7489	3492
Deferred tax liabilities (net)	-	-	-	-
Other non-current liabilities	-	-	-	2,945
Current Liabilities (including maturities of long-term borrowings)	-	217170	1,74,703	1,26,534
Financial (borrowings, trade payables, and other financial liabilities)	-	214209	1,73,215	1,26,148
Provisions	-	313	303	192
Current tax liabilities (net)	-	-	-	-
Other current liabilities	-	2,778	1,339	287

Total liabilities	7,29,902	5,40,219	4,63,157	3,39,502
Equity (equity and other equity)	-	1,15,352	83,473	69,116
Total equity and liabilities	-	6,55,571	5,46,630	4,08,618
Profit and Loss				
Total revenue	86,802	88,364	69,772	46,652
From operations	84,087	86,932	68,247	44,987
Other income	2,715	1,432	1,525	1,665
Total Expenses	67,988	74,443	62,079	41,052
Total comprehensive income	14,868	10,414	6,201	3,900
Profit / loss	18,814	10,346	6,168	3,914
Other comprehensive income	759	68	33	-15
Profit / loss after tax	14,109	10,346	6,168	3,914
Earnings per equity share:				
Continuing operations (a) Basic	4.39	3.32	2.19	1.61
Continuing operations (b) Diluted	4.38	3.31	2.18	1.6
Discontinued operations (a) Basic	-	-	-	-
Discontinued operations (b) Diluted	-	-	-	-
Total continuing and discontinued operations	-	-	-	-
Cash Flow				
Net cash generated from operating activities	-	-57,789	-37,133	-1,39,321
Net cash used in / generated from investing activities	-	-41,692	-7,042	-7,246
Net cash used in financing activities	-	53,474	82,549	1,59,885
Cash and cash equivalents	-	52,603	14,229	911
Balance as per statement of cash flows	-	6,596	52,603	14,229
Additional information				
Net worth	1,31,017	1,15,352	83,473	69,116
Cash and Cash Equivalents	-	14,260	52,603	14,229
Current Investments	-	51,433	3,249	4,136
Assets Under Management	-	6,18,720	4,86,325	38,381.73
Off Balance Sheet Assets	-	42,626	23,535	11,673.30
Total Debts to Total assets	-	0.77	0.79	0.79
Debt Service Coverage Ratios	-	-	-	-
Interest Income	79268	82,189	65,657	42,588.01
Interest Expense	-	34,765	31,319	20,110.00
Interest service coverage ratio (x)	-	1.36	1.23	1.2
Provisioning & Write-offs	-	1.51	1.33	1.37
Bad debts to Account receivable ratio	-	2.7	6.8	0.0
Gross NPA (%)	2.41%	2.2	1	1.5
Net NPA (%)	1.95%	1.7	0.70	1.10
Tier I Capital Adequacy Ratio (%)	-	19.59	17.1	17.53
Tier II Capital Adequacy Ratio (%)	-	1.75	0.71	1.07

*Numbers reported for quarter/ nine-months ended December 31, 2022, FY 22, FY 21 and FY 20 have been reported on a standalone basis.

** Numbers reported for the quarter/ nine months ended December 31, 2022 have been reported on a limited review basis. The limited review financial statements of the issuer for the said quarter/nine months ended December 31, 2022 have been annexed to this Information Memorandum under Part B of Annexure IV.

F. Debt: Equity Ratio of the Issuer:

Before the issue of Debentures	5.26*
After the issue of Debentures	5.41**

* Debt to Tangible Net Worth. The ratio is based on the limited review financials available for the quarter/ nine-months ended December 31, 2022.

** The debt to equity ratio for after the issue of Debentures has been calculated assuming that the full issue size of Rs. 200,00,00,000/- (Rupees Two Hundred Crores only), has been subscribed to.

- G. **Details of any other contingent liabilities of the Issuer based on the last audited financial statements including amount and nature of liability:**

Particulars	As on Mar 31, 2022 (Amount in INR)
Disputed Income Taxes	-
Other Sums contingently liable for (2)	23,00,000
Total	23,00,000

4.6 **Brief history of Issuer since its incorporation**

- A. **Details of Share Capital as on last quarter end i.e. March 31, 2023**

Share Capital	Aggregate value at face value (Rs.)	
Authorised Share Capital		
990,000,000 equity shares of Rs. 10/- each	990,00,00,000/-	
1,00,00,000 0.01% non-cumulative redeemable preference shares of Rs. 10/- each	10,00,00,000/-	
Total		1000,00,00,000/-
Issued and Subscribed Share Capital		
32,19,11,605 equity shares of Rs. 10/- each	321,91,16,050/-	
Total		321,91,16,050/-
Paid Up Share Capital		
32,19,11,605 equity shares of Rs. 10/- each	321,91,16,050/-	
Total		321,91,16,050/-

- B. **Changes in its capital structure as on the last quarter end i.e March 31, 2023, for the last three years:**

I. Equity Shares

Date of Change (AGM/ EGM)*	Amount in Rs. #	Particulars
13/10/2020	16,50,00,000	Issue of 1,65,00,000 equity shares to The Federal Bank Limited and True North VI LLP vide rights issue
21/04/2021	1,20,000	Exercise of 12,000 stock options
29/06/2021	28,57,14,500	Issue of 2,85,71,450 equity shares to The Federal Bank Limited, True North VI LLP and B. Sivakumar vide rights issue
13/11/2021	12,00,000	Exercise of 120,000 stock options
22/12/2021	13,10,000	Exercise of 1,31,000 stock options
14/02/2022	27,297,300	Conversion of 2,729,730- 0.01% Optionally convertible redeemable

Date of Change (AGM/ EGM)*	Amount in Rs. #	Particulars
		preference shares (“OCRPS”) into equity shares
28/03/2022	3,00,000	Exercise of 30,000 equity shares
6/05/2022	3,00,000	Exercise of 30,000 equity shares
21/07/2022	34,90,000	Exercise of 3,49,000 equity shares
17/10/2022	1,50,000	Exercise of 15,000 equity shares

* There was no AGM / EGM held for these allotments and hence, dates of respective allotments have been set out above.

The amounts set out above, are the issue size calculated at face value of each share.

II. Preference shares

Date of Change (DATE OF ALLOTMENT)	AMOUNT (Rs.)	Particulars
31/10/2019	4,72,97,300 [#]	Issue of 4,729,730 OCRPS vide Preferential allotment
14/02/2022	8,42,00,000*	Redemption of 2,000,000 OCRPS
14/02/2022	27,297,300**	Conversion of 2,729,730 OCRPS into equity shares

*The 20,00,000 OCRPS have been redeemed at Rs.42.10/- amounting to Rs. 8,42,00,000/-

**27,29,730 OCRPS were converted into equity at a face value of Rs.10 and premium of Rs.32.10/-

The amount set out above, is the issue size calculated at face value of each share.

C. Equity Share Capital History of the Company, for the last three years:

Date of Allotment of Equity Shares	Number of Equity Shares	Face Value (Rs)	Issue Price (Rs)	Consideration (Cash, other than cash, etc)	Nature of Allotment	Cumulative			Remarks
						No. of Equity Shares	Equity Paid up Share Capital (Rs)	Equity Share Premium (in Rs)	
13-10-2020	1,65,00,000	10	48	Cash	Rights issue	28,99,23,425	2,89,92,34,250	3,35,78,24,772	NIL
21-04-2021	12,000	10	30	Cash	Exercise of stock options	28,99,35,425	2,89,93,54,250	3,35,80,64,772	NIL
29-06-2021	2,85,71,450	10	70	Cash	Rights issue	31,85,06,875	3,18,50,68,750	5,06,97,42,772	NIL
13-11-2021	1,20,000	10	30	Cash	Exercise of stock options	31,86,26,875	3,18,62,68,750	5,06,79,86,992	NIL
22-12-2021	91,000	10	42.11	Cash	Exercise of stock options	31,87,17,875	3,18,71,78,750	5,06,03,29,327	NIL
22-12-2021	40,000	10	30	Cash	Exercise of stock options	31,87,57,875	3,18,75,78,750	5,06,11,29,327	NIL
14-02-2022	27,29,730	10	42.1	Cash	Conversion of OCRPS into equity shares	32,14,87,605	3,21,48,76,050	5,16,37,28,605	NIL
28-03-2022	10,000	10	30	Cash	Exercise of stock options	321497605	3214976050	5,16,39,28,605	NIL
28-03-2022	20,000	10	48	Cash	Exercise of stock options	321517605	3215176050	5,16,46,88,605	NIL
06-05-2022	30,000	10	30	Cash	Exercise of stock options	32,15,47,605	3,21,54,76,050	5,16,74,92,625	NIL
21-07-2022	60,000	10	30	Cash	Exercise of stock options	32,16,07,605	3,21,60,76,050	5,16,86,92,625	NIL

21-07-2022	2,60,000	10	48	Cash	Exercise of stock options	32,18,67,605	3,21,86,76,050	5,17,85,72,625	NIL
21-07-2022	29,000	10	42.11	Cash	Exercise of stock options	32,18,96,605	3,21,89,66,050	5,17,95,03,815	NIL
17-10-2022	15,000	10	42.11	Cash	Exercise of stock options	32,19,11,605	3,21,91,16,050	5,17,99,85,465	NIL

Date of Allotment	No of Preference Shares	Face Value (Rs)	Issue Price (Rs)	Consideration (Cash, other than cash, etc)	Nature of Allotment	Cumulative			Remarks
						No. of Preference Shares	Preference Share Capital (Rs)	Preference Share Premium (in Rs)	
31/10/2019	47,29,730*	10	42.10	Cash	0.01% Optionally Convertible Redeemable Preference Shares	47,29,730	4,72,97,300	15,18,24,333	Partly paid-up shares

**Out of 47,29,730 OCRPS, 20,00,000 OCRPS have been redeemed at Rs.42.10/- amounting to Rs.8,42,00,000/- and 27,29,730 OCRPS were converted into equity at a face value of Rs.10 and premium of Rs.32.10/-*

D. Details of any Acquisition or Amalgamation in the last 1 (One) year: NIL

E. Details of any Reorganisation or Reconstruction in the last 1 (One) year: NIL

4.7 Details of the shareholding of the Company as on the latest quarter end i.e. March 31, 2023 as per the format specified under the listing regulations:

A. Shareholding pattern of the Company as on last quarter end i.e. March 31, 2023:

Sr. No.	Name of the Shareholder	Total No. of Equity Shares held	No of Shares held in Demat Form	Total Shareholding as % of total no. of equity shares
1.	The Federal Bank Ltd	23,56,84,927	23,56,84,927	73.22
2.	Mr. Samir Pravinbhai Rajdev Jointly with The Federal bank Ltd*	1	1	
3.	Mr. Shyam Srinivasan Jointly with The Federal Bank Ltd*	200	200	
4.	Mr. Ashutosh Khajuria Jointly with The Federal Bank Ltd*	1	1	
5.	Mr. Ajith Kumar K K Jointly with The Federal Bank Ltd*	1	1	
6.	Mr. Lakshmanan Venkateswaran Jointly with The Federal Bank Ltd*	100	100	
7.	Mrs. Shalini Warriar Jointly with The Federal Bank Ltd*	100	100	
8.	Mr. Divakar Dixit Jointly with The Federal Bank Ltd*	1	1	
9.	Mr. Sreekanth I V Jointly with The Federal Bank Ltd*	1	1	
10.	True North Fund VI LLP	8,28,08,361	8,28,08,361	25.72

Sr. No.	Name of the Shareholder	Total No. of Equity Shares held	No of Shares held in Demat Form	Total Shareholding as % of total no. of equity shares
11.	Mr. Sivakumar B	13,182	13,182	0.00
12.	Mr. Amit Gupta	40,000	40,000	0.01
13.	Mr. Aliasad M. Ansari	60,000	60,000	0.02
14.	Mr. Shekaar Subramanian	60,000	60,000	0.02
15.	Mr. Paramjit Chawla	40,000	40,000	0.01
16.	Mr. Ashish Gautam	40,000	40,000	0.01
17.	Mr. Sivakumar Nandipati	80,000	80,000	0.02
18.	Mr. Anil Kothuri	27,29,730	27,29,730	0.85
19.	Mr. Sudeep Agrawal	80,000	80,000	0.02
20.	Mr. Chattapuram Venkatraman Ganesh	2,60,000	2,60,000	0.09
21.	Mr. Jagadeesh Rao	15,000	15,000	0.00
	Total	32,19,11,605	32,19,11,605	100%

Note: *8 individual shareholders are holding 405 shares as nominees of The Federal Bank Limited, none of the shares of Promoters have been pledged or encumbered by the promoters of the Company.

B. List of top 10 holders of equity shares of the Company as on the latest quarter end i.e. March 31, 2023:

Sr. No.	Name of the Shareholder	Total No. of Shares	Number of shares in demat form	Total shareholding as % of total number of Equity Shares
1.	The Federal Bank Limited	23,56,85,332	23,56,85,332	73.22%
2.	True North Fund VI LLP	8,28,08,361	8,28,08,361	25.72%

4.8 Following details regarding the directors of the Company:

A. Details of current directors of the Issuer*:

Name, designation and Director's Identification Number (DIN)	Age	Address	Date of appointment	Details of other directorships	Whether wilful defaulter (Yes/No)
Mr. Balakrishnan Krishnamurthy; Chairman and Independent Director (DIN: 00034031)	63 years	2, Lloyds Garden, Appa Saheb Marathe Marg, Prabhadevi Mumbai – 400 025	28/09/2019	Kriscore Financial Advisors Private Limited, Kriscore Ventures Private Limited, XPRO India Limited	No

Name, designation and Director's Identification Number (DIN)	Age	Address	Date of appointment	Details of other directorships	Whether wilful defaulter (Yes/No)
Mr. Anil Kothuri, MD & CEO; (DIN: 00177945)	50 years	B-703, Rustomjee Oriana, Dharmadhikari Marg, Near Navjeevan School, Bandra East, Mumbai – 400 051	11/12/2018	NIL	No
Mr. Shyam Srinivasan, Non-Executive Director; (DIN: 02274773)	60 years	Federal Villa, Althara, GCDA Road, Thottakattukara P O, Aluva, Ernakulam – 683 108	18/03/2011	The Federal Bank Limited, Ageas Federal Life Insurance Company Limited	No
Mr. Ashutosh Khajuria, Nominee Director; (DIN: 05154975)	61 years	Flat No. 2901, 29 th Floor, Ashok Towers, C Wing Parel, Near Hotel Grand Central Mumbai, Mumbai – 400 012	30/04/2020	The Federal Bank Limited	No
Mr. Maninder Juneja Singh, Nominee Director; (DIN: 02680016)	56 years	Flat 1002, Floor-10, Wing D, Mayfair Meridian Ceasar Road, Near Filmalaya Studio, Andheri West Mumbai 400 058	20/12/2018	Fincare Business Services Limited, Home First Finance Company India Limited, Indifi Technologies Private Limited, Niva Bupa Health Insurance Company Limited	No
Mrs. Gauri Rushabh Shah, Independent Director;	48 years	Flat No 5/3, Indian Mercantile Mansion, Madam Cama	13/02/2015	NIL	No

Name, designation and Director's Identification Number (DIN)	Age	Address	Date of appointment	Details of other directorships	Whether wilful defaulter (Yes/No)
(DIN: 06625227)		Road, Colaba Mumbai – 400 039			
Mr. Peruvemba Ramachandran Seshadri, Additional Director (in capacity of Independent Director), (DIN: 07820690)	59 years	107 Sowmya Springs, Diwan Madhavarao Road, Bangalore – 560 004	12/08/2022	Protium Finance Limited, Orocorp Technologies Private Limited, Orocorp Finance Private Limited	No

* Company to disclose name of the current directors who are appearing in the RBI defaulter list and/or ECGC default list, if any – NIL

B. Details of change in directors since last three years:

Name, Designation and DIN	Date of Appointment	Date of cessation, if applicable	Date of resignation, if applicable	Remarks
Mr. Ashutosh Khajuria; Nominee Director (DIN: 05154975)	30/04/2020	-	-	Appointment as a Non-Executive Nominee Director of The Federal Bank Limited
Mr. Peruvemba Ramachandran Seshadri, Additional Director (in capacity of Independent Director), (DIN: 07820690)	12/08/2022	-	-	Appointment as an Additional Director (in capacity of Independent Director)

4.9 Following details regarding the auditors of the Company:

A. Details of the auditor of the Company:

Name	Address	Auditor since
BSR & Co. LLP, Chartered Accountants	14 th Floor, Central B Wing and North C Wing, Nesco IT Western Express Highway, Goregaon (East), Mumbai – 400 063.	September 24, 2021

B. Details of change in auditors since last three years:

Name of the Auditor	Address	Date of Appointment	Date of Cessation, if applicable	Date of Resignation, if applicable
Varma & Varma	Unit no. 101, Option Primo, Plot No. X21, MIDC Road, No. 21, Andheri East, Mumbai – 400 093	August 11, 2016	September 24, 2021	N/A as it was end of tenure
BSR & Co. LLP, Chartered Accountants	14 th Floor, Central B Wing and North C Wing, Nesco IT Western Express Highway, Goregaon (East), Mumbai – 400 063.	September 24, 2021	-	-

4.10 **Details of the following liabilities of the Company at the end of the last quarter or if available, a later date:**

A. **Details of outstanding secured loan facilities, as on the latest quarter end i.e. March 31, 2023:**

(Rs. in crore)

Name of Lender	Type of Facility	Amount Sanctioned	Principal Amount Outstanding	Repayment Schedule	Repayment Date	Security*
Axis Bank	Term Loan	650	75.00	Quarterly	31-03-28	1.10
Axis Bank	Term Loan		75.00	Quarterly	01-04-38	
Axis Bank	Term Loan		7.37	Quarterly	28-11-24	
Axis Bank	Term Loan		63.16	Quarterly	31-03-25	
Axis Bank	Term Loan		15.79	Quarterly	30-03-26	
Axis Bank	Term Loan		31.58	Quarterly	30-03-26	
Axis Bank	Term Loan		17.11	Quarterly	30-03-26	
Axis Bank	Term Loan		100.00	Quarterly	15-11-27	
Bajaj Finance	Term Loan	275	4.69	Quarterly	31-10-23	1.15
Bajaj Finance	Term Loan		9.38	Quarterly	07-08-24	1.10
Bajaj Finance	Term Loan		43.75	Quarterly	29-06-26	
Bajaj Finance	Term Loan		43.75	Quarterly	30-08-26	
Bajaj Finance	Term Loan		93.75	Quarterly	30-11-26	
Bank of Baroda	Term Loan	1100	60.00	Quarterly	30-09-24	1.10
Bank of Baroda	Term Loan		40.00	Quarterly	30-09-24	
Bank of Baroda	Term Loan		50.00	Quarterly	31-03-26	
Bank of Baroda	Term Loan		175.00	Quarterly	25-09-24	
Bank of Baroda	Term Loan		100.00	Quarterly	25-06-25	
Bank of Baroda	Term Loan		98.83	Quarterly	25-03-26	
Bank of Baroda	Term Loan		234.38	Quarterly	30-12-26	
Bank of India	Term Loan	200	34.64	Quarterly	30-09-26	1.10
Bank of India	Term Loan		105.00	Quarterly	30-09-26	
Bank of Maharashtra	Term Loan	300	74.85	Quarterly	31-03-26	1.10
Bank of Maharashtra	Term Loan		74.85	Quarterly	31-03-26	

Bank of Maharashtra	Term Loan		100.00	Quarterly	31-12-27	
Canara Bank	Term Loan	700	122.23	Quarterly	31-12-25	1.11
Canara Bank	Term Loan		100.00	Quarterly	03-02-24	
Canara Bank	Term Loan		100.00	Quarterly	03-02-25	
Canara Bank	Term Loan		100.00	Quarterly	03-02-26	
Canara Bank	Term Loan		100.00	Quarterly	03-02-27	
Canara Bank	Term Loan		100.00	Quarterly	03-02-28	
Cathoic Syrian Bank	Term Loan	25	8.33	Annually	31-12-23	1.10
Central Bank	Term Loan	200	37.50	Quarterly	29-12-26	1.11
Central Bank	Term Loan		120.00	Quarterly	28-03-27	
DCB Bank	Term Loan	85	84.83	Annually	13-10-27	1.15
Dhanalaxmi Bank	Term Loan	50	50.00	Semi-Annually	31-03-26	1.11
Federal Bank	Term Loan	1550	33.33	Quarterly	30-04-24	1.18
Federal Bank	Term Loan		1.56	Quarterly	26-06-23	
Federal Bank	Term Loan		1.56	Quarterly	27-06-23	
Federal Bank	Term Loan		12.50	Quarterly	26-09-23	
Federal Bank	Term Loan		33.33	Quarterly	26-10-23	
Federal Bank	Term Loan		83.29	Quarterly	24-05-24	
Federal Bank	Term Loan		38.89	Quarterly	31-12-24	
Federal Bank	Term Loan		44.44	Quarterly	30-01-25	
HDFC Bank	Term Loan	640	3.75	Quarterly	27-12-23	1.18
HDFC Bank	Term Loan		2.81	Quarterly	27-12-23	
HDFC Bank	Term Loan		0.94	Quarterly	27-12-23	
HDFC Bank	Term Loan		14.00	Quarterly	30-12-24	
HDFC Bank	Term Loan		7.00	Quarterly	30-12-24	
HDFC Bank	Term Loan		60.00	Quarterly	18-03-25	
HDFC Bank	Term Loan		12.50	Quarterly	19-03-24	
HDFC Bank	Term Loan		27.50	Quarterly	26-11-25	
HDFC Bank	Term Loan		27.50	Quarterly	26-11-25	
HDFC Bank	Term Loan		91.67	Monthly	30-11-26	1.11
HDFC Bank	Term Loan		150.00	Quarterly	10-03-28	
ICICI Bank Ltd	Term Loan	615	4.44	Quarterly	31-08-23	1.15
ICICI Bank Ltd	Term Loan		6.67	Quarterly	26-02-24	
ICICI Bank Ltd	Term Loan		10.00	Quarterly	26-02-24	
ICICI Bank Ltd	Term Loan		16.67	Quarterly	03-03-24	
ICICI Bank Ltd	Term Loan		13.33	Quarterly	05-03-24	
ICICI Bank Ltd	Term Loan		100.00	Quarterly	31-03-25	
ICICI Bank Ltd	Term Loan		137.50	Quarterly	31-12-25	1.10
IDBI Bank	Term Loan	300	40.00	Quarterly	31-03-31	1.18
IDBI Bank	Term Loan		42.50	Quarterly	30-09-31	
IDBI Bank	Term Loan		190.00	Quarterly	30-09-32	
Indian Bank	Term Loan	800	6.03	Quarterly	30-06-23	1.18
Indian Bank	Term Loan		130.00	Quarterly	30-06-26	1.15
Indian Bank	Term Loan		120.00	Monthly	30-03-27	
Indian Bank	Term Loan		90.00	Quarterly	19-09-27	1.10
Indian Bank	Term Loan		89.84	Quarterly	27-09-27	
Indian Bank	Term Loan		150.00	Quarterly	30-03-26	
Indian Overseas Bank	Term Loan	200	54.45	Quarterly	30-06-24	1.10
Indian Overseas Bank	Term Loan		90.00	Quarterly	30-06-26	

Karnataka Bank	Term Loan	350	29.99	Annually	27-11-24	1.11
Karnataka Bank	Term Loan		75.00	Annually	30-12-25	1.10
Karnataka Bank	Term Loan		81.25	Quarterly	30-06-26	
Karnataka Bank	Term Loan		100.00	Quarterly	31-03-28	
Karur Vysa Bank	Term Loan	150	2.08	Quarterly	30-06-23	1.15
Karur Vysa Bank	Term Loan		6.25	Quarterly	29-02-24	
Karur Vysa Bank	Term Loan		93.75	Quarterly	31-12-26	
SIDBI	Term Loan	800	12.90	Quarterly	10-06-24	1.15
SIDBI	Term Loan		15.55	Quarterly	10-07-24	
SIDBI	Term Loan		15.55	Quarterly	10-07-24	
SIDBI	Term Loan		30.00	Quarterly	10-09-24	
SIDBI	Term Loan		60.00	Quarterly	10-09-24	1.10
SIDBI	Term Loan		60.00	Quarterly	10-09-24	
SIDBI	Term Loan		350.00	Quarterly	10-12-27	
South Indian Bank	Term Loan	50	20.00	Quarterly	25-02-25	1.10
State Bank of India	Term Loan	461	20.00	Quarterly	14-02-25	1.15
State Bank of India	Term Loan		19.99	Quarterly	27-02-25	
State Bank of India	Term Loan		19.99	Quarterly	28-02-25	
State Bank of India	Term Loan		19.99	Quarterly	28-02-25	
State Bank of India	Term Loan		223.19	Quarterly	30-06-27	
Union Bank of India	Term Loan	100	100.00	Quarterly	31-10-27	1.11
Federal Bank CC	CC/WCDL	100	24.26	Bullet	03-04-23	1.18
Federal Bank WCDL	CC/WCDL		60.00	Bullet	22-08-23	
ICICI BANK WCDL	CC/WCDL	35	10.28	Bullet	06-04-23	1.15
IDBI Bank WCDL	CC/WCDL	15	15.00	Bullet	12-04-23	1.18
Indian Bank WCDL	OD/WCDL	50	50.00	Bullet	04-04-23	1.10
CITI Bank STL	Short Term Loan	150	150.00	Bullet	10-12-23	1.10
IndusInd Bank	Short Term Loan	300	0.00	Bullet	NA	1.10
Bajaj Finance	Short Term Revolving Loan	10	0.00	Bullet	NA	1.10
Axis Bank	CC/WCDL	10	0.00	Bullet	NA	1.10
DCB Bank	CC/WCDL	40	0.00	Bullet	NA	1.18
Total		10311	6253.79			

* These borrowings have been secured by way of a first ranking pari passu charge created by way of hypothecation over the receivables from the loans originated by the Company. The information in the column sets out the security cover to be provided against the receivables, in respect of each loan.

B. Details of outstanding unsecured loan facilities, as on the latest quarter end i.e. March 31, 2023

(Rs. In crore)

Name of Lender	Type of Facility	Amount Sanctioned	Principal Amount Outstanding	Repayment Schedule	Repayment Date
Bajaj Finance	Unsecured Term Loan	25	25	Bullet	02-05-2025

C. Details of outstanding non-convertible securities, as on the latest quarter end i.e. March 31, 2023

(Rs. in crore)

Debenture Series	Tenor/ Period of Maturity	Coupon	Amount (Rs. in Cr.)	Date of Allotment	Redemption Date/ Schedule	Credit Rating	Secured / Unsecured	Security
1	36 months	9%	187.5	June 18, 2020	June 18, 2023	CARE AA-	Secured	First ranking <i>pari passu</i> charge over standard book debt receivables, current assets and investments (present and future) subject to a minimum security cover of 1.1 (one decimal point one) times the amount due and payable in relation to the Debentures
2	84 months	9.90%	250	September 30, 2020	September 30, 2027	INDIA Rating AA-	Unsecured	N/A
3	39 months**	8.30%*	200	January, 04, 2023	April, 04, 2023	INDIA Rating AA-	Secured	First ranking <i>pari passu</i> charge to the extent of Asset Cover of 1.1x on all present and future gold receivables which are standard and form a part of the receivables (except receivables which have been hypothecated by way of exclusive charge, if any, to any of the Identified Lenders

Note:

Fedbank Financial Services Limited NCDs 2026 - Market Linked Debentures

***Interest amount calculated @8.30%, however it may vary subject to following**

1) If Underlying Performance $\geq 75\%$ of the Initial Fixing level, then Annualised Coupon / Effective Yield (on XIRR basis) is 8.30%

2) If Underlying Performance $< 75\%$ but $\geq 25\%$ of the Initial Fixing level, then Annualised Coupon / Effective Yield (on XIRR basis) is 8.25%

2) If Underlying Performance $< 25\%$ of the Initial Fixing level, then Annualised Coupon / Effective Yield (on XIRR basis) is 0%

****Tenor of the instrument is 39 months with Put Option**

D. List of top 10 holders of non-convertible securities in terms of value (in cumulative basis) as on latest quarter ended on March 31, 2023:

(Rs. in crore)

Sr. No.	Name of holders of non-convertible securities	Amount	% of total NCS outstanding
1	The Federal Bank Limited	235	36.82%
2	Canara Bank-Mumbai	73	11.37%

3	Indian Bank	50	7.84%
4	Punjab National Bank	50	7.84%
5	DCB Bank Limited	15	2.35%
6	Anthem Biosciences Private Limited	11	1.73%
7	Lakshmi Machine Works Limited	10	1.57%
8	Safexpress Private Limited	10	1.57%
9	Kisha Private Limited	10	1.57%
10	The Indian Express Pvt Ltd	5	0.78%
Total		468	73.44%

- E. **Details of Commercial Paper: The total face value of commercial papers outstanding, as on latest quarter end i.e. March 31, 2023:**

(Rs. In crore)

Sr. No.	ISIN of Commercial Paper	Maturity Date	Amount Outstanding
1	INE007N14DJ8	15-JUN-2023	210
Total			210

- F. **Details of rest of the borrowings (if any, including hybrid debt like FCCB, optionally convertible debentures/ preference shares) as on latest quarter end i.e. March 31, 2023:**

Party Name (in case of Facility) / Instrument Name	Type of Facility / Instrument	Amount Sanctioned / Issued	Principal Amount Outstanding	Repayment Date / Schedule	Credit Rating	Secured / Unsecured	Security
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

- 4.11 **Details of any outstanding borrowings taken/ debt securities issued where taken / issued (i) for consideration other than cash, whether in whole or part, (ii) at a premium or discount, or (iii) in pursuance of an option, as on the latest quarter end:**

NIL.

- 4.12 **Where the issuer is a Non-Banking Finance Company or Housing Finance Company the following disclosures on Asset Liability Management (ALM) shall be provided for the latest audited financials*:**

Sr. No.	Particulars of disclosure	Details
1.	Details with regard to lending done out of the issue proceeds of earlier issuances of debt securities (whether public issue or private placement) by NBFC	<ul style="list-style-type: none"> - Lending Policy: <i>Please refer to Annexure XIV</i> - Classification of Loans given to associate or entities related to Board, Senior management, promoters, etc: <i>NIL</i> - Classification of loans into several maturity profile denomination: <i>Please refer to Part B (Additional disclosures pursuant to the SEBI Operational Circular) of Section 4 (Regulatory Disclosures).</i> - Aggregated exposure to top 20 borrowers: <i>As set out under Annexure XV</i>

		<p>Details of loans overdue and classified as non-performing assets (NPA):</p> <p><i>Please refer to Part B (Additional disclosures pursuant to the SEBI Operational Circular) of Section 4 (Regulatory Disclosures)</i></p>
2.	Details of borrowings made by NBFC	<p>- Portfolio Summary of borrowings made by NBFC: <i>Please refer to Part B (Additional disclosures pursuant to the SEBI Operational Circular) of Section 4 (Regulatory Disclosures) for detailed disclosures</i></p> <p>- Quantum and percentage of Secured vs. Unsecured borrowings Secured borrowings:</p> <p><i>Please refer to Part B (Additional disclosures pursuant to the SEBI Operational Circular) of Section 4 (Regulatory Disclosures) for detailed disclosures.</i></p>
3.	Details of change in shareholding	<p>- Any change in promoters holding in NBFC during last financial year beyond the threshold prescribed by Reserve Bank of India: <i>No change beyond threshold as prescribed by RBI</i></p>
4.	Disclosure of Assets under management	<p>- Segment wise break up:</p> <p><i>Please refer to Part B (Additional disclosures pursuant to the SEBI Operational Circular) of Section 4 (Regulatory Disclosures)</i></p> <p>Type of loans:</p> <p>(AUF) – Secured: Rs. 4875.97 Cr. Unsecured – Rs. 884.96 Cr</p>
5.	Details of borrowers	<p>- Geographical location wise: <i>Please refer to Part B (Additional disclosures pursuant to the SEBI Operational Circular) of Section 4 (Regulatory Disclosures).</i></p>
6.	Details of Gross NPA	<p>- Segment wise:</p> <p><i>Gold Loan: 1.30 %</i> <i>LAP: 2.87%</i> <i>Small Ticket LAP: 2.712 %</i> <i>Housing Loan: 2.07%</i> <i>Business Loan: 0.60%</i></p> <p><i>Please refer to Part B (Additional disclosures pursuant to the SEBI Operational Circular) of Section 4 (Regulatory Disclosures) for detailed disclosures.</i></p>
7.	Details of Assets and Liabilities	<p>- Residual maturity profile wise into several bucket:</p> <p><i>Advances falling within 1 year maturity: 52.07%</i> <i>Borrowings falling within 1 year maturity: 37.91%</i></p>

		<i>Please refer to Part B (Additional disclosures pursuant to the SEBI Operational Circular) of Section 4 (Regulatory Disclosures) for detailed disclosures.</i>
8.	Additional details of loans made by, Housing Finance Company	N/A
9.	Disclosure of latest ALM statements to Stock Exchange	<i>Please refer to Annexure XIII</i>

**Note: The figures disclosed above have been disclosed as per the audited financial statements of the Issuer as on March 31, 2022.*

4.13 Details of all default/s and/or delay in payments of interest and principal of any kind of term loans, debt securities and other financial indebtedness including corporate guarantee issued by the Company, in the past 3 years including the current financial year:

None

4.14 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 non-convertible securities.

None

4.15 Any litigation or legal action pending or taken by a Government Department or a statutory body during the last three years immediately preceding the year of the issue of this Information Memorandum against the promoter of the Issuer:

NIL.

There were no legal actions taken by a Government department or statutory body during the last three years immediately preceding the year of the issue of this Information Memorandum against the promoter of the Issuer.

4.16 Details of default and non-payment of statutory dues:

NIL

4.17 Details of Promoters of the Company

Profile of the Promoters:

Please refer to **Annexure XII** of this Information Memorandum.

Further, the Company confirms that the Permanent Account Number, Aadhaar Number, Driving License Number, Bank Account Number(s) and Passport Number of the promoters and Permanent Account Number of directors have been submitted to BSE, at the time of filing the draft offer document.

The Federal Bank Limited was incorporated on April 23, 1931, under the Travancore Companies Regulation, 1 of 1092. The registered office of Federal Bank is Federal Towers, P B No. 103, Aluva, Ernakulam 683 101, Kerala, India. Federal Bank is a professionally

managed company and does not have an identifiable promoter in terms of the SEBI ICDR Regulations and the Companies Act.

Federal Bank is a listed company having its equity shares listed on BSE and NSE. It was incorporated as 'Travancore Federal Bank Limited, Nedumpram' under the Travancore Companies Regulation, 1 of 1092 on April 23, 1931. It was renamed to 'The Federal Bank Limited', and the certificate of incorporation on change of name was obtained on December 2, 1949. Federal Bank was thereafter registered under the Companies Act, 1956 on April 1, 1956. Subsequently, it received a license to commence banking operations from the Reserve Bank of India on July 11, 1959.

4.18 Details of Promoter Holding in Company as on the latest quarter end i.e. March 31, 2023:

Sr. No.	Name of the Shareholder	Total No. of Equity Shares held	No of Shares held in Demat Form	Total Shareholding as % of total no. of equity shares	No. of shares pledged	% of shares pledged with respect to shares owned
1.	The Federal Bank Limited	23,56,85,332	23,56,85,332	73.22	NIL	NIL

4.19 The name of the Debenture Trustee shall be mentioned with statement to the effect that debenture trustee has given his consent to the Issuer for his appointment under regulation 4(4) and in all the subsequent periodical communications sent to the Debenture Holders.

The Debenture Trustee appointed is Axis Trustee Services Limited. Axis Trustee Services Limited has given its written consent for its appointment as debenture trustee to the Issue and inclusion of its name in the form and context in which it appears in this Information Memorandum and in all the subsequent periodical communications sent to the Debenture Holders. The consent letter from Debenture Trustee is provided in **Annexure II** of this Information Memorandum.

4.20 The detailed rating rationale(s) adopted (not older than one year on the date of opening of the issue)/ credit rating letter issued (not older than one month on the date of opening of the issue) by the Rating Agencies shall be disclosed.

The Debentures are assigned ratings of "CARE AA; Stable" (Double A; Outlook: Stable) by the Rating Agency 1 and "IND AA-/Positive" by the Rating Agency 2. Instruments with this rating are considered to have a high degree of safety regarding timely servicing of financial obligations. Such instruments carry a very low credit risk. The rating letter and rationale is provided in **Annexure I** of this Information Memorandum.

4.21 If the security is backed by a guarantee or letter of comfort or any other document / letter with similar intent, a copy of the same shall be disclosed. In case such document does not contain detailed payment structure (procedure of invocation of guarantee and receipt of payment by the investor along with timelines), the same shall be disclosed in the offer document.

Not applicable

4.22 Copy of consent letter of Debenture Trustee to act as the debenture trustee to the issue to be disclosed.

The consent letter from Debenture Trustee is provided in **Annexure II** of this Information Memorandum.

4.23 Disclosure of Cashflow with the date of interest/ dividend/ redemption payment as per day count convention.

A. The day count convention for dates on which the payments in relation to the non-convertible securities which need to be made:

Please refer to **Annexure IX** for Illustration of cashflows.

B. Procedure and time schedule for allotment and issue of securities:

As per **Section 7** (*Other Information and Application Process*).

C. Cash flows emanating from the non-convertible securities shall be mentioned in the offer document, by way of an illustration:

Please refer to **Annexure IX** for Illustration of cashflows.

4.24 Disclosures pertaining to wilful defaulter.

Please refer to **Section 5** of this Information Memorandum for details.

4.25 Undertaking by the Issuer

- (i) 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 securities have not been recommended or approved by the 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 'Risk factors' given under Section 3 of this Information Memorandum.
- (ii) The Issuer, having made all reasonable inquiries, accepts responsibility for, and confirms that this Information Memorandum contains all information with regard to the Issuer and the Issue, that the information contained in this Information Memorandum 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 document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.
- (iii) The Issuer has no side letter with any debt securities holder except the one(s) disclosed in the Information Memorandum. Any covenants later added shall be disclosed on the stock exchange website where the debt is listed.

4.26 Names of all the recognised stock exchanges where the debt securities are proposed to be listed clearly indicating the designated stock exchange.

The Debentures are proposed to be listed on the Wholesale Debt Market (WDM) segment of the BSE.

4.27 Other details

i. Debenture Redemption Reserve Creation – relevant legislations and applicability:

As per Rule 18(7)(b)(ii) of the Companies (Share Capital and Debentures) Rules, 2014, Debenture Redemption Reserve is not required to be created for issue of privately placed debentures by Non-Banking Finance Companies registered with the RBI under Section 45 IA of the RBI (Amendment) Act 1997.

The Company also undertakes that, if any further guidelines are formulated (or modified or revised) by the Central Government or any other authority in respect of creation of Debenture Redemption Reserve the Company shall abide by such revised guidelines.

ii. **Issue / instrument specific regulations-relevant details (Companies Act, RBI guidelines, etc.):**

The Issue of Debentures shall be in conformity with the applicable provisions of the Act including the notified rules thereunder and the applicable regulatory guidelines including the SEBI NCS Regulations, SEBI Operational Circular and SEBI (LODR) Regulations and the Non-Banking Financial Company-Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 01, 2016 as may be updated from time to time.

iii. **Default in Payment:**

As provided under Section 4.28 of this Information Memorandum

iv. **Delay in Listing:**

As provided under Section 4.28 of this Information Memorandum.

v. **Delay in allotment of securities:**

As provided under Section 4.28 of this Information Memorandum.

vi. **Application process**

The application process for the Issue is as provided in Section 7 of this Information Memorandum.

vii. **Disclosure prescribed under PAS-4 of Companies (Prospectus and Allotment of Securities), Rules, 2014 but not contained in this schedule, if any:**

Please refer to **Section 6** of this Information Memorandum.

viii. **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.

4.28 **Issue Details**

Issuer	Fedbank Financial Services Limited
Security Name	9% Fedbank Financial Services Limited Subordinated NCDs 2030
Type of Instrument	Unsecured, Listed, Rated, Redeemable, Subordinated, Transferable, Fully Paid Up, Non-Convertible Debentures (in form of subordinated debt eligible to be categorised as Tier II Capital in compliance with RBI Master Directions)

Nature of Instrument (Secured or Unsecured)	<p>Unsecured</p> <p>The Debentures are fully paid up, unsecured, subordinated to the claims of other creditors, free of restrictive clauses and not redeemable at the initiative of the holder or without the consent of the Reserve Bank of India.</p> <p>The Debentures comprising the Issue are being issued pursuant to RBI Master Directions which do not require the Issuer/RBI to be granted a discretion with respect to events including any of the below events:</p> <ul style="list-style-type: none"> • conversion into equity; • write-off of interest/ principal; • skipping/ delaying payment of interest/principal; • making an early recall; • changing any terms of issue of the instrument. <p>Therefore, in light of the clarification provided in SEBI circular bearing reference number SEBI/HO/DDHS/DDHS-RACPOD1/P/CIR/2023/027 dated February 08, 2023 this Issue does not fall within the ambit of Chapter V of the SEBI NCS Regulations. The face value of each Debenture issued on a private placement basis under this Issue shall accordingly be INR 1,00,000/- (Indian Rupees One Lakh only).</p>
Mode of Issue	<p>Private placement</p>
Seniority (Senior or Subordinated)	<p>Subordinated to the claims of the other creditors of the Issuer</p>
Eligible investors	<p>Please refer to '<i>Persons who may apply</i>' under Section 7.15 of the Information Memorandum</p>
Applicable Guidelines	<p>These Debentures will <i>inter alia</i> be governed by:</p> <ol style="list-style-type: none"> 1. RBI Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, issued on September 01, 2016, as amended from time to time 2. The SEBI NCS Regulations. 3. The Companies Act, 2013 and rules issued thereunder. 4. Securities and Exchange Board of India's Operational Circular for issue and listing of Non-Convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper dated August 10, 2021 (bearing reference no. SEBI/HO/DDHS/P/CIR/2021/613) as updated vide the SEBI circular dated April 13, 2022 (bearing reference no. SEBI/HO/DDHS/P/CIR/2021/613).
Listing (name of Stock Exchange(s) where it will be listed and timeline for listing)	<p>The Debentures are proposed to be listed on the Wholesale Debt Market (WDM) Segment of the BSE within a period of 3 (Three) working days from the closing date of the Issue.</p> <p>The Company shall at all times comply with Applicable Law in</p>

	<p>relation to the issuance of the Debentures and the listing of the Debentures on the BSE and shall further ensure all approvals required from any governmental authority and resolutions required to issue, list or maintain such listing of the Debentures are in place.</p> <p>The Company does hereby agree and undertake that it shall furnish all such information and documents as may be required by the BSE and by SEBI for the continuous listing of the Debentures. All expenses, costs, charges incurred for the purpose of listing of the Debentures shall be borne and paid by the Company.</p> <p>In case of delay in listing of the Debentures beyond 3 (Three) working days from the closing date of the Issue, the Company will pay a penal interest of 1% (One Percent) p.a. over and above the Coupon Rate from the Deemed Date of Allotment and till the listing of the Debentures, to the investors.</p>
Rating of the instrument	‘CARE AA; Stable’ (Double A; Outlook: Stable) by CARE Ratings Limited and ‘IND AA-/Positive’ by India Ratings and Research Private Limited
Issue Size	Rs. 100,00,00,000/- (Rupees One Hundred Crores Only) along with an option to retain oversubscription up to Rs. 100,00,00,000/- (Rupees One Hundred Crores Only)
Minimum Subscription	100 (One Hundred) Debentures having a face value of Rs. 1,00,000/- (Rupees One Lakh only) each and in multiples of 1 (One) Debenture thereafter
Option to retain oversubscription (Amount)	Up to Rs. 100,00,00,000/- (Rupees One Hundred Crore Only)
Objects of the Issue/ Purpose for which there is requirement of funds	To augment the Tier II Capital of the Company for strengthening its capital adequacy and for enhancing its long term resources and for the regular business activities of the Company
In case the issuer is a NBFC and the objects of the issue entail loan to any entity who is a ‘group company’ then disclosures shall be made in the following format	N.A.
Details of the utilisation of the proceeds	Proceeds of the proposed Issue shall be utilized to augment the Tier II Capital of the Company for strengthening its capital adequacy and for enhancing its long term resources and for the regular business activities of the Company
Business Day	Any day of the week (excluding Sundays, non-working Saturdays, and any other day which is a public holiday for the purpose of Section 25 of the Negotiable Instruments Act, 1881 (26 of 1881) (as may be amended/supplemented from time to time) in Mumbai and any other day on which banks are closed for customer business in Mumbai) on which the money market is functioning in Mumbai and “ Business Days ” shall be construed accordingly.
Business Day Convention	Whenever any Record Date falls on a day other than a Business Day, the Record Date shall be moved to the immediately following Business Day.

	<p>If any of the Coupon Payment Date(s), other than the ones falling on the Redemption Date, falls on a day that is not a Business Day, the payment shall be made by the Issuer on the immediately succeeding Business Day, which becomes the Coupon Payment Date for that Coupon. However, the future Coupon Payment Date(s) would be as per the schedule originally stipulated at the time of issuing the Debentures. To clarify, the subsequent Coupon Payment Date(s) would not be changed merely because the payment date in respect of one particular Coupon payment has been postponed earlier because of it having fallen on a non-Business Day.</p> <p>If the Maturity Date/ Redemption Date and the last Coupon Payment Date of the Debentures falls on a day that is not a Business Day, the Redemption Amount in respect of the Debentures shall be paid by the Issuer on the immediately preceding Business Day which shall thereafter be considered the revised Maturity Date/ Redemption Date, along with Coupon accrued thereon, until but excluding the date of such payment.</p> <p>It is hereby clarified that any payments shall also be subject to the day count convention as per the SEBI NCS Regulations.</p>
Coupon Rate	9% (Nine Percent) per annum
Step Up/Step Down Coupon rate	N.A.
Coupon Payment Frequency	Annual
Coupon Payment Dates	Coupon shall be payable annually. Please refer to Annexure IX for Illustration of cashflows and the indicative dates on which the Coupon shall be payable.
Coupon Type (Fixed, floating or other structure)	Fixed
Coupon Reset process	N.A.
Day Count Basis	<p>The Coupon for each of the Coupon periods shall be computed as per 'Actual / Actual' day count convention (as per the SEBI Operational Circular) on the Face Value/ principal outstanding, at the Coupon Rate rounded off to the nearest Rupee.</p> <p>The Coupon Period means each period beginning on (and including) the Deemed Date of Allotment(s) or any Coupon Payment Date and ending on (but excluding) the next Coupon Payment Date. It is clarified that in case a leap year (i.e. February 29) falls during the tenor of the Debentures, then the number of days for calculation of Coupon, shall be reckoned as 366 days (Actual/ Actual day count convention) for the entire year, irrespective of the Coupon payment frequency.</p>
Interest on Application Money	The Issuer shall be liable to pay to each Debenture Holder, interest on Application Money which will be the same as the Coupon Rate (subject to deduction of tax at source at the rate prevailing from time to time under the provisions of the Income Tax Act, 1961 or any other statutory modifications or re-enactment thereof) and will

	<p>be paid on Application Money for the period commencing from the date on which the said Debenture Holder has made payment of the Application Monies in respect of the Debentures and ending on the day prior to the Deemed Date of Allotment.</p> <p>Provided that, notwithstanding anything contained herein above, the Company shall not be liable to pay any interest on monies liable to be refunded in case of invalid Applications or Applications.</p> <p>The interest on the Application Monies shall be paid by the Issuer to the Debenture Holders within 7 (Seven) Business Days from the Deemed Date of Allotment.</p>
Default Interest Rate	<p>In case of default in monies due and payable in connection with the Debentures on the respective Due Dates, the defaulted amount thereof shall carry Default Interest, at the rate of 2% (Two Percent) per annum over and above the Coupon Rate, from the date of the occurrence of the default until the default is cured or the Debentures are redeemed pursuant to such default, as applicable.</p> <p>The Issuer and the Debenture Trustee shall execute the Debenture Trust Deed within such timelines as may be specified by SEBI. Where an Issuer fails to execute the Debenture Trust Deed within the period specified, without prejudice to any liability arising on account of violation of the provisions of the Companies Act, 2013 and SEBI (Issue and Listing of Non-convertible Securities), 2021, the Issuer shall also pay interest of at least 2% (two percent) per annum or such other rate, as specified by SEBI to the holder of Debentures, over and above the agreed Coupon Rate, till the execution of the Debenture Trust Deed.</p> <p>In case of delay in listing of the Debentures beyond 3 (three) trading days from the Issue Closing Date, the Issuer will make payment to the Debenture Holders of penal interest at the rate of 1% (One Percent) per annum on the outstanding principal amount of the Debentures over and above the Coupon Rate for the period commencing from the Deemed Date of Allotment till the date of listing of the Debentures on BSE.</p>
Tenor	6 (Six) years and 11 (Eleven) months from the Deemed Date of Allotment
Redemption Date	April 26, 2030
Redemption Amount	Rs. 1,00,000/- (Rupees One Lakh only) per Debenture along with Coupon accrued and default interest (if any) and payable on the Redemption Date.
Redemption Premium/Discount	N.A.
Issue Price	Rs. 100,000/- (Rupees One Lakh only) per Debenture
Discount at which security is issued and the effective yield as a result of such discount	N.A.

Put Option Date	N.A.
Put Option price	N.A.
Call Option Date	N.A.
Call Option price	N.A.
Put Notification Time	N.A.
Call Notification Time	N.A.
Face Value	Rs. 1,00,000/- (Rupees One Lakh only) per Debenture
Minimum Application and in multiples of thereafter	100 (One Hundred) Debentures having face value of Rs. 1,00,000/- (Rupees One Lakh only) each and in multiples of 1 (One) Debenture thereafter
Issue Opening Date	May 25, 2023
Issue Closing Date	May 25, 2023
Date of earliest closing of the issue, if any	N.A.
Pay-in Date	May 26, 2023
Deemed Date of Allotment	May 26, 2023
Settlement mode of the instrument	Cheque(s) / demand draft (s) / interest warrant(s) / pay order(s) / direct credit / ECS / NEFT / RTGS / other permitted mechanisms
Depository	National Securities Depository Ltd. and Central Depository Services (India) Ltd.
Disclosure of Interest/Dividend / redemption dates	Please see the section on ' Coupon Rate ' and ' Redemption Date ' above.
Record Date	The date which will be used for determining the Debenture holder(s) who shall be entitled to receive the amounts due on any Due Date, which shall be the date being 15 (Fifteen) calendar days prior to the Due Date on which any payments are to be made to the Debenture Holder(s) in accordance with the terms of the Debentures on the basis of which the determination of the persons entitled to receive redemption of principal, Coupon, and other payments, if any, as the case may be, in respect of the Debentures shall be made. Whenever any Record Date falls on a day other than a Business Day, the Record Date shall be moved to the immediately following Business Day.
All covenants of the issue (including side letters, accelerated payment clause, etc.)	<p>Please refer to the Annexure X (Key Terms of the Issue) of this Information Memorandum.</p> <p>The Issuer confirms that the Issuer has no side letter with any Debenture Holder, except as disclosed under this Information Memorandum. Any covenants pertaining to the Issue and added later, shall be disclosed on the website of the BSE.</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 Bond Holder over and above the coupon	N.A. as the Debentures are unsecured.

rate as specified in the Trust Deed and disclosed in the Offer Document/Information Memorandum.	
Bidding opening and closing date	Bid opening date: May 25, 2023 Bid closing date: May 25, 2023
Bidding Time	10:00 AM to 11:00 AM
Manner of Bidding	Open bidding
Manner of Allotment	The allotment will be done on 'Uniform Yield' basis in accordance with Electronic Book Mechanism Guidelines
Issue Size (and green shoe option, if any)	Rs. 100,00,00,000/- (Rupees One Hundred Crores Only) with an option to retain oversubscription up to Rs. 100,00,00,000/- (Rupees One Hundred Crores Only)
Interest Rate Parameter (Coupon Rate and Coupon Type)	Coupon Rate: 9% per annum Coupon Type: Fixed
Manner of Settlement i.e. through clearing corporation or through escrow bank account of Issuer	The payment of the Application Money for the Debentures shall be made by Real Time Gross Settlement (RTGS) / NEFT by crediting the funds to the account of the clearing corporation of the Stock Exchange selected by the Issuer for pay-in of subscription monies as prescribed under the electronic book building procedure, the details of which account have been specified in Clause 7.14 of Section 7 (<i>Other Information and Application Process</i>) in this Information Memorandum
Minimum Bid Lot	100 (One Hundred) Debentures having face value of Rs. 1,00,000/- (Rupees One Lakh only) each and in multiples of 1 (One) Debenture thereafter
Trading Lot Size	1 (One) Debenture
Settlement Cycle [T+1 / T+2] where T refers to the date of bidding / issue day	The Issue shall be done on T+1
Transaction documents	(a) Debenture Trustee Agreement; (b) This Information Memorandum; (c) Debenture Trust Deed; (d) Any other document that may be designated as a transaction document by the Debenture Trustee.
Conditions Precedent to Disbursement	<p>The Company shall have fulfilled each of the following conditions precedent prior to issuance of the Debentures, in the form and substance satisfactory to the Debenture Holders/ Debentures Trustee (subject to any waiver by the Debenture Trustee), including providing the documents referred to herein below, in the form and substance satisfactory to the Debenture Holders/ Debentures Trustee:</p> <p>(a) A certified true copy of the constitutional documents of the Issuer (being its memorandum and articles of association and certificate of incorporation) should have been submitted to the Debenture Trustee.</p> <p>(b) A copy of a resolution of the shareholders of the Company should have been submitted to the Debenture Trustee in relation to approval under Section 180(1)(c), Section 42 of the Companies Act, 2013 read with the applicable rules in relation to the private placement;</p>

	<p>(c) A copy of a resolution of the board of directors of the Company or any committee thereof should have been submitted to the Debenture Trustee:</p> <ul style="list-style-type: none"> i) Authorising the Company to issue Debentures; ii) Authorising the Company, for creation/declaration of trust, appointment of the Debenture Trustee and issue of Debentures in accordance with the terms hereof; iii) Authorising a specified person, on its behalf, to sign and/or execute and/or stamp and/or get registered and/or despatch all documents and/or notices required so to be done, under or in relation to the issuance of the Debentures; <p>(d) Letter of consent for appointment of Debenture Trustee as debenture trustee in relation to the Debenture Trustee;</p> <p>(e) The Company shall have executed the Debenture Trustee Agreement, Debenture Trust Deed and have issued the Information Memorandum (including Form PAS-4) prior to the Deemed Date of Allotment;</p> <p>(f) Receipt of the rating letter and rating rationale from the Rating Agencies;</p> <p>(g) Receipt by the Debenture Trustee of copy of in-principle approval obtained by the Company from the BSE, for listing the Debentures on the Wholesale Debt Market (“WDM”) segment of the BSE;</p> <p>(h) Receipt by the Debenture Trustee of certified copy of the depository arrangements made by Company with NSDL and/or CDSL for issue of Debentures in dematerialised form;</p> <p>(i) Submission of all 'Know Your Customer' requirements to the satisfaction of the Debenture Trustee;</p> <p>(j) Provide such other information, documents, certificates, opinions and instruments as the Debenture Trustee (on behalf of the Debenture Holders) may reasonably request;</p> <p>(k) Execution of the tripartite agreement by, inter-alia, the Registrar and Transfer Agent, Depository and the Company;</p> <p>(l) The Company shall submit to the Debenture Trustee, all required documents for the purpose of satisfying the Debenture Trustee’s KYC requirements.</p>
Conditions Subsequent to Disbursement	<p>1. Credit of demat account(s) of the allottee(s) by number of Debentures allotted within 2 (Two) Business Days from the Deemed Date of Allotment.</p>

	<ol style="list-style-type: none"> 2. Filing of the return of allotment (Form PAS-3) with the relevant Registrar of Companies within 15 (Fifteen) days from the Deemed Date of Allotment. 3. Complete the listing of Debentures on the BSE within 3 (three) working days from the Issue Closing Date. 4. Submit the end use certificate within a period of 90 (Ninety) days from the Deemed Date of Allotment. 5. Compliance/Execution of any other documents as customary for transaction or required as per SEBI guidelines.
Debenture Trustee	Axis Trustee Services Limited
Registrar & Transfer Agent	Link Intime India Private Limited
Events of Default (including manner of voting / conditions of joining Inter Creditor Agreement)	Please refer to Annexure X (<i>Key Terms of the Issue</i>) of this Information Memorandum
Creation of recovery expense fund	<p>SEBI has issued the SEBI DT Operational Circular, the guidelines/ instructions in relation to creation of Recovery Expense Fund (“REF”) in order to enable the debenture trustees to take prompt action for enforcement of security / legal proceedings in case of ‘default’ in listed debt securities to be used in the manner decided in the meeting of the holders of debt securities. The Company will create and maintain an REF as per the provisions of the regulations issued by SEBI and the SEBI DT Operational Circular, as amended from time to time, and if during the currency of these presents, any guidelines are formulated (or modified or revised) by any Governmental Authority under Applicable Law in respect of creation/maintenance of the REF, the Company shall abide by such guidelines and execute all such supplemental letters, agreements and deeds of modifications as may be required by the Debenture Trustee (who shall forthwith forward them to the Debenture Holders) and shall also cause the same to be registered, where necessary.</p> <p>Details:</p> <p>The Company shall within the timelines prescribed under the provisions of SEBI DT Operational Circular create REF in relation to the Issue, by deposit of an amount equal to 0.01% of the Issue size subject to maximum of Rs. 25 lakhs towards REF with BSE in such form as prescribed under the SEBI DT Operational Circular.</p> <p>Purpose:</p> <p>Upon occurrence of an event of default, the Debenture Trustee shall obtain the consent of Debenture Holders for enforcement of security /legal proceedings and shall inform the same to BSE. BSE will release the amount lying in the REF to the Debenture Trustee within 5 (Five) working days of receipt of such intimation.</p>

	The REF will be refunded to the Issuer in accordance with the SEBI DT Operational Circular.
Conditions for breach of covenants (as specified in Debenture Trust Deed)	Please refer to Annexure X (<i>Key Terms of the Issue</i>) in this Information Memorandum.
Provisions related to Cross Default Clause	None
Role and Responsibilities of Debenture Trustee	To oversee and monitor the overall transaction for and on behalf of the Debenture holders as customary for transaction of a similar nature and size and as executed under the appropriate Transaction Documents.
Risk Factors pertaining to the Issue	Please refer to Section 3 (<i>Risk Factors</i>) in this Information Memorandum.
Governing law and jurisdictions	The Debentures and documentation will be governed by and construed in accordance with the laws of India and the courts in Mumbai shall have the non-exclusive jurisdiction to determine any dispute arising in relation to the Debentures.
Further Issuance	The Issuer reserves the right to make multiple issuances under the Information Memorandum under the same ISIN with reference to SEBI circular SEBI/HO/DDHS/P/CIR/2021/613 dated 10th August 2021 or such other amended circular issued by the SEBI from time to time. Issue can be made either by way of creation of fresh ISIN or by way of issuance under the existing ISIN at premium / par / discount as the case may be in line with aforesaid SEBI circular.
Anchor Portion within the Base Issue Size subject to a maximum of 30% of Base Issue Size	N.A.
Remaining portion of the Base Issue Size under the non anchor portion available for bidding in EBP	Rs. 100,00,00,000/- (One Hundred Crores only)
Total non-anchor portion available for bidding in EBP including oversubscription	Up to Rs. 200,00,00,000/- (Rupees Two Hundred Crores only)
Premium / Discount at which security is issued/ reissue/ added further to existing ISIN	The Debenture are being issued at par / premium, as may be applicable.
Trading/ Issuance mode of the instrument	The Debentures are being issued in dematerialised form
Due Diligence Certificate	The due diligence certificate issued by the Debenture Trustee to BSE in accordance with the SEBI DT Operational Circular and the SEBI NCS Regulations is annexed hereto as Annexure XI of this Placement Memorandum.

Notes:

- 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.
- The list of documents which have been executed in connection with the issue and subscription of the Debentures have been identified as Transaction Documents in '*Definitions and Abbreviations*' section above.
- The Company has provided granular disclosures in this Information Memorandum, with regards to the "Object of the Issue" including the percentage of the issue proceeds earmarked for each of the "object of the

issue.

PART B: ADDITIONAL DISCLOSURES PURSUANT TO THE SEBI OPERATIONAL CIRCULAR.

- (i) A portfolio summary with regard to industries/ sectors to which borrowings have been made;

Borrowing profile as on March 31, 2022:

(Rs. in Crores)

Particulars	Amount
Senior secured notes	-
Secured NCD	-
External commercial bond –Secured	-
Unsecured NCD	-
Subordinated Debt	-
Secured Term Loans	4875.97
Unsecured Term Loans	884.97
Secured Working Capital Facility	-
External commercial borrowing	-
Fixed Deposit	-
Commercial Paper	-
Securitisation	426.01
Total	6186.95

- (ii) NPA exposures of the issuer for the last three financial years (both gross and net exposures) and provisioning made for the same as per the last audited financial statements of the Issuer.

Sr. No.	Particulars (Rs. in Crs)	Mar-22	Mar-21	Mar-20
1	Gross Stage 3	128.58	46.81	54.73
2	ECL Provision Stage 3	28.38	13.99	14.85
3	Net Stage 3	100.20	32.82	39.88
4	Gross Stage 1 & 2	5,632.36	4,580.22	3,666.71
5	ECL Provision Stage 1 & 2	87.75	60.92	20.07
6	Net Stage 1 & 2	5,544.61	4,519.30	3,646.64

- (iii) Quantum and percentage of secured vis-à-vis unsecured borrowings made; and

Secured Borrowings - Rs. 4875.97 Crore – 84.64%

Unsecured Borrowings - Rs. 884.97 Crore – 15.36%

Total - Rs. 5760.94 – 100%

Note: The figures disclosed above have been disclosed as per the audited financial statements of the Issuer as on March 31, 2022.

- (iv) Any change in promoters' holdings during the last financial year beyond the threshold, as prescribed by RBI.

No change in promoters' holdings have been made beyond thresholds as prescribed by RBI, during the last financial year.

- (v) Type of Loans as on March 31, 2022:

Sr. No.	Type of Loans	Rs. (in crore)	Percentage
1	Secured	4875.97	78.81%
2	Unsecured	884.97	14.30%
3	Securitisation	426.01	6.89%
	Total assets under management (AUM)*^	6186.95	100%

**Information required at borrower level (and not by loan account as customer may have multiple loan accounts);*

^Issuer is also required to disclose off balance sheet items;

(vi) Denomination of loans outstanding by loan-to-value as on March 31, 2022:

Details of LTV

Sl. No.	LTV (at the time of origination)	Percentage of AUM
1.	Upto 40%	16.35%
2.	41-60%	18.19%
3.	61-80%	46.76%
4.	81-90%	3.04%
5.	>90%	0.80%
6.	Unsecured	14.87%
7.	Total	100.00%

(vii) Sectoral Exposure as on March 31, 2022:

Sl. No.	Segment-wise break-up of AUM	Amount (In Crs.)	Percentage of AUM
1	Retail		
A	Mortgages (home loans and loans against property)	2954.09	47.75%
B	Gold Loans	2247.53	36.33%
C	Vehicle finance	-	-
D	MFI	15.21	0.25%
E	MSME	-	-
F	Capital market funding (loans against shares, margin funding)	-	-
G	Others	904.54	14.62%
2	Wholesale		
A	Infrastructure	-	-
B	Real estate (including builder loans)	57.34	0.93%
C	Promoter funding	-	-
D	Any other sector (as applicable)	-	-
E	Others	8.24	0.13%
	Total	6186.95	100.00%

(viii) Denomination of loans outstanding by ticket size as on March 31, 2022*:

Sl. No.	Ticket size (at the time of origination)	Percentage of AUM
1	Upto Rs. 2 Lakh	22.17%
2	Rs. 2-5 Lakh	9.05%
3	Rs. 5-10 Lakh	9.21%
4	Rs. 10-25 Lakh	26.63%

5	Rs. 25 – 50 Lakh	13.38%
6	Rs. 50 lakh – 1 crore	7.66%
7	Rs. 1 – 5 Crore	10.91%
8	Rs. 5 – 25 crore	0.99%
9	Rs. 25 – 100 crore	-
10	>Rs. 100 crore	-
	Total	100.00%

*Information required at the borrower level (and not by loan account as a customer may have multiple loan accounts)

(ix) Geographical classification of borrowers as on March 31, 2022:

Top 5 states borrower wise

SI. No.	Top 5 states	Percentage of AUM
1	Karnataka	22.35%
2	Tamil Nadu	17.92%
3	Maharashtra	17.43%
4	Gujarat	12.84%
5	Telangana	8.86%
	Total	79.40%

(x) Details of loans overdue and classified as non-performing in accordance with RBI's stipulations:

I. Movement of gross NPA as on March 31, 2022

Movement of gross NPA*	Rupees (in crores)
Opening gross NPA	46.81
- Additions during the year	129.74
- Reductions during the year	47.96
Closing balance of gross NPA	128.59

*Please indicate the gross NPA recognition policy (Day's Past Due)

90 days past due is the NPA Recognition Policy of the Issuer

II. Movement of provisions for NPA as on March 31, 2022

Movement of provisions for NPA	Rupees (in crores)
Opening gross NPA	13.99
- Provisions during the year	35.89
- Write-off/Write-back of excess Provisions	21.5
Closing balance	28.38

90 days past due is the NPA Recognition Policy of the Issuer

(xi) Segment-wise gross NPA as on March 31, 2022:

SI. No.	Segment-wise gross NPA	Gross NPA Amount (In Cr.)	Gross NPA (%)
1	Retail		

A	Mortgages (home loans and loans against property)*	69.22	1.20%
B	Gold Loan	29.17	0.51%
C	Vehicle finance	-	-
D	MFI	-	-
E	MSME	-	-
F	Capital Market Funding (loans against shares, margin funding)	-	-
G	Others **	5.06	0.09%
2	Wholesale		
B	Infrastructure	-	-
C	Real estate (including builder loans)	-	-
D	Promoter funding	-	-
E	Any other sector (as applicable) ***	24.69	0.43%
F	Others	0.45	0.01%
	Total	128.59	2.24%

** The segment-wise gross NPA for Mortgages (home loans and loans against property) may be further broken down into the following sub-categories:*

Sl. No.	Segment-wise gross NPA	Gross NPA Amount	Gross NPA (%)
a.	Loan Against Property	37.62	0.65%
b.	Small Ticket Loan Against Property	24.97	0.43%
c.	Home Loan	6.63	0.12%

*** The disclosure under 'Others' under the retail sector, consists of Business Loans originated by the Issuer.*

**** The disclosure under 'Any other sector' under the wholesale sector, consists of loans originated to the Construction Finance sector by the Issuer.*

(xii) Residual maturity profile of assets and liabilities (in line with the RBI format) as on March 31, 2022:

(Rs. In crores)

Category	Upto 30/31 days	>1 month – 2 months	>2 months – 3 months	>3 months – 6 months	>6 months – 1 year	>1 year – 3 years	>3 years – 5 years	>5 years	Total
Deposits *	-	-	-	-	-	-	-	-	-
Advances**	192.70	363.85	492.94	696.28	1,197.23	1,160.92	743.54	804.84	5,652.31
Investments	406.83	-	-	100.00	-	-	-	-	506.83
Borrowings ***	98.03	115.95	253.99	351.33	1,082.38	2,255.14	558.51	301.50	5,016.84
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-

** includes deposits from corporates and unclaimed matured deposit.*

*** net of Impairment loss allowance.*

**** Excludes deposits which are shown separately and external commercial borrowings and external commercial bond which are shown separately under Foreign Currency Liabilities*

5. DISCLOSURES PERTAINING TO WILFUL DEFAULT

- 1.1 Name of the bank declaring the entity as a wilful defaulter: NIL
- 1.2 The year in which the entity is declared as a wilful defaulter: N.A.
- 1.3 Outstanding amount when the entity is declared as a wilful defaulter: N.A.
- 1.4 Name of the entity declared as a wilful defaulter: N.A.
- 1.5 Steps taken, if any, for the removal from the list of wilful defaulters: N.A.
- 1.6 Other disclosures, as deemed fit by the Issuer in order to enable investors to take informed decisions: None
- 1.7 Any other disclosure as specified by SEBI: NIL

6. DISCLOSURES UNDER THE COMPANIES ACT

FORM NO. PAS – 4 PRIVATE PLACEMENT OFFER LETTER

(Pursuant to Section 42 and Rule 14(3) of Companies (Prospectus and Allotment of Securities) Rules, 2014)

1. General Information:

A. Name, address, website and other contact details of the Company, indicating both registered office and the corporate office:

Issuer / Company	:	Fedbank Financial Services Limited
Registered Office	:	Kanakia Wall Street, A Wing, 5th Floor, Unit No. 511, Andheri Kurla Road, Mumbai, Maharashtra – 400 093
Corporate Office	:	Kanakia Wall Street, A Wing, 5th Floor, Unit No. 511, Andheri Kurla Road, Andheri (East) Mumbai, Maharashtra – 400 093
Telephone No.	:	+91 22 6852 0601- ext 616
Contact Person	:	Mr. S. Rajaraman, Company Secretary and Compliance Officer
Email	:	secretarial@fedfina.com
Website	:	https://fedfina.com/

B. Date of Incorporation of the Company:

April 17, 1995

C. Business carried on by the Company and its subsidiaries with the details of branches or units, if any:

For the details of the business carried out by the Company and the details of branches or units, please refer to **Section 4.5** of the Disclosure Document.

The Company has its offices / sites / branches across India, however, for the purpose of this issue, the concerned are requested contact the Compliance Officer at the registered office of the Company during the business hours.

D. Brief particulars of the management of the Company:

The details of the directors of the Company are set out under paragraph E below. Apart from the directors, the following persons are also involved in the management of the Company:

Name, Designation & PAN	Occupation	Residential Address
Mr. Anil Kothuri, Managing Director & Chief Executive Officer; (PAN: ABTPK8927A)	Service	B-703, Rustomjee Oriana, Dharmadhikari Marg, Near Navjeevan School, Bandra East, Mumbai – 400 051
Ms. Anila Rajneesh, Chief Human Resources Officer; (PAN: AGRPR0869H)	Service	A-1602, Ekta Meadows, Near Siddharth Nagar, Borivali East, Mumbai – 400 066

Name, Designation & PAN	Occupation	Residential Address
Mr. Shardul Kadam, Chief Risk Officer; (PAN: ALFPK7412G)	Service	F-501, Country Park Phase 3 II, Datta Pada Road, Opp. Tata Steel, Dattapada, Borivali (East) – 400 066.
Mr. Krishnaswamy Siddharth, Chief Operating Officer; (PAN: ALKPS4926N)	Service	Heritage 3402, Hiranandani Gardens, Powai, Mumbai Suburban – 400 076
Mr. C.V. Ganesh, Chief Financial Officer; (PAN: AFRPG0283P)	Service	34, Punarvasu, Tarangan 2, Samata Nagar, Opp. Jekegram, Thane West, Thane – 400 606
Mr. Rajaraman Sundaresan, Company Secretary and Compliance Officer; (PAN: AATPS7386Q)	Service	203, Building, 1 B Wing, Ratan Nagar Condominium, Near Kokilaben Ambani Hospital 4 Bungalows, Andheri West, Mumbai – 400 053
Mr. Ramchandar Ragavendran, Chief Business Officer - Unsecured Loan; (PAN: ADLPR5399D)	Service	# 19, Srikrishnanjali 7th A Main, Sarvabhoumanagara, Chikkallasandra, Bangalore, Karnataka 560 061
Mr. Vikas Srivastava, Chief Business Officer - Small Ticket Mortgage; (PAN: ANNPS9156M)	Service	F-404, Raheja Vista, Chandivali, Mumbai – 400 078
Mr. Jagadeesh Rao Janardanan, Chief Business Officer - Gold Loan; (PAN: AJBPJ8574A)	Service	Flat no 102, Tower 8 Sky Dugar Appartment, Kil- Ayanambakkam, Behind Srivari, Kalyanamandapam, Chennai – 600 095
Mr. Sureshkumar K, Chief Business Officer – ‘Loan Against Property’ & Distribution; (PAN: ALOPS5878D)	Service	DB Woods, Flat no.2604, C WING, Krishna Vatika Marg, Goregaon East Mumbai – 400 063
Mr. Chirag Shah, Head – Internal Audit; (PAN: AGWPA8405B)	Service	A 10 Shree Sandesh, Opp. Citi Point Hall Telli Galli, Andheri East Mumbai – 400 069

E. Name, address, DIN and occupations of the directors:

Name, Designation & DIN	Occupation	PAN Card	Residential Address
Mr. Balakrishnan Krishnamurthy; Independent Director	Business	AEWPB3430K	2, Lloyds Garden, Appa Saheb Marathe Marg Prabhadevi, Mumbai – 400 025

Name, Designation & DIN	Occupation	PAN Card	Residential Address
(DIN: 00034031)			
Mr. Anil Kothuri, MD & CEO; (DIN: 00177945)	Service	ABTPK8927A	B-703, Rustomjee Oriana, Dharmadhikari Marg, Near Navjeevan School, Bandra East, Mumbai – 400 051
Mr. Shyam Srinivasan, Director; (DIN: 02274773)	Service	AOHPS4065A	Federal Villa, Althara, GCDA Road, Thottakattukara P O, Aluva, Ernakulam - 683 108
Mr. Ashutosh Khajuria, Nominee Director; (DIN: 05154975)	Service	AIRPK6520G	Flat No.2901, 29th Floor, Ashok Towers, C Wing Parel, Near Hotel Grand Central, Mumbai – 400 012
Mrs. Gauri Rushabh Shah, Independent Director; (DIN: 06625227)	Professional	ANPPS0476G	Flat No 5, III Floor Indian Mercantile Mansion Madam Cama Road, Colaba, Mumbai – 400 039
Mr. Maninder Juneja Singh, Nominee Director; (DIN: 02680016)	Service	AAHPJ5570F	Flat 1002, Floor-10, Wing D, Mayfair Meridian Ceasar Road, Near Filmalaya Studio, Andheri West, Mumbai – 400 058
Mr. Peruvemba Ramachandran Seshadri, Additional Director (in capacity of Independent Director), (DIN: 07820690)	Service	ABTPS9863P	107, Sowmya Springs, Diwan Madhavarao Road, Bangalore 560004

F. Management perception of Risk Factors:

Please refer to **Section 3** of this Information Memorandum.

G. Details of defaults, if any, including the amounts involved, duration of default, and present status, in repayment of:

Sr. No.	Particulars	Default Amount
1.	Statutory Dues	NIL
2.	Debenture and interest thereon	NIL
3.	Deposits and interest thereon	NIL
4.	Loans from banks and financial institutions and interest thereon	NIL

H. Name, designation, address and phone number, email ID of the nodal / compliance officer of the Company, if any, for the Issue:

Name of Nodal/	Designation	Address	Phone No.	Email ID
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Compliance officer				
Mr. S. Rajaraman	Company Secretary and Compliance Officer	203, Building 1 B Wing, Ratan Nagar Condominium, Near Kokilaben Ambani Hospital, 4 Bungalows, Andheri West, Mumbai – 400 053	+91 22 6852 0601 ext 616	secretarial@fedfina.com

I. Any default in annual filing of the Company under the Companies Act, 2013, or the rules made thereunder – NIL

2. Particulars of the Offer:

Financial position of the Company for the last 3 financial years	Please refer to Part A of Annexure IV of this Information Memorandum.
Date of passing of Board Resolution	Resolution passed by the Board of Directors of the Issuer on April 28, 2023. Copy of the said board resolution is annexed hereto and marked as Annexure VI of the Information Memorandum.
Date of passing of resolution in general meeting, authorizing the offer of securities	The shareholders resolution under Section 42 of the Act and the resolution under Section 180(1)(c) of the Act are dated August 05, 2022. A copy of the said shareholders' resolutions (under both Section 42 and Section 180 of the Act) is collectively annexed at Annexure VII of the Information Memorandum.
Kinds of securities offered (i.e. whether share or debentures) and class of security; the total number of shares or other securities to be issued	Unsecured, Listed, Rated, Redeemable, Transferable, Fully Paid Up, Subordinated Non-Convertible Debentures
Price at which the security is being offered, including premium, if any, along with justification of the price	The Debentures are being issued at face value of Rs. 1,00,000/- (Rupees One Lakh only) each at par / premium, as may be applicable. The pricing of the Debentures has been arrived at on the basis of prevailing market terms and conditions.
Name and address of the valuer who performed valuation of the security offered, and basis on which the price has been arrived at along with report of the registered valuer	N.A.
Relevant date with reference to which the price has been arrived at [Relevant Date means a date at least thirty days prior to the date on	N.A.

which the general meeting of the Company is scheduled to be held]	
The class or classes of persons to whom the allotment is proposed to be made	Please refer to ' <i>Persons who may apply</i> ' under Section 7.15 of the Information Memorandum
Intention of promoters, directors or key managerial personnel to subscribe to the offer (applicable in case they intend to subscribe to the offer) [not required in case of issue of non-convertible debentures]	N.A.
The proposed time within which the allotment shall be completed	As indicated in Section 4.28
The names of the proposed allottees and the percentage of post private placement capital that may be held by them [not required in case of issue of non-convertible debentures]	N.A.
The change in control, if any, in the company that would occur consequent to the private placement	N.A.
The number of persons to whom allotment on preferential basis/ private placement / rights issue has already been made during the year, in terms of number of securities as well as price	For details on allotments made by the Company during the year, please refer to Section 4.6 of this Information Memorandum.
The justification for the allotment proposed to be made for consideration other than cash together with valuation report of the registered valuer.	N.A.
Amount, which the Company intends to raise by way of proposed offer of securities	10,000 (Ten Thousand) Unsecured, Listed, Rated, Redeemable, Transferable, Fully Paid Up, Subordinated, Non-Convertible Debentures (in form of subordinated debt eligible to be categorized as Tier II Capital in compliance with RBI Master Directions) having a face value of Rs. 1,00,000/- (Rupees One Lakh only) each, of the aggregate nominal value of Rs. 100,00,00,000/- (Rupees One Hundred Crore only), a green shoe option of up to 10,000 (Ten Thousand) Unsecured, Listed, Rated, Redeemable, Transferable, Fully Paid Up, Subordinated Non-Convertible Debentures (in the form of subordinated debt eligible to be categorized as Tier II Capital in compliance with RBI Master Directions for Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016) having a face value of Rs. 1,00,000/- (Rupees One Lakh only) each, aggregating up to Rs. 100,00,00,000/- (Rupees One Hundred Crore only) (the " Debentures " / " NCDs ")
Terms of raising securities	Duration, if applicable: 6 (Six) years and 11

		(Eleven) months from the Deemed Date of Allotment			
	Coupon	The Coupon payable in relation to the Debentures shall be 9% (Nine Percent) per annum which shall be payable on an annual basis.			
	Mode of Payment	RTGS, electronic fund transfer or other permitted mode			
	Mode of Repayment	RTGS, electronic fund transfer or other permitted mode			
Proposed time schedule for which the offer letter is valid	As indicated in Paragraph 4.28.				
Purpose and objects of the Issue	To augment the Tier II Capital of the Company for strengthening its capital adequacy and for enhancing its long term resources and for the regular business activities of the Company				
Contribution being made by the promoters or directors either as part of the offer or separately in furtherance of such objects	NIL				
Principal terms of assets charged as security, if applicable	N.A.				
The details of significant and material orders passed by the Regulators, Courts and Tribunals impacting the going concern status of the company and its future operations	NIL				
The pre-issue and post-issue shareholding pattern of the Company in the following format:					
There will be no change in shareholding pattern of the Company pursuant to the Issue, as non convertible debentures are being issued. Please find below the details in relation to the same, set out in the tables drawing comparison between ‘pre-issue’ and ‘post-issue’ shareholding pattern of the Company:					
1. Pre-issue:					
Sr. No.	Category	No. of Equity shares held	Percentage of shareholding	No. of Preference shares held	Percentage of shareholding
A	Promoters’ holding				
	Indian	0	0	0	0
1	Individual	0	0	0	0
	Bodies Corporate	235,685,332*	73.22%	0	0
	Sub-total	235,685,332*	73.22%	0	0

2	Foreign promoters				
	Sub-total (A)	235,685,332*	73.22%	0	0
B	Non-promoters' holding				
1	Institutional Investors	0	0	0	0
2	Non-Institutional Investors	0	0	0	0
	Private Corporate Bodies	8,28,08,361	25.72%	0	0
	Directors and relatives	27,29,730	0.85%		
	Indian public	6,88,182	0.21	0	0
	Others (including Non-resident Indians)	0	0	0	0
	Sub-total (B)	8,62,11,273	26.78%	0	0
	Grand Total	32,19,11,605	100%	0	0

2. Post Issue

Sr. No.	Category	No. of Equity shares held	Percentage of shareholding	No. of Preference shares held	Percentage of shareholding
A	Promoters' holding				
	Indian	0	0	0	0
1	Individual	0	0	0	0
	Bodies Corporate	235,685,332*	73.22%	0	0
	Sub-total	235,685,332*	73.22%	0	0
2	Foreign promoters				
	Sub-total (A)	235,685,332*	73.22%	0	0
B	Non-promoters' holding				
1	Institutional Investors	0	0	0	0
2	Non-Institutional Investors	0	0	0	0
	Private Corporate Bodies	8,28,08,361	25.72%	0	0
	Directors and relatives	27,29,730	0.85%		
	Indian public	6,88,182	0.21	0	0
	Others (including Non-resident Indians)	0	0	0	0

	Sub-total (B)	8,62,11,273	26.78%	0	0
	Grand Total	32,19,11,605	100%	0	0

3. Mode of payment for subscription:

- Cheque
- Demand draft
- Other banking channels, such as RTGS

4. Disclosure with regard to interest of directors, litigation, etc.:

Any financial or other material interest of the directors, promoters or key managerial personnel in the offer and the effect of such interest in so far as it is different from the interests of other persons	NIL				
Details of any litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against any promoter of the offeree Company during the last three years immediately preceding the year of the issue of the private placement offer cum application letter and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action shall be disclosed	NIL				
Remuneration of directors (during the current year and last three financial years)	<i>(Rs. In Lakhs)</i>				
	Particulars	Current Year	FY 2022-23	FY 2021-22	FY 2020-21
	Remuneration paid to Directors including sitting fees paid	4.23	568.99	256.30	351.70

Related party transactions entered during the last three financial years immediately preceding the year of issue of private placement offer cum application letter including with regard to loans made or, guarantees given or securities provided	Please refer to Annexure V of this Information Memorandum for the related party transactions for the financial years 2020, 2021 and 2022.
Summary of reservations or qualifications or adverse remarks of auditors in the last five financial years immediately preceding the year of issue of private placement offer cum application letter and of their impact on the financial statements and financial position of the Company and the corrective steps taken and proposed to be taken by the Company for each of the said reservations or qualifications or adverse remark	NIL
Details of any inquiry, inspections or investigations initiated or conducted under the Companies Act, 2013 or any previous Company law in the last three years immediately preceding the year of issue of private placement offer cum application letter in the case of the Company and all of its subsidiaries, and if there were any were any prosecutions filed (whether pending or not), fines imposed, compounding of offences	NIL

in the last three years immediately preceding the year of the private placement offer cum application letter and if so, section-wise details thereof for the Company and all of its subsidiaries									
Details of acts of material frauds committed against the Company in the last three years, if any, and if so, the action taken by the Company									
	<table><tr><td>FINANCIAL YEAR (FY)</td><td>2020-21</td><td>2021-22</td><td>2022-23</td></tr><tr><td>TOTAL NO. OF FRAUD CASE FILED</td><td>20</td><td>28</td><td>15</td></tr></table>	FINANCIAL YEAR (FY)	2020-21	2021-22	2022-23	TOTAL NO. OF FRAUD CASE FILED	20	28	15
	FINANCIAL YEAR (FY)	2020-21	2021-22	2022-23					
TOTAL NO. OF FRAUD CASE FILED	20	28	15						
<p>The Company has established a comprehensive framework for addressing fraud incidents, categorising them into two distinct types i.e. internal frauds and external frauds.</p> <p>In case of any internal frauds, once a fraudulent activity is identified, the Company reports such fraud to the RBI in line with the guidelines and circulars issued by RBI in this regard, from time to time. Further, a show cause notice is issued to the staff members involved in such frauds, requesting an explanation for their actions. The matter is then referred to the Disciplinary Action Committee constituted by the Company (“DAC”), which DAC is responsible for conducting a thorough investigation and making appropriate decisions regarding disciplinary actions. In appropriate circumstances, the Company may lodge a police complaint against the erring staff member and / or may also initiate recovery actions against such erring staff members.</p> <p>In case of any external frauds, once a fraud is identified involving persons outside the Company, the case is promptly reported to the RBI in accordance with the applicable circulars and guidelines issued by RBI in this regard, from time to time. In appropriate circumstances, the Company may also lodge a complaint against such person involved in fraud committed against the Company. Additionally, recovery actions may also be initiated against such persons to minimize the financial losses incurred by the Company.</p>									

5. Financial Position of the Company:

The authorised, issued, subscribed and paid up capital (number of securities, description and aggregate nominal value)	For details in this regard, please refer to Section 4.6(A) of this Information Memorandum.
Size of the Present Issue	10,000 (Ten Thousand) Unsecured, Listed, Rated, Redeemable, Transferable, Fully Paid Up, Subordinated, Non-Convertible Debentures (in form of subordinated debt eligible to be categorized as Tier II Capital in compliance with RBI Master Directions having a face value of Rs. 1,00,000/- (Rupees One Lakh only) each, of the aggregate nominal value of Rs. 100,00,00,000/- (Rupees One Hundred Crore only), with a green shoe option of up to 10,000 (Ten Thousand) Unsecured, Listed, Rated, Redeemable, Transferable, Fully Paid Up, Subordinated Non-Convertible Debentures (in the form of subordinated debt eligible to be categorized as

	Tier II Capital in compliance with RBI Master Directions for Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016) having a face value of Rs. 1,00,000/- (Rupees One Lakh only) each, aggregating up to Rs. 100,00,00,000/- (Rupees One Hundred Crore only)
Paid-up Capital: a. After the offer: b. After the conversion of convertible instruments (if applicable):	This issuance of Debentures will not alter the paid-up capital of the Issuer.
Share Premium Account: a. Before the offer: b. After the offer:	This issuance of Debentures will not alter the share premium account of the Issuer.

Details of the existing share capital of the Issuer:

Year & Date of Allotment	No of Equity Shares	Face Value of Shares Allotted (Rs.)	Price (Rs.)	Details of Consideration (Rs.)	Form of consideration
April 17, 1995	700	10	10	7,000	Cash
1995-1996*	49,99,300	10	10	4,99,93,000	Cash
May 22, 1997*	1,00,00,000	10	10	10,00,00,000	Cash
March 5, 2001*	Pursuant to a resolution of our Shareholders dated October 28, 2000 and an order of the High Court of Kerala dated February 12, 2001, the issued and paid-up Equity Share capital of our Company was reduced by ₹145,000,000 from ₹150,000,000 comprising 15,000,000 Equity Shares of face value ₹ 10 each to ₹ 5,000,000 comprising 500,000 Equity Shares of face value ₹ 10 each.				
July 5, 2007*	95,00,000	10	10	9,50,00,000	Cash
December 30, 2010*	2,50,00,000	10	10	25,00,00,000	Cash
September 3, 2011*	3,50,00,000	10	10	35,00,00,000	Cash
February 15, 2012*	12,00,00,000	10	10	1,20,00,00,000	Cash
November 13, 2018	4,00,42,500	10	42.11	1,68,61,89,675	Cash
September 27, 2019	2,67,14,257	10	42.11	1,12,49,37,362.27	Cash
March 30, 2020	1,66,66,668	10	48	80,00,00,064	Cash
October 13, 2020	1,65,00,000	10	48	79,20,00,000	Cash
April 21, 2021	12,000	10	30	3,60,000	Cash
June 29, 2021	2,85,71,450	10	70	2,00,00,01,500	Cash
November 13, 2021	1,20,000	10	30	36,00,000	Cash
December 22, 2021	91,000	10	42.11	38,32,010	Cash
December 22, 2021	40,000	10	30	12,00,000	Cash
February 14, 2022	27,29,730	10	42.1	11,49,21,633	Cash
March 28, 2022	10,000	10	30	3,00,000	Cash
	20,000	10	48	9,60,000	Cash
May 6, 2022	30,000	10	30	9,00,000	Cash
July 21, 2022	60,000	10	30	18,00,000	Cash
July 21, 2022	2,60,000	10	48	1,24,80,000	Cash
	29,000	10	42.11	12,21,190	Cash
October 17, 2022	15,000	10	42.11	6,31,650	Cash

Number and price at which each of the	For details on allotment made by the Company during the year, please refer to Section 4.6 of this Information Memorandum.
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allotments were made in the last one year preceding the date of the private placement offer cum application letter separately indicating the allotments made for consideration other than cash and the details of the consideration in each case																				
Profits of the Company, before and after making provision for tax, for the three financial years immediately preceding the date of issue of the private placement offer cum application letter	<div>(Rs. in Lakhs)</div> <table><tr><th>Particulars</th><th>FY 2022</th><th>FY 2021</th><th>FY 2020</th></tr><tr><td>Profit before Tax</td><td>13,921</td><td>7,693</td><td>5,600</td></tr><tr><td>Profit after Tax</td><td>10,346</td><td>6,168</td><td>3,914</td></tr></table>				Particulars	FY 2022	FY 2021	FY 2020	Profit before Tax	13,921	7,693	5,600	Profit after Tax	10,346	6,168	3,914				
Particulars	FY 2022	FY 2021	FY 2020																	
Profit before Tax	13,921	7,693	5,600																	
Profit after Tax	10,346	6,168	3,914																	
Dividends declared by the Company in respect of the said three financial years; interest coverage ratio for last three years (cash profit after tax plus interest paid/interest paid)	<table><tr><th>Particulars</th><th>Rs.</th><th>Rs.</th><th>Rs.</th></tr><tr><th></th><th>FY 2022</th><th>FY 2021</th><th>FY 2020</th></tr><tr><td>Dividend declared</td><td>Nil</td><td>Nil</td><td>Nil</td></tr><tr><td>Interest coverage ratio (on a standalone basis)</td><td>1.51</td><td>1.34</td><td>1.37</td></tr></table>	Particulars	Rs.	Rs.	Rs.		FY 2022	FY 2021	FY 2020	Dividend declared	Nil	Nil	Nil	Interest coverage ratio (on a standalone basis)	1.51	1.34	1.37			
Particulars	Rs.	Rs.	Rs.																	
	FY 2022	FY 2021	FY 2020																	
Dividend declared	Nil	Nil	Nil																	
Interest coverage ratio (on a standalone basis)	1.51	1.34	1.37																	
A summary of the financial position of the Company as in the three audited balance sheets immediately preceding the date of issue of private placement offer cum application letter	Please refer to Part A of Annexure IV of this Information Memorandum																			
Audited Cash Flow Statement for the three years immediately preceding the date of issue of private placement offer cum application letter	Please refer to Part A of Annexure IV of this Information Memorandum																			
Any change in accounting policies during the last three	NIL																			

years and their effect on the profits and the reserves of the Company	
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PART B: APPLICANT'S DETAILS

1. Name:
2. Father's Name:
3. Complete address including flat/ house number/ street, locality, pin code:
4. Phone number, if any:
5. Email ID, if any:
6. PAN:
7. Bank account details:
8. Demat Account Details:
9. Tick whichever is applicable:
 - (a) The applicant is not required to obtain Government approval under the Foreign Exchange Management (Non-debt Instruments) Rules, 2019 prior to subscription of shares:
 - (b) The applicant is required to obtain Government approval under the Foreign Exchange Management (Non-debt Instruments) Rules, 2019 prior to subscription of shares and the same has been obtained, and is enclosed herewith:

Signature of the Applicant

Initial of the officer of the Company designated to keep the record

DECLARATION

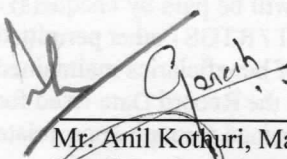
The Company and each of the directors of the Company hereby confirm and declare that:

- a. the Company has complied with the provisions of the Act and the rules made thereunder, including the compliances in relation to making a private placement of the Debentures;
- b. the compliance with the Act and the rules does not imply that payment of dividend or interest or repayment of Debentures, if applicable, 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 Information Memorandum (offer letter);

I am authorised by the Board of Directors of the Company *vide* resolution number dated April 28, 2023 to sign this form and declare that all the requirements of Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this Information Memorandum has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

For **FEDBANK FINANCIAL SERVICES LIMITED**


Mr. Anil Kothuri, Managing Director and Chief Executive Officer; and
Mr. C. V. Ganesh, Chief Financial Officer

Date: May 25, 2023

Place: Mumbai



7. OTHER INFORMATION AND APPLICATION PROCESS

The Debentures being offered as part of the Issue are subject to the provisions of the Act, the Memorandum and Articles of Association of the Issuer, the terms of this Information Memorandum, Application Form and other terms and conditions as may be incorporated in the Transaction Documents.

7.1 Mode of Transfer/ Transmission of Debentures

The Debentures shall be transferable freely. The Debenture(s) shall be transferred and/or transmitted in accordance with the applicable provisions of the Act and other Applicable Laws. The Debentures held in dematerialised form shall be transferred subject to and in accordance with the rules/ procedures as prescribed by the Depository and the relevant DPs of the transferor or transferee and any other Applicable Laws and rules notified in respect thereof. It would be the responsibility of the Investors to ensure that they sell the Debenture in strict accordance with the terms and conditions of this Information Memorandum and Applicable Laws, so that the sale does not constitute an offer for sale to the public within the meaning of the Companies Act. The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date. In the absence of the same, amounts due will be paid/redemption will be made to the person, whose name appears in the register of debenture holders maintained by the R&T Agent as on the Record Date, under all circumstances. In cases where the transfer formalities have not been completed by the transferor, claims, if any, by the transferees would need to be settled with the transferor(s) and not with the Issuer. The normal procedure followed for transfer of securities held in dematerialised form shall be followed for transfer of these Debentures held in dematerialised form. The seller should give delivery instructions containing details of the buyer's DP account to his DP.

7.2 Debentures held in Dematerialised Form

The Debentures shall be held in dematerialised form and no action is required on the part of the Debenture Holder(s) for redemption purposes and the redemption proceeds will be paid by cheque(s) / demand draft (s) / interest warrant(s) / pay order(s) / direct credit / ECS / NEFT / RTGS / other permitted mechanisms to those Debenture Holder(s) whose names appear on the list of beneficiaries maintained by the R&T Agent. The names would be as per the R&T Agent's records on the Record Date fixed for the purpose of redemption. All such Debentures will be simultaneously redeemed through appropriate debit corporate action.

The list of beneficiaries as of the Record Date setting out the relevant beneficiaries' name and account number, address, bank details and DP's identification number will be given by the R&T Agent to the Issuer. If permitted, the Issuer may transfer payments required to be made in any relation by RTGS or such other permitted mode to the bank account of the Debenture Holder(s) for redemption payments.

7.3 Trustee for the Debenture Holder(s)

The Issuer has appointed Axis Trustee Services Limited to act as trustee for the Debenture Holder(s). The Issuer and the Debenture Trustee intends to enter into the Debenture Trust Deed *inter alia*, specifying the powers, authorities and obligations of the Debenture Trustee and the Issuer. The Debenture 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 Debentures as the Debenture Trustee may in its absolute discretion deem necessary or require to be done in the interest of the Debenture Holder(s). Any payment made by the Issuer to the Debenture Trustee on behalf of the Debenture Holder(s) shall discharge the Issuer *pro tanto* to the Debenture Holder(s). The Debenture Trustee will protect the interest of the Debenture Holder(s) in regard to the repayment of Principal Amount and Coupon thereon and they will take necessary action, subject to and in accordance with the Debenture Trust Deed, at the cost of the Issuer. No Debenture Holder shall be entitled to proceed directly against the Issuer unless the Debenture Trustee, having become so bound to proceed, fails to do so. The Debenture Trust Deed

shall more specifically set out the rights and remedies of the Debenture Holder(s) and the manner of enforcement thereof.

7.4 Rights of Debenture Holders

The Debenture Holders shall have the rights and privileges specified in the Transaction Documents, including and not limited to:

- (a) The Debentures shall not, except as provided in the Companies Act, 2013 confer upon the holders thereof any rights or privileges available to the members, including the right to receive notices or annual reports of, or to attend and/or vote, at the general meeting. However, if any resolution affecting the rights attached to the Debentures is to be placed before the shareholders, the said resolution will first be placed before the concerned Debenture Holders for their consideration. In terms of Section 219(2) of the Act, holders of Debentures shall be entitled to a copy of the balance sheet on a specific request made to the company.
- (b) The rights, privileges and conditions attached to the Debentures 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 Debentures or with the sanction of Special Resolution passed at a meeting of the concerned debenture-holders, provided that nothing in such consent or resolution shall be operative against the company, where such consent or resolution modifies or varies the terms and conditions governing the Debentures, if the same are not acceptable to the company.
- (c) The registered Debenture Holder or in case of joint-holders, the one whose name stands first in the Register of Debenture Holders/list of Beneficial Owners shall be entitled to vote in respect of such Debentures, either in person or by proxy, at any meeting of the concerned Debenture Holders and every such holder shall be entitled to one vote on a show of hands and on a poll, his/her/its voting rights shall be in proportion to the outstanding nominal value of Debentures held by him/her/it on every resolution placed before such meeting of the Debenture Holders.
- (d) The quorum for such meetings shall be at least five Debenture Holders present in person or as may be prescribed by Applicable Law from time to time.
- (e) The Debentures are subject to the provisions of the Companies Act, 2013, the Memorandum and Articles, the terms of this Information Memorandum and other Transaction Documents and Application Form.
- (f) A register of debenture holders will be maintained in accordance with Section 152 of the Act and all interest and principal sums becoming due and payable in respect of the Debentures 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 Debenture Holders/ List of Beneficial Owners. The Debenture Holders will be entitled to their Debenture free from equities and/or cross claims by the Company against the original or any intermediate holders thereof.

7.5 Sharing of Information

The Issuer may, at its option, but subject to Applicable Laws, use on its own, as well as exchange, share or part with any financial or other information about the Debenture Holder(s) available with the Issuer, with its subsidiaries and affiliates and other banks, financial institutions, credit bureaus, agencies, statutory bodies, as may be required and neither the Issuer nor its subsidiaries and affiliates nor their agents shall be liable for use of the aforesaid information.

7.6 Debenture Holder not a Shareholder

The Debenture Holder(s) shall not be entitled to any right and privileges of shareholders other than those available to them under the Act. The Debentures shall not confer upon the Debenture Holders the right to receive notice(s) or to attend and to vote at any general meeting(s) of the shareholders of the Issuer.

7.7 Modification of Debentures

The Debenture Trustee and the Issuer will agree to make any modifications in the Information Memorandum which in the opinion of the Debenture Trustee is of a formal, minor or technical nature or is to correct a manifest error.

Any other change or modification to the terms of the Debentures shall require approval by way of a Special Resolution (unless otherwise provided specifically in the Transaction Documents).

For the avoidance of doubt, any amendment to the terms and conditions of the Debentures or the Transaction Documents shall require approval by way of a Special Resolution (unless otherwise provided specifically in the Transaction Documents), either by providing their express consent in writing or by way of a resolution at a duly convened meeting of the Debenture Holders.

7.8 Right to accept or reject Applications

The Board/ Committee of Directors reserves its full, unqualified and absolute right to accept or reject any application for subscription to the Debentures, in part or in full, without assigning any reason thereof.

7.9 Notices

Any notice may be served by the Issuer/ Debenture Trustee upon the Debenture Holders through registered post, recognised overnight courier service, hand delivery or by facsimile transmission addressed to such Debenture Holder at its/his registered address or facsimile number.

All notice(s) to be given by the Debenture Holder(s) to the Issuer/ Debenture Trustee shall be sent by registered post, recognised overnight courier service, hand delivery or by facsimile transmission to the Issuer or to such persons at such address/ facsimile number as may be notified by the Issuer from time to time through suitable communication. All correspondence regarding the Debentures should be marked “Private Placement of Debentures”.

Notice(s) shall be deemed to be effective: (a) in the case of registered mail, 3 (Three) calendar days after posting; (b) 1 (One) Business Day after delivery by recognised overnight courier service, if sent for next Business day delivery; (c) in the case of facsimile at the time when dispatched with a report confirming proper transmission or (d) in the case of personal delivery, at the time of delivery.

7.10 Issue Procedure

Only investors as specified in the section titled “Persons who may apply” given hereunder may apply for the Debentures by completing the Application form in the prescribed format in block letters in English as per the instructions contained therein. The minimum number of Debentures that can be applied for and the multiples thereof shall be set out in the Application Form. No application can be made for a fraction of a Debenture. Application forms should be duly completed in all respects and applications not completed in the said manner are liable to be rejected. The name of the Applicant’s bank, type of account and account number must be duly completed by the Applicant. This is required for the Applicant’s own safety and these details will be printed on the refund orders and /or redemptions warrants.

The final subscription to the Debentures shall be made by the Eligible Investors through the electronic book mechanism as prescribed by SEBI under the Electronic Book Mechanism Guidelines by placing bids on the electronic book platform during the Issue period.

Application Procedure through electronic book process:

In order to be able to bid under the BSE electronic book platform, Eligible Investors must have provided the requisite documents (including but not limited to know your customer) in accordance with the Electronic Book Mechanism Guidelines. The Issuer is entitled at any time to require an Eligible Investor to provide any know your customer or other documents as may be required to be maintained by it or delivered to a third party by it in accordance with applicable laws. All Eligible Investors are required to register themselves as a one-time exercise (if not already registered) with the BSE electronic book platform for participating in electronic book building mechanism.

Eligible Investors should refer the operating guidelines for issuance of debt securities on private placement basis through an electronic book mechanism as available on the website of BSE. Eligible Investors will also have to complete the mandatory know your customer verification process.

The details of the Issue shall be entered on the BSE electronic book platform by the Issuer at least 2 (Two) Business Days prior to the Issue Opening Date, in accordance with the Electronic Book Mechanism Guidelines. The Issue will be open for bidding for the duration of the bidding window that would be communicated through the Issuer's bidding announcement on the BSE electronic book platform, at least 1 (one) Business Day before the start of the Issue Opening Date.

Some of the key guidelines in terms of the extant Electronic Book Mechanism Guidelines on issuance of securities on private placement basis through an electronic book mechanism, are as follows:

- (i) **Modification of Bid:** Eligible Investors may note that modification of bid is allowed during the bidding period or window. However, in the last 10 minutes of the bidding period or window, revision of bid is only allowed for upward revision of the bid amount placed or to improve the coupon or yield by the Eligible Investor.
- (ii) **Cancellation of Bid:** Eligible Investors may note that cancellation of bid is allowed during the bidding period or window. However, in the last 10 minutes of the bidding period or window, no cancellation of bids is permitted.
- (iii) **Multiple Bids:** Bidders are permitted to place multiple bids on the BSE electronic book platform in line with the Electronic Book Mechanism Guidelines.
- (iv) **Manner of bidding:** The Issue will be through closed bidding on the BSE electronic book platform in line with the Electronic Book Mechanism Guidelines.
- (v) **Manner of allotment:** The allotment will be done on uniform yield basis in line with the Electronic Book Mechanism Guidelines.
- (vi) **Manner of settlement:** Settlement of the Issue will be done through the clearing corporation.
- (vii) **Settlement cycle:** The process of pay-in of funds by investors and pay-out to Issuer will be done on T+1 day, where T is the Issue Closing Date.
- (viii) **Offer or Issue of executed Information Memorandum to successful Eligible Investors.** The final Information Memorandum will be issued to the successful Eligible Investors, who are required to complete and submit the application form to the Issuer in order to accept the offer of Debentures.

No person other than the successful Eligible Investors to whom the Information Memorandum has been issued by the Issuer may apply for the Issue through the application forms received from a person other than those specifically addressed will be invalid. However, Eligible Investors should refer to the extant Electronic Book Mechanism Guidelines as prevailing on the date of the bid.

Withdrawal of Issue:

The Issuer may, at its discretion, withdraw the issue process on the conditions set out under the Operational Circular; provided that the Issuer shall accept or withdraw the issue on the BSE electronic book platform within 1 (one) hour of the closing of the bidding window, and not later than 6 pm on the Issue Closing Date. However, Eligible Investors should refer to the Electronic Book Mechanism Guidelines as prevailing on the date of the bid. If the Issuer has withdrawn the Issue, and the cut-off yield of the Issue is higher than the estimated cut-off yield disclosed to the BSE electronic book platform, the estimated cut off yield shall be mandatorily disclosed by the BSE electronic book platform to the Eligible Investors. The expression ‘estimated cut off yield’ means yield so estimated by the Company, prior to opening of issue on the BSE electronic book platform. The disclosure of estimated cut off yield by BSE electronic book platform to the Eligible Investors, pursuant to closure of the Issue, shall be at the discretion of the Issuer.

Process flow of statement:

Successful bidders shall make pay-in of funds towards the allocation made to them, in the bank account of the clearing corporation, the details whereof are as set out in paragraph 7.14 herein below, on or before 10:30 A.M. on the Deemed Date of Allotment.

The fund pay-in by the successful bidders will be made only from the bank account(s), which have been provided/updated in the electronic book mechanism system. Upon the transfer of funds into the aforesaid account and the Issuer confirming its decision to proceed with the allotment of the Debentures in favour of the Debenture Holder(s) to Indian Clearing Corporation Limited, the R&T Agent shall provide the corporate action file along with all requisite documents to the Depositories by 12:00 hours and subsequently, the pay-in funds shall be released into the following bank account of the Issuer:

Beneficiary Name	Fedbank Financial Services Limited
Account No.	10990200088664
Bank	Federal Bank Limited
Branch	Fort Branch, 32/34, Church Gate House, Veer Nariman Road, Fort, Mumbai – 400 001
Account Type	Cash Credit
IFS Code	FDRL0001099

7.11 Application Procedure

Potential investors will be invited to subscribe by way of the Application Form prescribed in the Information Memorandum during the period between the Issue Opening Date and the Issue Closing Date (both dates inclusive). The Issuer reserves the right to change the issue schedule including the Deemed Date of Allotment at its sole discretion, without giving any reasons or prior notice. The Issue will be open for subscription during the banking hours on each day during the period covered by the Issue Schedule.

7.12 Fictitious Application

All fictitious Applications will be rejected.

7.13 Basis of Allotment

Notwithstanding anything stated elsewhere, Issuer reserves the right to accept or reject any application, in part or in full, without assigning any reason. Subject to the aforesaid, in case of over subscription, priority will be given to Investors in line with the Electronic Book Mechanism Guidelines. The investors

will be required to remit the funds as well as submit the duly completed Application Form along with other necessary documents to Issuer by the Deemed Date of Allotment.

7.14 Payment Instructions

The Application Form should be submitted directly to the Issuer. The full amount of Rs. 1,00,000/- (Rupees One Lakh only) per Debenture is payable along with the making of an application.

All payments must be made through NEFT, RTGS, electronic fund transfer to Indian Clearing Corporation Limited. The details for payments are mentioned herein below:

Name of Bank	HDFC BANK LIMITED
IFS Code	HDFC0000060
Account number	ICCLEB
Name of beneficiary	INDIAN CLEARING CORPORATION LIMITED

Name of Bank	ICICI BANK LIMITED
IFSC Code	ICIC0000106
Account number	ICCLEB
Name of beneficiary	INDIAN CLEARING CORPORATION LTD

7.15 Persons who may apply/ Eligible investors

subject to fulfilling their respective investment norms/rules and compliance with laws applicable to them by submitting all the relevant documents along with the Application Form. The class of investors to whom this Information Memorandum is being issued are:

The Persons to whom this Information Memorandum is being issued are the only persons eligible to apply for this private placement of Debentures to the extent permitted under and in accordance with the EBP Guidelines, the following categories of Investors ("**Eligible Investors**"), when specifically approached, and identified upfront by the Issuer, shall be eligible to apply for this private placement of Debentures subject to fulfilling their respective investment norms/rules and compliance with laws applicable to them and by completing the participation/nodding requirements prescribed for the EBP platform and/or by submitting all the relevant documents along with the Application Form:

- (a) Qualified Institutional Buyers ("**QIBs**") means the following entities:
- (i) A mutual fund, venture capital fund, alternative investment fund and foreign venture capital investor registered with SEBI;
 - (ii) Foreign portfolio investor other than individuals, corporate bodies and family offices;
 - (iii) a public financial institution;
 - (iv) a scheduled commercial bank;
 - (v) a multilateral and bi-lateral development financial institution;
 - (vi) a State Industrial Development Corporation;
 - (vii) An insurance company registered with Insurance Regulatory and Development Authority of India (IRDAI);
 - (viii) A provident fund with minimum corpus of Rs.25,00,00,000/- (Rupees Twenty Five Crore)
 - (ix) A pension fund with minimum corpus of Rs.25,00,00,000/- (Rupees Twenty Five Crores)
 - (x) 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;

- (xi) An insurance fund set up and managed by Army, Navy / Air force of the Union of India;
 - (xii) Insurance funds set up and managed by the Department of Posts, India; and
 - (xiii) Systemically, important Non- Banking Financial Companies.
- (b) Any non-QIB including *inter-alia* resident individual investors, Hindu Undivided Families (excluding minors and NRIs), Partnership Firms and Limited Liability partnership firms, Trusts (including public charitable trusts), association of persons, societies registered under the Applicable Laws in India, companies, bodies corporate etc, who/ which has been authorized by the Issuer, to participate in a particular issue on the EBP platform.
- (c) Any other person eligible to invest in the Debentures subject the relevant prevalent guidelines and as permitted under Applicable Laws.

Additionally, those arrangers/brokers/intermediaries etc. (as per the defined limits under the EBP Guidelines) specifically mapped by the Issuer on the EBP platform are also eligible to bid/ apply/ invest for this Issue.

All Eligible Investors are required to check and comply with Applicable Law(s) including the relevant rules / regulations / guidelines applicable to them for investing in this Issue of Debentures. The Issuer, is not in any way, directly or indirectly, responsible for any statutory or regulatory breaches by any investor, nor is the Issuer required to check or confirm the above.

Hosting of this Placement Memorandum on the website of BSE/EBP bond platform should not be construed as an offer or an invitation to offer to subscribe to the Debentures and the Placement Memorandum has been hosted only as this is stipulated under the SEBI NCS Regulations read with the EBP Guidelines. Eligible Investors should check their eligibility before making any investment. All Eligible Investors are required to comply with the relevant regulations/guidelines applicable to them for investing in this issue of Debentures.

Note: Participation by potential investors in the issue may be subject to statutory and/or regulatory requirements applicable to them in connection with subscription to Indian securities by such categories of persons or entities. Applicants are advised to ensure that they comply with all regulatory requirements applicable to them, including exchange controls and other requirements. Applicants ought to seek independent legal and regulatory advice in relation to the laws applicable to them.

Participation by Anchor Investors

The Issuer shall decide on the participation by anchor investors in the anchor investor allocation portion of the Issue subject to such allocation not exceeding 30% (Thirty Percent) of the base Issue size. The anchor investors may also participate in the Issue under the non-anchor portion of the Issue if identified as an Eligible Investor by the Issuer.

7.16 Procedure for Applying for Dematerialised Facility

- (a) The Applicant must have at least one beneficiary account with any of the DP's of the Depository prior to making the application.
- (b) The Applicant must necessarily fill in the details (including the beneficiary account number and DP - ID) appearing in the Application Form under the heading "Details for Issue of Debentures in Electronic/Dematerialised Form".
- (c) Debentures allotted to an Applicant will be credited to the Applicant's respective beneficiary account(s) with the DP.

- (d) For subscribing to the Debentures, names in the Application Form should be identical to those appearing in the details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details maintained with the DP.
- (e) Non-transferable allotment advice/refund orders will be directly sent to the Applicant by the Registrar and Transfer Agent to the Issue.
- (f) If incomplete/ incorrect details are given under the heading “Details for Issue of Debentures in Electronic/ Dematerialised Form” in the Application Form, it will be deemed to be an incomplete application and the same may be held liable for rejection at the sole discretion of the Issuer.
- (g) For allotment of Debentures, the address, nomination details and other details of the Applicant as registered with his/her DP shall be used for all correspondence with the Applicant. The Applicant is therefore responsible for the correctness of his/her demographic details given in the Application Form vis-à-vis those with his/her DP. In case the information is incorrect or insufficient, the Issuer would not be liable for the losses, if any.
- (h) The redemption amount or other benefits would be paid to those Debenture Holders whose names appear on the list of beneficial owners maintained by the R&T Agent as on the Record Date. In case of those Debentures for which the beneficial owner is not identified in the records of the R&T Agent as on the Record Date, the Issuer would keep in abeyance the payment of the redemption amount or other benefits, till such time that the beneficial owner is identified by the R&T Agent and conveyed to the Issuer, whereupon the redemption amount and benefits will be paid to the beneficiaries, as identified.

7.17 Depository Arrangements

The Issuer shall make necessary arrangement with the Depository for issue and holding of Debenture in dematerialised form.

7.18 List of Beneficiaries

The Issuer shall request the R&T Agent to provide a list of beneficiaries as at the end of each Record Date. This shall be the list, which will be used for payment or repayment of redemption and interest monies.

7.19 Application under Power of Attorney

A certified true copy of the power of attorney or the relevant authority as the case may be along with the names and specimen signature(s) of all the authorised signatories of the Investor and the tax exemption certificate/ document of the Investor, if any, must be lodged along with the submission of the completed Application Form. Further modifications/additions in the power of attorney or authority should be notified to the Issuer or to its agents or to such other person(s) at such other address(es) as may be specified by the Issuer from time to time through a suitable communication.

In case of an application made by companies under a power of attorney or resolution or authority, a certified true copy thereof along with memorandum and articles of association and/or bye-laws along with other constitutional documents must be attached to the Application Form at the time of making the application, failing which, the Issuer reserves the full, unqualified and absolute right to accept or reject any application in whole or in part and in either case without assigning any reason thereto. Names and specimen signatures of all the authorised signatories must also be lodged along with the submission of the completed Application Form.

7.20 Documents to be provided by Investors

Investors need to submit the following documents, as applicable

- (a) Memorandum and Articles of Association or other constitutional documents,
- (b) Resolution authorising investment,
- (c) Certified true copy of power of attorney,
- (d) Specimen signatures of the authorised signatories duly certified by an appropriate authority,
- (e) Copy of PAN card to be submitted,
- (f) Application Form (including RTGS details).

7.21 Applications to be accompanied with Bank Account Details

Every application shall be required to be accompanied by the bank account details of the Applicant and the magnetic ink character reader code of the bank for the purpose of availing direct credit of redemption amount and all other amounts payable to the Debenture Holder(s) through RTGS.

7.22 Succession

In the event of winding-up of the holder of the Debenture(s), the Issuer will recognise the executor or administrator of the concerned Debenture Holder(s), or the other legal representative as having title to the Debenture(s). The Issuer shall not be bound to recognise such executor or administrator or other legal representative as having title to the Debenture(s), unless such executor or administrator obtains probate or letter of administration or other legal representation, as the case may be, from a court in India having jurisdiction over the matter.

The Issuer may, in its absolute discretion, where it thinks fit, dispense with production of probate or letter of administration or other legal representation, in order to recognise such holder as being entitled to the Debenture(s) standing in the name of the concerned Debenture Holder on production of sufficient documentary proof and/or an indemnity.

7.23 Mode of Payment

All payments must be made through cheque(s)/draft(s)/transfers/RTGS as set out in the Application Form.

7.24 Effect of Holidays

Whenever any Record Date falls on a day other than a Business Day, the Record Date shall be moved to the immediately following Business Day.

If any of the Coupon Payment Date(s), other than the ones falling on the Redemption Date, falls on a day that is not a Business Day, the payment shall be made by the Issuer on the immediately succeeding Business Day, which becomes the Coupon Payment Date for that Coupon. However, the future Coupon Payment Date(s) would be as per the schedule originally stipulated at the time of issuing the Debentures. To clarify, the subsequent Coupon Payment Date(s) would not be changed merely because the payment date in respect of one particular Coupon payment has been postponed earlier because of it having fallen on a non-Business Day.

If the Maturity Date/ Redemption Date and the Last Coupon Payment Date of the Debentures falls on a day that is not a Business Day, the Redemption Amount in respect of the Debentures shall be paid by

the Issuer on the immediately preceding Business Day which shall thereafter be considered the revised Maturity Date / Redemption Date, along with Coupon accrued thereon, until but excluding the date of such payment

It is hereby clarified that any payments shall also be subject to the day count convention as per the SEBI NCS Regulations.

7.25 Tax Deduction at Source

Tax as applicable under the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof will be deducted at source. For seeking TDS exemption/lower rate of TDS, relevant certificate/document must be lodged by the debenture holders at the office of the transfer agents of the Company at least 15 (Fifteen) days before the relevant payment becoming due. Tax exemption certificate / declaration of non deduction of tax at source on interest on application money, should be submitted along with the Application form.

7.26 Letters of Allotment

The letter of allotment, indicating allotment of the Debentures, will be credited in dematerialised form within 2 (Two) Business Days from each Deemed Date of Allotment. The initial credit in the account will be akin to the Letter of Allotment. On completion of all statutory formalities, the aforesaid letter of allotment shall be replaced with the actual credit of Debentures, in dematerialised form.

7.27 Deemed Date of Allotment

All the benefits under the Debentures will accrue to the Investor from the specified Deemed Date of Allotment. The Deemed Date of Allotment for the Issue is May 26, 2023 by which date the Investors would be intimated of allotment.

7.28 Record Date

The date which will be used for determining the Debenture holder(s) who shall be entitled to receive the amounts due with respect to the Debentures on any Due Date, which shall be the date being 15 (Fifteen) calendar days prior to the Due Date. Provided that if any Record Date falls on a day other than a Business Day, the immediately succeeding Business Day shall be considered the Record Date for that particular Due Date.

7.29 Refunds

For Applicants whose applications have been rejected or allotted in part, refund orders will be dispatched within 7 (Seven) days from each Deemed Date of Allotment of the Debentures.

In case the Issuer has received money from Applicants for Debentures in excess of the aggregate of the application money relating to the Debentures in respect of which allotments have been made, the Registrar shall upon receiving instructions in relation to the same from the Issuer repay the moneys to the extent of such excess, if any.

7.30 Interest on Application Money

The Issuer shall be liable to pay to each Debenture Holder, interest on Application Money which will be the same as the Coupon Rate (subject to deduction of Tax at Source at the rate prevailing from time to time under the provisions of the Income Tax Act, 1961 or any other statutory modifications or re-enactment thereof) and will be paid on Application Money for the period commencing from the date on which the said Debenture Holder has made payment of the Application Monies in respect of the Debentures and ending on the day prior to the Deemed Date of Allotment.

Provided that, notwithstanding anything contained herein above, the Company shall not be liable to pay any interest on monies liable to be refunded in case of invalid Applications or Applications.

The interest on the Application Monies shall be paid by the Issuer to the Debenture Holders within 7 (Seven) Business Days from the Deemed Date of Allotment.

7.31 PAN

Every Applicant should mention its PAN allotted under Income Tax Act, 1961, on the Application Form and attach a self-attested copy as evidence. Application forms without PAN will be considered incomplete and are liable to be rejected.

7.32 Payment on Redemption

Payment on redemption will be made by way of cheque(s)/redemption warrant(s)/demand draft(s)/credit through RTGS system/funds transfer in the name of the Debenture Holder(s) whose names appear on the list of Beneficial Owners given by the Depository to the Issuer as on the Record Date.

The Debentures shall be taken as discharged on payment of the redemption amount by the Issuer on maturity to the registered Debenture Holder(s) whose name appears in the Register of Debenture Holder(s) on the Record Date. On such payment being made, the Issuer will inform the Depository and accordingly the account of the Debenture Holder(s) with the Depository will be adjusted.

On the Issuer dispatching the amount as specified above in respect of the Debentures, the liability of the Issuer shall stand extinguished.

Disclaimer: Please note that only those persons to whom this Information Memorandum has been specifically addressed may apply. However, an application, even if complete in all respects, is liable to be rejected without assigning any reason for the same. The list of documents provided above is only indicative, and an investor is required to provide all other documents/ authorisations/ information, which are likely to be required by the Issuer. The Issuer may, but is not bound to revert to any investor for any additional documents/ information, and can accept or reject an application as it deems fit. Investment by investors falling in the categories mentioned above are merely indicative and the Issuer does not warrant that they are permitted to invest as per extant laws, regulations, etc. Each of the above categories of investors is required to check and comply with extant rules/regulations/ guidelines, etc. Governing or regulating their investments as applicable to them and the Issuer is not, in any way, directly or indirectly, responsible for any statutory or regulatory breaches by any investor, neither is the Issuer required to check or confirm the same.

8. DECLARATION


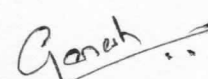
The Company and each of the directors of the Company hereby confirm and declare that:

- a. the Company has complied with the provisions of the Securities Contracts (Regulation) Act, 1956 and the Securities and Exchange Board of India Act, 1992, Companies Act and the rules and regulations made thereunder, including the compliances in relation to making a private placement of the Debentures;
- b. the compliance with the Act and the rules does not imply that payment of dividend or interest or repayment of Debentures, if applicable, is guaranteed by the Central Government;
- c. the monies received under the Issue shall be used only for the purposes and objects indicated in this Information Memorandum;
- d. whatever is stated in this Information Memorandum and in the attachments hereto is true, correct and complete and no information material to the subject matter of this Information Memorandum has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and Articles of Association.

I am authorised by the Board of Directors of the Company *vide* resolution dated April 28, 2023 to sign this form and declare that all the requirements of Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this Information Memorandum has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

For **FEDBANK FINANCIAL SERVICES LIMITED**



Mr. Anil Kothuri, Managing Director and Chief Executive Officer; and
Mr. C. V. Ganesh, Chief Financial Officer
Date: May 25, 2023
Place: Mumbai



ANNEXURE I: RATING LETTER AND RATING RATIONALE

(Attached Separately)

ANNEXURE II: CONSENT LETTER FROM THE DEBENTURE TRUSTEE

(Attached Separately)

ANNEXURE III: APPLICATION FORM

FEDBANK FINANCIAL SERVICES LIMITED

A public company with limited liability incorporated on April 17, 1995 under the Companies Act, 1956 (registered as a non-banking financial company within the meaning of the Reserve Bank of India Act, 1934 (2 of 1934)) and validly existing under the Companies Act, 2013.

Registered Office: Federal Towers, Alwaye, Ernakulam, Kerala – 683 101

Corporate Office: Kanakia Wall Street, A Wing 5th Floor, Unit No.511 &

Andheri Kurla Road, Andheri (East) Mumbai, Maharashtra – 400 093

CIN: U65910KL1995PLC008910

Telephone No.: +91 22 68530665, **Contact Person:** Mr. S. Rajaraman, Company Secretary and Compliance Officer

E-mail: secretarial@fedfina.com, **Website:** <https://fedfina.com/>

DEBENTURE APPLICATION FORM SERIAL NO.	0	0	0	0	0	0	0	0	1
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Addressed to: FEDBANK FINANCIAL SERVICES LIMITED

ISSUE OF UPTO 10,000 (TEN THOUSAND) RATED, LISTED, UNSECURED REDEEMABLE, TRANSFERABLE, FULLY PAID UP, SUBORDINATED NON CONVERTIBLE DEBENTURES (IN FORM OF SUBORDINATED DEBT ELIGIBLE TO BE CATEGORIZED AS TIER II CAPITAL IN COMPLIANCE WITH RBI MASTER DIRECTIONS FOR NON-BANKING FINANCIAL COMPANY - SYSTEMICALLY IMPORTANT NON-DEPOSIT TAKING COMPANY AND DEPOSIT TAKING COMPANY (RESERVE BANK) DIRECTIONS, 2016) HAVING A FACE VALUE OF RS. 1,00,000/- (RUPEES ONE LAKH ONLY) EACH, OF THE AGGREGATE NOMINAL VALUE OF RS. 100,00,00,000/- (RUPEES ONE HUNDRED CRORE ONLY), WITH A GREEN SHOE OPTION OF UP TO 10,000 (TEN THOUSAND) UNSECURED, LISTED, RATED, REDEEMABLE, TRANSFERABLE, FULLY PAID UP, SUBORDINATED NON-CONVERTIBLE DEBENTURES (IN THE FORM OF SUBORDINATED DEBT ELIGIBLE TO BE CATEGORIZED AS TIER II CAPITAL IN COMPLIANCE WITH RBI MASTER DIRECTIONS FOR NON-BANKING FINANCIAL COMPANY - SYSTEMICALLY IMPORTANT NON-DEPOSIT TAKING COMPANY AND DEPOSIT TAKING COMPANY (RESERVE BANK) DIRECTIONS, 2016) HAVING A FACE VALUE OF RS. 1,00,000/- (RUPEES ONE LAKH ONLY) EACH, AGGREGATING UP TO RS. 100,00,00,000/- (RUPEES ONE HUNDRED CRORE ONLY) (“DEBENTURES”/ “NCDs”) ON A PRIVATE PLACEMENT BASIS ISSUED UNDER THE INFORMATION MEMORANDUM DATED MAY 25, 2023 (“INFORMATION MEMORANDUM” OR “DISCLOSURE DOCUMENT”) AS AMENDED / SUPPLEMENTED FROM TIME TO TIME

DEBENTURE APPLIED FOR:

Series/ Tranche: N.A.

Number of Debentures _____ in words _____

Amount Rs. _____ /- in words Rupees _____ Crore Only

DETAILS OF PAYMENT:

Cheque / Demand Draft / RTGS

No. _____ Drawn on _____

Funds transferred to Fedbank Financial Services Limited

Dated _____

Total Amount Enclosed

(In Figures) Rs. _____/- (In words) _____ Only

**APPLICANT'S NAME IN FULL (CAPITALS)
SIGNATURE**

SPECIMEN

--	--

APPLICANT'S ADDRESS

ADDRESS																										
STREET																										
CITY																										
PIN							PHONE									FAX										

APPLICANT'S PAN/GIR NO. _____ IT CIRCLE/WARD/DISTRICT _____

WE ARE () COMPANY () OTHERS () SPECIFY _____

We have read and understood the Terms and Conditions of the issue of Debentures contained in the Information Memorandum including the Risk Factors described therein and have considered these in making our decision to apply. We bind ourselves to these Terms and Conditions and wish to apply for allotment of these Debentures. We request you to please place our name(s) on the Register of Holders.

Name of the Authorised Signatory(ies)	Designation	Signature

Applicant's
Signature

We the undersigned, are agreeable to holding the Debentures of the Issuer in dematerialised form. Details of my/our Beneficial Owner Account are given below:

Details for Issue of Debentures in Electronic / Dematerialised Form

DEPOSITORY	NSDL / CDSL
DEPOSITORY PARTICIPANT NAME	
DP-ID	
BENEFICIARY ACCOUNT NUMBER	
NAME OF THE APPLICANT(S)	

Applicant Bank Account:	
--------------------------------	--

(Settlement by way of RTGS, electronic fund transfer)	

We understand and confirm that the information provided in this Information Memorandum is provided by the Issuer and the same has not been verified by any legal advisors to the Issuer and other intermediaries and their agents and advisors associated with this Issue. We confirm that we have for the purpose of investing in these Debentures carried out our own due diligence and made our own decisions with respect to investment in these Debentures and have not relied on any representations made by anyone other than the Issuer, if any.

We understand that: i) in case of allotment of Debentures to us, our Beneficiary Account as mentioned above would get credited to the extent of allotted Debentures, ii) the Applicant must ensure that the sequence of names as mentioned in the Application Form matches the sequence of name held with our Depository Participant, iii) if the names of the Applicant in this application are not identical and also not in the same order as the Beneficiary Account details with the above mentioned Depository Participant or if the Debentures cannot be credited to our Beneficiary Account for any reason whatsoever, the Issuer shall be entitled at its sole discretion to reject the application or issue the Debentures in physical form.

We understand that we are assuming on our own account, all risk of loss that may occur or be suffered by us including as to the returns on and/or the sale value of the Debentures.

Applicant's
Signature

FOR OFFICE USE ONLY	
DATE OF RECEIPT _____	DATE OF CLEARANCE _____

(Note: Cheque and Drafts are subject to realisation)

------(TEAR HERE)-----

ACKNOWLEDGMENT SLIP

SERIAL NO.	0	0	0	0	0	0	0	0	0	1
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Received from _____

Address _____	
UTR # _____ Drawn on _____ for Rs. _____ on	
account of application of _____ Debenture	

ANNEXURE IV: FINANCIAL STATEMENTS

**PART A: AUDITED FINANCIAL STATEMENTS
(For FY22, FY21 and FY20)**

(Attached Separately)

**PART B: LIMITED REVIEW FINANCIAL STATEMENTS FOR NINE MONTHS ENDED
DECEMBER 31, 2022**

(Attached Separately)

ANNEXURE V: RELATED PARTY TRANSACTIONS

Details of Related Party Transactions – FY22, FY21 and FY20:

(Attached Separately)

ANNEXURE VI: COPY OF BOARD RESOLUTION

(Attached Separately)

ANNEXURE VII: COPY OF SHAREHOLDERS' RESOLUTIONS

(Attached Separately)

ANNEXURE VIII: IN PRINCIPLE LISTING APPROVAL

(Attached Separately)

ANNEXURE IX: INDICATIVE CASHFLOW SCHEDULE

ILLUSTRATIVE BOND CASH FLOWS

Details of the Bonds			
Particulars	Details		
Issuer/ Company	Fedbank	Financial	Services
Face Value per NCD (Rs.)	Limited		
Deemed Date of Allotment	1,00,000		
Tenor	26-May-23		
Maturity/ Redemption Date	6 years and 11 months		
Coupon Rate (% p.a.)	26-Apr-30		
Coupon Payment Frequency	9.00%		
Day Count Convention	Annual		
	Actual/Actual		

Day Convention		
From	To	Number of days
1-Jan-23	31-Dec-23	365
1-Jan-24	31-Dec-24	366
1-Jan-25	31-Dec-25	365
1-Jan-26	31-Dec-26	365
1-Jan-27	31-Dec-27	365
1-Jan-28	31-Dec-28	366
1-Jan-29	31-Dec-29	365
1-Jan-30	31-Dec-30	365

Illustrative Bond Cash Flows*					
Month	Scheduled Payment Date	Actual Payment Date**	Number of days in coupon period	Number of days in the year^	Amount per NCD (in Rs.) #
Deemed Date of Allotment	Friday, 26 May, 2023	Friday, 26 May, 2023			(100,000)
1st Coupon	Sunday, 26 May, 2024	Monday, 27 May, 2024	366	366	9,000
2nd Coupon	Monday, 26 May, 2025	Monday, 26 May, 2025	365	365	9,000
3rd Coupon	Tuesday, 26 May, 2026	Tuesday, 26 May, 2026	365	365	9,000
4th Coupon	Wednesday, 26 May, 2027	Wednesday, 26 May, 2027	365	365	9,000
5th Coupon	Friday, 26 May, 2028	Friday, 26 May, 2028	366	366	9,000
6th Coupon	Saturday, 26 May, 2029	Monday, 28 May, 2029	365	365	9,000
7th Coupon	Friday, 26 April, 2030	Friday, 26 April, 2030	335	365	8,260
Principal Redemption	Friday, 26 April, 2030	Friday, 26 April, 2030			100,000

**The above-mentioned cash flows are illustrative and indicative. The actual due dates and the cash flow will be in accordance with the SEBI Operational Circular.*

***after adjusting for Non-Business Days. The interest/redemption payments shall be made only on a day on which commercial banks are open for business in the city of Mumbai, Maharashtra and when the money market is functioning in Mumbai.*

As per Business Day Convention, if any of the Coupon Payment Date(s), other than the ones falling on the Redemption Date, falls on a day that is not a Business Day, the payment shall be made by the Issuer on the immediately succeeding Business Day, which becomes the Coupon Payment Date for that Coupon. However, the future Coupon Payment Date(s) would be as per the schedule originally stipulated at the time of issuing the NCDs. In other words, the subsequent Coupon Payment Date(s) would not be changed merely because the payment date in respect of one particular Coupon payment has been postponed earlier because of it having fallen on a non-Business Day.

If the Maturity Date/ Redemption Date and the Last Coupon Payment Date of the Debentures falls on a day that is not a Business Day, the redemption amount shall be paid by the Issuer on the immediately preceding Business Day which becomes the new redemption date, along with interest accrued on the Debentures until but excluding the date of such payment.

^ In case of scheduled payment date falling during a leap year, number of days for coupon working have been reckoned as 366 days for the entire calendar year.

In the event, the interest / pay-out of total coupon / redemption amount is a fraction and not an integer, such amount will be rounded off to the nearest integer.

ANNEXURE X: KEY TERMS OF THE ISSUE

1. COVENANTS AND UNDERTAKINGS

Affirmative and Information Covenants

The Company undertakes and covenants that, the Company shall until the Final Settlement Date:

(a) Accounts and Records

- (i) The books of accounts of the Company have been fairly and properly maintained, the accounts of the Company have been prepared in accordance with Applicable Law and in accordance with the generally accepted accounting principles, so as to give a true and fair view of the business (including the assets, liabilities and state of affairs) of the Company.
- (ii) Provide such information as the Debenture Holders may require as to all matters relating to the business, property and affairs of the Company that materially impacts the interests of the Debenture Holders and provide access to relevant books of accounts and records in relation to this Issue as required by the Debenture Trustee.
- (iii) Provide to the Debenture Trustee any information, relating to the business, property and affairs of the Company, pursuant to a monitoring or servicing request of the Debenture Holders.

(b) Validity of Transaction Documents

The Company shall ensure that the Transaction Documents are duly executed and delivered and will continue in full force and effect and will constitute valid, enforceable and binding obligations of the Company.

(c) Preserve Corporate Status

The Company shall diligently preserve its corporate existence and status and its license to conduct business as a non-banking financial company and any other rights, licenses and franchises necessary for its obligations under the Debentures and the Transaction Documents and continue to be a validly existing organization in good standing and at all times act and proceed in relation to its affairs and business in compliance with Applicable Law.

(d) Make the Relevant filings

Pursuant to the Act and the relevant rules thereunder, the Company undertakes to make the necessary filings of the documents mandated therein including the Form PAS-3 for return of allotment with the relevant registrar of companies and/or any other authority within the timelines stipulated under the Act and the relevant rules thereunder.

(e) Records and Inspection

- (i) The Company shall keep such adequate accounting and control systems, management information systems, books of account, and other records as are required to be maintained under law and such accounts as are adequate to reflect truly and fairly the financial condition and results of operations and

which shall contain full, true and correct entries in conformity with generally accepted accounting principles consistently applied and all requirements of law; and

- (ii) The Company shall at its sole cost and expense permit the Debenture Trustee, as the representative of the Debenture Holders, to enter into, after having provided the Company with reasonable notice of at least 7 (Seven) Business Days, its premises and carry out technical, financial and legal inspections of its assets, facilities and inspect and make copies of the books of record and accounts of the Company to discuss the affairs, finances and accounts of the Company with, and be advised as to the same, by its officers.

(f) **Compliance with laws**

- (i) The Company shall at all times be in compliance with Applicable Laws and comply with all laws, rules, regulations and guidelines (including the Act) as applicable in respect to the Issue, and obtain such regulatory approvals as may be required from time to time, including but not limited, in relation to the following (i) the SEBI NCS Regulations; (ii) SEBI Operational Circular; (iii) the provisions of the listing agreement entered into by the Company with the Stock Exchange in relation to the Debentures including the SEBI LODR; and (iv) the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the other notified rules under the Act; (v) applicable RBI guidelines;
- (ii) The Company shall comply with all the applicable provisions under the SEBI Debenture Trustee Regulations, SEBI NCS Regulations, the SEBI Operational Circular and any other applicable notification, circular, press release as may be issued by SEBI and/ or RBI, from time to time.
- (iii) The Company shall at all times be in compliance with applicable financial record keeping and reporting requirements and money laundering statutes and any related or similar rules, regulations or guidelines, issued, administered or enforced by any Governmental Authority.

(g) **End-Use**

- (i) The Company shall utilise the monies received towards subscription of the Debentures for the purposes of augmenting its Tier II Capital, for strengthening the capital adequacy standards of the Issuer and enhancing its long-term resources and for business requirements in compliance with the provisions of Applicable Laws or as may be specified in the Information Memorandum.
 - (ii) The Company shall furnish to the Debenture Trustee a certificate from the statutory auditor of the Company to the Debenture Trustee in respect of the utilisation of funds raised by way of issue of the Debentures. In addition to the above, upon completion of each financial year, the Company shall furnish to the Debenture Trustee a statement/certificate showing the manner in which the said monies have been utilized from its management.
- (h) The Company shall ensure, and/or cause the Registrar and Transfer Agent to forward the details of Debenture Holder(s) to the Debenture Trustee at the time of allotment and thereafter by the seventh working day of every next month in order to enable Debenture Trustee to keep its records updated and to communicate effectively with the Debenture Holders, especially in situations where Events of Default have occurred.

- (i) The Company shall submit to the Debenture Trustee a half-yearly certificate along with half yearly results from the statutory auditor regarding compliance with all the covenants, in respect of the Debentures, by the statutory auditor, along with the half-yearly financial results in the manner specified by SEBI from time to time and shall on quarterly basis submit to Debenture Trustee a certificate by its statutory auditor regarding compliance with the financial covenants (if any) in relation to the Debentures.
- (j) The Company shall promptly within 1 (one) working day of the interest or principal or both becoming due, submit a certificate to the Stock Exchange(s) along with the Debenture Trustee, regarding status of payment in respect of the Debentures and also upload the information on its website. While intimating the status of payment to the Debenture Trustee, the Company shall also intimate the Debenture Trustee on whether they have informed the status of payment or otherwise to the Stock Exchange(s) and Depository.
- (k) The Company shall, provide / cause to be provided information in respect of the following promptly and no later than 30 (Thirty) Business Days from the occurrence of such event (unless otherwise specifically provided):
 - (i) notify the Debenture Trustee in writing, any change in the senior management officials i.e, the Chief Executive Officer or the Chief Financial Officer or the Chief Operating Officer or the Chief Risk Officer;
 - (ii) provide details of any material litigation, arbitration, legal action or administrative proceedings including those that are required to be disclosed to the relevant Stock Exchange(s), as per the listing agreement entered into by the Company with the relevant Stock Exchange(s), except any litigation, arbitration, legal action or administrative proceedings filed by or against the Company in the ordinary course of business;
 - (iii) notify the Debenture Trustee in writing, if it becomes aware of any fact, matter or circumstance which would cause any of the representations and warranties under any of the Transaction Documents to become untrue or inaccurate or misleading in any material respect;
 - (iv) notify the Debenture Trustee in writing of any change to the constitutional documents of the Company which could have any direct or indirect adverse effect on the Debenture Holders;
 - (v) notify the Debenture Trustee in writing, of any proposed change in the nature or scope or the business or operations of the Company or the entering into any agreement or arrangement by any person that may materially affect the assets and liabilities of the Company, at least 3 (Three) Business Days prior to the date on which such action is proposed to be given effect;
 - (vi) provide to the Debenture Trustee such further information regarding the financial condition, business and operations of the Company as the Debenture Trustee may reasonably request in relation to the Debenture Outstandings;
 - (vii) promptly notify the Debenture Trustee of any revision in either of the ratings provided by any of the Rating Agencies;
 - (viii) promptly notify the Debenture Trustee of any significant changes in the composition of its board of directors;

- (ix) promptly notify the Debenture Trustee of any investments by way of equity into the Company;
 - (x) inform the Debenture Trustee before declaring or distributing any dividend, unless the Company has paid the amounts then due and payable on the Debentures under the Transaction Documents;
 - (xi) inform the Debenture Trustee of one or more of the other creditors of the Company accelerating its payment obligations on the grounds of (a) a Material Adverse Effect in the financial, operational or regulatory conditions governing the Company or (b) on account of a breach of representation or breach of an information covenant) under the terms of any other agreement involving borrowed money or the extension of credit or any other indebtedness under which the Company may be obligated as a borrower or guarantor;
- (l) The Company shall promptly and no later than 5 (Five) Business Days from the occurrence of such event (unless otherwise specifically provided):
- (i) notify the Debenture Trustee in writing, of any notice of an application for winding up having been made or receipt of any statutory notice of winding up under the provisions of the Act or any other notice under any other law or otherwise of any suit or legal process intended to be filed affecting the title to the property of the Company;
 - (ii) notify the Debenture Trustee in writing of any one or more events, conditions or circumstances that exist or have occurred that has, had or could reasonably be expected to have a Material Adverse Effect;
 - (iii) notify the Debenture Trustee in writing of any dispute, litigation, investigation or other proceeding which could result in a Material Adverse Effect;
 - (iv) notify the Debenture Trustee promptly in writing, of any event which constitutes an Event of Default, or of circumstances existing which could give rise, with the passage of time or otherwise, to an Event of Default specifying the nature of such event and any steps the Company proposes to take and/ or is taking to remedy the same;
- (m) The Company agrees that it shall forward to the Debenture Trustee promptly, which information can be forwarded in electronic form or fax:
- (i) a copy of the statutory auditors' and directors' annual report, balance sheet and profit and loss statement and of all periodical and special reports at the same time as they are issued;
 - (ii) a copy of all notices, resolutions and circulars relating to new issue of debt securities at the same time as they are sent to shareholders/ holders of debt securities; and
 - (iii) a copy of all the notices, call letters, circulars, etc. of the meetings of debt security holders at the same time as they are sent to the holders of debt securities or advertised in the media.
- (n) **Furnish Information to Debenture Trustee**

The Company shall give to the Debenture Trustee or their nominee(s) (and to the Debenture Holder(s), if so requested), information in respect of the following within a maximum of 10 (Ten) calendar days from the occurrence of such event:

- (i) As soon as practicable, and in any event within 1 (One) Business Day, upon the Company having knowledge of any winding up proceeding including filing of any application under the IBC or initiation of any insolvency resolution process against the Company under the IBC.
- (ii) Furnish quarterly report within 7 (seven) days of the relevant board meeting or within 45 (forty five) days from the end of the relevant quarter (unless specified otherwise, in which case, reports shall be submitted according to the specified timeline) to the Debenture Trustee (and to the Debenture Holders), containing the following particulars
 - A. Details of any change in shareholding structure and/ or of any change in the composition of the board of directors of the Company;
 - B. Unaudited or limited-review financial statements of the Company;
 - C. Details of any change in the accounting policy of the Company;
 - D. Details of any change in the senior management officers of the Company i.e. any chief financial officer or chief executive officer or any other officer of the Company holding such equivalent post;
 - E. Details in relation to the asset liability management report in the format set out under the applicable directions issued by RBI (as may be amended from time to time)
 - F. Submitting such information, as may be reasonably required by the Debenture Trustee.
- (iii) The Company shall provide to the Debenture Trustee such information as it may require for any filings, statements, reports that the Debenture Trustee is required to provide to any Governmental Authority under Applicable Law.
- (iv) The Company shall provide / submit such information, as may be required by the Debenture Trustee from time to time, pursuant to a monitoring or servicing request of the Debenture Holders.
- (v) The Company shall promptly and expeditiously attend to and redress the grievances, if any, of the Debenture Holder(s). The Company further undertakes that it shall promptly comply with the suggestions and directions that may be given in this regard, from time to time, by the Debenture Trustee and shall advise the Debenture Trustee periodically of its compliance.
- (vi) Submit to the Debenture Holder (*in a format which shall be provided by the Debenture Holder from time to time*) such other information relevant to the Issue that the Debenture Holder may reasonably request on a monthly, quarterly and annual basis or pursuant to an annual diligence by the Debenture Holder, subject to such information being available with the Company.

(o) **Payment of dividend**

Subject to Applicable Laws and extant regulations, the Company shall not declare or pay any dividend to its shareholders during any financial year unless it has paid the amounts then due and payable on the Debentures or has made provisions satisfactory to the Debenture Trustee for making such payment.

2. EVENTS OF DEFAULT

If one or more of the events specified below, happen(s), the same shall constitute an “Event of Default” (hereinafter each an “Event of Default” and collectively, “Events of Default”) happen(s), the Debenture Trustee shall be entitled to exercise any and all rights hereunder as contained in this IM:

(a) Transaction Documents

Any Transaction Document once executed and delivered, ceases to be in full force or becomes unlawful, invalid and unenforceable.

(b) End Use

All or any part of the proceeds of the Issue is not utilised or is not being utilised for the intended end use as stipulated in the Debenture Trust Deed.

(c) Applicable Law

The Company fails to comply with Applicable Law and/ or with the Applicable Law in relation to the Issue.

(d) Material Adverse Effect

The occurrence of a Material Adverse Effect as determined by the Debenture Trustee, acting solely on the instructions of the Majority Debenture Holders, if such Material Adverse Effect has not been remedied or rectified for a period of 10 (Ten) Business Days.

(e) Unlawfulness and Invalidity

- (i) It is or becomes unlawful for the Company to perform any of its obligations under the Transaction Documents, or if the Transaction Documents or any part thereof ceases, for any reason whatsoever, to be valid and binding or in full force and effect;
- (ii) The Company repudiates a Transaction Document to which it is a party or evidences an intention to repudiate Transaction Documents to which it is a party.

(f) Seizure

An expropriation, distress, attachment, sequestration, execution or other legal process is levied, enforced or sued out on or against any material part of the property, assets or revenues of the Company and which affects any asset or assets of the Company or any of its affiliate having an aggregate value of more than or equal to the amount of the Debentures or 10% of the Company’s net worth as per the latest financial statements whichever is lesser and which is not discharged within 15 (Fifteen) days.

(g) Promoters, Directors and Employees of the Company

- (i) Any of the directors or the promoters of the Company are declared as wilful defaulter(s).
- (ii) Any of the directors and/ or the promoters of the Company are convicted of

criminal offence or of any act of moral turpitude, dishonesty or which otherwise impinges on the integrity of the director and/ or the promoter, including any accusations, charges and/or convictions of any offence relating to bribery.

- (iii) Any officer, employee, or member of management of the Company commits any material act of fraud, embezzlement, misstatement, misappropriation or siphoning off of the Company/ promoter funds or revenues or any other act having a similar effect.

- (h) Net Worth

If Company's net worth as per its latest audited financing statements erodes by 50% or more when compared with its net worth as per audited financing statements of the immediately preceding Financial Year and the same has not been remedied within 30 (Thirty) Business Days.

3. CONSEQUENCES OF AN EVENT OF DEFAULT

- (a) Upon the occurrence of an Event of Default, the Debenture Trustee shall, after obtaining prior written permission of RBI (for so long as such permission is required from the RBI as per the extant regulations) accelerate repayment of all amounts due and payable in relation to the Debentures including any accrued Coupon amounts and the principal amount on the Debentures, along with other costs, charges and expenses incurred under or in connection with the Debenture Trust Deed and other Transaction Documents and exercise the rights available to the Debenture Trustee under Applicable Law.
- (b) It is hereby clarified that the Debenture Holder(s) shall not have the right to convert the Debenture into equity shares of the Issuer upon the occurrence of an Event of Default.
- (c) In addition to above, so long as there shall be an Event of Default, the Company shall pay the Default Interest as per the terms set out in the Transaction Documents, without any prejudice to the remedies available to the Debenture Holders or the consequences of Events of Default.

- (d) **Nominee Director**

The Debenture Trustee shall in consultation with the Debenture Holders have a right to appoint a nominee Director on the board of directors of the Company (hereinafter referred to as "**the Nominee Director**") in accordance with the provisions of the SEBI Debenture Trustee Regulations in the event of:

- (i) 2 (Two) consecutive defaults in payment of interest to the Debenture Holder(s); or
 - (ii) Any default on the part of the Company in redemption of the Debentures; or
- (e) The Nominee Director so appointed shall not be liable to retire by rotation nor shall be required to hold any qualification shares. The Company shall take steps to amend its Articles of Association for the purpose if necessary.
- (f) The Nominee Director shall be appointed by the Company as a director on its board of directors not later than 1 (One) month from the date of receipt of such nomination from the Debenture Trustee. The Company shall amend its Articles of Association for the purpose of giving effect to its obligations under this paragraph including in relation to

appointment of the Nominee Director.

- (g) The Nominee Director shall also be appointed as a member of any committee of the Board and shall not be liable for any act or omission of the Company.
- (h) The Nominee Director shall be entitled to all the rights and privileges of other non-executive directors and the sitting fees, expenses as payable to other directors on the Board and any other fees, commission, monies or remuneration in any form payable to the non-executive directors, which shall be to the account of the Company.
- (i) The Debenture Trustee shall, on being informed by the Company of the happening of any of the Event(s) of Default or upon the happening of any of such Event(s) of Default coming to its notice, forthwith give written notice to the Debenture Holder(s) of the same.
- (j) Subject to receipt of prior written consent from the RBI (for so long as such consent is required from the RBI as per the extant regulations) with respect to acceleration of all amounts due and payable in relation to the Debentures, the Debenture Trustee shall, on the occurrence of an Event of Default, follow the standard operating procedure for entering into the inter-creditor agreement. The process for entering into the inter-creditor agreement has currently been stipulated by SEBI under '*Chapter X: Breach of Covenants, Default and Remedies*' forming part of the SEBI DT Operational Circular, ("**SEBI Defaults (Procedure) Circular**") as amended from time to time. If any meeting of the Debenture Holders is proposed to be conducted in respect of any matter prescribed in the SEBI Defaults (Procedure) Circular, the process and timelines set out with respect to convening and conducting such meeting shall be in accordance with the SEBI Defaults (Procedure) Circular and the sub-paragraphs set out hereinbelow:
 - (b) A notice for a meeting being convened in terms of / pursuant to the SEBI Defaults (Procedure) Circular shall contain the details prescribed in the SEBI Defaults (Procedure) Circular, including without limitation, the negative consent for proceeding with the enforcement of security, positive consent for signing the inter-creditor agreement, the time period within which the consent needs to be provided, and the date of meeting to be convened.
 - (c) Any action of the Debenture Trustee in respect of the occurrence of an Event of Default and the application of the SEBI Defaults (Procedure) Circular shall be in accordance with the decision of the Debenture Holders taken at any meeting convened in accordance with this, subject to the exceptions (if any) set out in the SEBI Defaults (Procedure) Circular.
 - (d) For the purposes of a meeting convened in accordance with this sub-paragraph, in accordance with the SEBI Defaults (Procedure) Circular, all decisions shall require the consent of 75% (seventy five percent) of the Debenture Holders (by value) and 60% (sixty percent) of the Debenture Holders (by number).
 - (e) The Debenture Trustee after obtaining consent of Debenture Holder(s) for enforcement shall inform the designated stock exchange seeking release of the Recovery Expense Fund. The Debenture Trustee shall follow the procedure set out in the SEBI DT Operational Circular for utilisation of the Recovery Expense Fund and be obligated to keep proper account of all expenses, costs including but not limited to legal expenses, hosting of meetings etc., incurred out of the Recovery Expense Fund.
 - (f) All expenses over and above those met from the Recovery Expense Fund incurred by the Beneficial Owners(s)/Debenture Trustee after an Event of Default has occurred in

connection with collection of amounts due under the Transaction Documents, shall be payable by the Company.

4. **SUBORDINATED OBLIGATIONS**

- (a) The Debentures shall be issued as subordinated debt which are fully paid up, unsecured and are at all times subordinated to the claims of other creditors of the Company and are free from restrictive clauses and are not redeemable at the instance of the Debenture Holder(s) or without the consent of the supervisory authority of the Company, being the RBI.
- (b) Without limiting the generality of the foregoing, in the event of any distribution, division or application, partial or complete, voluntary or involuntary, by operation of law or otherwise, of all or any part of the assets of the Company or the proceeds thereof to creditors of the Company or upon any indebtedness of the Company, by reason of the liquidation, dissolution or other winding up of the Company or the Company's business, or in the event of any sale, receivership, insolvency or bankruptcy proceeding, or assignment for the benefit of creditors, or any proceeding by or against the Company for any relief under any bankruptcy or reorganisation, compositions or extensions, then and in any such event any payment or distribution of any kind or character, either in cash, securities or other property, which may be payable or deliverable to the Debenture Holder(s) shall:
 - (i) not be payable and deliverable until all of the other senior creditors of the Company have been fully paid and discharged, unless otherwise permitted under Applicable Law; and
 - (ii) be *pari passu* with all other subordinated debt of the Company which qualify as Tier II Capital of the Company under Applicable Laws.

ANNEXURE XI: DUE DILIGENCE CERTIFICATE

(Attached Separately)

ANNEXURE XII: DETAILS OF THE PROMOTER

Name of the Promoter	The Federal Bank Limited
Date of Incorporation	April 23, 1931
Age	N/A
Registered Address	Federal Towers, Aluva – 683 101, Kerala, India
Educational Qualification	N/A
Experience in the business or Employment	N/A
Positions/Posts held in the past	N/A
Directorships held	N/A
Other ventures of each promoter	N/A
Special achievements	N/A
Business and Financial activities	N/A
Photograph	N/A
Permanent Accountant Number	AABCT0020H

The Company/ Issuer confirms that the Permanent Account Number and Bank Account Number(s) of the Promoter and Permanent Account Number of directors have been submitted to the stock exchanges on which the Debentures are proposed to be listed, at the time of filing of the Information Memorandum.

ANNEXURE XIII: ALM STATEMENTS

(Attached Separately)

ANNEXURE XIV: LENDING POLICY

The risk management committee constituted by the Company ("RMC") reviews and approves our loan product programs on an on-going basis. These product programs outline the framework of any credit financial product being offered by our Company. Within this established framework, credit policies have been incorporated to manage, among others, the sourcing of proposals, channels of business acquisition, process of underwriting, information systems involved, verification, documentation, disbursement procedures, portfolio quality triggers, recovery mechanism and non-performing asset management.

The impact of macroeconomic, regulatory, competition and other high impact variables and portfolios underwritten within the credit policy framework are reviewed on an ongoing basis.

underwriting comprises of record verification through digital and external agencies, credit bureau check, financial analysis, cash flow assessments, assessing net-worth, leverage and debt service ability etc. through submitted records, personal discussion with borrowers, market reference etc. collateral verification through independent legal & valuation agencies is a critical aspect in case of secured loans. Legal documentation to create proper charge on mortgaged security, under legal guidance, is another critical aspect.

Whilst ability of a customer to repay a loan can be adequately determined through assessment of financials and cash flows, defaults with the intention of fraud or misreported information are additional challenges to the Company.

The RMC also has oversight over the implementation of our core credit policies and remedial management policies, as well as the review of the overall portfolio credit performance of and establishing concentration limits by product programs, collateral types, tenures and customer segments. Product level credit risk policies are implemented to segment all new customer acquisitions across locations and regions, individual profiles, income levels, leverage positions, collateral types and value, source of income and continuity of employment/business.

The credit risk monitoring is broadly done at two levels: account level and portfolio level. Account monitoring aims to identify weak accounts at an incipient stage to facilitate corrective action. portfolio monitoring aims at managing risk concentration in the portfolio as well as identifying stress in certain occupations, markets and states. Our portfolio credit quality is determined by our RMC by reviewing non-performing loan loss rates, provision held, write-offs and statuses of recoveries from defaulting borrowers.

ANNEXURE XV: AGGREGATED EXPOSURE TO TOP 20 BORROWERS

Sr. No.	Name of the Borrower	Amount Outstanding (Rs. In Crore)
1	TARUN REALTORS PRIVATE LIMITED	27.00
2	MANJEERA RETAIL HOLDINGS PRIVATE LIMITED	17.13
3	SIDHDHESHWAR CORPORATION	12.56
4	LOANTAP CREDIT PRODUCTS PRIVATE LIMITED	6.71
5	NAVA SAKTHI AUTO FUELS	6.01
6	SRI SAI PRASANNA INDANE SERVICES	5.87
7	ANIL CHAWLA	5.37
8	ASHAY ARVINDBHAI SHAH	5.31
9	VARUN FEED AND POULTRY PRIVATE LIMITED	5.10
10	SUNLAND VENTURES PVT LTD	5.03
11	SNS HOTELS PVT LTD	4.82
12	MANJUNATH B K	4.78
13	OLYMPIC WEDDING CARDS PRIVATE LTD	4.77
14	SUBBA REDDY BUMIREDDY	4.75
15	SHRI DEVI INFRASTRUCTURE PVT LTD	4.74
16	SHIVAM CASHEW INDUSTRY	4.54
17	TALLARI HANUMAPPA THEJORAMANA	4.54
18	NANJRAJGUPTA LOKESH KUMAR	4.52
19	SIVANESAN HARDWARES	4.40
20	YELLAPPA N	4.37

Fedbank Financial Services Limited

May 12, 2023

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term / Short-term bank facilities	3,000.00	CARE AA; Stable / CARE A1+	Reaffirmed
Long-term instruments – Subordinate debt	350.00	CARE AA; Stable	Assigned
Non-convertible debentures	200.00	CARE AA; Stable	Assigned
Non-convertible debentures	200.00	CARE AA; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers for the credit enhanced debt

CARE Ratings Limited (CARE Ratings) has reaffirmed the ratings of Fedbank Financial Services Limited (Fedfina). The ratings reaffirmation **factors in Fedfina's** stable operating performance along with its comfortable liquidity position. The ratings also factor in the **company's demonstrated ability to raise funds at competitive rates and continued support from its parent Federal Bank Limited (FBL, rated 'CARE AA; Positive')**.

The company being a subsidiary of FBL enjoys the benefits of shared brand name along with financial and operational support from its parent. CARE Ratings also derives comfort from the high degree of management integration with senior management representation of FBL on the board of Fedfina. Nonetheless, the ratings remain constrained by the limited portfolio seasoning of the recently acquired portfolio, high leverage, and geographical concentration.

CARE Ratings notes that **Fedfina's ability to** scale up its operations while improving its profitability and maintaining resilient asset quality and ability to infuse additional equity will remain a key monitorable. Besides, any moderation in linkage with the parent, FBL, resulting in reduced intent and ability to support Fedfina in future also remains a key monitorable.

Rating sensitivities: Factors likely to lead to rating actions.

Positive factors: Factors that could individually or collectively lead to positive rating action/upgrade:

- Significant scale-up of operations with maintenance of resilient asset quality and sound profitability
- Significant improvement in credit profile of the parent.
- Comfortable leverage on a sustained basis.

Negative factors: Factors that could individually or collectively lead to negative rating action/downgrade:

- Significant **weakening of parent's credit profile**.
- Gearing level above 6x on a sustained basis.
- **Any change in the ownership structure resulting in reduction in FBL's stake in Fedfina** below 51% or moderation in **Fedfina's linkage with FBL**.
- Significant deterioration in the asset quality of Fedfina with gross non-performing assets (GNPA) exceeding 6% on a sustained basis.

Analytical approach: Standalone

CARE Ratings has analysed the standalone credit profile of Fedfina factoring operational and managerial linkages with its parent, FBL, which holds 73.22% ownership in the company. Fedfina enjoys the benefits of a shared brand name besides operational and managerial linkages with the parent.

Outlook: Stable

A Stable outlook has been assigned to Fedfina on account of stable operations and consistent earning profile of the company.

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications.

Key strengths

Strong parentage and their continued support: Fedfina is a subsidiary of FBL which holds 73.22% ownership in the company as on February 28, 2023. True North, a private equity (PE) player holds 25.72% stake acquired in two tranches in 2018 and 2019. The parent, FBL, has been infusing growth capital in Fedfina from time-to-time. So far, it has infused capital of around ₹456 crore, and True North has infused capital of around ₹375 crore to support growth in the operations. CARE Ratings expects FBL to maintain majority shareholding in Fedfina over the medium term.

Fedfina not only enjoys the benefits of a shared brand name but also has operational and managerial linkages with its parent. The strategic importance of Fedfina to FBL is evident from the management integration, wherein, the Managing Director and CEO as well as the Executive Director **of FBL are on Fedfina's Board**. The company also has a separate distribution vertical that sources home loans, auto loans, personal loans, and SME loans for its parent. In addition to capital support through equity infusion, Fedfina also enjoys financial flexibility in the form of funding lines from FBL.

As of March 31, 2023, the total borrowings, including Rs. 500 crores of undrawn limits, from the parent FBL, stood at ₹849 crore, making up 11% of the total borrowings.

Improving profitability matrices: The company has reported a PAT of ₹141 crore in 9MFY23 against ₹103 crore during FY22 and the PAT margin has improved to 16.25% for the period from 11.71% in FY22. The improvement is on account of increased net interest margin (NIM) and decreased credit cost. The NIM has increased from 7.44% in FY22 to 8.12% in 9MFY23 on account of increased yield on advances from 16.49% to 17.16%, during the period, while credit cost reduced from 1.40% in FY22 to 0.65% in 9MFY23. Furthermore, the company is estimated to register PAT of ₹180 crore for the year ended March 31, 2023.

Consequently, for 9MFY23, NIM improved to 8.12% (FY22: 7.44%) and the return on total assets (ROTA) improved to 2.48% (FY22: 1.72%). The operating cost (Opex/Avg total assets), however, rose to 5.48% in 9MFY23 from 5.21% in FY22 due to increase in operating expenses on account of funds deployed for expansion.

Sustenance of moderate asset quality: The asset quality in 9MFY23 remained in line with that of FY22, with Gross Stage 3 (GS3) and Net Stage (NS3) assets of 2.41% (FY22: 2.23%) and 1.95% (FY22: 1.75%), respectively. The restructured loan **portfolio stands at ₹170 crore (FY22: ₹260 crores)** that is currently 2.13% of the AUM. The estimated GNPA for FY23 has improved to 2.25% on account of recoveries during Q4FY23.

The current NPA levels may not be fully reflective of the asset quality due to limited seasoning of the overall loan portfolio.

Key weaknesses

Geographic concentration risk: **The company's operations exhibit** geographical concentration with 54% of the AUM vested in top three states Karnataka, Maharashtra, and Tamil Nadu, as of December 31, 2022. On similar lines, loan against property (LAP) and home loans too are concentrated in Southern India. Business loans have major concentration in the state of Maharashtra, Delhi, and Southern India. Nonetheless, the company has adequate monitoring in place to review performance of each geography and manage and mitigate this risk in a timely manner. The same is evident from the actual loss history, which is close to nil in these geographies.

Moderate portfolio seasoning: Fedfina has expanded into newer products and geographies over the years and is currently in **its growth phase with an AUM of ₹7,973 crore as on December 31, 2022, as against AUM of ₹6,187 crore as on March 31, 2022**. The new additions to the portfolio like medium-ticket LAP and small-ticket LAP have low seasoning with an average behavioural tenure of around four years and eight years respectively. The operations in the small-ticket LAP and unsecured business loan segments, are yet to see complete lifecycle, thus, portfolio seasoning remains a key monitorable.

High leverage: Due to the increase in operations and higher borrowing, gearing of the company has increased to 5.38x in 9MFY23 as against 4.48x in FY22 despite of healthy profitability and improvement in net worth. This has mainly happened due to delay in additional equity infusion by the company. Earlier, the company had planned to raise additional equity to the tune of ₹1,000 crore by way of IPO or fund raise from PE. It had also filed DRHP for IPO which was valid till May 13, 2023. However, considering slowdown in capital market impacting the valuations, the company has temporarily postponed plan of equity infusion and is raising funds by way of non-convertible debentures (NCDs) and subordinated debt.

To reduce the overall capital requirement, the company is planning to go for co-lending arrangement with banks for gold loan and LAP and resorting to securitization of loans. Thus, by way of incremental co-lending, direct assignment, calibrated originations, and potential equity raise at an appropriate time, the company plans to ensure that leverage is maintained below 6x in future. CARE Ratings notes that increasing scale of operations while maintaining healthy gearing and timely equity infusion to support

growth operations by the company will remain a key monitorable. Overall, CAR (%) is 18.69% for the period of 9MFY23 (FY22: 23.04%).

Liquidity: Adequate

The company's cash, bank, and liquid investments amount to ₹812 crore as on March 31, 2023. This provides a liquidity cover of 54% for the debt repayments due for the next six months. Thus, the cash and cash equivalents along with contracted inflows from loans and advances should enable the company to meet its debt obligations for the next one year. Additionally, the company has undrawn credit lines to the extent of ₹1000 crore along with ability to raise capital due to parent support.

Applicable criteria

[Policy on default recognition](#)

[Factoring Linkages Parent Sub JV Group](#)

[Financial Ratios - Financial Sector](#)

[Rating Outlook and Credit Watch](#)

[Non-Banking Financial Companies](#)

[Policy on Withdrawal of Ratings](#)

About the company and industry

Industry classification

Macro-Economic Indicator	Sector	Industry	Basic Industry
Financial Services	Financial Services	Finance	Investment Company

Fedfina is a non-deposit accepting systemically important non-banking finance company (NBFC-ND-SI) and one of the five bank-promoted NBFCs in India. Its parent, FBL, holds 73.22% stake in the company. Incorporated in 1995, Fedfina received the NBFC license from the Reserve Bank of India (RBI) in August 2010, post which, it commenced the gold loan business. Subsequently, Fedfina also ventured into LAP, wholesale, small-ticket LAP, housing, as well as the unsecured business and personal loan segments.

Brief Financials (₹ crore)	March 31, 2022 (A)	December 31, 2022 (UA)
Total operating income	883.64	868.02
PAT	103.46	141.09
Total Assets	6,556	8609
Net NPA (%)	1.75	1.95
ROTA (%)	1.72	2.48

A: Audited UA: Unaudited; Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Please refer Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Debentures-Non-Convertible Debentures	INE007N07017	18-06-2020	9.00%	18-06-2023	187.50	CARE AA; Stable
Debentures-Non-Convertible Debentures (Proposed)	NA	-	-	-	12.50	CARE AA; Stable
Debentures-Non-Convertible Debentures (Proposed)	NA	-	-	-	200.00	CARE AA; Stable
Debt-Subordinate Debt (Proposed)	NA	-	-	-	350.00	CARE AA; Stable
LT/ST Fund-based/non-fund-based-EPC / PCFC / FBP / FBD / WCDL / OD / BG / SBLC	NA	-	-	-	2100.62	CARE AA; Stable / CARE A1+
LT/ST Fund-based/non-fund-based-EPC / PCFC / FBP / FBD / WCDL / OD / BG / SBLC (Proposed)	NA	-	-	-	899.38	CARE AA; Stable / CARE A1+

*NA: Not applicable.

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
1	Fund-based-Long Term	LT	-	-	-	-	-	1)Withdrawn (31-Mar-21) 2)CARE AA-; Stable (31-Mar-21)

								3)CARE AA-; Negative (29-Apr-20)
2	Debentures-Non-Convertible Debentures	LT	200.00	CARE AA; Stable	-	1)CARE AA; Stable (27-Dec-22)	1)CARE AA-; Stable (20-Jan-22)	1)CARE AA-; Stable (31-Mar-21) 2)CARE AA-; Negative (29-Apr-20)
3	LT/ST Fund-based/non-fund-based-EPC / PCFC / FBP / FBD / WCDL / OD / BG / SBLC	LT/ST*	3000.00	CARE AA; Stable / CARE A1+	-	1)CARE AA; Stable / CARE A1+ (27-Dec-22)	-	-
4	Debt-Subordinate Debt	LT	350.00	CARE AA; Stable				
5	Debentures-Non-Convertible Debentures	LT	200.00	CARE AA; Stable				

*Long term/Short term.

Annexure-3: Detailed explanation of covenants of the rated instruments/facilities: Not applicable

Annexure-4: Complexity level of the various instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Debentures-Non-Convertible Debentures	Simple
2	Debt-Subordinate Debt	Complex
3	LT/ST Fund-based/non-fund-based-EPC / PCFC / FBP / FBD / WCDL / OD / BG / SBLC	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on the complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

Contact us

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About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

Disclaimer:

The ratings issued by CARE Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings has based its ratings/outlook based on information obtained from reliable and credible sources. CARE Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating/outlook assigned by CARE Ratings is, inter-alia, based on the capital deployed by the partners/proprietors and the current financial strength of the firm. The ratings/outlook may change in case of withdrawal of capital, or the unsecured loans brought in by the partners/proprietors in addition to the financial performance and other relevant factors. CARE Ratings is not responsible for any errors and states that it has no financial liability whatsoever to the users of the ratings of CARE Ratings. The ratings of CARE Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades.

For the detailed Rationale Report and subscription information,
please visit www.careedge.in

No. CARE/HO/RL/2023-24/1296

Mr. C.V. Ganesh
Chief Financial Officer
Fedbank Financial Services Limited
Corporate Avenue,
1st Floor, E/2 Wing, Unit no. 105, Andheri Ghatkopar Road,
Mumbai
Maharashtra 400093



May 10, 2023

Confidential

Dear Sir,

Credit rating for proposed Non-Convertible Debenture issue

Please refer to your request for rating of proposed Non-convertible Debenture (NCD) issue aggregating to Rs. 550 crore of your Company.

2. The following ratings have been assigned by our Rating Committee:

Sr. No.	Instrument	Amount (Rs. crore)	Rating ¹	Rating Action
1.	Non-Convertible Debentures	200.00	CARE AA; Stable (Double A; Outlook: Stable)	Assigned
2.	Subordinate Debt	350.00	CARE AA; Stable (Double A; Outlook: Stable)	Assigned
	Total Instruments	550.00 (Rs. Five Hundred Fifty Crore Only)		

3. Please arrange to get the rating revalidated, in case the proposed issue is not made within a period of six months from the date of our initial communication of rating to you (that May 10, 2023).
4. In case there is any change in the size or terms of the proposed issue, please get the rating revalidated.
5. Please inform us the below-mentioned details of issue immediately, but not later than 7 days from the date of placing the instrument:

¹Complete definitions of the ratings assigned are available at www.careedge.in and in other CARE Ratings Ltd.'s publications.

CARE Ratings Limited

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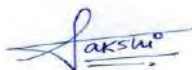
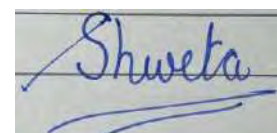
CIN-L67190MH1993PLC071691

Instrument type	ISIN	Issue Size (Rs cr)	Coupon Rate	Coupon Payment Dates	Terms of Redemption	Redemption date	Name and contact details of Debenture Trustee	Details of top 10 investors
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6. Kindly arrange to submit to us a copy of each of the documents pertaining to the NCD issue, including the offer document and the trust deed.
7. The rationale for the rating will be communicated to you separately. A write-up (press release) on the above rating is proposed to be issued to the press shortly, a draft of which is enclosed for your perusal as Annexure 2. We request you to peruse the shared document and offer your comments if any. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible. In any case, if we do not hear from you by May 12, 2023, we will proceed on the basis that you have no comments to offer.
8. CARE Ratings Ltd. reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
9. CARE Ratings Ltd. reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE Ratings Ltd. warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE Ratings Ltd. so as to enable it to carry out continuous monitoring of the rating of the bank facilities, CARE Ratings Ltd. shall carry out the review on the basis of best available information throughout the lifetime of such bank facilities. In such cases the credit rating symbol shall **be accompanied by "ISSUER NOT COOPERATING". CARE Ratings Ltd. shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.**
10. Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.
11. Users of this rating may kindly refer our website www.careedge.in for latest update on the outstanding rating.
12. Our ratings are not recommendations to buy, sell or hold any securities.
13. If you need any clarification, you are welcome to approach us in this regard. We are indeed, grateful to you for entrusting this assignment to CARE Ratings Ltd.

Thanking you,

Yours faithfully,

Sakshi Rangnath Bajaj
Analyst
sakshi.bajaj@careedge.in

Shweta Sumeet Agrawal
Associate Director
shweta.agrawal@careedge.in

Encl.: As above

Disclaimer

The ratings issued by CARE Ratings Limited are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings Limited has based its ratings/outlooks based on information obtained from reliable and credible sources. CARE Ratings Limited does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings Limited have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings Limited or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE Ratings Limited is, inter-alia, based on the capital deployed by the partners/proprietor and the current financial strength of the firm. The rating/outlook may undergo a change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CARE Ratings Limited is not responsible for any errors and states that it has no financial liability **whatsoever to the users of CARE Ratings Limited's rating.** Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

India Ratings Revises Fedbank Financial Services' Outlook to Positive; Affirms Existing Ratings; Rates Additional NCDs

May 08, 2023 | Non Banking Financial Company (NBFC)

India Ratings and Research (Ind-Ra) has taken the following rating actions on Fedbank Financial Services Limited's (FedFina) debt instruments:

Instrument Type	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (Billion)	Rating/Outlook	Rating Action
Bank loans	-	-	-	INR55	IND AA-/Positive	Affirmed; Outlook revised to Positive from Stable
Non-convertible debentures (NCDs)#^	-	-	-	INR6.5	IND AA-/Positive	Affirmed; Outlook revised to Positive from Stable
NCDs – Subordinated debt*	-	-	-	INR2.5	IND AA-/Positive	Assigned
NCDs – Subordinated debt*	-	-	-	INR3.5	IND AA-/Positive	Affirmed; Outlook revised to Positive from Stable

*Details in Annexure;

#yet to be utilised

^interchangeable with principal protected market-linked debentures (PP-MLDs)

The rating of MLDs is an ordinal assessment of the underlying credit risk of the instrument and does not factor in the market risk that investors in such instruments will assume. This market risk stems from the fact that coupon payment on these instruments will be based on the performance of a reference index (to be detailed in the information memorandum of the issue).

The Outlook revision primarily reflects the sizable scale-up in the company's franchise; improved diversification of lenders on the funding side; plans to raise capital in the medium term to propel the next leg of growth; and the availability of adequate profitability buffers. The affirmation factors in the parentage of FedFina, which is a subsidiary of Federal Bank (FBL; debt rated at 'IND AA'/Positive; 73.2% stake) and the continued sharing of FBL's brand name, board overlap and high operational integration.

Analytical Approach: To arrive at the ratings, Ind-Ra continues to factor in the likelihood of FedFina receiving financial and operational support from its parent, FBL, if required.

Key Rating Drivers

Parentage Providing Adequate Support: The ratings factor in Ind-Ra's expectation of FedFina receiving timely support from its parent, if required. FedFina shares FBL's brand name and board overlap, and has high operational integration with the parent, with strategic inputs from FBL's management. FBL has board oversight on FedFina, with two out of seven board members on the board of FedFina being common with that of FBL; FBL's managing director and chief executive officer and one of the executive directors are on the board of FedFina. FedFina intends to complement FBL's business strategy by helping it source customers from regions that are underpenetrated by the bank through its low-cost structure. FedFina contributes to around 30% sourcing of home loans for FBL out of total originations ex-Kerala.

FBL has also provided financial support to the entity through regular capital infusions (INR1.48 billion infused by FBL in June 2021). In addition, FBL has been providing treasury support to FedFina through funding lines and term loans. As of December 2022, FBL had a total exposure of INR4.0 billion on FedFina and INR2.35 billion as subordinated debt. The outstanding debt from FBL accounted for 5.8% of FedFina's total borrowings as of December 2022 (March 2019: 40%), with adequate diversification from other lenders. Nevertheless, FedFina's balance sheet is a fraction of FBL's consolidated book and FedFina's presence does not have any material impact on FBL's business and operational profile. FedFina contributed 6.1% to the net worth and 6.3% to the net profit of FBL on a consolidated basis in 9MFY23. Furthermore, with the entity's plan to raise equity capital through private placement in the medium term, FBL could dilute its stake in the subsidiary, but it will continue to hold majority stake and board seats.

Sizable Franchise and Granular Loan Book; Seasoning Needs to be Established: FedFina's assets under management (AUM) grew to INR79.72 billion as of December 2022 (FY22: INR61.9 billion; FY19: INR20.1 billion), with a CAGR of 27.6% over FY20-9MFY23. The portfolio mix remained well diversified across gold loans (32.7%), medium ticket loan against property (LAP; 25.0%), small ticket LAP (18.8%), unsecured business loans (UBL; 16.0%) and home loans (6.1%) as on 9MFY23. With the company posting high growth in the past few years in its non-gold book, seasoning remains a key rating monitorable.

As per its strategy, FedFina has been increasing its non-gold loan portfolio and plans to keep its gold loan portfolio at 25%-28% of its AUM. The management plans to retain small ticket LAP, affordable housing and gold loans on the balance sheet, and use direct assignment for medium-ticket LAP and UBL, making efficient use of capital, thereby driving higher return ratios. The sourcing for medium-ticket LAP and UBL continues to be led by direct selling agents (DSA) FedFina had 574 branches at 9MFYE23 and it plans to add 50 smaller new branches in FY24, with a presence in major districts of India. The company also plans to ensure that 85% of its book is secured with collateral.

Adequately Diversified Funding Profile: FedFina avails term loans predominately from banking channels, which accounted for around 76.2% of the total borrowings as of December 2022 (FY22: 81.9%; FY21: 76.1%). As of December 2022, the entity had relationship with 28 lenders (26 banks, a non-banking finance company and a mutual fund; FY19: nine lenders). Commercial papers (CPs) accounted for 6.7% of the overall borrowings in 9MFY23 (FY22: 6.6%; FY21: 6.7%). Its concentration in funding from its parent has also reduced with adequate diversification from other lenders. The company plans to maintain the CP book equivalent to short-term asset book; however, Fedfina intends to cap it at 20% of its loan book in the medium term. It has also entered into a co-lending arrangement with a bank for medium ticket LAP and gold loan to manage and optimise the capital efficiency.

Adequate Capitalisation with Plan to Raise Further Equity: FedFina's capital adequacy ratio (CAR) stood at 18.6% in 9MFY23 (FY22: 23.0%; FY21: 23.5%). Over FY19-FY22, it received regular capital infusions to support the growing loan book. In 1HFY22, FedFina raised INR2.0 billion through a rights issue. Although the company was planning to raise capital through an initial public offering in FY24, it would not explore it in the medium term, due to the market conditions and the lapse of time. FedFina plans to raise capital through via private placements, which would augment its capital buffers. The

management plans to operate at a leverage of 6.0x-7.0x on a steady-state basis (9MFY23: 5.2x; FY22: 4.5x; FY21: 5.3x). Ind-Ra expects a gradual and calibrated increase in the leverage over the medium term, given the unseasoned portfolio. The entity's capitalisation is adequate, given the medium scale of operations; however, in case of a stress scenario, Ind-Ra expects support from the parent, both in the form of equity and liquidity.

Liquidity Indicator - Adequate: FedFina's asset-liability management statement as of March 2023 remained matched across less than one-year maturity buckets. The asset-liability management profile was supported by the short-tenure nature of its gold loan portfolio (9MFY23: 32.7% of AUM), covering the short-term repayment of CPs (6.7% of the total borrowings as of December 2022). The entity had cash and liquid investments of INR8.1 billion and unutilised bank lines of INR10.0 billion as of March 2023, against total outflows of INR15.3 billion over the next three months. FedFina had also demonstrated its ability to raise funds by securitising or assigning its LAP and business loan portfolios in the past. The company completed direct assignments worth INR3.5 billion in 9MFY23. The asset side repayments over the year were at 40%-50%, leading to a lower duration on asset side and helping manage liability repayments.

Stable Profitability Buffers: As of December 2022, the entity's profitability improved, with return on average assets rising to 2.5% (FY22: 1.7%; FY21: 1.3%) and return on average equity increasing to 15.5% (10.7%; 8.3%). The entity witnessed improvement in its net interest margin (9MFY23: 8.7%; FY22: 8.6%; FY21: 7.9%) during the period. Its credit costs improved to 0.70% as of December 2022 (FY22: 1.52%). The cost of borrowings stood around 7.4% in 9MFY23 (FY22: 7.4%; FY21: 8.3%); however, the agency expects the cost of borrowing to increase in the near future, considering rising interest rate environment, leading to repricing of existing liabilities. With the company having completed its investments in branch infrastructure, it has been demonstrating the benefits of operating leverage, with its operating cost to average assets moderating to 4.5% at 9MFYE23 (1HFY23: 5.6%; FY22: 5.2%), thereby driving its overall profitability. Overall pre-provision operating profit to credit cost buffers improved to 6.1x in 9MFY23 (FY22: 2.7x; FY21: 2.1x).

Asset Quality Remains Monitorable with Seasoning: FedFina is exposed to the micro, small and medium enterprise segment through its LAP and small ticket LAP (9MFY23: 43.8% of AUM) and the unsecured business loan segment (15.9%), which had experienced cash flow stress during the pandemic. Its stage 3 assets stood at 2.41% in 9MFY23 (FY22: 2.23%). As of December 2022, the provision coverage for the stage 3 assets dropped to 19.4% (FY22: 22.1%; FY21: 31.8%). The credit cost trend remains a monitorable in the medium term with the seasoning of the AUM. Its overall collection efficiency (excluding wholesale, gold and business correspondence loans) improved to 99.0% in December 2022 (April 2022: from 97.1%). However, the performance of the restructured loans (9MFY23: 2.1% of AUM) and emergency credit line guarantee scheme exposure (9MFY23: about 0.5% of AUM) would be crucial for the credit cost trend, and thus, the profitability trajectory.

Rating Sensitivities

Positive: Strengthening of FBL's credit profile would lead to a positive rating action. Also, the achievement of a substantial size and scale while delivering strong operational performance, resulting in a material contribution to the financial performance of the parent while maintaining the linkages would be positive for the ratings.

Negative: Any decline in the credit profile of the parent or a dilution of the majority ownership, reduced operational oversight or the reduced importance of FedFina to the parent, lack of timely support from the parent in terms of equity, such that the leverage increases materially and the equity buffers deteriorate, or a declining liquidity support would lead to a negative rating action. Any material deterioration in the standalone credit profile, with a rise in delinquencies, or a significant fall in the capital buffers (leverage increasing above 6.5x on a sustained basis) is also a negative rating trigger.

ESG Issues

ESG Factors Minimally Relevant to Rating: Unless otherwise disclosed in this section, the ESG issues are credit neutral or have only a minimal credit impact on FedFina, due to their nature or the way in which they are being managed by the entity. For more information on Ind-Ra’s ESG Relevance Disclosures, please click [here](#). For answers to frequently asked questions regarding ESG Relevance Disclosures and their impact on ratings, please click [here](#).

Company Profile

FedFina started as a wholly owned subsidiary of FBL and distributes home loans for FBL. It received a non-banking finance company license in 2010, post which it started offering gold loans in 2011, LAP in 2012 and construction finance in 2014. As of December 2022, its portfolio comprised gold loans (32.7%), LAP (25.0%), small ticket LAP (18.8%), business loans (15.9%), affordable home loans (6.1%), and others (1.7%).

FedFina is backed by FBL and True North, a private equity investor. The company intends to raise sizeable equity capital via a private placement in FY24.

FINANCIAL SUMMARY

Particulars	9MFY23	FY22	FY21
Total assets (INR billion)	86.1	65.2	54.4
Total tangible net worth (INR billion)	13.1	11.2	8.1
Net income (INR billion)	1.4	1.0	0.6
Return on average assets (%)	2.5	1.7	1.3
Capital adequacy ratio	18.7	23.0	23.5
Source: FedFina, Ind-Ra			

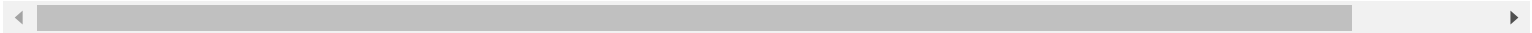
Solicitation Disclosures

Additional information is available at www.indiaratings.co.in. The ratings above were solicited by, or on behalf of, the issuer, and therefore, India Ratings has been compensated for the provision of the ratings.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer.

Rating History

Instrument Type	Current Rating/Outlook			Historical Rating/Outlook					
	Rating Type	Rated Limits (Billion)	Rating	20 December 2022	12 August 2022	4 April 2022	5 April 2021	3 November 2020	24 September 2020
NCDs	Long-term	INR6.5	IND AA-/Positive	IND AA-/Stable	IND AA-/Stable	IND AA-/Stable	IND AA-/Stable	IND AA-/Stable	IND AA-/Stabl
NCDs – Subordinated debt	Long-term	INR6.0	IND AA-/Positive	IND AA-/Stable	IND AA-/Stable	IND AA-/Stable	IND AA-/Stable	IND AA-/Stable	IND AA-/Stabl
Bank loan	Long-term	INR55	IND AA-/Positive	IND AA-/Stable	IND AA-/Stable	IND AA-/Stable	IND AA-/Stable	IND AA-/Stable	-



Annexure

Issue Type	ISIN	Date of Issuance	Coupon rate (%)	Maturity Date	Size of Issue (Billion)	Rating/
Subordinated debt	INE007N08015	29 September 2020	9.9	30 September 2027	INR2.5	IND AA-
				Utilised	INR2.5	
				Unutilised	INR3.5	



Bank wise Facilities Details

Click here to see the details

Complexity Level of Instruments

Instrument Type	Complexity
Bank loan	Low
NCDs	Low
NCDs - subordinated debt	Low
PP-MLD	High

For details on the complexity level of the instruments, please visit <https://www.indiaratings.co.in/complexity-indicators>.

Contact

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Amit Rane

Senior Analyst

India Ratings and Research Pvt Ltd

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APPLICABLE CRITERIA

Financial Institutions Rating Criteria

Rating FI Subsidiaries and Holding Companies

Non-Bank Finance Companies Criteria

Evaluating Corporate Governance

The Rating Process

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Mr. C V Ganesh
Chief Financial Officer
5th Floor, Unit No. 511,
Kanakia Wall Street,
Andheri Ghatkopar Link Road,
Chakala, Andheri East,
Mumbai Suburban,
Maharashtra, 400093

May 08, 2023

Dear Sir/Madam,

Re: Rating Letter of Fedbank Financial Services Limited

India Ratings and Research (Ind-Ra) has taken the following rating actions on Fedbank Financial Services Limited's (FedFina) debt instruments:

Instrument Type	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (Billion)	Rating/Outlook	Rating Action
Bank loans	-	-	-	INR55	IND AA-/Positive	Affirmed; Outlook revised to Positive from Stable
Non-convertible debentures (NCDs)#^	-	-	-	INR6.5	IND AA-/Positive	Affirmed; Outlook revised to Positive from Stable
NCDs – Subordinated debt*	-	-	-	INR2.5	IND AA-/Positive	Assigned
NCDs – Subordinated debt*	-	-	-	INR3.5	IND AA-/Positive	Affirmed; Outlook revised to Positive from Stable

*Details in Annexure;#yet to be utilised

^interchangeable with principal protected market-linked debentures (PP-MLDs)

In issuing and maintaining its ratings, India Ratings relies on factual information it receives from issuers and underwriters and from other sources India Ratings believes to be credible. India Ratings conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security.

The manner of India Ratings factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in India where the rated security is offered and sold, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as

audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors.

Users of India Ratings ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information India Ratings relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to India Ratings and to the market in offering documents and other reports. In issuing its ratings India Ratings must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed.

India Ratings seeks to continuously improve its ratings criteria and methodologies, and periodically updates the descriptions on its website of its criteria and methodologies for securities of a given type. The criteria and methodology used to determine a rating action are those in effect at the time the rating action is taken, which for public ratings is the date of the related rating action commentary. Each rating action commentary provides information about the criteria and methodology used to arrive at the stated rating, which may differ from the general criteria and methodology for the applicable security type posted on the website at a given time. For this reason, you should always consult the applicable rating action commentary for the most accurate information on the basis of any given public rating.

Ratings are based on established criteria and methodologies that India Ratings is continuously evaluating and updating. Therefore, ratings are the collective work product of India Ratings and no individual, or group of individuals, is solely responsible for a rating. All India Ratings reports have shared authorship. Individuals identified in an India Ratings report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer. Ratings do not comment on the adequacy of market price, the suitability of any investment, loan or security for a particular investor (including without limitation, any accounting and/or regulatory treatment), or the tax-exempt nature or taxability of payments made in respect of any investment, loan or security. India Ratings is not your advisor, nor is India Ratings providing to you or any other party any financial advice, or any legal, auditing, accounting, appraisal, valuation or actuarial services. A rating should not be viewed as a replacement for such advice or services. Investors may find India Ratings ratings to be important information, and India Ratings notes that you are responsible for communicating the contents of this letter, and any changes with respect to the rating, to investors.

It will be important that you promptly provide us with all information that may be material to the ratings so that our ratings continue to be appropriate. Ratings may be raised, lowered, withdrawn, or placed on Rating Watch due to changes in, additions to, accuracy of or the inadequacy of information or for any other reason India Ratings deems sufficient.

Nothing in this letter is intended to or should be construed as creating a fiduciary relationship between India Ratings and you or between India Ratings and any user of the ratings.

In this letter, "India Ratings" means India Ratings & Research Pvt. Ltd. and any successor in interest.

We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please email us at infogrp@indiaratings.co.in

Sincerely,

India Ratings



Abhishek Bhattacharya
Senior Director

Annexure: Facilities Breakup

Instrument Description	Banks Name	Ratings	Outstanding/Rated Amount(INR million)
Term loan	Bajaj Finance	IND AA-/Positive	1015.62
Term loan	Bank of Baroda	IND AA-/Positive	5238.27
Term loan	Bank of India	IND AA-/Positive	1396.37
Term loan	Bank of Maharashtra	IND AA-/Positive	1497.04
Term loan	Canara Bank	IND AA-/Positive	1222.30
Term loan	ICICI Bank	IND AA-/Positive	2886.11
Term loan	Indian Bank	IND AA-/Positive	4358.71
Term loan	SIDBI	IND AA-/Positive	1940.00
Term loan	South Indian Bank	IND AA-/Positive	200.00
Term loan	State Bank of India	IND AA-/Positive	2924.79
Term loan	Central Bank of India	IND AA-/Positive	1575.00
Term loan	Indian Overseas Bank	IND AA-/Positive	1444.50
Term loan	Union Bank of India	IND AA-/Positive	1000.00
Term loan	Bajaj Finance	IND AA-/Positive	250.00
Short Term loan	Bajaj Finance	IND AA-/Positive	100.00
Cash Credit	DCB Bank	IND AA-/Positive	400.00
Cash Credit	ICICI Bank	IND AA-/Positive	350.00
Working Capital Demand Loan	Indian Bank	IND AA-/Positive	500.00
Term loan	Axis Bank Limited	IND AA-/Positive	1350.00
Term loan	CSB Bank Limited	IND AA-/Positive	83.30
Term loan	Federal Bank	IND AA-/Positive	2489.10
Term loan	HDFC Bank Limited	IND AA-/Positive	1539.16
Term loan	IDBI Bank	IND AA-/Positive	2725.00
Term loan	Karnataka Bank Ltd	IND AA-/Positive	1862.40
Term loan	Karur Vysya Bank	IND AA-/Positive	83.34
Cash Credit	Axis Bank Limited	IND AA-/Positive	100.00
Cash Credit	Federal Bank	IND AA-/Positive	1000.00
Cash Credit	IDBI Bank	IND AA-/Positive	150.00
Bank Loan	State Bank of India	IND AA-/Positive	106.90
Bank Loan	IndusInd Bank Limited	IND AA-/Positive	3000.00
Term Loan	Karnataka Bank Ltd	IND AA-/Positive	1000.00
Term Loan	Federal Bank	IND AA-/Positive	5000.00
Term Loan	Indian Bank	IND AA-/Positive	1500.00
Term Loan	Dhanlaxmi Bank	IND AA-/Positive	500.00
Term Loan	NA	IND AA-/Positive	4212.10

Annexure: ISIN

Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Ratings	Outstanding/Rated Amount(INR million)
Subordinated debt	INE007N08015	29/09/2020	9.9	30/09/2027	IND AA-/Positive	2500



ATSL/CO/23-24/1001

Date: 28th April, 2023

To,

Fedbank Financial Services Limited

511, 5th Floor, Kanakia Wall Street, A Wing,

Andheri Kurla Road, Andheri (East),

Mumbai - 400093

Maharashtra

Dear Sir/ Madam,

Sub.: Consent to act as Debenture Trustee for the proposed Privately placed issue of Listed, Unsecured, Redeemable, Non-Convertible Debentures issue upto Rs. 100 Crores plus Rs. 100 Crores Green Shoe aggregating to Rs. 200 Crores by Fedbank Financial Services Limited ("Issuer").

We, Axis Trustee Services Limited, hereby give our consent to act as the Debenture Trustee for the abovementioned issue of Debentures having a tenure of more than one year and are agreeable to the inclusion of our name as Debenture Trustee in the Shelf Prospectus/ Private Placement offer letter/ Information Memorandum and/or application to be made to the Stock Exchange for the listing of the said Debentures.

Axis Trustee Services Limited (ATSL) consenting to act as Debenture Trustee is purely its business decision and not an indication on the Issuer's standing or on the Debenture Issue. By consenting to act as Debenture Trustee, ATSL does not make nor deems to have made any representation on the Issuer, its Operations, the details and projections about the Issuer or the Debentures under Offer made in the Shelf Prospectus/ Private Placement offer letter/ Information Memorandum / Offer Document. Applicants / Investors are advised to read carefully the Shelf Prospectus/ Private Placement offer letter/ Information Memorandum / Offer Document and make their own enquiry, carry out due diligence and analysis about the Issuer, its performance and profitability and details in the Shelf Prospectus/ Private Placement offer letter/ Information Memorandum / Offer Document before taking their investment decision. ATSL shall not be responsible for the investment decision and its consequence.

We also confirm that we are not disqualified to be appointed as Debentures Trustee within the meaning of Rule 18(2)(c) of the Companies (Share Capital and Debenture) Rules, 2014.

Yours truly,

For Axis Trustee Services Limited



Madhuri Dadarkar

Asst. General Manager



INDEPENDENT AUDITORS' REPORT

To,

The Members,
Fedbank Financial Services Limited

Report on the Financial Statements

We have audited the accompanying financial statements of M/s **Fedbank Financial Services Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the cash flow statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020 and its profit, total Comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with the requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

We draw attention to Note 48.28 to the financial statements, which describes that the extent to which the COVID-19 Pandemic will impact the company's financial performance will depend on future developments, which are highly uncertain. These financial statements do not include any adjustments that might result from the outcome of this uncertainty except to the extent stated in the said note.

Our Opinion is not modified in respect of this matter.

Other Matters

On account of the lockdown, the corporate office of the company and many of the branches have not been opened for business from March 23, 2020 till the date of this report. This has restricted our access to original loan documents, security documents, valuation certificates, records, vouchers etc. We have carried out our audit based on electronic copies of these documents that were made available to us by the management. In respect of loans sourced through business partners, KYC documents were available but electronic copies of loan documentation were not available owing to the lockdown. We have relied on system reports and representations made by the management.

Our Opinion is not modified in respect of these matters.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Board's report, including Annexure to Board Report, and Shareholders Information but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind-AS) specified under Section 133 of the Act, read with relevant rules issued thereafter.

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered

material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure A, a statement on the matters specified in Paragraphs 3 and 4 of the said Order.
2. As required by section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including Other comprehensive Income, Statement of Changes in equity and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with rule 7 of Companies (Accounts) Rules, 2014.
 - e) On the basis of written representations received from the directors as on March 31, 2020, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020, from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B";
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(6) of the Act, as amended;
In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- h) With respect to the other matters to be included in the Auditor's report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. the Company has disclosed the impact of pending litigations, if any, on its financial position in its financial statements. Refer Note 48.24 to the financial statements.
- ii. the Company has made provision, as required under the applicable law or Indian accounting standards, for material foreseeable losses, if any, on long term contracts.
- iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **VARMA & VARMA**
Chartered Accountants
FRN 004532S

Georgy Mathew
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by Georgy Mathew
Date: 2020.07.02
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Georgy Mathew
Partner

M No. 209645

UDIN 20209645AAAAEG8539

Place: Bengaluru
Date: June 29, 2020

ANNEXURE A TO THE AUDITORS' REPORT

Annexure referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our Independent Auditors Report of even date on the Financial Statement of **M/s Fedbank Financial Services Limited** for the year ended March 31, 2020, we report that:

- i. a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- b. These fixed assets have been physically verified by the management during the year; and no material discrepancies were noticed on such verification. In our opinion the frequency of verification of fixed assets of the company is adequate.
- c. The company does not own any immovable property, thus, paragraph 3(i)(c) of the Order is not applicable to the Company.
- ii. The Company is a service company and it does not hold any inventory of goods. Thus, paragraph 3(ii) of the Order is not applicable to the Company
- iii. The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013 thus, paragraph 3(iii)(a) to 3(iii)(c) of the Order is not applicable to the Company.
- iv. According to the information and explanation given to us, and based on the audit procedures conducted by us, the Company has not given loans, guarantees, investments or securities which fall under the purview of Sections 185 & 186 of the Companies Act, 2013 made
- v. The Company has not accepted any deposits. Hence the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder are not applicable to the Company.
- vi. As per the information and explanation given to us, the Central Government has not prescribed the maintenance of cost records under sub-section (I) of section 148 of the Companies Act, 2013 for any of the services rendered by the Company.
- vii. a. According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books

of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales tax, value added tax, duty of customs, service tax, goods and service tax, cess have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of duty of excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, value added tax, duty of customs, service tax, goods and service tax, cess were in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.

- b. According to the information and explanations given to us, there are no material statutory dues which have not been deposited with the appropriate authorities on account of any dispute except, the Company has filed an appeal u/s 246 of Income Tax Act, 1961 with ACIT against assessment order for AY 2011-12. Amount payable as per assessment order is INR. 32.18 lakhs of which INR. 5.02 lakhs have been paid in response to the assessment order and balance INR. 27.16 lakhs are adjusted against refund received for the AY 2013-14.
- viii. According to the information and explanations given to us the company has not defaulted in repayment of loans or borrowings to a financial institution or bank. The company has not borrowed any amount from Government or debenture holders.
- ix. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments), and with respect to term loans availed by the Company, they have been applied for the purpose for which such loans were obtained.
- x. According to the information and explanations given to us and as per the records of the Company examined by us, during the year the Company has reported to the Reserve Bank of India 8 instances of frauds against the Company amounting to INR 36.65 Lakhs, out of which INR 21.65 Lakhs has since been recovered by the Company.
- xi. According to the information and explanations given to us and based on our examination of the records of the Company, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013

- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the company has made private placement of its equity shares during the year under review and the requirement of section 42 of the Companies Act, 2013 have been complied with and the amount raised has been used for the purposes for which the funds were raised
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. The Company is registered under section 45-IA of the Reserve Bank of India Act 1934.

For **VARMA & VARMA**
Chartered Accountants

FRN 004532S

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by Georgy
Mathew
Date: 2020.07.02
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Georgy Mathew
Partner

M No. 209645

UDIN 20209645AAAAEG8539

Place: Bengaluru
Date: June 29, 2020

ANNEXURE - B TO THE AUDITORS' REPORT

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

We have audited the internal financial controls over financial reporting of **M/s Fedbank Financial Services Limited** ("the Company") as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **VARMA & VARMA**
Chartered Accountants
FRN 004532S

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Mathew
Date: 2020.07.02
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Georgy Mathew
Partner

M No. 209645

UDIN 20209645AAAAEG8539

Place: Bengaluru
Date: June 29, 2020

Fedbank Financial Services Limited
CIN : U65910KL1995PLC008910
Balance sheet as at March 31, 2020
(Currency : Indian rupees in lakhs)

	Note	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
ASSETS				
(1) Financial Assets				
Cash and cash equivalents	4	14,229	911	1,419
Bank balance other than cash and cash equivalents	5	7,502	2,500	-
Receivables	6			
(I) Trade receivables		231	119	52
(II) Other receivables		140	518	176
Loans	7	3,68,652	2,00,662	1,42,479
Investments	8	4,136	1,254	1,031
Other Financial assets	9	828	3,022	271
(2) Non-financial Assets				
Current tax assets (net)	10	839	406	231
Deferred tax Asset (net)	11	650	529	500
Property, Plant and Equipment	13.1 & 13.4	10,466	4,527	2,197
Capital work-in-progress	13.3	42	31	33
Other Intangibles assets	13.2	198	80	40
Other non-financial assets	12	705	502	197
Total Assets		4,08,619	2,15,061	1,48,626
LIABILITIES AND EQUITY				
Liabilities				
(1) Financial Liabilities				
Derivative financial instruments	14	-	-	45
Payables				
Trade payables	15			
(i) Total outstanding dues of micro enterprises and small enterprises		10	8	1
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		399	167	107
(II) Other Payables	15.1			
(i) Total outstanding dues of micro enterprises and small enterprises				
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		485	478	89
Debt Securities	16	12,178	19,668	21,494
Borrowings (other than Debt securities)	17	3,09,581	1,40,347	94,619
Other financial liabilities	18	13,426	7,251	5,839
		3,36,079	1,67,918	1,22,194
(2) Non-Financial liabilities				
Current tax liabilities (net)	19	-	43	49
Provisions	20	192	54	100
Other non-financial liabilities	21	3,232	1,183	789
		3,424	1,280	938
(3) Equity				
Equity Share capital	22	27,342	23,004	19,000
Other Equity	23	41,774	22,858	6,494
		69,116	45,863	25,494
Total Liabilities and Equity		4,08,619	2,15,061	1,48,626

The accompanying notes are an integral part of the financial statements.

SUDEEP
KUMAR
AGRAWAL
AL

Sudeep Agrawal
CFO

RAJARAM
AN
SUNDARE
SAN

S Rajaraman
Company Secretary
M.No.F3514

For and on behalf of Board of Directors

Balakrishnan Krishnamurthy
Chairman
DIN:00034031

Gauri Rushabh Shah
Director
DIN:06625227

SHYAM
SRINIV
ASAN

Shyam Srinivasan
Director
DIN:02274773

ANIL
KOTHU
RI

Maninder Juneja
Director
DIN:02680016

Ashutosh Khajuria
Director
DIN:05154975

Anil Kothuri
MD & CEO
DIN:00177945

Place: Mumbai
Date: June 29, 2020

As per our report of even date attached
For Varma & Varma
Chartered Accountants

Georgy Mathew
Mathew
Date: 2020.07.02
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Georgy Mathew
Partner
M.No: 209645
Place: Bengaluru
Date: June 29, 2020

Fedbank Financial Services Limited
CIN : U65910KL1995PLC008910
Statement of Profit and Loss for the period ended March 31, 2020
(Currency : Indian rupees in lakhs)

	Note	Year ended 31 March 2020	Year ended 31 March 2019
Revenue from operations			
Interest Income	24	42,548	23,309
Fee & Commission Income	25	2,385	1,811
Net gain on fair value changes	26	9	71
Total revenue from operations		44,942	25,191
Other Income	27	1,665	389
Total Income		46,607	25,580
Expenses			
Finance costs	28	20,110	11,394
Fees and commission expense	29	1,239	934
Impairment on financial instruments	30	2,188	344
Employee benefits expenses	31	10,082	4,774
Depreciation and amortisation	13	1,921	775
Other expenses	32	5,467	2,278
Total expenses		41,007	20,499
Profit before tax		5,600	5,081
Tax expense	33		
(i) Current tax		1,849	1,500
(ii) Adjustment of tax relating to earlier periods		(47)	-
(iii) Deferred tax		(116)	(32)
		1,686	1,468
Profit for the year		3,914	3,613
Other comprehensive income / (loss)			
A. Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit plan		(20)	12
Income tax relating to items that will not be reclassified to profit or loss		5	(3)
Total (A)		(15)	9
B. Items that will be reclassified to profit or loss			
Effective portion of gain on hedge instruments in cash flow hedges, net of tax effect		-	158
Income tax relating to items that will be reclassified to profit or loss		-	-
Total (B)		-	158
Other comprehensive income / (loss) (A+B)		(15)	167
Total comprehensive income for the year		3,900	3,780
Earnings per equity share:	35		
Basic earnings per share		1.61	1.76
Diluted earnings per share		1.60	1.76
Face value per share (in ₹)		10.00	10.00

The accompanying notes are an integral part of the financial statements.

SUDEEP KUMAR AGRAWAL
Digitally signed by SUDEEP KUMAR AGRAWAL
Date: 2020.07.02 11:59:38 +05'30'
Sudeep Agrawal
CFO

RAJARAM AN SUNDARE SAN
Digitally signed by RAJARAM AN SUNDARE SAN
Date: 2020.07.02 11:59:38 +05'30'
S Rajaraman
Company Secretary
M.No.F3514

For and on behalf of Board of Directors

Balakrishnan Krishnamurthy
Chairman
DIN:00034031

Gauri Rushabh Shah
Director
DIN:06625227

SHYAM SRINIVASAN
Digitally signed by SHYAM SRINIVASAN
Date: 2020.07.02 11:59:38 +05'30'
Shyam Srinivasan
Director
DIN:02274773

Maninder Juneja
Director
DIN:02680016

Ashutosh Khajuria
Director
DIN:05154975

ANIL KOTHURI
Digitally signed by ANIL KOTHURI
Date: 2020.07.02 11:59:38 +05'30'
Anil Kothuri
MD & CEO
DIN:00177945

As per our report of even date attached
For Varma & Varma
Chartered Accountant:
FRN : 004532S

Georgy Mathew
Digitally signed by Georgy Mathew
Date: 2020.07.02 13:53:34 +05'30'
Georgy Mathew
Partner
M.No: 209645
Place: Bengaluru
Date: June 29, 2020

Place: Mumbai
Date: June 29, 2020

Fedbank Financial Services Limited

CIN : U65910KL1995PLC008910

Statement of Changes in Equity for the year ended March 31, 2020

(Currency : Indian rupees in lakhs)

Equity share capital

Particulars	Number of shares	Amount
As at 1 April 2018	19,00,00,000	19,000
Changes during the year	4,00,42,500	4,004
As at 31 March 2019	23,00,42,500	23,004
Changes during the year	4,33,80,925	4,338
As at 31 March 2020	27,34,23,425	27,342

Other equity

Particulars	Reserves and surplus						Items of OCI	Equity Component of Compound Financial Instrument	Total
	General Reserve	Statutory Reserve	Securities Premium	Employee stock outstanding	Retained Earnings	Impairment Reserve			
Opening balance as at 01 April 2018	10	1,805	-	-	4,837	-	(158)	-	6,494
Addition	-	-	12,856	-	-	-	-	-	12,856
utilised	-	-	(271)	-	-	-	-	-	(271)
Transferred from retained earnings	-	702	-	-	(702)	-	-	-	-
Profit for the year	-	-	-	-	3,613	-	-	-	3,613
Other comprehensive income/ (loss) for the year	-	-	-	-	-	-	167	-	167
Closing balance as at 31 March 2019	10	2,507	12,585	-	7,748	-	9	-	22,859
Addition	-	-	14,910	253	-	-	-	40	15,203
utilised	-	-	(188)	-	-	-	-	-	(188)
Transferred from retained earnings	-	783	-	-	(783)	-	-	-	-
Profit for the year	-	-	-	-	3,914	-	-	-	3,914
Other comprehensive income/ (loss) for the year	-	-	-	-	-	-	(15)	-	(15)
Closing balance as at 31 March 2020	10	3,290	27,307	253	10,879	-	(6)	40	41,774

SUDEEP
KUMAR
AGRAWAL

Sudeep Agrawal
CFO

For and on behalf of Board of Directors

RAJARAMAN
SUNDHARSA
N

S Rajaraman
Company Secretary
M.No. F3514

Balakrishnan Krishnamurthy
Director
DIN:00034031

Gauri Rushabh Shah
Director
DIN:06625227

Maninder Juneja
Director
DIN:02680016

Ashutosh Khajuria
Director
DIN:05154975

SHYAM
SRINIVASA
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Shyam Srinivasan
Director
DIN:02274773

ANIL
KOTHURI
URI

Anil Kothuri
MD & CEO
DIN:00177945

As per our report of even date attached
For Varma & Varma
Chartered Accountants
FRN : 0045325

Georgy Mathew
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Georgy Mathew
Date: 2020.07.02
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Georgy Mathew
Partner
M No. 209645
Place: Bengaluru
Date: June 29, 2020

Place: Mumbai
Date: June 29, 2020

Fedbank Financial Services Limited
CIN : U65910KL1995PLC008910
Cash flow statement for year ended 31 March 2020
(Currency : Indian rupees in lakhs)

	Year ended 31 Mar 2020	Year ended 31 Mar 2019
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	5,600	5,081
Adjustments for :		
Finance cost	20,103	11,394
Share based payment to employee	253	-
Depreciation	1,921	775
(Profit)/Loss on sale of tangible assets	18	(1)
Profit on Sale Of Mutual Fund units (Net)	(8)	(71)
Straight lining of lease	(164)	(66)
Share Issue Expenses	-	2
Security deposit	14	6
Financial assets measured at amortised cost	(135)	(60)
Direct Assignment Transaction (net)	(1,054)	-
Liability no longer required Written back	(23)	-
Impairment on financial instrument	2,175	341
Reclassification of actuarial gains/losses to other comprehensive income	(20)	12
Gain/(Loss) on fair valuation of mutual fund	(1)	
Operating profit before working capital changes	28,679	17,412
Adjustments for working capital:		
- (Increase)/decrease in loans	(1,70,889)	(59,357)
- (Increase)/ decrease in financial and non financial Assets	469	(359)
- (Increase)/decrease in trade receivables	(113)	(66)
- Increase/(decrease) in trade payables	224	451
- Increase/(decrease) in provisions	121	(50)
- Increase/(decrease) in other financial and non financial liabilities	3,944	(878)
Cash generated from operating activities	(1,37,565)	(42,847)
Direct taxes paid (net)	(1,756)	(1,501)
Net cash generated from operating activities	(1,39,321)	(44,348)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of tangible assets	(1,876)	(608)
Sale of tangible assets	-	215
Investment in NCD	121	(322)
Investment in MF	(3,000)	-
Redemption of fixed deposit	2,500	-
Investment in fixed deposits	(4,999)	(5,000)
Profit on Sale Of Mutual Fund units (Net)	8	71
Net cash generated from / (used in) investing activities	(7,246)	(5,644)

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C. CASH FLOW FROM FINANCING ACTIVITIES

Borrowings	1,61,707	44,698
Finance Cost	(19,601)	(11,197)
Lease Payment	(1,376)	(603)
Equity Shares Issued	4,433	4,003
Share Premium	14,910	12,856
Share Issue Expenses	(188)	(273)
Net cash used in financing activities	1,59,885	49,484
Net increase / (decrease) in cash and cash equivalents	13,318	(508)
Cash and cash equivalents as at the beginning of the period	911	1,419
Closing balance of cash and cash equivalents (A+B+C)	14,229	911
Components of cash and cash equivalents:		
Cash on hand *	763	350
Balances with banks		
- in current accounts	6,165	561
- in fixed deposit with maturity less than 3 months	7,301	-
Bank Overdraft		
Cash and cash equivalents	14,229	911

Note:

The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) statement of cash flows. Effective 1 April 2018, the Company adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of amendment did not have any material impact on the financial statements. Refer to note 34

As per our report of even date attached.


SUDEEP KUMAR
AGRAWAL

Sudeep Agrawal
CFO

For and on behalf of Board of Directors


RAJARAMAN
SUNDARESA
N

S Rajaraman
Company Secretary
M.No. F3514

As per our report of even date attached
For Varma & Varma
Chartered Accountants

FRN : 004532S

Balakrishnan Krishnamurthy
Director
DIN:00034031

Gauri Rushabh Shah
Director
DIN:06625227


SHYAM
SRINIVASA
N

Shyam Srinivasan
Director
DIN:02274773


Georgy Mathew

Georgy Mathew
Partner
M.No: 209645

Place: Bangalore
Date: June 29, 2020


ANIL
KOTHURI

Anil Kothuri
MD & CEO
DIN:00177945

Maninder Juneja
Director
DIN:02680016

Ashutosh Khajuria
Director
DIN:05154975

Place: Mumbai
Date: June 29, 2020

1. Corporate information

Fedbank Financial Services Limited ('the Company') is a Public Limited Company incorporated on 17th April, 1995 in India and is a subsidiary of The Federal Bank Ltd. Its registered office is located at Federal Towers, Alwaye, Ernakulam, Kerala, 683101. The Company is in the business of lending and has a diversified lending portfolio consisting of Gold Loans, Loan against Property, Home Loans, SME Loans and Wholesale Finance. The Company also extends Micro Loans through tie ups. The Company is registered with the Reserve Bank of India as a Non-Banking Finance Company (NBFC) vide Registration No 16.00187 and is presently categorized as a Systemically Important Non-Deposit taking Non-Banking Financial Company (NBFC-ND-SI) in accordance with the guidelines of Reserve Bank of India.

2. Basis of preparation and presentation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 ("the Act") and in conformity with the accounting principles generally accepted in India and other relevant provisions of the Act. Any application guidance/ clarifications/ directions issued by RBI or other regulators are implemented as and when they are issued/applicable. The financial statements have been prepared on going concern basis.

For all periods up to and including the year ended 31 March 2019, the Company prepared its financial statements in accordance with the generally accepted accounting principles in India (Indian GAAP) under the historical cost convention as a going concern and on accrual basis, unless otherwise stated, and in accordance with the provisions of the Companies Act, 2013, the Accounting Standards specified under section 133 of the Act read with rule 7 of the Companies (Accounts) Rules 2014 (as amended), prudential norms for income recognition, assets classification and provisioning for non-performing assets as well as contingency provision for standard assets as prescribed by The Reserve Bank of India (RBI) for NBFCs, collectively referred as "Previous GAAP".

These are the first financial statements of the Company prepared in accordance with Ind AS. Accordingly, Ind AS 101, First-time Adoption of Indian Accounting Standards has been applied. Refer note 40 for an explanation of how the transition from Previous GAAP to Ind AS has affected the previously reported financial position, financial performance, Company's total equity, total comprehensive income and cash flow of the company.

2.2 Presentation of financial statements

The financial statements of the Company are presented as per Schedule III (Division III) of the Act applicable to NBFCs, as notified by the Ministry of Corporate Affairs (MCA). The Company presents its balance sheet in order of liquidity. Financial assets and financial liabilities are generally reported on a gross basis except when, there is an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event. Similarly, the Company offsets incomes and expenses and reports the same on a net basis when permitted by Ind AS specifically.

These financial statements were approved by the Company's Board of Directors and authorised for issue on 29 June 2020.

2.3 Basis of measurement

These financial statements have been prepared under the historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- a) fair value through other comprehensive income (FVOCI) instruments,
- b) financial assets and liabilities designated at fair value through profit or loss (FVTPL),
- c) derivative financial instruments,
- d) other financial assets held for trading.

2.4 Critical accounting estimates and judgments

The preparation of Company's financial statements requires Management to make use of estimates and judgements. In view of the inherent uncertainties and a level of subjectivity involved in measurement of items, it is possible that the outcomes in the subsequent financial years could differ from those on which the Management's estimates are based. Accounting estimates and judgements are used in various line items in the financial statements for e.g.:

Effective Interest Rate (EIR) Method:

The Company 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 behaviour and life-cycle of the instruments, as well as expected changes to other fee income/expense that are integral parts of the instrument.

Contingencies:

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application of judgement to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and revised to take account of changing facts and circumstances.

Useful lives of property, plant and equipment and Intangible assets:

Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation to be recorded during any reporting period. The useful lives and residual values as per schedule II of the Companies Act, 2013 or are based on the Company's historical experience with similar assets and taking into account anticipated technological changes, whichever is more appropriate.

Defined employee benefit obligation:

The cost of post-employment benefits is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rates, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed annually.

Fair value measurement

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation technique that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Business model assessment

Classification and measurement of financial assets depends on the results of the sole payment of principal and interest (SPPI) and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortized cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Income taxes

Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carryforwards become deductible. The Company considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment.

Expected credit losses on financial assets

The impairment provisions of financial assets and contract assets are based on assumptions about risk of default and expected timing of collection. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history of collections, customer's creditworthiness, existing market conditions as well as forward looking estimates at the end of each reporting period.

Leases

Ind AS 116 defines a lease term as the non-cancellable period for which the lessee has the right to use an underlying asset including optional periods, when an entity is reasonably certain to exercise an option to extend (or not to terminate) a lease. The Company considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option when determining the lease term. The option to extend the lease term are included in the lease term, if it is reasonably certain that the lessee will exercise the option. The Company reassess the option when significant events or changes in circumstances occur that are within the control of the lessee.

Estimation uncertainty relating to the global health pandemic on COVID-19

In assessing the recoverability of financial and non-financial assets, the Company has considered internal and external information up to the date of approval of these financial statements including credit reports and economic forecasts. The Company has performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

3. Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Functional and presentation currency

These financial statements are presented in Indian Rupees ('₹' or INR or Rs.) which is also the Company's functional currency. All amounts are rounded-off to the nearest lakhs, unless otherwise indicated.

3.2 Measurement of fair values

Fair values are categorised 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 and liabilities.
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The management regularly reviews significant unobservable inputs and valuation adjustments.

'When measuring the fair value of an asset or a 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 changes have occurred.

3.3 Revenue Recognition

Interest income

Interest income is recognized in Statement of profit and loss using the effective interest rate (EIR) method for all financial instruments which are measured either at amortised cost or at fair value through other comprehensive income. The EIR is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument or, when appropriate, a shorter period.

The EIR is calculated by taking into account any discount or premium on acquisition, fees and transaction costs that are an integral part of the contract. Transaction costs include incremental costs that are directly attributable to the acquisition of financial asset.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is accounted as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through interest income in the Statement of profit and loss.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired and is therefore regarded as 'Stage 3', the Company calculates interest income by applying the EIR to the net amortised cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

Interest income on all trading assets and financial assets, if any, required to be measured at FVTPL is recognized using the contractual interest rate as net gain on fair value changes.

Fee, commission and distribution income

The Company recognizes revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial Instruments' is applicable) based on a comprehensive assessment model as set out in Ind AS 115 'Revenue from contracts with customers'. The Company identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognizes revenue only on satisfactory completion of performance obligations. Revenue from contract with customer for rendering services is recognized at a point in time when performance obligation is satisfied.

Fees and commission income are measured at an amount that reflects the fair value of the consideration received or receivable, to which an entity expects to be entitled in exchange for transferring goods or services to customer, excluding amounts collected on behalf of third parties.

Distribution income is earned by selling of services and products of other entities under distribution arrangements. The income so earned is recognized on successful sales on behalf of other entities subject to there being no significant uncertainty of its recovery.

Income from bill discounting is recognized over the tenure of the instrument so as to provide a constant periodic rate of return.

Dividend and interest income on investments:

Dividends are recognized in Statement of profit and loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

Interest income from investments is recognized when it is certain that the economic benefits will flow to the Company 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.

Net gain on fair value changes

The Company recognises gains on fair value change of financial assets measured at FVTPL and realised gains on derecognition of financial asset measured at FVTPL and FVOCI on net basis.

However, net gain / loss on derecognition of financial instruments classified as amortised cost is presented separately under the respective head in the Statement of profit and loss.

Income from direct assignment

Gains arising out of direct assignment transactions comprise of the difference between the interest on the loan portfolio and the applicable rate at which the direct assignment is entered into with the assignee, also known as the right of excess interest spread (EIS). The future EIS basis the scheduled behavioral cash flows on execution of the transaction, discounted at the applicable rate entered into with the assignee is recorded upfront in the statement of profit and loss. EIS is evaluated and adjusted for ECL and expected prepayment.

Other income and expenses

All other income and expense are recognized in the period they occur.

3.4 Property plant and equipments

Property, plant and equipment ("PPE") are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes after deducting trade discount and rebates, any directly attributable cost incidental to acquisition and installation, up to the point the asset is ready for its intended use.

Advances paid towards the acquisition of PPE outstanding at each reporting date are shown under other non-financial assets. Assets acquired but not ready for intended use or assets under construction at the reporting date are classified under capital work in progress.

Subsequent expenditure related to the asset are added to its carrying amount or recognized as a separate asset only if it increases the future benefits of the existing asset, beyond its previously assessed standards of performance and cost can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

Depreciation

Depreciation on property, plant and equipment is provided on straight-line method over the useful lives of assets as determined by the management which is in line with Schedule II of the Act.

The estimated useful lives used for computation of depreciation are as follows:

	Useful Life (in years)
Computer equipment	3
Server	6
Office equipment	5
Furniture and fixtures	10
Vehicles	8

Leasehold improvements are amortized over the period of the lease.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. Changes in the expected useful life are accounted for by changing the amortization period or methodology, as appropriate, and treated as changes in accounting estimates.

PPE is derecognized on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the net carrying amount of the asset) is recognized in other income / netted off from any loss on disposal in the Statement of profit and loss in the year the asset is derecognized. Assets held for sale or disposals are stated at the lower of their net book value and net realisable value.

On transition to Ind AS, the company has elected to continue with the carrying value of all of its property, plant and equipment recognized as at 1 April 2018 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

3.5 Intangible Assets

An intangible asset is recognized only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset comprises its purchase price and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Subsequent expenditure related to the asset is added to its carrying amount or recognised as a separate asset only if it increases the future benefits of the existing asset, beyond its previously assessed standards of performance and cost can be measured reliably.

Intangible assets comprise of software which is amortized using the straight-line method over a period of three years commencing from the date on which such asset is first recognized.

Gains or losses from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the Statement of Profit and Loss when the asset is derecognised.

On transition to Ind AS, the company has elected to continue with the carrying value of all of its intangible assets recognized as at 1 April 2018 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

3.6 Foreign exchange transactions & translations

a) Initial recognition

Transactions in foreign currencies are recognised at the prevailing exchange rates between the reporting currency and a foreign currency on the transaction date.

b) Conversion

Transactions in foreign currencies are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in Statement of profit and loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the Statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the Statement of profit and loss on a net basis.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Thus, translation differences on non-monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as FVOCI are recognised in other comprehensive income.

Non-monetary items that are measured at historical cost in foreign currency are not retranslated at reporting date.

3.7 Financial instruments

a) Initial recognition and measurement:

Financial assets and liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial assets or financial liabilities. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in Statement of profit and loss.

b) Initial classification and subsequent measurement of financial assets:

The Company classifies its financial assets into various measurement categories. The classification depends on the contractual terms of the financial assets' cash flows and Company's business model for managing financial assets. On initial recognition, a financial asset is classified as measured at:

- Amortised cost;
- Fair Value through Other Comprehensive Income (FVOCI) - debt instruments;
- FVOCI - equity instruments;
- Fair Value Through Profit and Loss (FVTPL)

Amortised cost

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios being the level at which they are managed. These financial assets comprise bank balances, loans, trade receivables and other financial instruments.

Debt instruments measured at amortized cost where they have:

- a) contractual terms that give rise to cash flows on specified dates, that represent solely payment of principal and interest (SPPI) on the principal amount outstanding; and
- b) are held within a business model whose objective is achieved by holding to collect contractual cash flows.

These financial assets are subsequently measured at amortized cost using effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment provision are recognized in Statement of profit and loss. Any gain and loss on derecognition are recognized in Statement of profit and loss.

FVOCI - debt instruments

The Company measures its debt instruments at FVOCI when the instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets; and the contractual terms of the financial asset meet the SPPI test.

Debt investment at FVOCI are subsequently measured at fair value. Interest income under effective interest method, foreign exchange gains and losses and impairment provision are recognized in Statement of profit and loss. Other net gains and losses are recognized in other comprehensive income (OCI). On derecognition, gains and losses accumulated in OCI are reclassified to Statement of profit and loss.

FVOCI - equity instruments

For equity investments, the Company makes an election on an instrument-by-instrument basis to designate equity investments as measured at FVOCI.

These elected investments are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the reserves. The cumulative gain or loss is not reclassified to Statement of profit and loss on disposal of the investments. These investments in equity are not held for trading. Instead, they are held for strategic purpose. Dividend income received on such equity investments are recognized in Statement of profit and loss.

FVTPL

A financial asset which is not classified in any of the above categories are measured at FVTPL. This includes all derivative financial assets.

Equity investments that are not designated as measured at FVOCI are designated as measured at FVTPL and subsequent changes in fair value are recognized in Statement of profit and loss.

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in Statement of profit and loss.

c) Initial classification and subsequent measurement of financial liabilities and equity instruments:

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by Company are recognized at the proceeds received. Transaction costs of an equity transaction are recognised as a deduction from equity.

Financial liabilities

Financial liabilities are classified as 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 a derivative or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Statement of profit and loss. Any gain or loss on derecognition is also recognised in Statement of profit and loss.

d) Reclassification of financial assets and liabilities:

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. Financial liabilities are never reclassified.

e) Derecognition of financial assets and liabilities:

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised 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 in respect of the liability is discharged, cancelled or expires. Where 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 de-

recognition of the original liability and the recognition of a new liability. The difference between the carrying value of the financial liability and the consideration paid is recognised in Statement of profit and loss.

f) Write-offs

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any subsequent recoveries made are recognized in Statement of profit and loss.

g) Offsetting:

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

h) Derivatives and hedging activity:

The company uses derivative contracts like cross currency interest rate swaps, forward contracts, to hedge its risk associated with foreign currency and interest rate fluctuation relating to foreign currency floating rate borrowings. Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated.

The Company designates derivatives as either (i) hedges of the fair value of recognised assets or liabilities (fair value changes) or (ii) hedges of a particular risk associated with the cash flows of recognised assets and liabilities (cash flow hedges). The Company has designated the cross-currency interest rate swap as a cash flow hedge for changes in both interest rate and foreign exchange rates.

At the inception of the hedge relationship, the Company documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in cash flow hedging reserve within equity. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, within other gains/(losses).

Amounts previously recognised in other comprehensive income and accumulated in equity relating to effective portion as described above are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item. However, when the hedged forecast transaction results in the recognition of a nonfinancial asset or a non-financial liability, such gains and losses are transferred from equity (but not as a reclassification adjustment) and are included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is reclassified immediately in profit or loss.

Fair value hedges that qualify for hedge accounting

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

The change in the fair value of the designated portion of hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

i) Impairment of financial assets

Overview of the Expected Credit Loss (ECL) allowance principles:

The Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on loans measured at amortised cost and FVOCI and other debt financial assets not held at FVTPL.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is calculated to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the Company reverts to recognizing impairment loss allowance based on 12-month ECL.

The Company performs an assessment, at the end of each reporting period, of whether a financial assets credit risk has increased significantly since initial recognition. When making the assessment, the change in the risk of a default occurring over the expected life of the financial instrument is used instead of the change in the amount of expected credit losses.

Estimation of Expected Credit Loss (ECL):

The Company calculates ECLs based on a probability-weighted scenarios and historical data to measure the expected cash shortfalls. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

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

Probability of default (PD): The Probability of Default is an estimate of the likelihood of default over a given time horizon. The Company uses historical information where available to determine PD.

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

Loss Given default (LGD): The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral.

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.

Based on the above process, the Company categorizes its loans into three stages as described below:

Stage 1: When loans are first recognised, the Company recognises an allowance based on 12 months ECL. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date. These expected 12-month default probabilities are applied to an EAD and

multiplied by the expected LGD. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2 or Stage 3.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the company records an allowance for the life time ECL. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument.

Stage 3: Financial assets are classified as stage 3 when there is objective evidence of impairment as result of one or more loss events that have occurred after the initial recognition. The Company records an allowance for the life time ECL. The method is similar to that for Stage 2 assets, with the PD set at 100%.

j) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a Company are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109 - Financial Instruments; and
- the amount initially recognized less, when appropriate, the cumulative amount of income recognized in accordance with the principles of Ind AS 115 – Revenue from contracts with customers.

3.8 Impairment of assets other than financial assets

The Company reviews the carrying amounts of its tangible and intangible assets at the end of each reporting period, to determine whether there is any indication that those assets have impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is determined for an individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets or group of assets.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) is increased to the revised estimate of its recoverable amount such that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised for the asset (or cash-generating unit) in prior years. The reversal of an impairment loss is recognised in Statement of profit and loss.

3.9 Employee benefits

a) Short-term employee benefits

All short-term employee benefits are accounted on undiscounted basis during the accounting period based on services rendered by employees and recognized as expenses in the Statement of profit and loss. 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.

b) Defined contribution plan (provident fund and ESIC)

Retirement benefits in the form of provident fund and superannuation are defined contribution schemes. The Company has no obligation, other than the contribution payable to the respective funds. The Company

Fedbank Financial Services Limited
Notes to the financial statements for the year ended March 31, 2020

recognizes contribution payable to the respective funds as expenditure, when an employee renders the related service.

c) Defined benefit plan (Gratuity)

Payment of gratuity to employees is covered by the "Exide Life Group Gratuity Unit Linked Scheme" of the Exide life Insurance Company Limited, which is a defined benefit scheme and the company makes contribution under the said scheme.

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. Past services are recognised at the earlier of the plan amendment / curtailment and recognition of related restructuring costs/termination benefits.

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

Remeasurement gains/losses - 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.

d) Compensated Absences

The company has a scheme for compensated absences for employees, the liability of which is determined on the basis of an independent actuarial valuation carried out at the end of the year, using the projected unit credit method. Actuarial gains and losses are recognized in full in the Statement of profit and loss for the period in which they occur.

3.10 Share-based payments

Equity-settled share-based payments to employees are recognized as an expense at the fair value of equity stock options at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the graded vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding adjustment in equity.

3.11 Finance costs

Finance costs include interest expense computed by applying the effective interest rate on respective financial instruments measured at amortized cost. Financial instruments include subordinated debts, term loans and working capital loans from Banks, Financial Institutions and NBFCs and Commercial Papers. Finance costs are charged to the Statement of profit and loss.

3.12 Securities issue expenses

Expenses incurred in connection with fresh issue of share capital are adjusted against securities premium reserve.

3.13 Income taxes

Income tax expense comprises of current tax and deferred tax. It is recognized in Statement of profit and loss except to the extent that it relates to an item recognized directly in equity or in other comprehensive income.

a) Current tax:

Current tax comprises amount of tax payable in respect of the taxable income or loss for the year determined in accordance with Income Tax Act, 1961 and any adjustment to the tax payable or receivable in respect of previous years. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

b) Deferred tax:

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequence that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary difference could be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

c) Minimum Alternate Tax (MAT)

Minimum alternate tax (MAT) paid in a year is charged to the Statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that it is probable that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the Statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the MAT Credit Entitlement asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

3.14 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash on hand, cheques and drafts on hand, balances with banks in current accounts, short term deposits with an original maturity of three months or less, which are subject to an insignificant risk of change in value.

3.15 Provisions, contingent liabilities and contingent assets

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events, whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation.. Contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent assets are not recognized in the financial statements. However, it is disclosed only when an inflow of economic benefits is probable.

3.16 Leases

Ind AS 116 Leases was notified by MCA on 30 March 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019.

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. On transition to Ind AS, the company has elected to adopt Ind AS 116 using the modified retrospective approach with effect from April 1, 2018 and hence comparative information has been reported under Ind AS 116.

The company as a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the Statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using incremental borrowing rate (because the implicit rate in the lease contracts is not available). The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The company has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less, and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

The company as a lessor

Leases where the Company does not transfer substantially all of the risk and benefits of ownership of the asset are classified as operating leases. Rental income arising from operating leases is accounted for on a straight-line

basis over the lease terms and is included in rental income in the Statement of profit and loss, unless the increase is in line with expected general inflation, in which case lease income is recognised based on contractual terms.

When the company is an intermediate lessor it accounts, for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the company applies the exemption described above, then it classifies the sub-lease as an operating lease.

3.17 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, sub-division of shares etc. that have changed the number of equities shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders is divided by the weighted average number of equity shares outstanding during the period, considered for deriving basic earnings per share and weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

3.18 Cash flow statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

3.19 Segment information

The Company is engaged in the business segment of Financing, whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated and to assess its performance, and for which discrete financial information is available. Operating segments of the Company are reported in a manner consistent with the internal reporting provided to the chief operating decision maker and accordingly the Company has classified its operations into three segments – Distribution (retail loan/insurance products), Retail Finance and Whole sale Finance. For presentation of segment information, directly attributable income and assets are allocated as such and the other income, expenses and other assets and liabilities are apportioned on appropriate basis.

3.20 First-time adoption of Ind AS – mandatory exceptions and optional exemptions

The Company has prepared the opening balance sheet as per Ind AS as of 1st April 2018 ("the transition date") by recognizing all assets and liabilities whose recognition is required by Ind AS, not recognizing items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from Previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognized assets and liabilities. However, this principle is subject to certain exceptions and certain optional exemptions availed by the Company as mentioned below:

Mandatory exceptions:

a) Estimates:

The estimates at April 01, 2018 and at March 31, 2019 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Indian GAAP did not require estimation:

- Impairment of financial assets based on expected credit loss model
- Fair valuation of financial instruments carried at FVTPL
- Determination of discounted value for financial instruments carried at amortized cost
- Investment in equity instruments carried at FVOCI and FVTPL

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at April 01, 2018 the date of transition to Ind AS and as of March 31, 2019.

b) Classification and measurement of financial assets

The Company has classified the financial assets in accordance with Ind AS 109 on the basis of facts and circumstances that exist at the date of transition to Ind AS.

Exemptions applied:

a) Deemed cost for property, plant and equipment and intangible assets

The Company has elected to measure property, plant and equipment, and intangible assets at its Previous GAAP carrying amount and use that Previous GAAP carrying amount as its deemed cost at the date of transition to Ind AS.

b) Leases

The Company has availed the exemption to assess whether an arrangement contains a lease based on facts and circumstances existing on date of transition to Ind AS by applying principles of Ind AS 116 Leases. Also, the Company has measured right of use asset and lease liability by applying modified retrospective approach with effect from its Ind AS transition date.

c) Designation of previously recognized financial instruments

Ind AS 101 allows an entity to designate investments in equity instruments at FVOCI on the basis of facts and circumstances at the date of transition to Ind AS. The Company has elected to designate investment in equity instruments at FVOCI.

Ind AS 109 requires a financial asset to be measured at amortized cost if it meets two tests that deal with the nature of the business that holds the assets and the nature of the cash flows arising on those assets. A first-time adopter must assess whether a financial asset meets the conditions on the basis of the facts and circumstances that exist at the date of transition to Ind AS. Para B8-B8C Ind AS 101 also contains mandatory exception related to classification of financial asset which states that conditions for classifying financial assets to be tested on the basis of facts and circumstances existing at the date of transition to Ind AS instead of the date on which it becomes party to the contract. The Company has applied this exemption and opted to classify all financial assets and liabilities based on facts and circumstances existing on the transition date.

As per para 8D - 8G of Ind AS 101, an entity shall apply the exception to the retrospective application of "Impairment of financial asset" which is as per section 5.5 of Ind AS 109.

3.21 Standard issued but not yet effective (if any to be mentioned)

Certain new standards, amendments to standards and interpretations are not yet effective for annual period beginning after April 1, 2019 and have not been applied in preparing these financial statements. The new standards and amendments to standards are proposed to be effective for reporting periods beginning on or after 1 April 2020. The Company intends to adopt these standards and amendments when they became effective.

The Standards that are issued, but not yet effective, are disclosed below:

A. Issuance of new standard

Ind AS 117 – Insurance Contracts

Ind AS 117 supersedes Ind AS 104 Insurance contracts. It establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. Under the Ind AS 117 model, insurance contract liabilities will be calculated as the present value of future insurance cash flows with a provision for risk.

Application of this standard is not expected to have any significant impact on the Company's financial statements.

B. Amendments to existing Standards

Ministry of Corporate Affairs has carried out amendments of the following accounting standards:

(i) Ind AS 103 – Business Combination

The amendment is in connection with clarification of business definition, which help in determining whether an acquisition made is of a business or a group of assets. The amendment added a test that makes it easier to conclude that a Company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets.

The adoption of amendment to Ind AS 103 is not expected to have any significant impact on the Company's financial statements.

(ii) Ind AS 1, Presentation of Financial Statements and Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors

The amendment is in connection with refinements to the definition of 'Material' and aligns this definition with other Ind AS. These refinements are intended to make the definition easier to understand and are not intended to alter the concept of materiality in Ind AS. The amended definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The adoption of amendment to Ind AS 1 and Ind AS 8 is not expected to have any significant impact on the Company's financial statements.

(iii) Ind AS 40 – Investment Property

Ind AS 40 states that an investment property shall be measured initially at cost and for measurement after recognition, cost model shall be adopted for all the investment property. The amendment is in connection with an addition of option to measure all investment property after recognition as per fair value model. However, the amendment also gives an exception which states that an entity may:

- (a) choose either the fair value model or the cost model for all investment property backing liabilities that pay a return linked directly to the fair value of, or returns from, specified assets including that investment property; and
- (b) choose either the fair value model or the cost model for all other investment property, regardless of the choice made in (a).

The adoption of amendment to Ind AS 40 is not expected to have any significant impact on the Company's financial statements.

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Notes to the standalone financial statements for the year ended 31 March 2020 (contd.)

(Currency : Indian rupees in lakhs)

	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
4 Cash and cash equivalents			
Cash on hand	763	350	403
Balances with banks			
- in current accounts	6,165	561	1,016
- in fixed deposits with maturity less than 3 months	7,301	-	-
	14,229	911	1,419
5 Bank balances other than cash and cash equivalents			
- in fixed deposits with maturity more than 3 months	7,502	2,500	-
	7,502	2,500	-
5.1 Encumbrances on fixed deposits with bank held by the Company			
Pledged against Bank OD facility from DCB Bank	2501		
6 Trade receivables			
Unsecured considered good	232	119	52
Unsecured considered doubtful	-	0	1
Receivables which are credit impaired	-	-	-
Total Gross	232	119	53
Less- Impairment loss allowance	(1)	(0)	(1)
Total Net	231	119	52
Other receivables			
Unsecured considered good	140	518	176
Unsecured considered doubtful	-	1	0
Total Gross	140	519	176
Less- Impairment loss allowance	-	(1)	(0)
Total Net	140	518	176
	371	637	228

- 6.1 No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

7 Loans

Measured at amortised cost

(i) Bills purchased and bills discounted	-	314	267
(ii) Term Loans	3,72,144	2,01,682	1,43,212
Total Gross	3,72,144	2,01,996	1,43,479
Less- Impairment loss allowance	(3,492)	(1,334)	(1,000)
Total Net (A)	3,68,652	2,00,662	1,42,479
(i) Secured by tangible assets (Refer note 44.1.2)	3,22,304	1,96,867	1,43,479
(ii) Secured by intangible assets	-	-	-
(iii) Covered by Bank/Government Guarantees	-	-	-
(iv) Unsecured	49,840	5,129	-
Total Gross	3,72,144	2,01,996	1,43,479
Less: Impairment loss allowance	(3,492)	(1,334)	(1,000)
Total Net (B)	3,68,652	2,00,662	1,42,479

Loans in India

(a) Public sector	-	-	-
(b) Others	3,72,144	2,01,996	1,43,479
Total Gross	3,72,144	2,01,996	1,43,479
Less: Impairment loss allowance	(3,492)	(1,334)	(1,000)
Total Net (C)	3,68,652	2,00,662	1,42,479

- 7.1 Disclosure required as per Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Direction, 2016

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Loans against collateral of gold jewellery (Gross)	1,04,545	45,407	35,527
Total assets of the Company	4,08,619	2,15,061	1,48,626
Percentage of Loans against collateral of gold jewellery to Total assets of the Company	25.58%	21.11%	23.90%

7.2 Credit Quality of Assets

The table below shows credit quality and the maximum exposure to credit risk based on year-end stage classification. The amounts presented are gross of impairment allowance. Details of the Company's internal grading system are explained in Note 44 and policies on ECL allowances are set out in Note 3

(a) Gross carrying amount of loan assets allocated to Stage 1, Stage 2 and Stage 3

Particulars	As at 31 March 2020			As at 31 March 2019			Total
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
Loans (at amortised cost)							
Performing							
High grade	3,54,909	11,762		1,91,340	6,048		1,36,696
Standard grade							5,307
Non-Performing							
Impaired							
Total	3,54,909	11,762	5,473	1,91,340	6,048	4,608	1,476
							1,43,479

(b) An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Corporate lending is, as follows:

(i) For the year ended 31 March, 2020

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	1,91,340	6,048	4,608	2,01,996
Transfers to Stage 1	748	(734)	(14)	-
Transfers to Stage 2	(7,485)	7,516	(31)	-
Transfers to Stage 3	(822)	(2,144)	2,966	-
Assets derecognised (excluding write offs)	(57,870)	(2,743)	(3,365)	(63,978)
Loans Repaid	(17,766)	(1,343)	130	(18,979)
New assets originated or purchased	2,46,764	5,162	1,179	2,53,105
Gross carrying amount closing balance	3,54,909	11,762	5,473	3,72,144

(ii) For the year ended 31 March, 2019

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	401	203	729	1,334
Transfers to Stage 1	35	(35)	0	-
Transfers to Stage 2	(38)	41	(3)	-
Transfers to Stage 3	(1)	(92)	93	-
Assets derecognised (excluding write offs)	(66)	(48)	(417)	(531)
Loans Repaid	17	480	1,023	1,520
New assets originated or purchased	1,015	95	60	1,170
Gross carrying amount closing balance	1,363	644	1,485	3,492

(iii) For the year ended 31 March, 2019

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	1,36,696	5,307	1,476	1,43,479
Transfers to Stage 1	579	(579)	-	0.00
Transfers to Stage 2	(3,123)	3,123	-	-
Transfers to Stage 3	(1,915)	(349)	2,265	-
Assets derecognised (excluding write offs)	(52,216)	(2,618)	(505)	(55,339)
Loans Repaid	(6,747)	(518)	111	(7,154)
New assets originated or purchased	1,18,065	1,684	1,262	1,21,010
Gross carrying amount closing balance	1,91,340	6,048	4,608	2,01,996

(iv) For the year ended 31 March, 2019

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	384	80	536	1,000
Transfers to Stage 1	13	(13)	-	-
Transfers to Stage 2	(22)	22	-	-
Transfers to Stage 3	(5)	(12)	17	-
Assets derecognised (excluding write offs)	(116)	(1)	(96)	(213)
Loans Repaid	(25)	114	260	349
New assets originated or purchased	174	11	13	198
Gross carrying amount closing balance	401	203	729	1,334

Fedbank Financial Services Limited

Notes to the standalone financial statements for the year ended 31 March 2020 (contd.)

(Currency : Indian rupees in lakhs)

	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
8 Investments			
8.1 Measured at Amortised costs			
Investment in NCDs	1,145	1,265	1,039
Less: Impairment loss allowance	(10)	(11)	(8)
	1,135	1,254	1,031
8.2 Measured at Fair Value through profit and loss			
Investment in Mutual Funds	3,001	-	-
Less: Impairment loss allowance	-	-	-
	3,001	-	-
Total Investments	4,136	1,254	1,031
Note: All the investment are held in India only			
9 Other financial assets			
Security deposit	826	455	271
Fixed Deposit with other financial institution	-	2,567	-
Full & Final Recovery from Employees	48	31	26
Less: Impairment allowance	(46)	(31)	(26)
	2	-	-
	828	3,022	271
10 Current tax assets (Net)			
Advance tax (net of provision)	839	406	231
	839	406	231
11 Deferred tax assets (net)			
Deferred taxes in relation to :			
Depreciation and Amortisation	181	195	197
Provision for Employee benefits	44	16	34
Provision for Expected Credit Loss	365	163	129
Lease Equalisation Credit	158	35	6
Other timing differences	26	15	20
Effective interest rate on Financial assets	220	241	164
Interest income on NPA	(46)	(146)	(51)
Fair valuation of security deposit	5	2	-
Effective interest rate on Financial Liabilities	(17)	8	1
Gain/(Loss) on fair valuation of mutual fund	(0)	-	-
Interest/Other Charges on Direct Assignment Transaction (net)	(265)	-	-
Impact due to tax rate change	(20)	-	-
Deferred tax assets (net) (A-B)	650	529	500
Note: For disclosure relating to movement in deferred tax assets / liabilities, refer note 33.3			
12 Other non-financial assets			
Advances for Supplies & Services	217	99	45
Prepaid expenses	336	239	97
Advance to employee	111	40	24
Gratuity		3	
Others (Refer note 12.1)	41	121	31
	705	502	197

12.1 The reconciliation of certain GST balances is under process. Though the company does not expect any significant impact, adjustments if any on completion of such reconciliation will be accounted.

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Notes to the standalone financial statements for the year ended 31 March 2020 (contd.)

(Currency : Indian rupees in lakhs)

13 Property, Plant & Equipment and Intangible assets for the financial year 2019-20

13.1 Property, Plant & Equipment

Particulars	Computer Equipments	Office Equipments	Lease Hold improvements (Interior Furnishings)	Furniture & Fixtures	Vehicles - Cars	Server	Total Tangible Assets
Gross Block as at April 1, 2019	294	390	798	372	20	150	2,024
Gross Block as at April 1, 2018	(233)	(334)	(677)	(324)	(19)	(120)	(1,707)
	-	-	-	-	-	-	-
Additions during FY 19-20	348	258	687	312	-	45	1,650
Adjustments during FY 19-20			59				59
Additions during FY 18-19	(61)	(75)	(121)	(48)	(1)	(30)	(336)
	-	-	-	-	-	-	-
Deletions during FY 19-20	0	31	44	23	-	-	98
Deletions during FY 18-19	-	(19)	-	-	-	-	(19)
Gross Block as at March 31, 2020	642	618	1,499	662	20	195	3,634
Gross Block as at March 31, 2019	(294)	(390)	(798)	(372)	(20)	(150)	(2,024)
Accumulated depreciation as at April 1, 2019	217	299	600	298	12	97	1,523
Accumulated depreciation as at April 1, 2018	(194)	(274)	(545)	(274)	(9)	(87)	(1,383)
	-	-	-	-	-	-	-
Additions during FY 19-20	86	112	124	91	3	16	431
Adjustments during FY 19-20			59				59
Additions/Adjustments during FY 18-19	(23)	(43)	(55)	(24)	(3)	(10)	(158)
Deletions during FY 19-20	0	29	41	21	-	-	91
Deletions during FY 18-19	-	(18)	-	-	-	-	(18)
Accumulated depreciation as at March 31, 2020	303	382	742	369	15	113	1,922
Accumulated depreciation as at March 31, 2019	(217)	(299)	(600)	(298)	(12)	(97)	(1,523)
Total Accumulated Depreciation as at Mar 31, 2019	303	382	742	369	15	113	1,923
	(217)	(299)	(600)	(298)	(12)	(97)	(1,523)
Net block as at March 31, 2020	339	236	757	293	5	82	1,713
Net Block as at March 31, 2019	(77)	(91)	(198)	(74)	(8)	(53)	(501)

13.2 Intangible Assets

Particulars	Computer Software
Gross Block as at April 1, 2019	494
Gross Block as at April 1, 2018	(432)
Additions/Adjustments during FY 19-20	-
Additions/Adjustments during FY 18-19	217
	(62)
Deletions during FY 19-20	34
Deletions during FY 18-19	-
Gross Block as at March 31, 2020	677
Gross Block as at March 31, 2019	(494)
Accumulated depreciation as at April 1, 2019	414
Accumulated depreciation as at April 1, 2018	(392)
Additions/Adjustments during FY 19-20	86
Additions/Adjustments during FY 18-19	(22)
Deletions during FY 19-20	21
Deletions during FY 18-19	-
Accumulated depreciation as at March 31, 2020	479
Accumulated depreciation as at March 31, 2019	(414)
Net block as at March 31, 2020	198
Net block as at March 31, 2019	(80)

13.3 Capital Work in progress

Particulars	CWIP
Gross Block as at April 1, 2019	31
Gross Block as at April 1, 2018	(33)
Additions/Adjustments during FY 19-20	-
Additions/Adjustments during FY 18-19	551
	(41)
Deletions during FY 19-20	539
Deletions during FY 18-19	(43)
Net Block as at March 31, 2020	42
Net Block as at March 31, 2019	(31)

13.4 Right-of-Use Assets (Refer to note 47 for details)

Particulars	ROU Assets
Balance of ROU as at April 1, 2019	4,026
Balance of ROU as at April 1, 2018	(1,872)
Additions/Adjustments during FY 19-20	6,131
Additions/Adjustments during FY 18-19	(2,749)
Depreciation during FY 19-20	1,404
Depreciation during FY 18-19	(595)
Balance of ROU as at March 31, 2020	8,753
Balance of ROU as at March 31, 2019	(4,026)

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13 Property, Plant & Equipment and Intangible assets for the financial year 2018-19

13.1 Property, Plant & Equipment

Particulars	Computer Equipments	Office Equipments	Lease Hold improvements (Interior Furnishings)	Furniture & Fixtures	Vehicles - Cars	Server	Total Tangible Assets
Gross Block as at April 1, 2018	233	334	677	324	19	120	1,707
Gross Block as at April 1, 2017	(206)	(305)	(617)	(297)	(19)	(91)	(1,535)
Additions/Adjustments during FY 18-19	-	-	-	-	-	-	-
Additions/Adjustments during FY 17-18	61	75	121	48	1	30	336
	(33)	(57)	(60)	(28)	-	(30)	(207)
	-	-	-	-	-	-	-
Deletions during FY 18-19	-	19	-	-	-	-	19
Deletions during FY 17-18	(6)	(29)	-	-	-	-	(35)
Gross Block as at March 31, 2019	294	390	798	372	20	150	2,024
Gross Block as at March 31, 2018	(233)	(334)	(677)	(325)	(19)	(121)	(1,708)
Accumulated depreciation as at April 1, 2018	194	274	545	274	9	87	1,383
Accumulated depreciation as at April 1, 2017	(189)	(265)	(493)	(249)	(4)	(75)	(1,275)
	-	-	-	-	-	-	-
For the year 18-19	23	43	55	24	3	10	158
For the year 17-18	(11)	(36)	(52)	(25)	(5)	(12)	(141)
	-	-	-	-	-	-	-
Deletions during FY 18-19	-	18	-	-	-	-	18
Deletions during FY 17-18	(6)	(27)	-	-	-	-	(33)
Accumulated depreciation as at March 31, 2019	217	299	600	298	12	97	1,523
Accumulated depreciation as at March 31, 2018	(194)	(274)	(545)	(274)	(9)	(87)	(1,383)
Net block as at March 31, 2019	77	91	198	74	8	53	501
Net Block as at March 31, 2018	(39)	(60)	(132)	(50)	(10)	(34)	(325)

13.2 Intangible Assets

Particulars	Computer Software
Gross Block as at April 1, 2018	432
Gross Block as at April 1, 2017	(403)
Additions/Adjustments during FY 18-19	-
Additions/Adjustments during FY 17-18	62
	(29)
Deletions during FY 18-19	-
Deletions during FY 17-18	-
Gross Block as at March 31, 2019	494
Gross Block as at March 31, 2018	(432)
Accumulated depreciation as at April 1, 2018	392
Accumulated depreciation as at April 1, 2017	(377)
	-
For the year 18-19	22
For the year 17-18	(15)
Deletions during FY 18-19	-
Deletions during FY 17-18	-
Accumulated depreciation as at March 31, 2019	414
Accumulated depreciation as at March 31, 2018	(392)
Net block as at March 31, 2019	80
Net Block as at March 31, 2018	(40)

13.3 Capital Work in progress

Particulars	CWIP
Gross Block as at April 1, 2018	33
Gross Block as at April 1, 2017	(2)
Additions/Adjustments during FY 18-19	-
Additions/Adjustments during FY 17-18	41
	(54)
Deletions during FY 18-19	43
Deletions during FY 17-18	(23)
Net Block as at March 31, 2019	31
Net Block as at March 31, 2018	(33)

13.4 Right-of-Use Assets (Refer to note 47 for details)

Particulars	ROU Assets
Balance of ROU as at April 1, 2018	1,872
Additions/Adjustments during FY 18-19	2,749
Depreciation during FY 18-19	595
Net block as at March 31, 2019	4,026

	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
14 Derivative financial instruments			
Cross Currency Interest Rate Swap	-	-	45
	-	-	45
15 Trade Payables			
(i) Total outstanding dues of micro enterprises and small enterprises	10	8	1
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	399	167	107
	409	175	108
15.1 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	485	478	89
	485	478	89

15.2 The Company has taken steps to identify the suppliers who qualify under the definition of micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006. The aforementioned is based on responses received by the company to its enquires with suppliers with regard to applicability under the said Act. The details of amounts outstanding to Micro, Small and Medium Enterprises based on available Information with Company is as under :

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Principal amount remaining Unpaid as at the end of accounting year	10	8	1
Interest due on above and remaining unpaid as at the end of accounting year	1	1	-
Amount of Interest paid along with amount of payment made to supplier beyond the appointed day	-	-	-
Interest due on principal amounts paid beyond the due date during the year but without the interest	-	-	-
Interest accrued and remaining unpaid	-	-	-
Amount of Further Interest remaining due and payable in succeeding years	-	-	-

16 Debt Securities**Unsecured debt securities****At amortised cost**

Commercial papers

Less: Unexpired Discount

12,500	20,000	22,000
(322)	(332)	(506)

12,178	19,668	21,494
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Debt Securities in India

Debt Securities outside India

12,178	19,668	21,494
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-	-	-
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12,178	19,668	21,494
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16.1 Unexpired discount on commercial papers to be redeemed within next one year is INR 322 (Previous year- INR 332) (Net) towards interest accrued but not due. The carrying interest rate @ 8.00% to 8.75% p.a (Previous Year 6.75% to 8.25% p.a.) In respect of commercial paper maximum amount outstanding during the year was INR 25,000 (Previous Year INR 37,000)

17 Borrowings (other than debt securities)**At amortised cost****Secured**

Term loans

- From Bank

- From Related Parties: Federal Bank

- From Others

1,84,698	67,600	51,703
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98,727	58,605	30,010
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4,138	2,327	3,938
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Loans repayable on demand

- From Bank

- From Related Parties: Federal Bank

- From Other

6,119	-	2,500
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7,344	9,315	6,468
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1,000	-	-
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Liability Component of compound financial instruments

0.01% Non -Cumulative Optionally Convertible Redeemable Preference Share {Refer note 22(a)(ii)}

Unsecured

- Term loans

- From Bank

- From Others

5,000	-	-
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2,500	2,500	-
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3,09,581	1,40,347	94,619
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Borrowings in India

Borrowings outside India

3,09,581	1,40,347	94,619
----------	----------	--------

-	-	-
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3,09,581	1,40,347	94,619
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17.1. For detailed terms of repayment please refer to note 42.1 & 42.2

17.2 These facilities carry interest rates in the range of 8.75% - 10%

Fedbank Financial Services Limited

Notes to the standalone financial statements for the year ended 31 March 2020 (contd.)

(Currency : Indian rupees in lakhs)

18 Other financial liabilities

Employee benefits and other payables	926	553	292
Liability Towards Non Capital Contracts/goods	1	1	-
Auction Related Payables	97	91	100
Provision for CSR Expenses	-	-	46
Provision for Swap Cost	-	-	115
Commission Payable	882	397	253
Account Payable - Stale Cheque	277	153	69
Book Overdraft (Refer note 18.1)	1,322	1,718	2,859
Interest Payable to MSME Vendors	1	1	-
Lease liability (Refer to note 47)	8,977	3,921	1,809
Others payables (Refer note 18.2)	943	416	296
	13,426	7,251	5,839

Note 18.1 : Book overdrafts payable includes amount due to The Federal Bank (Holding Company) INR NIL (Previous year - 1718).

Note 18.2 : Other payable includes amount due to The Federal Bank (Holding Company) INR NIL (Previous year - INR NIL)

19 Current tax liabilities (net)

Provision for income tax	-	43	49
	-	43	49

20 Provisions

Provision for employee benefits

Provision for Gratuity (refer note 20.1)	20	-	64
Provision for Compensated Absences	172	54	36
	192	54	100

20.1 Liability is net off receivable from Fedbank Employees Gratuity Trust INR 11.63

21 Other non-financial liabilities

Statutory dues	287	302	261
Advance from customers	2,945	881	528
	3,232	1,183	789

22 Share Capital**Authorised Share capital****Equity shares**

29,00,00,000 (Previous year: 30,00,00,000; 1 April 2018: 30,00,00,000) equity shares of Rs.10 each

Equity component of compound financial instruments

1,00,00,000 Optionally Convertible Redeemable Preference Shared of Rs. 10 each

Equity Shared**Issued, subscribed and fully paid up**

27,34,23,425 (Previous year: 23,00,42,500; 1 April 2018: 19,00,00,000) equity shares of Rs.10 each

Equity component of compound financial instruments**Issued, subscribed and partly paid up**

47,29,730 0.01% Non -Cumulative Optionally Convertible Redeemable Preference Shares of Rs.10 each partly paid up of Rs. 2 each

	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
29,00,00,000 (Previous year: 30,00,00,000; 1 April 2018: 30,00,00,000) equity shares of Rs.10 each	29,000	30,000	30,000
	29,000	30,000	30,000
1,00,00,000 Optionally Convertible Redeemable Preference Shared of Rs. 10 each	1,000		
	1,000	-	-
	30,000	30,000	30,000
27,34,23,425 (Previous year: 23,00,42,500; 1 April 2018: 19,00,00,000) equity shares of Rs.10 each	27,342	23,004	19,000
	27,342	23,004	19,000
47,29,730 0.01% Non -Cumulative Optionally Convertible Redeemable Preference Shares of Rs.10 each partly paid up of Rs. 2 each	40	-	-
	40	-	-

(a) Reconciliation of shares outstanding at the beginning and at the end of the reporting period**(i) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting period**

	As at 31 March 2020		As at 31 March 2019		As at 1 April 2018	
	Number	Amount	Number	Amount	Number	Amount
Balance at the beginning of the year	23,00,42,500	23,004	19,00,00,000	19,000	19,00,00,000	19,000
Add : Issued during the year	4,33,80,925	4,338	4,00,42,500	4,004	-	-
Balance at the end of the year	27,34,23,425	27,342	23,00,42,500	23,004	19,00,00,000	19,000

(ii) Reconciliation of equity component of compound financial instrument outstanding at the beginning and at the end of the reporting period

	As at 31 March 2020		As at 31 March 2019		As at 1 April 2018	
	Number	Amount	Number	Amount	Number	Amount
Balance at the beginning of the year	-	-	-	-	-	-
Add : Issued during the year	47,29,730	40	-	-	-	-
Balance at the end of the year	47,29,730	40	-	-	-	-

(iii) During the year company issued 2,67,14,257 number of equity share of face value of Rs 10/- each to True North Fund VI LLP on private placement basis. The Board of Directors approved this allotment in its meeting held on 27th September, 2019. The shares were issued at a total consideration of INR 11,248 including premium of INR 8,577. These shares carry same rights as existing shares as given in note no. 22(b). Wide terms of agreements dated 11th May 2018, True North Fund VI LLP has utilized its rights to subscribe to 26,714,257 (Two Crore Sixty Seven Lakhs Fourteen Thousand Two Hundred and Fifty Seven) Equity Shares. The shareholding of True North Fund VI LLP in the company post such subscription has increased to 26.0%. In FY 18-19, the company issued 4,00,42,500 number of equity share of face value of Rs 10/- each to True North Fund VI LLP on private placement basis. The shares were issued at a total consideration of INR 16,860 including premium of INR 12,856. These shares carry same rights as existing shares as given in note no. 22(b)

(iv) During the year company issued 47,29,730 number of Optionally Convertible Redeemable Preference Shares (OCRPS) to the Managing Director of the company Mr. Anil Kothuri of face value of INR 10 each of which INR 2 per share is paid up. The Board of Directors approved this allotment in its meeting held on October 31st, 2019. (Refer to note 23(vi))

(b) Terms/right attached to equity shares:**(i) For Equity shares :**

The Company has only one class of Equity shares having face value of INR 10/- each per share. Each holder of Equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of Equity shares will be entitled to receive the remaining assets of the company, after distribution of all preferential amounts if any. The distribution will be in proportion to the number of shares held.

(ii) For Preference Shares :

The preference shares shall carry the voting rights which are provided in the Companies Act and shall not have any other voting rights. However, preference shareholders shall have voting rights on any matter affecting the preference shares holder directly or indirectly. Preference shares shall be non-participating and the no participation in surplus fund shall be given to preference shares. No participation in surplus assets and profits, on winding-up which may remain after the entire capital has been repaid shall be given to preference shares. The payment of dividend on preference shares shall be on non-cumulative basis

(c) Rights Issue

On March 30th, 2020 company has invited its shareholders to subscribe to rights issue of 1,66,66,668 number of equity shares in their holding proportion at INR 48/- per share. The Board of directors approved this allotment in its meeting held on March 30th, 2020. Total consideration is INR 8,000 including securities premium of INR 6,333. The right issue is fully subscribed

(d) Details of equity shares held by shareholders holding more than 5% shares of the aggregate shares in the Company

Particulars	As at March 31, 2020		As at March 31, 2019	
	Percentage Of Holding	Rupees in Lakhs	Percentage Of Holding	Rupees in Lakhs
Equity Shares of Rs. 10 fully paid up				
Equity Shares Held by holding company	74.00%	20,233	82.59%	19,000
- Federal Bank Limited				
(Including 405 shares held by nominees)				
- True North Fund VI LLP	26.00%	7,109	17.41%	4,004

Details of equity portion of compound financial instrument held by shareholders holding more than 5% shares of the aggregate shares in the Company

Particulars	As at March 31, 2020		As at March 31, 2019	
	Percentage Of Holding	Rupees in Lakhs	Percentage Of Holding	Rupees in Lakhs
Optionally Convertible Redeemable Preference Shares of Rs. 10 each, Rs. 2/- paid up				
Shares Held by Managing Director	100.00%	40	-	Nil
Shares Held by holding company	-	Nil	-	Nil
- Federal Bank Limited				
- True North Fund VI LLP	-	Nil	-	Nil

(e) Number of shares reserved for ESOPs

Particulars	As at 31 March 2020	As at 31 March 2019
Equity Shares of Rs. 10 fully paid up		
Number of shares reserved for ESOPs (Refer note 46)	55,11,351	-

(f) Terms of any securities convertible into equity/preference shares issued along with the earliest date of conversion in descending order starting from the farthest such date

No other securities is issued other than OCRPS. The conversion of OCRPS into equity shares shall be as under:

- Out of the total OCRPS of 47,29,730 shares, certain OCRPS will be eligible for conversion into equity shares on the lapsation of time (40,20,270 OCRPS) and certain OCRPS will be eligible to convert into equity shares on the occurrence of an Exit Linked Event of the Investor (7,09,460 OCRPS).
- Each time based OCRPS shall be convertible into 1(one) Equity Share, at the option of the Subscriber, in the following manner:

Conversion date	Number of OCRPS eligible for conversion	Number of Equity Shares to be issued upon conversion of the OCRPS
November 1, 2019	6,70,045	6,70,045
September 1, 2020	6,70,045	6,70,045
September 1, 2021	6,70,045	6,70,045
September 1, 2022	6,70,045	6,70,045
September 1, 2023	6,70,045	6,70,045
September 1, 2024	6,70,045	6,70,045

- In the event that the Subscriber does not exercise his right to convert (i.e. by issue of a Conversion Notice as per the provisions below) any of the aforesaid OCRPS before December 31, 2025, then the same shall be redeemed by the Company on December 31, 2025 at par.
- In the event that the Subscriber resigns from the Company or his/her Employment contract is terminated:
 - With respect to the time based OCRPS, before any of the OCRPS are due for conversion (as specified in the table above), all OCRPS due for conversion after the event shall not be due for conversion and be redeemed by the Company at Subscription price.
 - With respect to the Exit Linked OCRPS, before the exit by the Investor, all such OCRPS will be redeemed at the Subscription price.
- The aggregate value of calls unpaid by directors and also officers of the company for Optionally Convertible Redeemable Preference Shares as on 31st March 2020 is Nil.

Fedbank Financial Services Limited

Notes to the standalone financial statements for the year ended 31 March 2020 (contd.)

(Currency : Indian rupees in lakhs)

23 Other equity

	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
General Reserve	10	10	10
Statutory Reserve	3,289	2,507	1,805
Securities Premium	27,307	12,585	-
Other Comprehensive Income	(6)	8	(158)
Employee stock option outstanding	253	-	-
Surplus in the statement of profit and loss	10,880	7,748	4,837
Equity component of Compound Financial Instrument	40	-	-
	41,774	22,858	6,494

Nature and purpose of reserves

(i) General Reserve

The reserve is a distributable reserve maintained by the company out of transfers made from annual profits.

(ii) Statutory Reserve

Statutory Reserve represents the Reserve fund created under Section 45-IC of the Reserve Bank of India Act, 1934. During the current financial year an amount of INR 783 (previous year INR 702) has been transferred to the said reserve for the year

(iii) Securities Premium

Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

(iv) Surplus in the statement of profit and loss

Surplus in the statement of profit and loss pertain to the Company's undistributed earnings after taxes

(v) Impairment Reserve

Impairment Reserve is appropriated from net profit after tax when charge of impairment allowance is lower than the provisioning required under IRACP

(vi) Equity component of Compound Financial Instrument

This is equity component of compound financial instruments as per Ind AS 32 Financial Instruments: Presentation (refer to note 22(a)(iv) for details)

(vii) Other Comprehensive Income

Re-measurements of net defined benefit plan - It represents the cumulative actuarial gains/(losses) defined employee benefit plans.

Cash flow hedge - It represents the cumulative gains/(losses) arising on fair valuation of the derivative instruments designated as cash flow hedges through OCI.

(viii) Employee Stock Option outstanding

The Employee Stock Options outstanding represents amount of reserve created by recognition of compensation cost at grant date fair value on stock options vested but not exercised by employees and unvested stock options in the Statement of profit and loss in respect of share options granted to the eligible employees of the Company in pursuance of the Employee Stock Option Plan.

(ix) Details of movement in other equity

General Reserve

Balance at the beginning of the year	10	10	10
Add: Addition during the year	-	-	-
Balance at the end of the year	10	10	10

Statutory Reserve

Balance at the beginning of the year	2,507	1,805	1,189
Add: Addition during the year	783	702	616
Balance at the end of the year	3,289	2,507	1,805

Securities Premium

Balance at the beginning of the year	12,585	-	-
Add: Addition during the year	14,910	12,856	-
Less: Share issue expenses adjusted	(188)	(271)	-
Balance at the end of the year	27,307	12,585	-

Employee Stock option outstanding

Balance at the beginning of the year	-	-	-
Add: Addition during the period	253	-	-
	253	-	-

Other Comprehensive Income

Cash flow hedge reserve

Balance at the beginning of the year	8	(158)	-
Addition/ (utilised)	(15)	167	(158)
Balance at the end of the year	(6)	8	(158)

Equity Component of Compound Financial Instrument

Balance at the beginning of the year	-	-	-
Add: Addition during the period	40	-	-
	40	-	-

Surplus in the statement of profit and loss

Balance at the beginning of the year	7,748	4,837	2,373
Add: Profit for the period	3,914	3,613	3,080
Less: Transferred to Statutory Reserve u/s 45-IC	(783)	(702)	(616)
Balance at the end of the year	10,880	7,748	4,837

Other equity

41,774	22,858	6,494
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	For Year ended 31 March 2020	For Year ended 31 March 2019
24 Interest Income		
Interest income on financial assets measured at amortised cost		
A. Interest on loans		
(a) Retail Finance		
Interest/Other Charges on Gold Loans	12,130	6,907
Interest/Other Charges on Loan Against Property	11,700	7,389
Interest/Other Charges on MSE Loan Against Property	6,988	3,238
Interest/Other Charges on Business Loan	1,855	1
Interest/Other Charges on Housing Loan	636	35
Interest/Other Charges on Personal Loan	220	-
Interest/Other Charges on Micro Finance	2,532	146
Interest/Other Charges on Direct Assignment Transaction (net)	1,210	-
(b) Whole sale Finance		
Interest/Other Charges on Wholesale Lending	2,601	3,779
Interest/Other Charges on Structure Finance	2533	1,646
B. Interest income from investments		
Interest from Debentures	133	124
Add/ (Less): Premium Amortisation	10	44
	42,548	23,309
25 Fee and Commission Income		
Fees and commission income	-	2
Income from distribution business	2,385	1,809
	2,385	1,811
26 Net gain on fair value changes		
Net gain on financial instruments measured at fair value through profit or loss (FVTPL) - Mutual fund	9	71
	9	71
Net gain on financial instruments measured at fair value through profit or loss (FVTPL)		
- Realised	8	71
- Unrealised	1	-
	9	71
27 Other Income		
Interest income on financial assets measured at amortised cost		
- Security deposits	66	32
- Interest on deposits with bank	371	122
Interest on Income Tax Refunds	19	-
Fees for Provision of Facilities/ Services	1,031	158
Profit on sale of Property plant and equipments	-	1
Rent Income	129	-
Income From Marketing Services	7	61
Liability no longer required Written back	23	1
Miscellaneous income	19	14
	1,665	389
28 Finance Costs		
On financial liabilities measured at amortised cost		
Borrowings (other than debt securities) (Refer note 28.1)	18,394	9,571
Discount on Commercial Papers	1,116	1,565
Other Finance Costs	-	83
Interest cost on lease (Lease obligation)	600	175
	20,110	11,394
28.1 Finance Cost for Borrowings (other than debt securities) include amount due from Federal Bank (Holding Company) INR 7,116 (Previous year - INR 3,540).		
29 Fees and commission expense		
Commission expenses	1,239	934
	1,239	934
30 Impairment on financial instruments		
On Financial instruments measured at Amortised Cost		
Provision for expected credit loss allowance		
Loans	2,158	338
Investments	-	1
Trade Receivable	(1)	-
Employee Full and final recoverable	14	5
Bad-debts written off	17	-
	2,188	344
31 Employee benefits expenses		
Salaries, bonus and allowances	9,018	4,316
Share based payment to employee	253	-
Contribution to provident and other funds (Refer note 36.1 & 36.2)	523	327
Staff welfare expenses	288	131
	10,082	4,774

32 Other expenses

	For Year ended 31 March 2020	For Year ended 31 March 2019
Printing and stationery	114	57
Rent	129	27
Rates and taxes	16	1
Insurance	68	29
Postage & Telephones	183	146
Legal & professional charges	860	446
Advertisement & Sales Promotion	75	59
Sourcing Expenses	91	56
Repairs and maintenance		
Machinery	3	9
Others	297	170
Servicing fees	1,172	63
Directors' sitting fees	16	15
Travelling expenses	411	167
Office Expenses	146	73
Auditor's remuneration (Refer note 32.1)	25	17
Electricity charges	160	94
Security charges	519	300
Recruitment expenses	111	63
Loss on sale of Property Plant and equipment	18	-
Service Tax & GST Expenses	832	338
Corporate social responsibility Donations and expenses (Refer note 32.2)	92	69
Miscellaneous expenses	36	36
Valuation Charges	56	43
Processing Fees Share of Micro Finance	18	-
CWIP written off	19	-
	5,467	2,278

32.1 Professional fees payable to auditors

As Statutory Auditor	16	10
For Limited Review	2	2
For Other Matters	3	-
For Out of pocket expenses	4	5
	25	17

32.2 Corporate Social Responsibility (CSR) Expenditure

The Company has provided INR 92 (Previous year spent INR 69) towards CSR expenses in accordance with the provisions of the Companies Act, 2013

Fedbank Financial Services Limited

Notes to the standalone financial statements for the year ended 31 March 2020 (contd.)

(Currency : Indian rupees in lakhs)

	Year ended 31 March 2020	Year ended 31 March 2019
33 Income Tax		
33.1 Tax expense		
Current tax expense		
Current tax for the year	1,849	1,500
Adjustment of tax relating to earlier periods	(47)	-
	1,802	1,500
Deferred taxes		
Change in deferred tax assets	(116)	(32)
Change in deferred tax liabilities	-	-
Net deferred tax expense	(116)	(32)
Total income tax expense	1,686	1,468
33.2 Reconciliation of total tax charge		
Profit/(loss) before income tax expense	5,600	5,081
Tax at the rate	25.17%	29.12%
Income tax expense calculated based on this tax rate	1,409	1,480
Adjustment in respect of current income tax of prior years	(47)	-
Tax effect of amounts which are not deductible / not taxable in calculating taxable income		
Non deductible expenses for tax purpose	363	(12)
Items considered under other heads	(39)	-
Income tax expense	1,686	1,468

33 Income Tax

33.3 Movement of Deferred tax assets / Liabilities

For the year ended March 31, 2020	Deferred tax assets/(liability) (Opening)	In Profit or Loss	In OCI	Directly in equity	Total movement	Deferred tax assets/(liability) (Closing)
Deferred taxes in relation to :						
Depreciation and Amortisation	195	(14)	-	-	(14)	181
Provision for Employee benefits	16	23	5	-	28	44
Provision for Expected Credit Loss	163	201	-	-	201	365
Lease Equalisation Credit	35	123	-	-	123	158
Other timing differences	15	12	-	-	12	26
Effective interest rate on Financial assets	241	(22)	-	-	(22)	220
Interest income on NPA	(146)	99	-	-	99	(46)
Finance income on OCRPS	-	-	-	-	-	-
Finance cost on OCRPS	-	-	-	-	-	-
Fair valuation of security deposit	2	3	-	-	3	5
Effective interest rate on Financial Liabilities	8	(24)	-	-	(24)	(17)
Gain/(Loss) on fair valuation of mutual fund	-	(0)	-	-	-	(0)
Interest/Other Charges on Direct Assignment Transa	-	(265)	-	-	(265)	(265)
Impact due to tax rate change	-	(20)	-	-	(20)	(20)
Total	529	115	5	-	121	650
	-	-	-	-	-	-
For the year ended March 31, 2019	Deferred tax assets/(liability) (Opening)	In Profit or Loss	In OCI	Directly in equity	Total movement	Deferred tax assets/(liability) (Closing)
Deferred taxes in relation to :						
Depreciation and Amortisation	197	(2)	-	-	(2)	195
Provision for Employee benefits	34	(15)	(3)	-	(18)	16
Provision for Expected Credit Loss	129	34	-	-	34	163
Lease Equalisation Credit	6	29	-	-	29	35
Other timing differences	20	(5)	-	-	(5)	15
Effective interest rate on Financial assets	164	77	-	-	77	241
Interest income on NPA	(51)	(95)	-	-	(95)	(146)
Fair valuation of security deposit	-	2	-	-	2	2
Effective interest rate on Financial Liabilities	1	7	-	-	7	8
Total	500	32	(3)	-	29	529

Fedbank Financial Services Limited

Notes to the standalone financial statements for the year ended 31 March 2020 (contd.)

(Currency : Indian rupees in lakhs)

34 Cash flow disclosure

Particular	31 March 2019	Cash flow Statement	Exchange difference	Others #	31 March 2020
Debt securities	19,668	(7,490)	-	-	12,178
Borrowings (Other than debt securities)	1,40,205	1,69,339	-	37	3,09,581
Deposits	-	-	-	-	-
Subordinated liabilities	-	-	-	-	-
	1,59,873	1,61,849	-	37	3,21,759

Particular	01 April 2018	Cash flow Statement	Exchange difference	Others #	31 March 2019
Debt securities	21,494	(1,826)	-	-	19,668
Borrowings (Other than debt securities)	94,619	46,524	-	(796)	1,40,347
Deposits	-	-	-	-	-
Subordinated liabilities	-	-	-	-	-
	1,16,113	44,698	-	(796)	1,60,015

Other includes effect of accrued but not paid interest on borrowing, amortisation of processing fees

Fedbank Financial Services Limited

Notes to the standalone financial statements for the year ended 31 March 2020 (contd.)

(Currency : Indian rupees in lakhs)

35 Earnings per share

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Net profit from operations attributable to equity holders	3,914	3,613
Weighted average number of equity shares outstanding	23,00,42,500	19,00,00,000
Add : Effect arising from further equity shares issued during the year	1,37,40,162	1,52,49,062
Weighted average number of equity shares for Basic earnings per share	24,37,82,662	20,52,49,062
Number of shares for ESOP dilution	4,66,704	-
	24,42,49,366	20,52,49,062
Dilution Effect on EPS After ESOP	1.60	1.76
Number of shares for Preference	3,95,436	-
Weighted average number of equity shares for Diluted earnings per share	24,46,44,803	20,52,49,062
Dilution Effect on EPS After ESOP and Preference Shares	1.60	1.76
Earnings per share		
Basic earning per share	1.61	1.76
Diluted earning per share	1.60	1.76

[Nominal value of shares Rs. 10 each (Previous year: Rs. 10 each)]

36 Retirement benefit plans

36.1 Defined Contribution Plan

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Provident Fund	445	194
Employee State Insurance	37	29
	482	223

36.2 The company has contributed INR 41 (previous year INR 104) towards Gratuity trust during the current financial year

36.3 Defined Benefit Obligation and Compensated Absences

(1) Contribution to Gratuity fund (funded scheme)				
The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Gratuity Act, an employee who has completed five years of service is entitled to specific benefits. The level of benefits provided depends on the member's length of service, managerial grade and salary at retirement age. In accordance with Indian Accounting Standard 19, actuarial valuation was done in respect of the aforesaid defined benefit plan of gratuity based on the following assumptions:-				
Particulars	GRATUITY		COMPENSATED ABSENCE	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
(i) Actuarial assumptions				
Mortality	IALM (2012-14) Ult.	IALM (2006-08) Ult.	IALM (2012-14) Ult.	IALM (2006-08) Ult.
Interest/ Discount rate	5.59%	6.85%	5.59%	6.85%
Rate of increase in compensation	6.50%	7.97%	6.50%	7.97%
Expected average remaining service	3.94	3.64	3.94	3.57
Employee Attrition Rate(Past Service (PS))	PS: 0 to 5 : 39.11%	PS: 0 to 5 : 45.52%	PS: 0 to 5 : 39.11%	PS: 0 to 5 : 45.52%
	PS: 5 to 40 : 0.89%	PS: 5 to 40 : 1.91%	PS: 5 to 40 : 0.89%	PS: 5 to 40 : 1.91%
(ii) Changes in the present value of obligation				
Present value of obligation at the beginning of the year	107	64	54	34
Interest expense	7	4	5	2
Current service cost	59	32	86	23
Past service cost	-	-	0	0
Actuarial (gain) /loss	19	14	(12)	6
Benefits paid	(12)	(7)	(12)	(11)
Present Value of obligation at the end of the year	181	107	120	54
(iii) Changes in the Fair value of Plan Assets				
Fair value of plan assets at beginning of the year	110	-	-	-
Adjustment to Opening Fair Value of Plan Asset	-	-	-	-
Return on Plan Assets excl. interest income	(1)	2	-	-
Interest income	9	4	-	-
Contributions by Employer	41	104	-	-
Contributions by Employee	-	-	-	-
Benefits Paid	(10)	-	-	-
Fair Value of Plan Assets at the end of the year	149	110	-	-
(iv) Assets and liabilities recognised in the balance sheet				
Present value of the obligation at the end of the year	181	107	120	54
Less: Fair value of plan assets at the end of the year	149	0	-	-
Net liability recognised	(31)	(107)	(120)	(54)
Recognised under provisions				
Current provisions	11	7	93	19
Non-current provisions	170	100	79	35
Short Term Compensated Absence Liability*	-	-	(52)	(0)
(*Not included in Net Liability recognised in the Balance sheet.)				
(v) Expenses recognised in the Statement of Profit and Loss				
Particulars	GRATUITY		COMPENSATED ABSENCE	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Current Service Cost	59	32	86	23
Past service cost	-	-	0	0
Net interest (income)/ expense	(2)	1	5	2
Return on Plan Assets excluding net interest	-	-	0	0
Actuarial gain/ loss on post employment benefit obligation	-	-	(12)	6
Net cost recognised in the current year	57	33	78	31
Included in note 31 'Employee benefits expense'				

(vi)	Expenses recognised in the Statement of Other comprehensive income (OCI)		GRATUITY		COMPENSATED ABSENCE	
	Particulars		31 March 2020	31 March 2019	31 March 2020	31 March 2019
	Actuarial gain/ loss on post employment benefit obligation		19	14	-	-
	Return on Plan Assets excluding net interest		1	(2)	-	-
	Total measurement cost / (credit) for the year recognised in OCI		20	12	-	-
(vii)	Reconciliation of Net asset / (liability) recognised:		GRATUITY		COMPENSATED ABSENCE	
	Particulars		31 March 2020	31 March 2019	31 March 2020	31 March 2019
	Net asset / (liability) recognised at the beginning of the period		(3)	64	54	34
	Contributions paid		(41)	(104)	(12)	(11)
	Benefits paid directly by company		(1)	(7)	0	0
	Amount recognised in other comprehensive income		20	12		
	Expenses recognised at the end of period		57	33	78	31
	Mortality charges and taxes					
	Net asset / (liability) recognised at the end of the period		31	(3)	120	54
(viii)	Sensitivity Analysis: (GRATUITY)					
			DR: Discount Rate		ER: Salary Escalation Rate	
	Particulars		PVO DR +1%	PVO DR -1%	PVO ER +1%	PVO ER -1%
	PVO as at 31st March 2020		157	210	199	158
	PVO as at 31st March 2019		94	124	122	95
(ix)	Category of planed assets					
	Particulars		31 March 2020	% Allocation	31 March 2019	% Allocation
	Gratuity Fund (Exide Life Insurance)		149	100%	110	100%
	Net asset / (liability) recognised at the end of the period		149	100%	110	100%
(x)	Future commitments and pay-outs					
	Year		Pay-outs			
	1		11.28			
	1 to 2		7.71			
	2 to 3		6.58			
	3 to 4		7.55			
	4 to 5		7.81			
	5 to 10		19.57			

Related party disclosures as required under Indian Accounting standard 24, " Related party disclosure" are given below.

Nature of Relationship	Name of Related Party
Ultimate Holding Company	The Federal Bank Limited
Key Management Personnel	Anil Kothuri, Managing Director Shardul Kadam, President Sudeep Agrawal, CFO Ankit Kawa, Company Secretary (resigned w.e.f. 14th April, 2020)

Nature of Transactions	31 March 2020	31 March 2019	1 April 2018
The Federal Bank Limited			
Commission Income	-	2	11
Income from distribution business	2,385	1,809	1,382
Re-imbursements of Expenses by Holding Company	-	4	-
Interest paid on Cash Credit Facility & Term Loan	7,953	3,821	1,793
Issuing & Paying Agent Charges	1	2	1
Rent paid	1	1	-
Processing Fees	158	170	-
Discount on Commercial Papers	-	-	-
Rent for Sub leased premises	129	-	-
Salary and employee benefits (Refer note 37.4)			
Remuneration to Managing Director	297	55	-
Remuneration to President	-	64	71
Remuneration to Chief Financial Officer	38	37	34
Remuneration to Company Secretary	16	13	8
Enterprises controlling voting power / significant influence			
Investment in Equity Shares	19,248	16,860	-
Investment in Preference Shares	95	-	-
Enterprises over which related party has significant influence/control			
Re-imbursements of Expenses	24	1	-
Employee Stock Option Scheme - Key Management Personnel			
No.of Options granted under ESOS (in numbers)	14,51,351	-	-
No.of Options outstanding under ESOS (in numbers)	14,51,351	-	-
Advances given balance - Key Management Personnel			
Advance given to Managing Director	32	-	-

Balance outstanding as at the year end	31 March 2020	31 March 2019	01 April 2018
The Federal Bank Limited			
Current Account - Receivable/(Payable)	3,456	(3,260)	(3,059)
Borrowings Cash credit facility	1,345	6,315	6,468
Borrowings:			
Term Loan	98,875	58,563	29,500
Commercial Papers	-	3,000	-
WCDL	6,000	-	-
Account Receivable & Reimbursements	140	518	176
Account Payable	-	-	46

Details of other benefits to KMFs of the Company								
Particulars	31 March 2020				31 March 2019			
	MD & CEO	President	CFO	Company Secretary	MD & CEO	President	CFO	Company Secretary
Provident Fund	0	9	3	1	3	4	2	0
Share based benefit	61	45	5	-	-	-	-	-
Gratuity, Leave encashment, Others	Information relating to remuneration paid to key managerial personnel mentioned above excludes provision made for gratuity, leave encashment, bonus which are provided for employees on an overall basis. These are included on cash basis. The variable compensation included here in is on cash basis.							

38 Capital Management

The Company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders.

The company maintains its capital base to cover the risks inherent in the business and in meeting the capital adequacy requirements of the Reserve Bank of India (RBI) of India. The adequacy of the company's capital is monitored using, among other measures, the regulations issued by RBI.

Company has complied in full with all its externally imposed capital requirements over the reported period.

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.

The Group manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

38.1 Regulatory Capital

Particulars	31 March 2020	31 March 2019	01 April 2018
CRAR (%)	17.89	21.61	17.24
CRAR - Tier I capital (%)	17.53	21.42	16.98
CRAR - Tier II capital (%)	0.36	0.19	0.26
Amount of subordinated debts raised as tier-II capital	-	0.00	-
Amount raised by the issue of perpetual debt instruments	-	-	-

39 Fair value measurement**39.1 Fair value hierarchy**

The fair values of the financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its financial instruments into the three levels prescribed under the Indian Accounting standard. An explanation of each level follows underneath the table.

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. For example, listed equity instruments that have quoted market price.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

39.2 Financial assets (other than investment in subsidiaries) and liabilities measured at amortised cost at each reporting date

31 March 2020				
Carrying Value	Level 1	Fair value Level 2	Level 3	
Financial assets measured at amortised cost				
Cash and cash equivalent	14,229	14,229		
Bank balances other than cash and cash equivalent	7,502	7,502		
Trade Receivables	231	231		
Other receivables	140	140		
Loans and advances to customers	3,68,652			3,62,057
Financial investments (other than investment in subsidiaries)	4,136	3,001	-	1,135
Other financial assets	828	828		
Total	3,95,719	24,732	1,200	3,63,192
Financial liabilities measured at amortised cost				
Trade Payables	409	409		
Debt Securities	12,178	12,178		
Borrowing other than debt securities	3,09,581	3,09,581		
Subordinated Liabilities	-	-		
Other financial liabilities	13,426	13,426		
Total	3,35,594	-	3,35,594	-

31 March 2019				
Carrying Value	Level 1	Fair value Level 2	Level 3	
Financial assets measured at amortised cost				
Cash and cash equivalent	911	911		
Bank balances other than cash and cash equivalent	2,500	2,500		
Trade Receivables	119	119		
Other receivables	518	518		
Loans and advances to customers	2,00,662			2,00,058
Financial investments (other than investment in subsidiaries)	1,254			1,254
Other financial assets	3,022	3,022		
Total	2,08,986	3,411	3,659	2,01,312
Financial liabilities measured at amortised cost				
Trade Payables	175	175		
Debt Securities	19,668	19,668		
Borrowing other than debt securities	1,40,347	1,40,347		
Subordinated Liabilities	-	-		
Other financial liabilities	7,251	7,251		
Total	1,67,441	-	1,67,441	-

1st April 2018				
Carrying Value	Level 1	Fair value Level 2	Level 3	
Financial assets measured at amortised cost				
Cash and cash equivalent	1,419	1,419		
Trade Receivables	52	52		
Other receivables	176	176		
Loans and advances to customers	1,42,479			1,42,431
Financial investments (other than investment in subsidiaries)	1,031			1,031
Other financial assets	271	271		
Total	1,45,428	1,419	499	1,43,462
Financial liabilities measured at amortised cost				
Derivative financial instruments	45	45		
Trade Payables	108	108		
Debt Securities	21,494	21,494		
Borrowing other than debt securities	94,619	94,619		
Other financial liabilities	5,839	5,839		
Total	1,22,105	-	1,22,105	-

39.3 Valuation Techniques

Each class of financial assets/ liabilities	Techniques
Debt Securities	The Group uses active market prices when available, or other observable inputs in discounted cash flow models to estimate the corresponding fair value including CDS data of the issuer to estimate the relevant credit spreads
Security deposit	Fair values of security deposits are based on discounted cash flows using a discount rate determined considering company's incremental borrowing rate.
Interest rates derivatives	Interest rate derivatives include interest rate swaps, cross currency interest rate swaps, basis swaps and interest rate forwards (FRAs). The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations by estimating future cash flows and discounting them with the appropriate yield curves incorporating funding costs relevant for the position.
Loans and advances	These have been valued at amortised cost
Other financial assets	These have been valued at amortised cost
Borrowings	These have been valued at amortised cost
Other financial liabilities	These have been valued at amortised cost

39.4 Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Company's financial statements. These fair values were calculated for disclosure purpose only. The below methodologies and assumptions relate only to instruments in the above tables and as such may differ from the techniques and assumptions explained in the notes.

(i) Short term and other financial liabilities

For financial assets and financial liabilities that have short term maturity (less than twelve months), the carrying amounts are reasonable approximation of their fair value. Such instruments include: trade receivable, trade payable and contract liability without a specific maturity. Such amounts have been classified as Level 2 on the basis that no adjustment have been made to the balance in the balance sheet. Cash and cash equivalent and Bank balance other than cash and cash equivalents have been classified as Level 1.

(ii) Financial assets at amortised cost

The fair values of financial assets measured at amortised cost is estimated using discounted cash flow model based on contractual cash flows using incremental borrowing rate incorporating the counterparties' credit risk.

(iii) Debt securities, borrowings and subordinated liabilities

Fair value is estimated by a discounted cash flow model incorporating incremental borrowing rate and the Company's own credit risk.

40 First time adoption of Ind AS

A First Ind AS Financial statements

These are the company's first separate financial statements prepared in accordance with Ind AS applicable as at 31 March 2019.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 March 2019, the comparative information presented in these financial statements for the year ended 31 March 2018 and in the preparation of an opening Ind AS balance sheet at 1 April 2018 (the date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2014 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP).

An explanation of how the transition from previous GAAP to Ind AS has affected the company's financial position, financial performance and cash flows is as follows:

Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemption and mandatory exemption applied in the transition from Previous GAAP to Ind AS.

(i) Optional exemptions availed

Deemed cost - Property, plant and equipment

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets and investment property covered by Ind AS 40 Investment Properties.

Accordingly, the company has elected to measure all of its property, plant and equipment and intangible assets and at their previous GAAP carrying value.

Leases

Effective 01 April 2019, the Company has adopted Ind-AS 116 - Leases and applied it to all lease contracts existing on 01 April 2018 using the modified retrospective method. Based on the same and as permitted under the specific transitional provisions in the standard. Further, the Company has also opted for low value assets exemption in line with the requirement of Ind AS 116

(ii) Mandatory exceptions applied

Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2018 are consistent with the estimates as at the same date made in conformity with previous GAAP except where Ind AS required a different basis for estimates as compared to the previous GAAP.

De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The company has applied the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

The company has classified its financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

Impairment of financial assets

Ind AS 101 provides relaxation from applying the impairment related requirements of Ind AS 109 retrospectively. At the date of transition, it requires an entity to use reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised and compare that to the credit risk at the date of transition to Ind AS or recognize a loss allowance at an amount equal to lifetime expected credit losses at each reporting date until that financial instrument is de-recognised, if at the date of transition to Ind AS, determination of credit risk involves undue cost or effort.

The Company has availed the above exemption of impairment of financial asset.

40.1 Effect of Ind AS adoption on the balance sheet as at 31 March 2019

Equity reconciliation for the year ended 31 March 2019

	31 March, 2019	01 April, 2018
Total equity as reported under Indian GAAP	46,223	25,968
Ind AS adjustments increasing/(decreasing) net worth as reported under Indian GAAP:		
Amortisation of transaction (income)/cost - EIR on Financial Assets	(831)	(566)
Interest/Other Charges on Direct Assignment Transaction (net)	-	-
Amortisation of transaction cost of borrowing - EIR on Financial Liabilities	(24)	(2)
Expected credit loss provision	21	(228)
Ind AS 116 - finance lease	(101)	-
Finance income & Cost on OCRPS	-	-
Liability component of OCRPS (Preference shares)	-	-
Fair valuation of financial assets and liabilities - Security Deposits & Mutual fund	(6)	-
Interest on NPA (Net of ECL)	428	127
Tax effect on above adjustments	149	195
Total equity as per Ind AS	45,860	25,494

40.2 Reconciliation of total comprehensive income for the year ended 31 March 2019

	31 March, 2019
Profit for the year as reported under Indian GAAP	3,509
Ind AS adjustments increasing/(decreasing) net worth as reported under Indian GAAP:	
Amortisation of transaction (income)/cost - EIR on Financial Assets	(265)
Amortisation of transaction cost of borrowing - EIR on Financial Liabilities	(22)
Expected credit loss provision	249
Interest on NPA (Net of ECL)	300
Ind AS 116 - finance lease	(101)
Fair valuation of financial assets and liabilities - Security Deposits & Mutual fund	(6)
Actuarial (gain)/loss on gratuity	(12)
Tax effect on above adjustments	(42)
Profit for the year as per Ind AS	3,610
Other Comprehensive Income for the year as per Ind AS	167
Total Comprehensive Income for the year as per Ind AS	3,778

40.3 The following is the reconciliation of key components of Balance Sheet

Particular	Note	As on 31st March 2019			
		IGAAP Amount	Ind AS Adjustment	Reclassification	Ind AS Amount
Loan (Net of provision)	A	2,02,660	(1,671)	(326)	2,00,662
Property, plant and equipment- tangible	F	501	4,026	-	4,527
Provision	A	54	-	-	54
Borrowings (other than debt securities)	D	1,26,364	(169)	14,152	1,40,347

Particular	Note	As on 1st April 2018			
		IGAAP Amount	Ind AS Adjustment	Reclassification	Ind AS Amount
Loan	A	1,43,862	(1,419)	36	1,42,479
Property, plant and equipment- tangible	F	325	1,872	-	2,197
Provision	A	100	-	-	100
Borrowings (other than debt securities)	D	96,180	(58)	(1,503)	94,619

40.4 The following is the reconciliation of Statement of Profit and Loss for the year ended 31 March, 2019

	IGAAP 31st March 2019	Ind AS Adjustment	Ind AS 31st March 2019
Revenue from operations			
Interest Income			
Fee & Commission Income			
Net gain on fair value changes	23,652	(344)	23,308
Total revenue from operations	1,811	-	1,811
	71	-	71
Other Income	25,534	(344)	25,190
Total Income	358	32	390
Expenses	25,891	(312)	25,580
Finance costs			
Fees and commission expense			
Impairment on financial instruments	11,197	197	11,394
Employee benefits expenses	1,312	(378)	934
Depreciation and amortisation	565	(220)	345
Other expenses	4,762	12	4,774
Total expenses	180	595	775
	2,940	(662)	2,278
Profit before tax	20,956	(456)	20,500
Tax expense	4,935	144	5,080
(i) Current tax			
(ii) Adjustment of tax relating to earlier periods			
(iii) Deferred tax	1,500	-	1,500
	-	-	-
Profit for the year	-73	42	-32
	1,427	42	1,468
Other comprehensive income / (loss)	3,509	103	3,611

A. Items that will not be reclassified to profit or loss

Fedbank Financial Services Limited

Notes to the standalone financial statements for the year ended 31 March 2020 (contd.)

(Currency : Indian rupees in lakhs)

Re-measurement of defined benefit plan

Income tax relating to items that will not be reclassified to
profit or loss

Total (A)

-	12	12
-	(3)	-3

B. Items that will be reclassified to profit or loss

Effective portion of gain on hedge instruments in cash flow
hedges, net of tax effect

Income tax relating to items that will be reclassified to profit or
loss

Total (B)

-	158	158
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Other comprehensive income / (loss) (A+B)

-	-	-
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Total comprehensive income for the year

-	167	167
3,509	269	3,778

40.5 Explanatory notes to the reconciliation of Balance Sheet and Statement of profit and loss

A. Loans

1. Under erstwhile GAAP, the Company has created provision for loans based on guidelines on prudential norms issued by RBI. Under Ind AS, impairment allowance has been determined based on Expected Credit Loss Model (ECL). The differential impact has been adjusted in Retained earnings / Profit and loss during the period March 31, 2019. Consequently, the Company has reclassified the Previous GAAP provisions for standard assets and NPAs amounting to INR 736 and INR 1297 as on March 31, 2018 and March 31, 2019 respectively to impairment allowance as ECL. Provisions as per ECL amounts to INR 1000 Lacs and INR 1334 as on March 31, 2018 and March 31, 2019 respectively.

2. Under erstwhile GAAP, NPA provision along with Standard asset provision has been disclosed under Provisions amounts to INR 736 and INR 1297 as on March 31, 2018 and March 31, 2019 respectively. Under Ind AS the ECL provision charged to P&L A/c for the period ended 31st March 2019 INR 338 Lacs (during the FY 2018-19).

3. Under erstwhile GAAP, transaction cost (Net) charged to customers in connection with loans are amortised upfront and charged to profit and loss for the period. Under Ind AS, transaction cost (Net) are included in the initial recognition amount of financial asset measured at amortised cost (Net) and charged to profit and loss using effective interest method. Consequently, loan to customers from transition date have Decreased by INR 335 (including Stage 3 income impact) as on March 31, 2019 and impact of the same has been taken to retained earnings and Profit & Loss A/c. Further, the loans have Decreased by INR 419 (including Stage 3 income impact) as on March 31, 2018 and impact of the same in statement of Retained earning. The impact of the same for the period ended was of INR 264 in FY 2018-19.

4. Under erstwhile GAAP, Company has reversed the interest income on NPA accounts which was booked based on guidelines on prudential norms issued by RBI amounts to INR 325 in FY 2018-19 and. Under Ind AS, Interest income for Stage 3 receivables are recognised on the amortised cost of such receivables and the same is also tested for impairment.

B. Investment

1. Under the erstwhile GAAP, investments in Non-Convertible Debenture were classified as long-term investments or current investments based on the maturity period and reliability. Investments were carried at cost less provision as per RBI prudential norms. Under Ind AS, investments in NCD's has been fair valued on inception date by discounting all the future cash flows at market rate of interest prevailing on the date of purchase. Subsequently, these NCD's has been measured at amortized costs using EIR method.

2. The Company has reclassified the Previous GAAP provisions for standard assets created on NCD's as per RBI Prudential Norms amounting to INR 4 and INR 5 as on March 31, 2018 and March 31, 2019 respectively to impairment allowance as ECL. Provisions as per ECL amounts to INR 8 and INR 11 as on March 31, 2018 and March 31, 2019 respectively.

C. Security Deposit

1. Under the erstwhile GAAP, interest-free security deposit (that are refundable in cash on completion of the lease term) are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognized at fair value. Accordingly, the Company has fair valued these security deposits under Ind AS. Difference between the fair value and transaction value of the security deposit has been recognized as prepaid expenses. Consequently, the amount of security deposit as on March 31, 2019 has decreased by 266 Lacs (March 31, 2018: 118 Lacs) with a corresponding increase in prepaid expenses. The Profit for the period ended March 31, 2019 has decreased by INR 38 Lacs due to amortization of prepaid expenses.

D. Debt Securities, Borrowings and Subordinated Liabilities

Under erstwhile GAAP, transaction costs incurred on borrowings was charged to prepaid expenses and amortised on straight line basis over the tenure of the loan while under Ind AS, such costs are included in the initial recognition amount of borrowings and recognized as interest expense using the effective interest method over the tenure of the borrowings. Consequently, borrowings as on March 31, 2019 have decreased by INR 169 (INR 58 as on March 31, 2018) and it has a negative impact on Profit & Loss A/c amounting to INR 22 during year ended March 2019 with a decrease in prepaid expenses by 193 INR Lacs as on March 31, 2019 (INR 60 as on March 31, 2018)

E. Deferred tax

Erstwhile GAAP required deferred tax accounting using the statement of profit and loss approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

F. Leases

Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2018 (giving effect from the date of transition) using the modified retrospective approach where, on the date of transition (i.e. April 01, 2018) Right of Use (ROU) Asset is equal to the Lease Liability, with adjustments for any prepayments or accruals after excluding the initial indirect cost from the measurement of ROU asset at the transition date to Ind AS. On the date of transition discount rate considered in discounting of lease liability is incremental rate of borrowings as on that date. The entity has assessed and applied the Ind AS 116 for all leases except for the leases which are ending in the next twelve months from the transition date.

On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset, the balance amount as on March 31, 2019 was of INR 4026 (March 31, 2018 INR 1872) Rent amount reversed in P&L A/c for the period ended March 31, 2019 was INR 626 with a corresponding debit of depreciation amount of INR 595 for the period ended March 31, 2019 and Interest cost of INR 175.

G. Defined Benefit Obligation

Both under Previous GAAP and Ind AS, the Company recognized costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to Statement of Profit and Loss. Under Ind AS, re-measurements comprising of actuarial gains and losses are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI. Thus, the employee benefit cost for the period ended March 31, 2019 increased by INR 12 and re-measurement gains/ losses on defined benefit plans of the corresponding amount has been recognized in the OCI, net of taxes.

H. Other comprehensive income

Under Indian GAAP, the Company had not presented other comprehensive income (OCI) separately.

I. Figures are re-grouped wherever required to conform to the requirement of Ind AS

41 Maturity Analysis of Assets and Liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. With regard to loans and advances to customers, the company uses the same basis of repayment as used for contractual maturity analysis

Assets	31 March 2020			31 March 2019			31 March 2018		
	Within 1 year	After 1 year	Total	Within 1 year	After 1 year	Total	Within 1 year	After 1 year	Total
Financial Assets									
Cash and cash equivalents	14,229	-	14,229	911	-	911	1,419	-	1,419
Bank balance other than cash and cash equivalents	7,502	-	7,502	2,500	-	2,500	-	-	-
Trade receivables	232	-	232	119	-	119	52	-	52
Other receivables	140	-	140	518	-	518	176	-	176
Loans	1,61,099	2,07,552	3,68,651	68,202	1,32,460	2,00,662	54,330	88,149	1,42,479
Investments	4,136	-	4,136	1,254	-	1,254	1,032	-	1,031
Other Financial assets	(488)	1,316	828	2,230	792	3,022	322	440	271
(2) Non-financial Assets									
Current tax assets (net)	295	544	839	251	155	406	32	199	231
Deferred tax Asset (net)	-	650	650	-	530	530	-	500	500
Property, Plant and Equipment	-	10,466	10,466	-	4,527	4,527	-	2,197	2,197
Other Intangibles assets	-	198	198	-	80	80	-	40	40
Capital work-in-progress	-	42	42	-	31	31	-	33	33
Other non-financial assets	260	445	706	356	146	502	80	117	197
Total Assets	1,87,405	2,21,213	4,08,619	76,340	1,38,721	2,15,061	57,442	91,674	1,48,626
Liabilities									
Financial liabilities									
Derivative financial instruments	-	-	-	-	-	-	45	-	45
Trade Payables	409	-	409	175	-	175	108	-	108
Other Payables	485	-	485	478	-	478	89	-	89
Debt Securities	12,178	-	12,178	19,668	-	19,668	21,494	-	21,494
Borrowings (other than Debt securities)	99,650	2,09,931	3,09,581	42,263	98,086	1,40,348	27,254	67,366	94,619
Subordinated Liabilities	-	-	-	-	-	-	-	-	-
Other financial liabilities	13,426	-	13,426	7,251	-	7,251	5,839	-	5,839
Non-Financial liabilities									
Current tax liabilities (net)	-	-	-	43	-	43	49	-	49
Provisions	99	93	192	19	35	54	28	72	100
Other non-financial liabilities	287	2,945	3,232	1,183	-	1,183	789	-	789
Total liabilities	1,26,534	2,12,969	3,39,502	71,080	98,121	1,69,201	55,696	67,437	1,23,132
Net	60,872	8,245	69,116	5,260	40,600	45,860	1,746	24,237	25,494

FEDBANK FINANCIAL SERVICES LIMITED

CIN : U65910KL1995PLC008910

Notes to the standalone financial statements for the year ended 31 March 2020 (contd.)

(Currency : Indian rupees in lakhs)

42. Terms of repayment

42.1 As at 31 March, 2020

Lender	Loan	Repayment Mode	Instalment Amount (INR in Lakhs)	Repayment		Rate Of Interest	Security	Margin	Other Terms Initial Repayment
				Beginning Date	End Date				
The Federal Bank Ltd	Term Loan - 2	Quarterly	625	29-05-2017	28-02-2021		First Pari passu charge by way of hypothecation of receivables (except gold loan receivables)	1.15 Times	Moratorium of 12 Months
The Federal Bank Ltd	Term Loan - 3	Quarterly	188	23-11-2018	28-08-2022			1.15 Times	Moratorium of 12 Months
The Federal Bank Ltd	Term Loan - 3	Quarterly	125	28-11-2018	28-08-2022			1.15 Times	Moratorium of 12 Months
The Federal Bank Ltd	Term Loan - 3	Quarterly	188	29-12-2018	29-09-2022			1.15 Times	Moratorium of 12 Months
The Federal Bank Ltd	Term Loan - 3	Quarterly	63	31-01-2019	31-10-2022			1.15 Times	Moratorium of 12 Months
The Federal Bank Ltd	Term Loan - 3	Quarterly	375	29-03-2019	29-12-2022			1.15 Times	Moratorium of 12 Months
The Federal Bank Ltd	Term Loan - 4	Quarterly	313	29-06-2019	29-03-2023			1.15 Times	Moratorium of 12 Months
The Federal Bank Ltd	Term Loan - 4	Quarterly	156	26-09-2019	26-06-2023			1.15 Times	Moratorium of 12 Months
The Federal Bank Ltd	Term Loan - 4	Quarterly	156	27-09-2019	27-06-2023			1.15 Times	Moratorium of 12 Months
The Federal Bank Ltd	Term Loan - 5	Quarterly	625	26-12-2019	26-09-2023			1.15 Times	Moratorium of 12 Months
The Federal Bank Ltd	Term Loan - 6	Quarterly	1,111	26-07-2019	26-10-2023			1.15 Times	Moratorium of 6 Months
The Federal Bank Ltd	Term Loan - 7	Quarterly	556	30-10-2020	30-01-2025			1.15 Times	Moratorium of 6 Months
The Federal Bank Ltd	Term Loan - 8	Quarterly	556	30-09-2020	31-12-2024			1.15 Times	Moratorium of 6 Months
The Federal Bank Ltd	Term Loan - 9	Quarterly	1,667	24-02-2020	24-05-2024			1.15 Times	Moratorium of 6 Months
HDFC Bank	Term Loan-1	Quarterly	294	13-07-2017	13-07-2021		First Pari passu charge by way of hypothecation of LAP and CF	1.15 Times	Moratorium of 9 Months
HDFC Bank	Term Loan-2	Quarterly	100	03-12-2015	03-09-2020		First Pari passu charge by way of hypothecation of LAP	1.15 Times	No Moratorium
HDFC Bank	Term Loan-3	Quarterly	333	13-04-2018	13-04-2020		First Pari passu charge by way of hypothecation of LAP and CF	1.15 Times	Moratorium of 9 Months
HDFC Bank	Term Loan-4	Quarterly	250	30-03-2018	30-12-2022			1.15 Times	Moratorium of 9 Months
HDFC Bank	Term Loan-5	Quarterly	417	31-01-2019	30-10-2021			1.15 Times	No Moratorium
HDFC Bank	Term Loan-6	Quarterly	94	27-03-2020	27-12-2023		Pari Passu charge on entire eligible receivables of the company	1.15 Times	No Moratorium
HDFC Bank	Term Loan-7	Quarterly	125	27-03-2020	27-12-2023			1.15 Times	No Moratorium
HDFC Bank	Term Loan-8	Quarterly	200	30-03-2020	30-12-2024			1.15 Times	No Moratorium
HDFC Bank	Term Loan-9	Quarterly	100	30-03-2020	30-12-2024		Pari Passu charge on entire eligible receivables of the company	1.15 Times	No Moratorium
HDFC Bank	Term Loan-10	Quarterly	31	27-03-2020	27-12-2023			1.15 Times	No Moratorium
HDFC Bank	Term Loan-11	Quarterly	417	20-11-2019	20-08-2022			1.15 Times	No Moratorium
HDFC Bank	Term Loan-12	Quarterly	250	20-11-2019	20-08-2022		Pari Passu charge on entire eligible receivables of the company	1.15 Times	No Moratorium
HDFC Bank	Term Loan-13	Quarterly	313	19-06-2020	19-03-2024			1.15 Times	No Moratorium
HDFC Bank	Term Loan-14	Quarterly	750	18-06-2020	18-03-2025			1.15 Times	No Moratorium
ICICI Bank	Term Loan-1	Quarterly	111	31-12-2017	31-03-2022		First Pari passu charge by way of hypothecation of receivables	1.15 Times	Moratorium of 6 Months
ICICI Bank	Term Loan-1	Quarterly	167	31-03-2018	30-06-2022			1.15 Times	Moratorium of 6 Months
ICICI Bank	Term Loan-2	Quarterly	56	30-06-2018	30-09-2022			1.15 Times	Moratorium of 6 Months
ICICI Bank	Term Loan-2	Quarterly	222	31-05-2019	31-08-2023		First Pari passu charge by way of hypothecation of receivables	1.15 Times	Moratorium of 6 Months
ICICI Bank	Term Loan-3	Quarterly	167	30-11-2019	26-02-2024			1.15 Times	Moratorium of 6 Months
ICICI Bank	Term Loan-3	Quarterly	250	31-12-2019	26-02-2024			1.15 Times	Moratorium of 6 Months
ICICI Bank	Term Loan-4	Quarterly	417	30-06-2021	03-03-2024		First Pari passu charge by way of hypothecation of receivables	1.15 Times	Moratorium of 6 Months
ICICI Bank	Term Loan-4	Quarterly	333	30-06-2021	05-03-2024			1.15 Times	Moratorium of 6 Months
SIDBI Bank	Term Loan-1	Quarterly	250	10-10-2017	10-07-2022		First Pari passu charge on hypothecation of book debts, receivables and current Asset	1.15Times	6 Months Moratorium
SIDBI Bank	Term Loan-1	Quarterly	265	10-01-2020	10-07-2024		First Pari passu charge on hypothecation of book debts and receivables of secured loans provided by the borrower to MSME	1.15Times	5 Months Moratorium
SIDBI Bank	Term Loan-2	Quarterly	265	10-01-2020	10-07-2024			1.15Times	5 Months Moratorium
SIDBI Bank	Term Loan-3	Quarterly	265	10-12-2019	10-06-2024			1.15Times	5 Months Moratorium
Karnataka Bank	Term Loan-1	Quarterly	156	28-06-2019	28-03-2023		First Pari passu charge by way of hypothecation of receivables (except gold loan receivables)	1.10 Times	Moratorium of 12 Months
Karnataka Bank	Term Loan-2	Quarterly	227	29-11-2018	29-05-2021			1.10 Times	Moratorium of 12 Months
J&K Bank	Term Loan-1	Quarterly	556	30-04-2018	30-07-2022			1.15 Times	Moratorium of 6 Months
Indian Bank	Term Loan-1	Quarterly	625	12-03-2019	12-12-2022		First Pari passu charge by way of hypothecation of receivables (except gold loan receivables)	1.15 Times	Moratorium of 12 Months
Indian Bank	Term Loan-2	Quarterly	625	30-09-2019	30-06-2023			1.15 Times	Moratorium of 12 Months
Bajaj Finance Ltd	Term Loan-1	Quarterly	156	28-02-2019	30-11-2022			1.10 Times	Moratorium of 12 Months
Bajaj Finance Ltd	Term Loan-2	Quarterly	156	31-01-2020	31-10-2023		First Pari passu charge by way of hypothecation of receivables	1.15 Times	No Moratorium

Interest Rates in the range of 6.90% to 9.90% p.a (Previous year : 8.28 % to 10%)

Bajaj Finance Ltd	Unsecured Loan	Bullet	2,500	02-05-2025	
DCB Bank	Term Loan- 1	Quarterly	156	30-09-2018	30-06-2021
DCB Bank	Term Loan- 1	Quarterly	83	30-09-2018	30-06-2020
DCB Bank	Term Loan- 2	Quarterly	174	31-03-2017	30-09-2019
DCB Bank	Unsecured Loan	Bullet		3750 - 11-Sep-2020 1250- 11-Dec-2020	
Bank of Baroda	Term Loan	Quarterly	1,000	31-12-2019	30-09-2024
Axis Bank	Term Loan -1	Quarterly	684	16-03-2020	16-03-2023
Axis Bank	Term Loan -2	Quarterly	105	28-05-2020	28-11-2024
Axis Bank	Term Loan -3	Quarterly	789	30-09-2020	31-03-2025
State Bank of India	Term Loan- 1	Quarterly	250	14-05-2020	14-02-2025
State Bank of India	Term Loan- 2	Quarterly	250	27-05-2020	27-02-2025
State Bank of India	Term Loan- 3	Quarterly	250	28-05-2020	28-02-2025
State Bank of India	Term Loan- 4	Quarterly	250	30-05-2020	28-02-2025
South Indian Bank	Term Loan	Quarterly	250	25-05-2020	25-02-2025
Allahabad Bank	Term Loan	Quarterly	500	30-06-2020	30-09-2022
Karur Vyasa Bank	Term Loan-1	Quarterly	208	30-09-2020	30-06-2023
Karur Vyasa Bank	Term Loan-2	Quarterly	156	31-05-2020	29-02-2024

Note: There has been no default as on Balance Sheet date in repayment of loans and payment of interest.

NA	NA	NA	NA
First Pari Passu charge by way of hypothecation of receivables	1.15 Times	1.15 Times	No Moratorium
	1.15 Times	1.15 Times	No Moratorium
NA	NA	NA	NA
Pari Passu first charge on Standard Loan receivables & other current Assets	1.10 Times	1.10 Times	No Moratorium
Pari Passu first charge on Standard Loan receivables	1.10 Times	1.10 Times	No Moratorium
Pari Passu first charge on Standard Loan receivables	1.10 Times	1.10 Times	No Moratorium
First charge over entire receivables and current asset of the company both present and future , on pari passu basis	1.15 Times	1.15 Times	No Moratorium
	1.15 Times	1.15 Times	No Moratorium
Pari Passu Charge on onward lending receivables	1.10 Times	1.10 Times	No Moratorium
First Pari Passu charge on receivables both present and future	1.15 Times	1.15 Times	Moratorium of 6 Months
Pari Passu first charge on Standard Loan receivables	1.15 Times	1.15 Times	Moratorium of 12 Months
Pari Passu first charge on Standard Loan receivables	1.15 Times	1.15 Times	No Moratorium

42 Terms of repayment

42.2 As at 31 March, 2019

Lender	Loan	Repayment Mode	Interest Amount (INR in Lakhs)	Repayment		Rate Of Interest	Security	Margin	Other Terms Initial Repayment		
				Beginning Date	End Date						
The Federal Bank Ltd.	Term Loan - 2	Quarterly	625	29-05-2017	28-02-2021	Interest Rates in the range of 8.28% to 10% p.a (Previous year : 8.25 % - 9.55%)	First Pari passu charge by way of hypothecation of receivables (except gold loan receivables)	1.15 Times	Moratorium of 12 Months		
The Federal Bank Ltd.	Term Loan - 3	Quarterly	188	23-11-2018	28-08-2022			1.15 Times	Moratorium of 12 Months		
The Federal Bank Ltd.	Term Loan - 3	Quarterly	125	28-11-2018	28-08-2022			1.15 Times	Moratorium of 12 Months		
The Federal Bank Ltd.	Term Loan - 3	Quarterly	188	29-12-2018	29-09-2022			1.15 Times	Moratorium of 12 Months		
The Federal Bank Ltd.	Term Loan - 3	Quarterly	63	31-01-2019	31-10-2022			1.15 Times	Moratorium of 12 Months		
The Federal Bank Ltd.	Term Loan - 3	Quarterly	375	29-03-2019	29-12-2022			1.15 Times	Moratorium of 12 Months		
The Federal Bank Ltd.	Term Loan - 4	Quarterly	313	29-06-2019	29-03-2023			1.15 Times	Moratorium of 12 Months		
The Federal Bank Ltd.	Term Loan - 4	Quarterly	156	26-09-2019	26-06-2023			1.15 Times	Moratorium of 12 Months		
The Federal Bank Ltd.	Term Loan - 4	Quarterly	156	27-09-2019	27-06-2023			1.15 Times	Moratorium of 12 Months		
The Federal Bank Ltd.	Term Loan - 5	Quarterly	625	26-12-2019	26-09-2023			1.15 Times	Moratorium of 12 Months		
The Federal Bank Ltd.	Term Loan - 6	Quarterly	1,111	26-07-2019	26-10-2023		First Pari passu charge by way of hypothecation of LAP and CF	1.15 Times	Moratorium of 6 Months		
HDFC Bank	Term Loan- 1	Quarterly	294	13-07-2017	13-07-2021			1.15 Times	Moratorium of 9 Months		
HDFC Bank	Term Loan- 2	Quarterly	100	03-12-2015	03-09-2020			1.15 Times	No Moratorium		
HDFC Bank	Term Loan- 2	Quarterly	25	28-03-2015	28-12-2019			1.15 Times	No Moratorium		
HDFC Bank	Term Loan- 3	Quarterly	222	27-03-2018	27-03-2020			1.15 Times	Moratorium of 9 Months		
HDFC Bank	Term Loan- 3	Quarterly	333	13-04-2018	13-04-2020			1.15 Times	Moratorium of 9 Months		
HDFC Bank	Term Loan- 4	Quarterly	250	30-03-2018	30-12-2022			1.15 Times	No Moratorium		
HDFC Bank	Term Loan- 5	Quarterly	417	31-01-2019	30-10-2021			1.15 Times	No Moratorium		
ICICI Bank	Term Loan- 1	Quarterly	111	31-12-2017	31-03-2022			1.15 Times	Moratorium of 6 Months		
ICICI Bank	Term Loan- 1	Quarterly	167	31-03-2018	30-06-2022			1.15 Times	Moratorium of 6 Months		
ICICI Bank	Term Loan- 2	Quarterly	56	30-06-2018	30-09-2022		First Pari passu charge by way of hypothecation of receivables	1.15 Times	Moratorium of 6 Months		
ICICI Bank	Term Loan- 2	Quarterly	222	31-05-2019	31-08-2023			1.15 Times	Moratorium of 6 Months		
ICICI Bank	Term Loan- 3	Quarterly	167	30-11-2019	26-02-2024			1.15 Times	Moratorium of 6 Months		
ICICI Bank	Term Loan- 3	Quarterly	250	31-12-2019	26-02-2024			1.15 Times	Moratorium of 6 Months		
SIDBI Bank	Term Loan- 1	Quarterly	250	10-10-2019	10-07-2022			1.15 Times	Moratorium of 6 Months		
Karnataka Bank	Term Loan- 1	Quarterly	156	28-06-2019	28-03-2023			1.10 Times	Moratorium of 12 Months		
Karnataka Bank	Term Loan- 2	Quarterly	227	29-11-2018	29-05-2021			1.10 Times	Moratorium of 2 Months		
J&K bank	Term Loan- 1	Quarterly	556	30-04-2018	30-07-2022			1.15 Times	Moratorium of 6 Months		
Indian Bank	Term Loan- 1	Quarterly	625	12-03-2019	12-12-2022			1.15 Times	Moratorium of 12 Months		
Indian Bank	Term Loan- 2	Quarterly	625	30-09-2019	30-06-2023			1.15 Times	Moratorium of 12 Months		
Bajaj Finance Ltd.	Term Loan- 1	Quarterly	156	28-02-2019	30-11-2022		First Pari passu charge by way of hypothecation of receivables	1.10 Times	Moratorium of 12 Months		
Bajaj Finance Ltd.	Unsecured Loan	Bullet	2,500	02-05-2025				N.A	N.A		
DCB Bank	Term Loan- 1	Quarterly	156	30-09-2018	30-06-2021			1.15 Times	No Moratorium		
DCB Bank	Term Loan- 1	Quarterly	83	30-09-2018	30-06-2020			1.15 Times	No Moratorium		
DCB Bank	Term Loan- 2	Quarterly	174	31-03-2017	30-09-2019			1.15 Times	No Moratorium		

Note There has been no default as on Balance Sheet date in repayment of loans and payment of interest.

43 Segment Information

43.1 Business segment

In terms of the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014, the company's operations are classified into three business segments as described in the accounting policy and the information on the same is as under:

Business Segments	Distribution			Retail Finance			Whole Sale Finance			Total		
	Year ended 31st March 2020	Year ended 31st March 2019	Year ended 31st March 2018	Year ended 31st March 2020	Year ended 31st March 2019	Year ended 31st March 2018	Year ended 31st March 2020	Year ended 31st March 2019	Year ended 31st March 2018	Year ended 31st March 2020	Year ended 31st March 2019	Year ended 31st March 2018
Segment Revenue	2,385	1,811	1,393	37,272	17,592	12,774	5,277	5,716	5,487	44,934	25,118	19,655
Segment Expenditure *	2,271	1,691	1,302	29,917	13,478	9,119	3,513	3,116	2,839	35,701	18,284	13,261
Allocated Expenditure (Net)	-	-	-	4,491	1,667	1,090	814	549	482	5,305	2,216	1,572
Results	114	120	91	2,863	2,447	2,565	951	2,051	2,166	3,928	4,618	4,822
Unallocated Income	-	-	-	-	-	-	-	-	-	1,303	339	111
Interest Income on FD & Income Tax Refund	-	-	-	-	-	-	-	-	-	371	122	-
Profit/(Loss) before Tax	-	-	-	-	-	-	-	-	-	5,602	5,079	4,934
Income Taxes	-	-	-	-	-	-	-	-	-	1,686	1,468	1,854
Net Profit/(Loss)	-	-	-	-	-	-	-	-	-	3,916	3,611	3,080
Other Information												
Segment Assets	148	321	283	3,60,941	1,73,603	1,03,535	47,530	41,136	44,810	4,08,619	2,15,061	1,48,628
Unallocated Assets	-	-	-	-	-	-	-	-	-	-	-	-
Total Assets	148	321	283	3,60,941	1,73,603	1,03,535	47,530	41,136	44,810	4,08,619	2,15,061	1,48,628
Segment Liabilities	255	303	385	2,87,555	1,36,797	87,568	51,694	32,131	35,181	3,39,504	1,69,231	1,23,134
Equity & Reserves	-	-	-	-	-	-	-	-	-	69,115	45,861	25,494
Total Liabilities	255	303	385	2,87,555	1,36,797	87,568	51,694	32,131	35,181	4,08,619	2,15,092	1,48,628
Capital Expenditure	12	2	7	1,349	259	214	1	-	16	1,362	261	237
Unallocated Capital Expenditure	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation/ Amortisation	-	-	-	-	-	-	-	-	-	-	-	-
Impairment of Fixed Assets	3	7	6	489	759	139	25	9	10	517	137	40
Unallocated Depreciation	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-

The Company has only Domestic Geographic Segment and hence no secondary segment disclosures are made.

Segment Composition

Distribution Segment comprises of Sourcing Business of Home Loans, Auto Loans, Personal Loans & SME Loans for Holding Company.

Retail Finance Segment comprises of Gold Loans, Loan Against Property, MSE Loan against property, Business Loans, Personal Loans & Housing Finance.

Whole Sale Finance Segment comprises of Construction Finance, Loans to Other NBFC's & Bill Discounting.

Note:

Unallocated Income comprises of Other Income earned by the business.

Unallocated Expenses comprises of Tax Expense.

44 Risk Management

a) The Company has a Board-approved Risk Management Policy that lays down the overall framework for identifying, assessing, measuring and monitoring various elements of risk involved in the businesses and for formulation of procedures and systems for mitigating such risks. The main objective of this policy is to ensure sustainable and prudent business growth. The function is supervised by a Risk Management Committee (RMC) which reviews the asset quality and portfolio composition on a regular basis. Any product policy programs are duly approved by this Committee. The Company has adopted and laid down sound operating procedures and guidelines to mitigate operational and fraud risks in its business lines. Close monitoring and timely auctions have prevented any instance of principal waivers or interest write-backs in gold loans. Gold auction realizations continue to remain at ~98% of market value, one of the highest in industry. An independent credit audit has been instituted to review the mortgage and structured finance loans to assist management to embrace rigorous processes and adopt best practices. The Company continues to invest in people, processes, training and technology; so as to strengthen its overall Risk Management Framework.

b) Types of Risks

The Company's risk are generally categorised in the following risk types:

(i) Credit Risk

RMC is actively involved in the following:

- Oversight over the implementation of Core Credit Policies and Remedial Management Policies;
- Review of the overall portfolio credit performance of and establishing concentration limits by product programs, collateral types, tenors and customer segments;
- Determination of portfolio credit quality by reviewing non-performing loan loss rates, provisions held, write-offs and status of recoveries from defaulting borrowers; and
- Review of product programs and recommending improvements/ amendments thereto.

(ii) Liquidity Risk

- The Company's Board of Directors and management have the responsibility to implement an effective liquidity risk management process. The board is responsible for setting the strategic direction for the company This includes, establishing the board's liquidity risk appetite and the liquidity required to fulfil its strategic initiatives, setting boundaries/limits within such levels of tolerance and approving the policies that govern risk management under business as usual and stressed conditions.

- Liquidity risk is managed by the Asset Liability Committee (ALCO), based on the Company's Liquidity Policy and Procedures which are based on guidelines provided by BRC. ALCO derives its authority from the BRC and is responsible for ensuring adherence to the liquidity and asset - liability management limits set by the Board and to oversee implementation of the strategic direction articulated by the Board.

- ALCO ensures that the Company has adequate liquidity not only on an on-going basis and also examines how liquidity requirements are likely to evolve under different assumptions. ALCO also prepares statement of structural liquidity in line with guidance provided by the Reserve Bank of India.

(iii) Market Risk

- RMC is involved in the formulation of policies for monitoring market risk. The risk is managed through close identification, supervision and monitoring of risks arising from movements in market rates or prices, such as interest rates, foreign exchange rates, equity prices, currency risk and credit spreads, which may result in a loss of earnings and capital.

44 Risk Management

44.1 Credit Risk

Credit risk is the risk of financial loss to the group if a customer or counter party for financial instrument fails to meet its contractual obligation, and arises principally from the Group's placements and balances with other banks, loans to customers, government securities and other financial assets.

The RMC reviews and approves Loan Product programs on an on-going basis. These product programs outline the framework of any credit financial product being offered by the Company. Within this established framework, credit policies have been established to manage the sourcing of proposals, channels of business acquisition, process of underwriting, information systems involved, verification, documentation and disbursement procedures.

The impact of Macroeconomic, regulatory and other high impact variables and portfolios underwritten within the credit policy framework are reviewed on an on-going basis.

Other than the transaction structure which determines the adequacy of the risk / reward ratio, there are other risks via, microeconomics of the individual/entity being assessed, the industry or service that the individual/entity operates in, geographical risk, collateral related risk, default risk, regulatory risk related to documentation, pricing and debt management.

Whilst ability of a customer / entity to repay a loan can be adequately determined through assessment of financials and cash flows, defaults with the intention of fraud or misreported information are additional challenges to the Company.

Product level credit risk policies are implemented to segment all new customer acquisitions across locations and regions, individual profiles, income levels, leverage positions, collateral types and value, source of income and continuity of employment/business.

a) Impairment Assessment

The Company applies the expected credit loss model for recognising impairment loss. The expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward looking information

The expected credit loss is a product of exposure at default, probability of default and loss given default. The Company has devised internal model to evaluate the probability of default and loss given default bases on parameters set out in Ind AS. Accordingly, loan are classified into various stage as follows:

Internal rating grade	Internal grading description	Stages
Performing		
High grade	0 dpd* and 1-30 dpd*	Stage 1
Standard grade	31-90 dpd*	Stage 2
Non performing		
Individually impaired	90+ dpd*	Stage 3

* days past due

b) Probability of Default (PD)

The Group's independent Credit Risk Department operates its internal rating models. The Group runs separate models for its key portfolios in which its customers are rate from 1 to 25 using internal grades. The models incorporate both qualitative and quantitative information and, in addition to information specific to the borrower, utilise supplemental external information that could affect the borrower's behaviour. Where practical, they also build on information from Good Rating Agency. PDs are then adjusted for Ind AS 109 ECL calculations to incorporate forward looking information and the Ind AS 109 Stage classification of the exposure. This is repeated for each economic scenarios as appropriate.

c) Loss Given Default (LGD)

The LGD represents expected losses on EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral value at the time it is expected to be realised and time value of money. For corporate loans, LGD values are assessed at least every three months by account managers and reviewed and approved by the Group's specialised credit risk department. The credit risk assessment is based on a standardised LGD assessment framework that results in a certain LGD rate. These LGD rates take into account the expected EAD in comparison to the amount expected to be recovered or realised from any collateral held.

The Group segments its retail lending products into smaller homogeneous portfolios, based on key characteristics that are relevant to the estimation of future cash flows. The applied data is based on historically collected loss data and involves a wider set of transaction characteristics (e.g., product type, wider range of collateral types) as well as borrower characteristics.

Further recent data and forward-looking economic scenarios are used in order to determine the Ind AS 109 LGD rate for each group of financial instruments. When assessing forward-looking information, the expectation is based on multiple scenarios. Examples of key inputs involve changes in, collateral values including property prices for mortgages, commodity prices, payment status or other factors that are indicative of losses in the group.

d) Exposure At Default (EAD)

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too. To calculate the EAD for a Stage 1 loan, the Group assesses the possible default events within 12 months for the calculation of the 12mECL. However, if a Stage 1 loan that is expected to default in the 12 months from the balance sheet date and is also expected to cure and subsequently default again, then all linked default events are taken into account. For Stage 2, Stage 3 and POCI financial assets, the exposure at default is considered for events over the lifetime of the instruments.

The Group determines EADs by modelling the range of possible exposure outcomes at various points in time, corresponding the multiple scenarios. The Ind AS 109 PDs are then assigned to each economic scenario based on the outcome of Group's models

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Notes to the standalone financial statements for the year ended 31 March 2020 (contd.)

(Currency : Indian rupees in lakhs)

e) **Significant increase in credit risk (SICR)**

The Group continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Group assesses whether there has been a significant increase in credit risk since initial recognition. The Group considers an exposure to have significantly increased in credit risk when the Ind AS 109 lifetime PD has doubled since initial recognition and has increased by more than 20 bps a year.

The Group also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer/facility to the watch list, or the account becoming forborne. In certain cases, the Group may also consider that certain events are a significant increase in credit risk as opposed to a default. Regardless of the change in credit grades, if contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition.

When estimating ECLs on a collective basis for a group of similar assets, the Group applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

44.1.1 Analysis of Risk concentration

The following table shows the risk by industry for the components of the balance sheet.

31 March 2020				
Industry Analysis	Retail	Construction	Financial Services	Total
Financial assets measured at amortised cost				
Cash and cash equivalent	-	-	14,229	14,229
Bank balances other than cash and cash equivalent	-	-	7,502	7,502
Trade Receivables	-	-	232	232
Other receivables	-	-	140	140
Loans and advances to customers	3,30,115	38,536	-	3,68,651
Financial investments (other than investment in subsidiaries)	-	-	4,136	4,136
Other financial assets	-	-	828	828
Total	3,30,115	38,536	27,067	3,95,718

31 March 2019				
Industry Analysis	Retail	Construction	Financial Services	Total
Financial assets measured at amortised cost				
Cash and cash equivalent	-	-	911	911
Bank balances other than cash and cash equivalent	-	-	2,500	2,500
Trade Receivables	-	-	119	119
Other receivables	-	-	518	518
Loans and advances to customers	1,64,731	35,931	-	2,00,662
Financial investments (other than investment in subsidiaries)	-	-	1,254	1,254
Other financial assets	-	-	3,022	3,022
Total	1,64,731	35,931	8,323	2,08,985

01 April 2018				
Industry Analysis	Retail	Construction	Financial Services	Total
Financial assets measured at amortised cost				
Cash and cash equivalent	-	-	1,419	1,419
Bank balances other than cash and cash equivalent	-	-	-	-
Trade Receivables	-	-	52	52
Other receivables	-	-	176	176
Loans and advances to customers	1,02,809	39,670	-	1,42,479
Financial investments (other than investment in subsidiaries)	-	-	1,032	1,032
Other financial assets	-	-	271	271
Total	1,02,809	39,670	2,950	1,45,429

Fed bank Financial Services Limited

Notes to the standalone financial statements for the year ended 31 March 2020 (contd.)

(Currency : Indian rupees in lakhs)

44.1.2 Collateral Held and other credit enhancements

The following table shows the maximum exposure to credit risk by class of financial asset along with details of principal type of collateral

Financial assets measured at amortised cost	Maximum exposure to credit risk (carrying amount before ECL)			Principal type of collateral
	As at 31-03-2020	As at 31-03-2019	As at 31-03-2018	
Loans (at amortised cost)	3,22,304	1,96,867	1,43,479	Property; book receivables
Total (A)	3,22,304	1,96,867	1,43,479	

b) Financial assets that are stage 3 and related collateral held in order to mitigate potential losses are given below:

Financial assets measured at amortised cost As at March 2020	Maximum exposure to credit risk (carrying amount before ECL)	Associated ECL	Carrying Amount	Fair value of collateral
Loans (at amortised cost)	5,398	1,443	3,956	7,865
Total	5,398	1,443	3,956	7,864.58

Financial assets measured at amortised cost As at March 2019	Maximum exposure to credit risk (carrying amount before ECL)	Associated ECL	Carrying Amount	Fair value of collateral
Loans (at amortised cost)	4,606	729	3,877	6,788
Total	4,606	729	3,877	6,788

Financial assets measured at amortised cost As at 1st April 2018	Maximum exposure to credit risk (carrying amount before ECL)	Associated ECL	Carrying Amount	Fair value of collateral
Loans (at amortised cost)	1,476	536	941	2,028
Total	1,476	536	941	2,028

44 Risk Management

44.2 Liquidity Risk

Liquidity risk arises because of the possibility that the Company might be unable to meet its payment

44.2.1 Maturity pattern of certain items of assets and liabilities as at 31 March, 2020.

Particulars	1 day to 30/31 days (One Month)	1 Month to 2 Months	2 Months to 3 Months	3 Months to 6 Months	Over 6 Months to 1 Year	Over 1 Year to 3 years	Over 3 Years to 5 years	Over 5 Years	Total
Liabilities :									
Borrowings from banks	5,210	6,155	19,466	27,604	41,215	1,41,538	65,884	2,500	3,09,572
Market Borrowings	-	5,000	5,000	-	2,500	-	-	-	12,500
Assets :									
Advances	15,205	16,140	21,131	26,370	70,604	59,385	26,005	1,30,230	3,65,070
Investments	3,000	209	-	209	418	295	-	-	4,130

Maturity pattern of certain items of assets and liabilities as at 31 March, 2019.

Particulars	1 day to 30/31 days (One Month)	1 Month to 2 Months	2 Months to 3 Months	3 Months to 6 Months	Over 6 Months to 1 Year	Over 1 Year to 3 years	Over 3 Years to 5 years	Over 5 Years	Total
Liabilities :									
Borrowings from banks	4,912	1,543	3,001	8,504	25,159	64,828	29,927	2,500	1,40,374
Market Borrowings	-	10,000	10,000	-	-	-	-	-	20,000
Assets :									
Advances	4,634	4,435	5,502	15,097	31,154	36,834	18,646	82,873	1,99,174
Investments	-	-	-	-	-	1,251	-	-	1,251

Maturity pattern of certain items of assets and liabilities as at 01 April, 2018.

Particulars	1 day to 30/31 days (One Month)	1 Month to 2 Months	2 Months to 3 Months	3 Months to 6 Months	Over 6 Months to 1 Year	Over 1 Year to 3 years	Over 3 Years to 5 years	Over 5 Years	Total
Liabilities :									
Borrowings from banks	2,277	913	1,844	3,432	19,823	41,622	24,095	-	94,007
Market Borrowings	-	5,000	7,000	7,500	2,500	-	-	-	22,000
Assets :									
Advances	3,279	4,240	8,458	13,747	20,834	31,299	16,852	42,603	1,41,311
Investments	-	250	-	429	250	-	-	-	929

45.2.2 Financial assets available to support future funding

Following table sets out availability of Group financial assets to support funding

	Encumbered		Unencumbered		
	Pledge as collateral	Contractually / legally restricted assets *	Available as collateral	Others #	Total Carrying Amount
As at March 31, 2020					
Cash and cash equivalent	2,500	-	11,729	-	14,229
Bank balances other than cash and cash equivalent	-	-	7,502	-	7,502
Trade Receivables	-	-	231	-	231
Other receivables	-	-	140	-	140
Loans and advances to customers	3,68,652	-	-	-	3,68,652
Financial investments (other than investment in subsidiaries)	-	-	4,136	-	4,136
Other financial assets	-	-	828	-	828
	3,71,152	-	24,567	-	3,95,719

	Encumbered		Unencumbered		
	Pledge as collateral	Contractually / legally restricted assets *	Available as collateral	Others #	Total Carrying Amount
As at March 31, 2019					
Cash and cash equivalent	-	-	911	-	911
Bank balances other than cash and cash equivalent	-	-	2,500	-	2,500
Trade Receivables	-	-	119	-	119
Other receivables	-	-	518	-	518
Loans and advances to customers	2,00,662	-	-	-	2,00,662
Financial investments (other than investment in subsidiaries)	-	-	1,254	-	1,254
Other financial assets	-	-	3,022	-	3,022
	2,00,662	-	8,324	-	2,08,986

	Encumbered		Unencumbered		
	Pledge as collateral	Contractually / legally restricted assets *	Available as collateral	Others #	Total Carrying Amount
As at April 01, 2018					
Cash and cash equivalent	-	-	1,419	-	1,419
Bank balances other than cash and cash equivalent	-	-	-	-	-
Trade Receivables	-	-	52	-	52
Other receivables	-	-	176	-	176
Loans and advances to customers	1,42,479	-	-	-	1,42,479
Financial investments (other than investment in subsidiaries)	-	-	1,031	-	1,031
Other financial assets	-	-	271	-	271
	1,42,479	-	2,949	-	1,45,428

* Represents assets which are not pledged and Group believes it is restricted from using to secure funding for legal or other

Represents assets which are not restricted for use as collateral, but that the group would not consider readily available to secure funding in normal course of business

44 Risk Management

44.3 Market Risk

Market risk is the risk of loss arising from adverse movement in market variables pertaining to portfolios held by the Company. The Company is exposed to market risk which mainly comprises of interest rate risk arising from its, borrowings, debt securities, portfolio loans & investments.

45.3.1 Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows of financial instruments. The sensitivity of the statement of profit and loss is effect of assumed changes in interest rate for a year, based on floating rate non-trading financial assets and financial liabilities held as at year end

The following table demonstrates the sensitivity to reasonably possible change in interest rates (all other variables being constant) of the Company's statement of profit and loss

For the year ended	Increase / (Decrease) in basis points	Increase in profit after tax	Decrease in profit after tax
INR Loans			
March 31, 2020	25/(25)	384	(384)
March 31, 2019	25/(25)	278	(278)
INR Borrowings			
March 31, 2020	25/(25)	(530)	530
March 31, 2019	25/(25)	(234)	234

45.3.2 Total Market Risk Exposure

Particular	As at 31 March 2020			As at 31 March 2019			As at 01 April 2018			Primary Risk sensitivity
	Carrying Amount	Traded Risk	Non-traded Risk	Carrying Amount	Traded Risk	Non-traded Risk	Carrying Amount	Traded Risk	Non-traded Risk	
Financial Assets										
Cash and cash equivalent	14,229	-	14,229	911	-	911	1,419	-	1,419	Interest Risk
Bank balances other than cash and cash equivalent	7,502	-	7,502	2,500	-	2,500	-	-	-	Interest Risk
Trade Receivables	231	-	231	119	-	119	52	-	52	
Other receivables	140	-	140	518	-	518	176	-	176	
Loans and advances to customers	3,68,652	-	3,68,652	2,00,662	-	2,00,662	1,42,479	-	1,42,479	Interest Risk
Financial investments (other than investment in subsidiaries)	4,136	-	4,136	1,254	-	1,254	1,031	-	1,031	Price Risk
Other financial assets	828	-	828	3,022	-	3,022	271	-	271	
Total	3,95,719	-	3,95,719	2,08,986	-	2,08,986	1,45,428	-	1,45,428	
Financial Liability										
Derivative financial instruments	-	-	-	-	-	-	45	-	45	
Trade Payables	10	-	10	8	-	8	1	-	1	
Other Payables	399	-	399	167	-	167	107	-	107	
Debt Securities	12,178	-	12,178	19,668	-	19,668	21,494	-	21,494	Interest Risk
Borrowing other than debt securities	3,09,581	-	3,09,581	1,40,347	-	1,40,347	94,619	-	94,619	Interest Risk
Subordinated Liabilities	-	-	-	-	-	-	-	-	-	
Other financial liabilities	13,426	-	13,426	7,251	-	7,251	5,839	-	5,839	
Total	3,35,594	-	3,35,594	1,67,441	-	1,67,441	1,22,105	-	1,22,105	

45 Trade Receivable

Provision matrix for Trade Receivable

Particular	Trade receivable days past due	1-90 days	91-180 days	181-360 days	more than 360 days	Total
ECL Rate		0.14%	0.27%	0.00%	0.00%	
As at March 31, 2020	Estimated total gross carrying amount at default	330.26	43.21	-	-	373.47
	ECL Provision	0.47	0.12	-	-	0.59
	Net Carrying Amount	<u>329.79</u>	<u>43.09</u>	<u>-</u>	<u>-</u>	<u>372.88</u>
ECL Rate		0.17%	0.42%	0.00%	0.00%	
As at March 31, 2019	Estimated total gross carrying amount at default	518.39	116.02	-	-	634.40
	ECL Provision	0.86	0.49	-	-	1.35
	Net Carrying Amount	<u>517.53</u>	<u>115.53</u>	<u>-</u>	<u>-</u>	<u>633.06</u>
ECL Rate		0.17%	1.22%	0.00%	0.00%	
As at March 31, 2018	Estimated total gross carrying amount at default	176.21	49.93	-	-	226.14
	ECL Provision	0.29	0.61	-	-	0.90
	Net Carrying Amount	<u>175.92</u>	<u>49.32</u>	<u>-</u>	<u>-</u>	<u>225.24</u>

Fedbank Financial Services Limited**Notes to the standalone financial statements for the year ended 31 March 2020 (contd.)**

(Currency : Indian rupees in lakhs)

46 Accounting for Employee Share based Payments

Shareholders of the Company had approved "Fedbank Financial Services Limited Employee Stock Option Plan 2018" ("ESOP Plan"), the result of which was announced on November 13, 2018, enabling the Board and/or the "Nomination and Remuneration Committee" (NRC) to grant such number of equity shares, including options, to eligible employee(s) of the Company each of which is convertible into one equity share, not exceeding 6% of the aggregate number of paid up equity shares of the Company.

Such options vest at definitive date, save for specific incidents, prescribed in scheme as framed/approved by NRC. Such options are exercisable for period following vesting at the discretion of the NRC, subject to maximum of 10 years from the date of Vesting of Options

Method used for accounting for shared based payment plan.

The Company uses fair value to account for the compensation cost of stock options to employees of the Company.

Movement in options outstanding under the Employee Stock Option Plan for the year ended 31 March 2020

Particulars	Options	Weighted Average Exercise Price
Options outstanding, beginning of the year	-	-
Granted during the year	55,71,351	38.59
Exercised during the year	-	-
Forfeited /lapsed during the year	60,000	30.00
Options outstanding, end of the year	55,11,351	38.68
Options exercisable	5,15,028	36.90

Following summarises the information about stock options outstanding as at 31 March 2020

Category	Weighted Average Exercise Price	Number of shares arising out of options	Weighted average remaining contractual life (in years)
Class A	34.22	8,60,000	5.13
Class B	38.44	33,00,000	5.09
MD	42.11	13,51,351	5.09

Fair Valuation Methodology

The fair value of options have been estimated on the dates of each grant using the Modified Black-Scholes model (MBS). The shares of Company are not listed on any stock exchange. Accordingly, the Company had considered the volatility of the Company's stock price based on historical volatility of similar listed enterprises. The various assumptions considered in the pricing model for the stock options granted by the Company are:

Particulars	31 March 2020	31 March 2019
Dividend yield	0.00%	-
Expected volatility	29.73%	-
Risk free interest rate *	6.29%	-
Expected life of the option *	4.18	-

* The values in the above items are weighted average

The Company has recorded an employee compensation expense of INR 253.47 (Previous year: Nil) in the statement of Profit and Loss

47 Leases**Implementation of Ind AS 116**

Effective 01 April 2018, the Company has adopted Ind-AS 116 - Leases and applied it to all lease contracts existing on 01 April 2018 using the modified retrospective Option II method. On transition the standard resulted recognition of Right-of-Use (ROU) assets of INR 1,753 and a lease liability of INR 1,753.

The Company has presented lease liability as a separate line item in schedule on 'Other Financial Liabilities'. The Company presents ROU assets (pertaining to its branch/office premises) as part of Properties, Plant and Equipment. Further in applying Ind AS 116 for the first time, the Company has also used the following practical expedients permitted by the standard:

- applying single discount rate to a portfolio of leases with reasonably similar characteristics.
- there were no onerous contracts as at 01 April, 2018
- excluding initial direct cost for the measurement of the right-of-use asset at the date of initial application
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease

a) The changes in the carrying value of right of use assets - building or premises for the year ended 31st March 2020.

Particular	31 March 2020	31 March 2019
Opening Balance of ROU - Building or Premises	3,582	1,872
Addition during the year	6,131	2,305
Depreciation charges for the year	(1,355)	(595)
Total balance of ROU - Building or Premises	8,359	3,582

b) The changes in the carrying value of right of use assets - furniture for the year ended 31st March 2020.

Particular	31 March 2020	31 March 2019
Opening Balance of ROU - Furniture	443	-
Addition during the year	-	443
Depreciation charges for the year	(49)	0
Total balance of ROU - Furniture	394	443

c) The following is the movement in lease liabilities during the year ended 31st March 2020.

Particular	31 March 2020	31 March 2019
Opening Balance of Lease Liabilities	3,921	1,809
Addition during the year	5,833	2,540
Finance cost accrued during the year	600	175
Payment made during the year	(1,376)	(603)
Closing balance of lease liabilities	8,978	3,921

d) The table below provides details of amount recognised in the Statement of Profit and Loss

Particular	31 March 2020	31 March 2019
Depreciation charge for right of use asset	1,404	595
Interest expense (included in finance cost)	600	175
Expense relating to short term lease	129	27
Total	2,133	797

e) The table below provides details regarding the contractual maturities of lease liabilities as of 31st March, 2020 on an undiscounted basis:

Particular	31 March 2020	31 March 2019	01 April 2018
Less than one year	1,887	922	562
One to five years	3,783	1,889	491
More than five years	6,599	2,594	1,208
Total	12,269	5,405	2,261

f) Rental expense recorded for leases of low-value assets was Nil for the year ended March 31, 2020, (Previous year INR 6.37)

FEDBANK FINANCIAL SERVICES LIMITED

CIN : U65910KL1995PLC008910

Notes to the financial statements as at March 31, 2020

48 Regulatory Disclosures

48.01 Foreign Currency

The Company has not undertaken any foreign currency transaction during the year ended March 31, 2020 (Previous Year: Rs. Nil). The Company does not have any outstanding unhedged foreign currency exposure (Previous year: Nil)

48.02 Investments

Particulars		As at March 31, 2020	As at March 31, 2019
(1)	Value Of Investments		
(i)	Gross Value of Investments		
	(a) India	4,146	1,265
	(b) Outside India	NIL	NIL
(ii)	Provision for Depreciation		
	(a) India	10	11
	(b) Outside India	NIL	NIL
(iii)	Net Value of Investments		
	(a) India	4,136	1,254
	(b) Outside India	NIL	NIL
(2)	Movement of Provisions held towards depreciation on investments		
(i)	Opening Balance	11	8
(ii)	Add : Provisions made during the year	-	11
(iii)	Less : Write Off / write-back of excess provisions during the year	1	8
(iv)	Closing Balance	10	11

48.03 Derivatives

(a) Forward Rate Agreement / Interest Rate Swap

S.No.	Particulars	As at March 31, 2020	As at March 31, 2019
(i)	The notional principal of swap agreements	Nil	Nil
(ii)	Losses which would be incurred if counterparties failed to fulfil their obligation under the agreements	Nil	Nil
(iii)	Collateral required by the applicable NBFC upon entering into swaps	Nil	Nil
(iv)	Concentration of credit risk arising out of swaps \$	Nil	Nil
(v)	The fair value of the swap book @	Nil	Nil
Note: Nature and terms of swaps including information on credit and market risk and the accounting policies adopted for recording the swaps should be disclosed			
\$ Examples of concentration could be exposures to particular industries or swaps with highly geared companies.			
@ If the swaps are linked to specific assets, liabilities, or commitments ,the fair value would be estimated amount that the applicable NBFC would receive or pay to terminate the swap agreements as on the balance sheet date.			

(b) Exchange Traded Funds

S.No.	Particulars	Amount
(i)	Notional principal amount of exchange traded IR derivatives undertaken during the year (instrument-wise)	
	a)	Nil
(ii)	Notional principal amount of exchange traded IR derivatives outstanding as on 31st March 2020	
	a)	Nil
(iii)	Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	
	a)	Nil
(iv)	Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	
	a)	Nil

(c) Qualitative Disclosure

The Company has not entered into any derivative contracts during the year (Previous year Rs. Nil)

(d) Quantitative Disclosure

S.No.	Particulars	Currency Derivatives	Interest Rate Derivatives
(i)	Derivatives (Notional Principal Amount)	Nil	Nil
	For Hedging	Nil	Nil
(ii)	Marked to Market Positions (1)		
	a) Assets (+)	Nil	Nil
	b) Liability (-)	Nil	Nil
(iii)	Credit Exposure	Nil	Nil
(iv)	Unhedged Exposures	Nil	Nil

48.04 Direct Assignment and Securitisation

a) Disclosure in the notes to the accounts in respect of assignment transaction as required under revised guidelines on securitisation and assignment transactions issued by RBI vide circular no. DNBS.PD.No.301/3.10.01/2012-13 dated August 21, 2012

S No.	Particulars	March 31, 2020	March 31, 2019
(i)	No. of transactions assigned by the NBFC	2	-
(ii)	Total Amount Outstanding	11,788	-
(iii)	Total amount of exposure retained by the NBFC to comply with MRR as on date of balance sheet		
	a) Off balance sheet exposures		
	- First Loss	-	-
	- Others	-	-
	b) On balance sheet exposure		
	- First Loss	-	-
	- Others	2,948	-
(iv)	Amount of Exposure to assignment transaction other than MRR		
	a) Off balance sheet exposures		
	i) Exposure to own assignment		
	- First loss	-	-
	- Others	-	-
	ii) Exposure to third party assignment		
	- First Loss	-	-
	- Others	-	-
	b) On balance sheet exposures		
	iii) Exposure to own assignment		
	- First loss	-	-
	- Others	-	-
	iv) Exposure to third party assignment		
	- First Loss	-	-
	- Others	-	-

b) Details of Financial assets sold to Securitisation / Reconstruction Company for Asset Reconstruction

S No.	Particulars	March 31, 2020	March 31, 2019
(i)	No. of Accounts	Nil	Nil
(ii)	Aggregate value (net of provision) of accounts sold to SC / RC	Nil	Nil
(iii)	Aggregate consideration received	Nil	Nil
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil
(v)	Aggregate gain / loss over net book value	Nil	Nil

c) Details of Assignment transaction undertaken

S No.	Particulars	March 31, 2020	March 31, 2019
(i)	No. of Accounts	696	Nil
(ii)	Aggregate value of accounts sold	12,662	Nil
(iii)	Aggregate consideration received	12,662	Nil
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil
(v)	Aggregate gain / loss over net book value	Nil	Nil

48.05 Asset Liability Management Maturity pattern of certain items of Assets and Liabilities

As at March 31, 2020

Particulars	1 to 7 days	8 to 14 days	15 days to 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
Deposits											-
Advances*	4,795	2,162	8,248	16,140	21,131	26,370	70,604	59,390	26,005	1,30,540	3,65,385
Investment	3,000	-	-	209	-	209	418	295	-	-	4,130
Borrowings	-	1,407	3,802	11,155	24,466	27,604	43,715	1,41,538	65,884	1,818	3,21,390
Foreign Currency assets											-
Foreign Currency liabilities											-

* Excluding interest accrued and MTM gain on investment

As at March 31, 2019

Particulars	1 to 7 days	8 to 14 days	15 days to 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
Deposits											-
Advances*	2,327	429	1,878	4,435	5,502	15,097	31,154	36,834	18,646	82,042	1,98,343
Investment	-	-	-	-	-	-	-	1,251	-	-	1,251
Borrowings	-	3,877	1,034	11,543	13,001	8,504	25,159	64,828	29,927	2,331	1,60,204
Foreign Currency assets											-
Foreign Currency liabilities											-

* Excluding interest accrued and MTM gain on investment

48.06 Capital to Risk Asset Ratio (CRAR)

S.No.	Particulars	As at March 31, 2020	As at March 31, 2019
(i)	CRAR (₹)	17.89	21.61
(ii)	CRAR - Tier I Capital (₹)	17.53	21.42
(iii)	CRAR - Tier II Capital (₹)	0.36	0.19
(iv)	Amount of subordinated debt raised as Tier-II capital	-	-
(v)	Amount raised by way of perpetual debt	-	-

48.07 Details of non-performing financial assets purchased / sold

During the year the Company has neither purchased nor sold any non-performing financial assets. (Previous year : Nil)

a) Details of non-performing accounts purchased

S.No.	Particulars	As at March 31, 2020	As at March 31, 2019
(i)	No of accounts purchased during the year	Nil	Nil
(ii)	Aggregate outstanding	Nil	Nil
(iii)	Of these, number of accounts restructured during the year	Nil	Nil
(iv)	Aggregate outstanding	Nil	Nil

b) Details of non-performing accounts purchased

S.No.	Particulars	As at March 31, 2020	As at March 31, 2019
(i)	No of accounts purchased during the year	Nil	Nil
(ii)	Aggregate outstanding	Nil	Nil
(iii)	Aggregate consideration received	Nil	Nil

48.08 Exposure to real estate sector, both direct and indirect & exposure to capital market

a) Exposure to real estate sector, both direct and indirect

Category	As at March 31, 2020	As at March 31, 2019
a) Direct exposure		
(i) Residential Mortgages - Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented:	1,63,322	89,818
(ii) Commercial Real Estate - Lending secured by mortgages on commercial real estate's (office buildings, retail space, multipurpose commercial premises, Multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits:	29,461	42,572
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures-		
a. Residential	Nil	Nil
b. Commercial Real Estate	Nil	Nil

b) Exposure to capital market

Category	As at March 31, 2020	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;	Nil	Nil
(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;	Nil	Nil
(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;	Nil	Nil
(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;	Nil	Nil
(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	Nil	Nil
(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;	Nil	Nil
(vii) bridge loans to companies against expected equity flows / issues;	Nil	Nil
(viii) all exposures to Venture Capital Funds (both registered and unregistered)	Nil	Nil

48.09 Movement of credit impaired loans under Ind AS

S. No.	Particulars	As at March 31, 2020	As at March 31, 2019
(i)	Net impaired loss allowance to Net loans (%)	1.08%	1.93%
(ii)	Movement of Credit impaired loans under Ind AS (Gross)		
a)	Opening balance	4,608	1,476
b)	Additions during the year	4,275	3,637
c)	Reductions during the year	3,410	505
d)	Closing balance	5,473	4,608
(iii)	Movement of Net impaired loans		
a)	Opening balance	3,879	940
b)	Additions during the year	3,098	3,348
c)	Reductions during the year	2,990	410
d)	Closing balance	3,988	3,879
(iv)	Movement of impairment loss allowance on credit impaired loans		
a)	Opening balance	729	536
b)	Additions during the year	1,176	289
c)	Reductions during the year	420	96
d)	Closing balance	1,485	729

48.10 Concentration of Loan, Exposure & Credit impaired loans

a) Concentration of Loan

Particulars	As at March 31, 2020	As at March 31, 2019
Total Advances to twenty largest borrowers	27,459	28,140
Percentage of advances to twenty largest borrowers to Total Advances	7.45%	14.02%

b) Concentration of Exposure

Particulars	As at March 31, 2020	As at March 31, 2019
Total Exposures to twenty largest borrowers	40,302	37,697
Percentage of exposures to twenty largest borrowers to Total Exposures	9.89%	16.70%

c) Concentration of Exposure

Particulars	As at March 31, 2020	As at March 31, 2019
Total Exposures of top four credit impaired accounts	1,985	1,206

d) Sector wise distribution of credit impaired loss

S.No.	Sector	Percentage of credit impaired loans to Total loans in that sector	
		As at March 31, 2020	As at March 31, 2019
1	Agriculture and allied activities	-	-
2	MSME	-	-
3	Corporate borrowers	1.43%	2.89%
4	Services	-	-
5	Unsecured personal loans	-	-
6	Auto Loans	-	-
7	Other personal loans	1.48%	2.15%
8	Others	-	-

48.11 Details of single borrower limit and group borrower limit exceeded by the Company

During the year ended March 31, 2020 and March 31, 2019, the Company's credit exposure to single borrower and group borrowers were within the limits prescribed by the RBI

48.12 Unsecured Advances

The Company has not taken any charge over the rights, licences, authorisation etc. against unsecured loan given to borrowers in the current year and previous year

48.13 Fraud Reporting

The fraud detected and reported for the year amounted to Rs.36.65 lakhs (Previous year Rs. 11.28 lakhs)

48.14 Net profit or loss for the period, prior period items and change in accounting policy

There are no prior period items (previous year Rs. Nil). For changes in accounting policy refer to note 3 and note 40 for "First Time adoption to Ind AS"

48.15 Details of 'provision and contingencies'

Breakup of 'provision and contingencies' shown under the head expenditure	For the year March 31, 2020	For the year March 31, 2019
i) Provision for depreciation on investment	-	-
ii) Provision towards credit impaired loans	756	194
iii) Provision towards income tax	1,849	1,500
iv) Other provision and contingencies (with details)		
v) Provision for standard loans (Stage 1 & 2)	1,402	140

48.16 Draw down from reserves

The Company has not made any draw down from reserves during current year and previous year

48.17 Customer complaints

Particulars	As at March 31, 2020	As at March 31, 2019
(a) No. of complaints pending as at the beginning of the year	-	1
(b) No. of complaints received during the year	53	11
(c) No. of complaints redressed during the year	52	12
(d) No. of complaints pending as at the end of the year	1	-

48.18 Registration obtained from Financial Sector Regulators

Regulator	Registration No.
1. Reserve Bank of India	Certificate of Registration No. N-16.00187 dt 24th August, 2010

48.19 Ratings assigned by the credit rating agencies and migration of ratings during the Financial Year

Particulars	As at 31st March, 2020	As at 31st March, 2019
Long Term	CARE AA-	CARE AA-
Short Term	ACUTE A1+	ACUTE A1+
Short Term	CRISIL A1+	CRISIL A1+

48.20 There is no amount due to be credited to Investor Education and Protection Fund as at March 31, 2020 and at March, 31, 2019**48.21 Off Balance Sheet SPV sponsored - Nil (Previous year Nil)****48.22 Penalties imposed by RBI for FY 19 20 - NIL (Previous year Nil)****48.23 Ownership Overseas Assets (for those with joint ventures and subsidiaries abroad)**

There are no overseas assets owned by the Company (Previous year Nil)

48.24 Contingent Liabilities (to the extent not provided for)

Particulars	As at March 31, 2020	As at March 31, 2019
Contingent Liabilities:		
Disputed Income Taxes(1)	34	32
Other Sums contingently liable for(2)	23	23
Total	56	55

[1]. The Assessing Officer has disagreed with the treatment of certain expenses in connection with the return of income tax return filed by the company and accordingly raised a demand of INR 32 for AY 2011-12. This has been challenged by the Company before the Income Tax Department. However, during the financial year 2015-16 the disputed demand of INR 32 was adjusted against refund amount for AY 2013-14 by the Income tax Department. In addition to this disputed taxes also includes the amounts of TDS Demand of INR 1.36 as per traces website.

[2]. The Payment of Bonus Act, 1979 was amended with retrospective effect during the previous year, the estimated probable additional cost to the Company on account of this to the extent it pertains to the earlier financial year has not been considered a liability by placing reliance on Kerala High Court judgement which has stayed this matter and accordingly disclosed as contingent liability.

[3]. In line with industry practice, the Company auctions gold kept as security of borrowers whose loans are in default. Certain customers of the Company have filed suits in consumer/civil courts for auctioning of their gold ornaments or for obtaining of stay order against auction of their pledged gold. The management does not expect any material liability from such suits.

48.25 Capital & Other Commitments:

Particulars	As at March 31, 2020	As at March 31, 2019
Capital Commitments		
- Estimated amount of contracts remaining to be executed on capital accounts not provided for (Net of advances)	318	285
Other Commitments towards partly disbursed loans	8,236	7,108

48.26 Disclosure pursuant to Reserve Bank of India notification DNBS.CC.PD.No.356/03.10.01/2013-14 dated 16 September 2013 pertaining to gold loans**Details of Gold auction conducted**

Particulars	As at March 31, 2020	As at March 31, 2019
No. of loan accounts	1189	1441
Principal Amount outstanding at the date of auction	505	816
Interest Amount outstanding at the date of auction	84	147
Total value fetched	756	1,246

Note: No entity within the Company's group including any holding or associate Company or any related party had participated in any of the above auctions.

48.27 Schedule to the Balance Sheet of a non deposit taking Non-Banking Financial Company (as required in terms of Paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007)

S. N.	Particulars	As at 31st March, 2020	As at 31st March, 2019
	Liabilities side		
1	Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:		
	(a) Debentures		
	- Secured		
	(other than falling within the meaning of public deposits*)		
	(b) Deferred Credits		
	(c) Term Loans		
	(d) Inter-corporate loans and borrowing		
	(e) Commercial Paper		
	(f) Other Loans (represents Working Capital Demand Loan, Cash credit, Bank Over draft and Liability component of Compound financial instrument)		
2	Asset Side		
2	Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :		
	(a) Secured		
	(b) Unsecured		
3	Break up of Leased Assets and stock on hire and other assets counting towards AFC activities		
	(i) Lease assets including lease rentals under sundry debtors :		
	(a) Financial lease		
	(b) Operating lease		
	(ii) Stock on hire including hire charges under sundry debtors:		
	(a) Assets on hire		
	(b) Repossessed Assets		
	(iii) Other loans counting towards AFC activities		
	(a) Loans where assets have been repossessed		
	(b) Loans other than (a) above		
4	Break-up of Investments		
	1 Quoted :		
	(i) Shares		
	a) Equity		
	b) Preference		
	(ii) Debentures and Bonds		
	(iii) Units of mutual funds		
	(iv) Government Securities		
	(v) Others (please specify)		
	2 Unquoted :		
	(i) Shares		
	a) Equity		
	b) Preference		
	(iii) Debentures and Bonds		
	(iii) Units of mutual funds		
	(iv) Government Securities		
	(v) Others (please specify)		
	Long term investments :		
	1. Quoted :		
	(i) Shares		
	a) Equity		

5 Borrower group-wise classification of assets financed as in (2) and (3) above :

48.28(a) Provision for impact of COVID-19

government mandated or elected by the Company

period.

classification criteria. On May 22, 2020, the RBI has extended the Moratorium Period by further three months;

The Company holds provision as at 31 March, 2020 against the potential impact of Covid-19 based on the information available at this point in time

Provisioning in terms of COVID19 Regulatory Package

Particulars	31 March, 2020
(i) Respective amounts in SMA/overdue categories, where the moratorium /deferment was extended	35,378
(ii) Respective amount where asset classification benefits is extended,	35,378
(iii) General Provision made*	-
(iv) General Provision adjusted during the period against slippages and the residual provisions	-

*The Company being NBFC has complied with Ind AS and guidelines duly approved by the Board for recognition of the impairment

48.29 Disclosure in term of notification no. RBI/2019-20/170 DOR (NBFC),CC.PD.No.109/22.10.106/2019-20

Comparison between provisions required under IRACP and Impairment allowances made under Ind AS 109

Asset classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying amount as per Ind AS				Loss Allowances (Provision) as required under Ind AS 109				Net carrying amount				Provision required under IRACP norms				Difference between Ind AS 109 and IRACP norms			
		31 March 2020	31 March 2019	01 April 2018		31 March 2020	31 March 2019	01 April 2018		31 March 2020	31 March 2019	01 April 2018		31 March 2020	31 March 2019	01 April 2018		31 March 2020	31 March 2019	01 April 2018	
	(1)	(3)	(4)	(5)		(6)	(7)	(8)		(9) = (3)-(6)	(10) = (4)-(7)	(11) = (5)-(8)		(12)	(13)	(14)		(15) = (6)-(12)	(16) = (7)-(13)	(17) = (8)-(14)	
Performing Advances																					
Standard	Stage 1	3,54,909	1,91,026	1,36,429	1,363	401	384		3,53,546	1,90,624	1,36,045		1,407	766	546		-44	-365	-162		
	Stage 2	11,762	6,048	5,307	644	203	80		11,118	5,845	5,226		651	19	17		-7	184	64		
Subtotal		3,66,671	1,97,073	1,41,736	2,007	604	464		3,64,664	1,96,469	1,41,272		2,058	785	563		-51	-181	-98		
Non Performing Assets (NPA)																					
Substandard	Stage 3	4,171	3,692	786	1,072	311	393		3,099	3,380	393		404	327	109		667	-16	284		
Doubtful - upto 1 year	Stage 3	1,189	885	668	365	391	123		824	493	545		223	156	44		142	235	79		
1 to 3 years	Stage 3	52	0	-	12	0	-		40	0	-		11	0	-		1	-	-		
More than 3 years	Stage 3	-	-	-	-	-	-		-	-	-		-	-	-		-	-	-		
Subtotal for doubtful		1,241	885	668	378	391	123		864	493	545		235	156	44		143	235	79		
Loss	Stage 3	61	32	23	37	27	20		24	5	3		58	29	20		-21	-2	0		
Subtotal for NPA		5,473	4,608	1,476	1,486	729	536		3,987	3,879	941		697	512	173		789	218	363		
	Stage 1								-	-	-		-	-	-		-	-	-		
	Stage 2																-	-	-		
Other Items : Full and Final recovery		48	31	26	46	31	26		2	-	-		46	31	26		-	-	-		
Subtotal		48	31	26	46	31	26		2	-	-		46	31	26		-	-	-		
Total	Stage 1	3,54,909	1,91,026	1,36,429	1,363	401	384		3,53,546	1,90,624	1,36,045		1,407	766	546		-44	-365	-162		
	Stage 2	11,810	6,079	5,333	690	234	106		11,120	5,845	5,226		697	50	43		-7	184	64		
	Stage 3	5,473	4,608	1,476	1,486	729	536		3,987	3,879	941		697	512	173		789	218	363		
Total		3,72,191	2,01,713	1,43,238	3,538	1,365	1,026		3,68,653	2,00,348	1,42,212		2,800	1,328	761		738	37	265		

48.30 Internal Control System

During the year, the Company engaged a reputed firm of Chartered Accountants to evaluate that the Internal Financial Controls are in place and also test its effectiveness. The deficiencies identified during the independent review do not reflect any material weakness as the company has compensatory controls in place. The Company has adequate Internal Financial Controls that are commensurate with the nature and size of its business operations; wherein controls are in place and operating effectively and no material weakness exists.

48.31 The Company has disbursed loans against mortgage of properties, and the borrowers have assigned lease rentals receivable from the said properties towards repayment of EMIs/instalments. The borrowers have opened Escrow accounts with certain banks under lien to the Company. The aforesaid escrow accounts do not form part of these financial statements

48.32 Public Disclosures as mandated by LRM framework for NBFCs issued by the RBI on 4th November 2019.

Funding Concentration based on significant counterparty

Sr. No.	Number of Significant Counterparties	Amount	% of Total Liabilities
1	Alahabad Bank	4,992	1.46%
2	Axis Bank	26,641	7.82%
3	Bajaj	7,546	2.21%
4	Bank of Baroda	17,943	5.26%
5	Commercial Paper	12,178	3.57%
6	DCB	8,065	2.37%
7	Federal Bank Ltd	1,06,072	31.12%
8	HDFC Bank Ltd	43,966	12.90%
9	ICICI BANK	23,810	6.99%
10	Indian Bank	14,987	4.40%
11	Jammu & Kashmir Bank Ltd	5,553	1.63%
12	KVB Bank	4,985	1.46%
13	State Bank of India	19,898	5.84%
14	South Indian Bank	4,990	1.46%
15	SIDBI	16,428	4.82%

Top 10 borrowings

Sr. No.	Number of Significant Counterparties	Amount	% of Total Borrowing
1	Federal Bank Ltd	1,06,072	33.04%
2	HDFC Bank Ltd	43,966	13.69%
3	Axis Bank	26,641	8.30%
4	ICICI BANK	23,810	7.42%
5	SBI	19,898	6.20%
6	Bank of Baroda	17,943	5.59%
7	SIDBI	16,428	5.12%
8	Indian Bank	14,987	4.67%
9	Commercial Paper	12,178	3.79%
10	DCB	8,065	2.51%

(iii) Funding Concentration based on significant instrument/product

Sr. No.	Number of Significant Counterparties	Amount	% of Total Liabilities
1	Short Term working Capital	14,458	4.24%
2	Term Loan- Secured	2,86,932	84.19%
3	Term Loan- unsecured	7,500	2.20%
4	Commercial paper	12,178	3.57%

(iv) Stock Ratio

Particulars	%
(a) Commercial Paper as % of Total Liabilities	3.57%
(b) Commercial Paper as % of Total Assets	2.97%
(c) Other Short Term Liabilities as % of Total Liabilities	3.33%
(d) Other Short Term Liabilities as % of Total Asset	2.76%

48.33 Previous years figures are regrouped wherever necessary in confirmation to the current years' requirement

The accompanying notes are an integral part of the financial statements.

SUDEEP
KUMAR
AGRAWAL
AL

RAJARAM
AN
SUNDARE
SAN

Sudeep Agrawal
CFO

S Rajaraman
Company Secretary
M.No.F3514

For and on behalf of Board of Directors

Balakrishnan Krishnamurthy
Director
DIN:0034031

Gauri Rushabh Shah
Director
DIN:0663527

Maninder Juneja
Director
DIN:02680016

Ashutosh Khajuria
Director
DIN:05154975

Place: Mumbai
Date: June 29, 2020

SHYAM
SRINIVASAN
ASAN

Shyam Srinivasan
Director
DIN:02274773

ANIL
KOTHURI
URI

Anil Kothuri
MD & CEO
DIN:00177945

As per our report of even date attached
For Varma & Varma
Chartered Accountants^o
FRN : 0045325

Georgy Mathew
Mathew
Digitally signed
Date: 2020.07.02
14:03:54 +05'30'

Georgy Mathew
Partner
M.No. 209645

Place: Bengaluru
Date: June 29, 2020

INDEPENDENT AUDITORS' REPORT

To,

The Members,

Fedbank Financial Services Limited

Report on the Financial Statements

We have audited the accompanying financial statements of M/s Fedbank Financial Services Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the cash flow statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021 and its profit, total Comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with the requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Emphasis of Matter

We draw attention to Note 47.28 to the financial statements, which describes that the extent to which the COVID-19 Pandemic will impact the company's financial performance will depend on future developments, which are highly uncertain. The financial statements do not include any adjustments that might result from the outcome of this uncertainty except to the extent stated in the said note.

Our Opinion is not modified in respect of this matter.

Other Matters

During the current financial year, Non-Convertible Debentures (Debt) issued by the company by private placement were listed on the Bombay Stock Exchange. However, as per the amendment to Section 2 (52) of the Companies Act, 2013 and insertion of Rule 2A in the Companies (Specification of Definitions Details) Rules, 2014, companies that have issued non-convertible debt securities issued on private placement basis in terms of SEBI (Issue and Listing of Debt Securities) Regulations, 2008 are not considered as Listed Companies. Accordingly, Standard on Auditing (SA) 701 - Communicating Key Audit Matters in the Independent Auditor's Report - is not considered applicable and hence not reported.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Board's report including Annexure to Board Report, and Shareholders Information but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

In respect of other information other than the above which is expected to be made available to us later we shall read and consider whether there is anything materially inconsistent therein with reference to the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we find any such inconsistency or misstatement, we shall inform those charged with



governance of the Company and describe actions applicable in the relevant laws and regulations. As these are yet to be approved by the Board of Directors, the same have not been read by us.

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind-AS) specified under Section 133 of the Act, read with relevant rules issued thereafter.

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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



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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure A, a statement on the matters specified in Paragraphs 3 and 4 of the said Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The Balance Sheet, the Statement of Profit and Loss including Other comprehensive Income, Statement of Changes in equity and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d. In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of Companies (Accounts) Rules, 2014.
 - e. On the basis of written representations received from the directors as on March 31, 2021, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021, from being appointed as a director in terms of Section 164(2) of the Act.
 - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B";
 - g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(6) of the Act, as amended;




In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- h. With respect to the other matters to be included in the Auditor's report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- the Company has disclosed the impact of pending litigations, if any, on its financial position in its financial statements. Refer Note 47.24 to the financial statements.
 - the Company has made provision, as required under the applicable law or Indian accounting standards, for material foreseeable losses, if any, on long term contracts.
 - there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For VARMA & VARMA

Chartered Accountants

FRN 004532S



GEORGY MATHEW

Partner

M No. 209645

UDIN:21209645AAAAEX5007

Place: Bengaluru

Date: May 12, 2021



ANNEXURE A TO THE AUDITORS' REPORT

Annexure referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our Independent Auditors Report of even date on the Financial Statement of M/s Fedbank Financial Services Limited for the year ended March 31, 2021, we report that:

- i. a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b. These fixed assets have been physically verified by the management during the year; and no material discrepancies were noticed on such verification. In our opinion the frequency of verification of fixed assets of the company is adequate.
 - c. The company does not own any immovable property, thus, paragraph 3(i)(c) of the Order is not applicable to the Company.
- ii. The Company is a service company and it does not hold any inventory of goods. Thus, paragraph 3(ii) of the Order is not applicable to the Company.
- iii. The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013 thus, paragraph 3(iii)(a) to 3(iii)(c) of the Order is not applicable to the Company.
- iv. According to the information and explanation given to us, and based on the audit procedures conducted by us, the Company has not given loans, guarantees, investments or securities which fall under the purview of Sections 185 & 186 of the Companies Act, 2013 made
- v. The Company has not accepted any deposits. Hence the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder are not applicable to the Company.
- vi. As per the information and explanation given to us, the Central Government has not prescribed the maintenance of cost records under sub-section (l) of section 148 of the Companies Act, 2013 for any of the services rendered by the Company.



- vii. a. According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales tax, value added tax, duty of customs, service tax, goods and service tax, cess have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of duty of excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, value added tax, duty of customs, service tax, goods and service tax, cess were in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.

- b. According to the information and explanations given to us, there are no material statutory dues which have not been deposited with the appropriate authorities on account of any dispute except, the Company has filed an appeal u/s 246 of Income Tax Act, 1961 with ACIT against assessment order for AY 2011-12. Amount payable as per assessment order is INR. 32.18 lakhs of which INR. 5.02 lakhs have been paid in response to the assessment order and balance INR. 27.16 lakhs are adjusted against refund received for the AY 2013-14.

- viii. According to the information and explanations given to us the company has not defaulted in repayment of loans or borrowings to a financial institution or bank and dues to debenture holders. The company has not borrowed any amount from Government.

- ix. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments), and with respect to term loans availed by the Company, they have been applied for the purpose for which such loans were obtained.

- x. According to the information and explanations given to us and as per the records of the Company examined by us, during the year the Company has reported to the Reserve Bank of India 17 instances of frauds against the Company amounting to INR 447.22 Lakhs out of which INR 15.10 Lakhs has since been recovered by the Company and 4 instances of fraud on the Company by its employees amounting to INR 24.80 Lakhs, out of which INR 23.07 Lakhs has since been recovered by the Company.



Varma & Varma

Chartered Accountants

- xi. According to the information and explanations given to us and based on our examination of the records of the Company, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the company has issued the debentures during the year under review and the requirement of section 42 of the Companies Act, 2013 have been complied with and the amount raised has been used for the purposes for which the funds were raised.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. The Company is registered under section 45-IA of the Reserve Bank of India Act 1934.

For VARMA & VARMA

Chartered Accountants

FRN 004532S



GEORGY MATHEW

Partner

M No. 209645

UDIN:21209645AAAAEX5007

Place: Bengaluru

Date: May 12, 2021



ANNEXURE - B TO THE AUDITORS' REPORT

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

We have audited the internal financial controls over financial reporting of M/s Fedbank Financial Services Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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



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

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

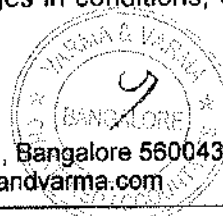
Meaning of Internal Financial Controls over Financial Reporting

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

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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



Varma & Varma

Chartered Accountants

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For VARMA & VARMA

Chartered Accountants

FRN 004532S



GEORGY MATHEW

Partner

M No. 209645

UDIN:21209645AAAAEX5007

Place: Bengaluru

Date: May 12, 2021



Fedbank Financial Services Limited
CIN : U65910KL1995PLC008910
BALANCE SHEET AS AT 31st March 2021

Particulars	Note	(INR in Lakhs)	
		As at Mar 31, 2021 (Audited)	As at Mar 31, 2020 (Audited)
I. ASSETS			
(1) Financial assets			
(a) Cash and cash equivalents	4	52,603	14,229
(b) Bank balances other than cash and cash equivalents	5	15,476	7,502
(c) Receivables			
(i) Trade receivables	6(i)	117	231
(ii) Other receivables	6(ii)	320	140
(d) Loans	7	4,55,214	3,68,652
(e) Investments	8	3,249	4,136
(f) Other financial assets	9	1,353	828
		5,28,332	3,95,718
(2) Non-financial assets			
(a) Current tax assets (net)	10	986	839
(b) Deferred tax assets (net)	11	2,038	650
(c) Property, Plant and Equipment	13 (1,4)	13,071	10,466
(d) Capital work in progress	13 (2)	96	42
(e) Other Intangible assets	13 (3)	231	198
(f) Other non-financial assets	12	1,876	705
		18,298	12,901
TOTAL ASSETS		5,46,630	4,08,619
II. LIABILITIES			
(1) Financial liabilities			
(a) Payable	14 & 14(i)	-	-
Trade payables	14		
(i) total outstanding dues of micro enterprises and small enterprises		0	10
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		90	399
Other payables	14(i)		
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		907	485
(c) Debt securities	15	59,370	12,178
(d) Borrowings (other than debt securities)	16	3,47,593	3,09,581
(e) Subordinated Debt	17	25,846	-
(f) Other financial liabilities	18	27,709	13,426
		4,61,515	3,36,079
(2) Non-financial liabilities			
(a) Current tax liabilities (net)	19	-	-
(b) Provisions	20	303	192
(c) Deferred tax liabilities (net)		-	-
(d) Other non-financial liabilities	21	1,339	3,232
		1,642	3,424
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	22	28,992	27,342
(b) Other equity	23	54,481	41,774
		83,473	69,116
TOTAL LIABILITIES AND EQUITY		5,46,630	4,08,619

Corporate Information & Significant Accounting Policies
The accompanying notes are an integral part of these financial statements

1-4
33-47

C. V. Ganesh
C. V. Ganesh
Chief Financial Officer

Rajaram Sundaresan
Rajaram Sundaresan
Company Secretary & Compliance officer
M.No. F3514

As per our report of even date attached
For Varma and Varma
Chartered Accountants
FRN: 004532S

For and on behalf of Board of Directors

Anil Kumar
Anil Kumar
MD & CEO
DIN: 00177945

Balakrishnan Krishnamurthy
Balakrishnan Krishnamurthy
Independent Director
DIN: 06034031

Gauri Rushabh Shah
Gauri Rushabh Shah
Independent Director
DIN: 06625227

Georgy Matthew
Georgy Matthew
Partner
M. No. 209645

Place: Mumbai
Date: 12th May 2021

Place: Bengaluru
Date: 12th May 2021



		(INR in Lakhs)	
Note		For the year ended	For the year ended
		Mar 31, 2021 (Audited)	Mar 31, 2020 (Audited)
I. Revenue from operations			
(a) Interest income	24	65,657	42,588
(b) Fee and commission income	25	2,392	2,390
(c) Net gain on fair value changes (including Treasury income)	26	198	9
Total Revenue from operations		68,247	44,987
II. Other income	27	1,525	1,665
III. Total Revenue		69,772	46,652
IV. Expenses			
(a) Finance costs	28	31,319	20,110
(b) Fees and commission expenses	29	1,204	1,239
(c) Impairment on financial instruments & other receivable	30	7,137	2,188
(d) Employee benefits expense	31	13,159	10,082
(e) Depreciation, amortisation and impairment	13	2,727	1,921
(f) Other expenses	32	6,533	5,512
Total expenses		62,079	41,052
V. Profit before tax		7,693	5,600
VI. Tax expenses:			
Current tax			
(1) Current tax		2,924	1,849
(2) Short / (Excess) provision for earlier years		-	(47)
Deferred tax			
(1) Deferred tax (net)		(899)	(116)
Tax expenses - Prior Period		(500)	-
VII. Profit/(loss) for the period/year		6,168	3,914
Other Comprehensive Income/(Loss)			
Items that will not be reclassified to profit or loss			
Re-measurement gain / (loss) on defined benefit plans (OCI)		44	(20)
Tax effect on Remeasurement gain / (loss) on defined benefit plans (OCI)		(11)	5
Other Comprehensive Income/(Loss)		33	(15)
Total Comprehensive Income/(Loss)		6,201	3,900
Earnings per equity share (EPS)			
(1) Basic (INR)		2.19	1.61
(2) Diluted INR		2.18	1.60
Face value per share (in ₹)		10.00	10.00

Corporate Information & Significant Accounting Policies

The accompanying notes are an integral part of these financial statements

C. V. Ganesh
Chief Financial Officer

Rajaraman Sundaresan
Company Secretary & Compliance officer
M.No. F3514

As per our report of even date attached
For Varma and Varma
Chartered Accountants
FRN: 0045325

For and on behalf of Board of Directors

Anil Kothuri
MD & CEO
DIN:00177945

Balakrishnan Krishnamurthy
Independent Director
DIN:00034031

Gauri Rushabh Shah
Independent Director
DIN:06625227

Georgy Matthew
Partner
M. No. 209645

Place: Bengaluru
Date: 12th May, 2021

Place: Mumbai
Date: 12th May, 2021



Fedbank Financial Services Limited

CIN : U65910KL1995PLC008910

STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED 31st March 2021

Equity share capital

(INR in Lakhs)		
Particulars	Number of shares	Amount
As at 1st April 2019	23,00,42,500	23,004
Changes during year	4,33,80,925	4,338
As at 31st March 2020	27,34,23,425	27,342
Changes during year	1,65,00,000	1,650
As at 31st March 2021	28,99,23,425	28,992

Other Equity

Particulars	Equity component of compound financial instruments	Share application money pending allotment	Reserves and Surplus						Total
			Securities Premium Account	Employee Stock Option Outstanding	Special Reserve under section 45-IC of the Reserve Bank of India Act, 1934	General reserve	Retained earnings	Other Comprehensive Income	
Balance at 1 April 2019	-	-	12,585	-	2,507	10	7,748	8	22,858
Addition	40	-	14,910	253	-	-	3,914	-	19,117
Utilised (share issue expense)	-	-	(188)	-	-	-	-	-	(188)
Transferred from retained earnings	-	-	-	-	783	-	(783)	-	-
Profit for the year	-	-	-	-	-	-	-	-	-
Other comprehensive income/ (loss) for the year	-	-	-	-	-	-	-	(15)	(15)
Balance at 1 April 2020	40	-	27,307	253	3,290	10	10,879	(6)	41,774
Addition	(7)	4	6,270	262	-	-	-	33	6,562
Utilised (share issue expense)	-	-	(23)	-	-	-	-	-	(23)
Transferred from retained earnings	-	-	-	-	1,234	-	(1,234)	-	-
Profit for the year	-	-	-	-	-	-	6,168	-	6,168
Other comprehensive income/ (loss) for the year	-	-	-	-	-	-	-	-	-
Balance at 31 March 2021	33	4	33,554	515	4,524	10	15,814	27	54,481

For and on behalf of Board of Directors

As per our report of even date attached
For Varma and Varma
Chartered Accountants
FRN: 0045328

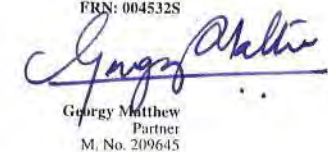

C. V. Ganesh
Chief Financial Officer


Rajarajan Sundaresan
Company Secretary & Compliance officer
M.No. F3514


Anil Kothuri
MD & CEO
DIN:00177945

Balakrishnan Krishnamurthy
Independent Director
DIN:00034031


Gauri Roshabh Shah
Independent Director
DIN:06625227


Georgy Matthew
Partner
M. No. 209645

Place: Mumbai
Date: 12th May, 2021

Place: Bengaluru
Date: 12th May, 2021



	For the year ended Mar.31, 2021	For the year ended Mar.31, 2020
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	7,693	5,600
Adjustments for:		
Finance cost	31,319	26,103
Share based payment to employee	262	253
Depreciation	2,727	1,921
Interest from Debentures	(158)	-
Liability no longer required, written back	(11)	(23)
Interest on FD	(879)	-
(Profit)/Loss on sale of tangible assets	13	18
Profit on Sale Of Mutual Fund units (Net) - Realised	(198)	(8)
Gain/(Loss) on fair valuation of mutual fund - Unrealised	(0)	(1)
Security deposit - Fair Valuation	17	14
EIR impact on Loans	(309)	(88)
Interest on NPA income booked under IND AS	(03)	(47)
Direct Assignment Transaction (net)	(759)	(1,054)
Impairment on financial instrument	7,175	2,175
Provision for Doubtful Interest	86	-
CWIP written off	6	-
Reclassification of actuarial gains/losses in other comprehensive income	44	(20)
Straight lining of lease	-	(164)
Operating profit before working capital changes	47,131	28,679
Adjustments for working capital:		
- (Increase)/decrease in loans	(88,635)	(1,70,889)
- (Increase)/decrease in financial asset and non financial asset	(3,145)	469
- (Increase)/decrease in trade receivables	(66)	(113)
- Increase/(decrease) in trade payables	103	224
- Increase/(decrease) in provisions	111	(12)
- Increase/(decrease) in financial liabilities and non financial liabilities	8,903	3,944
Cash generated from operating activities	(35,598)	(1,37,565)
Direct taxes paid (net)	(1,335)	(1,756)
Net cash generated from operating activities	(37,133)	(1,39,321)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of tangible assets	(1,109)	(1,876)
Sale of tangible assets	-	-
CWIP Written Off	(6)	-
Interest on fixed deposits	879	-
Investment/Collection in/from NCD	297	121
Investment/sale in MF	-	(3,000)
Redemption in Mutual fund	500	-
Investment / Redemption of fixed deposit	(7,974)	(2,499)
Liability no longer required, written back	11	-
Profit on Sale Of Mutual Fund units (Net)	198	8
Interest from Debentures	158	-
Net cash generated from / (used in) investing activities	(7,042)	(7,246)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Debt Securities	43,397	-
Borrowings	36,748	1,61,707
Subordinate borrowing	24,999	-
Finance Cost	(30,216)	(19,601)
Lease Payment	(2,280)	(1,376)
Share application money pending allotment	4	-
Preference Share Issued	-	-
Equity Shares Issued	1,650	4,433
Share Premium	6,270	14,910
Share Issue Expenses	(23)	(188)
Net cash used in financing activities	87,549	1,59,885
Net increase / (decrease) in cash and cash equivalents	38,374	13,318
Cash and cash equivalents as at the beginning of the period	14,229	911
Closing balance of cash and cash equivalents (A+B+C)	52,603	14,229
Components of cash and cash equivalents:		
Cash on hand	747	763
Balances with banks		
- in current accounts	10,856	6,165
- in fixed deposit with maturity less than 3 months	41,000	7,301
Cash and cash equivalents	52,603	14,229

C. V. Ganesan
Chief Financial Officer

Rajaram Sundaresan
Company Secretary & Compliance officer
M.No. P3514

As per our report of even date attached.
For Varma and Varma
Chartered Accountants
FRN: 004532S

For and on behalf of Board of Directors

Anil Kothari
MD & CEO
DIN:00177945

Palakrishnan Krishnamurthy
Independent Director
DIN:00034031

Gauri Rushabh Shah
Independent Director
DIN:06625227

Georgy Matthew
Partner
M. No. 2099445

Place: Mumbai
Date: 12th May, 2021

Place: Bangalore
Date: 12th May, 2021



1. Corporate information

Fedbank Financial Services Limited ('the Company') is a Public Limited Company incorporated on 17th April, 1995 in India and is a subsidiary of The Federal Bank Ltd. Its registered office is located at Federal Towers, Always, Ernakulam, Kerala, 683101. The Company is in the business of lending and has a diversified lending portfolio consisting of Gold Loans, Loan against Property, Home Loans, SME Loans and Wholesale Finance. The Company also extends Micro Loans through tie ups. The Company is registered with the Reserve Bank of India as a Non-Banking Finance Company (NBFC) vide Registration No 16.00187 and is presently categorized as a Systemically Important Non-Deposit taking Non-Banking Financial Company (NBFC-ND-SI) in accordance with the guidelines of Reserve Bank of India.

2. Basis of preparation and presentation

2.1 Statement of compliance

The financial statements of the Company comply in all material aspects with Indian Accounting Standards ('Ind-AS') notified under Section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and other relevant provisions of the Act. Any directions issued by the RBI or other regulators are implemented as and when they become applicable.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to the existing accounting standard requires a change in the accounting policy hitherto in use

2.2 Presentation of financial statements

The financial statements of the Company are presented as per Schedule III (Division III) of the Act applicable to NBFCs, as notified by the Ministry of Corporate Affairs (MCA). The Company presents its balance sheet in order of liquidity. Financial assets and financial liabilities are generally reported on a gross basis except when, there is an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event. Similarly, the Company offsets incomes and expenses and reports the same on a net basis when permitted by Ind AS specifically.

These financial statements were approved by the Company's Board of Directors and authorised for issue on 12 May 2021.

2.3 Basis of measurement

These financial statements have been prepared under the historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- a) fair value through other comprehensive income (FVOCI) instruments,
- b) financial assets and liabilities designated at fair value through profit or loss (FVTPL),
- c) derivative financial instruments,
- d) other financial assets held for trading.

2.4 Critical accounting estimates and judgments

The preparation of Company's financial statements requires Management to make use of estimates and judgements. In view of the inherent uncertainties and a level of subjectivity involved in measurement of items, it is possible that the outcomes in the subsequent financial years could differ from those on which the Management's estimates are based. Accounting estimates and judgements are used in various line items in the financial statements for e.g.:

Effective Interest Rate (EIR) Method:

The Company 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 behaviour and life-cycle of the instruments, as well as expected changes to other fee income/expense that are integral parts of the instrument.

Contingencies:

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application of judgement to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and revised to take account of changing facts and circumstances.

Useful lives of property, plant and equipment and Intangible assets:

Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation to be recorded during any reporting period. The useful lives and residual values as per schedule II of the Companies Act, 2013 or are based on the Company's historical experience with similar assets and taking into account anticipated technological changes, whichever is more appropriate.

Defined employee benefit obligation:

The cost of post-employment benefits is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rates, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed annually.

Fair value measurement

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation technique that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Business model assessment

Classification and measurement of financial assets depends on the results of the solely payment of principal and interest (SPPI) and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortized cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Income taxes

Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carryforwards become deductible. The Company considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment.

Expected credit losses on financial assets

The impairment provisions of financial assets and contract assets are based on assumptions about risk of default and expected timing of collection. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history of collections, customer's creditworthiness, existing market conditions as well as forward looking estimates at the end of each reporting period.

Leases

Ind AS 116 defines a lease term as the non-cancellable period for which the lessee has the right to use an underlying asset including optional periods, when an entity is reasonably certain to exercise an option to extend (or not to terminate) a lease. The Company considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option when determining the lease term. The option to extend the lease term are included in the lease term, if it is reasonably certain that the lessee will exercise the option. The Company reassess the option when significant events or changes in circumstances occur that are within the control of the lessee.

Estimation uncertainty relating to the global health pandemic on COVID-19

In assessing the recoverability of financial and non-financial assets, the Company has considered internal and external information up to the date of approval of these financial statements including credit reports and economic forecasts. The Company has performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

3. Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Functional and presentation currency

These financial statements are presented in Indian Rupees ('₹' or INR or Rs.) which is also the Company's functional currency. All amounts are rounded-off to the nearest lakhs, unless otherwise indicated.

3.2 Measurement of fair values

Fair values are categorised 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 and liabilities.
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The management regularly reviews significant unobservable inputs and valuation adjustments.

'When measuring the fair value of an asset or a 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 changes have occurred.

3.3 Revenue Recognition

Interest income

Interest income is recognized in Statement of profit and loss using the effective interest rate (EIR) method for all financial instruments which are measured either at amortised cost or at fair value through other comprehensive income. The EIR is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument or, when appropriate, a shorter period.

The EIR is calculated by taking into account any discount or premium on acquisition, fees and transaction costs that are an integral part of the contract. Transaction costs include incremental costs that are directly attributable to the acquisition of financial asset.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is accounted as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through interest income in the Statement of profit and loss.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired and is therefore regarded as 'Stage 3', the Company calculates interest income by applying the EIR to the net amortised cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

Interest income on all trading assets and financial assets, if any, required to be measured at FVTPL is recognized using the contractual interest rate as net gain on fair value changes.

Fee, commission and distribution income

The Company recognizes revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial Instruments' is applicable) based on a comprehensive assessment model as set out in Ind AS 115 'Revenue from contracts with customers'. The Company identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognizes revenue only on satisfactory completion of performance obligations. Revenue from contract with customer for rendering services is recognized at a point in time when performance obligation is satisfied.

Fees and commission income are measured at an amount that reflects the fair value of the consideration received or receivable, to which an entity expects to be entitled in exchange for transferring goods or services to customer, excluding amounts collected on behalf of third parties.

Distribution income is earned by selling of services and products of other entities under distribution arrangements. The income so earned is recognized on successful sales on behalf of other entities subject to there being no significant uncertainty of its recovery.

Income from bill discounting is recognized over the tenure of the instrument so as to provide a constant periodic rate of return.

Dividend and interest income on investments:

Dividends are recognized in Statement of profit and loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

Interest income from investments is recognized when it is certain that the economic benefits will flow to the Company 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.

Net gain on fair value changes

The Company recognises gains on fair value change of financial assets measured at FVTPL and realised gains on derecognition of financial asset measured at FVTPL and FVOCI on net basis.

However, net gain / loss on derecognition of financial instruments classified as amortised cost is presented separately under the respective head in the Statement of profit and loss.

Income from direct assignment

Gains arising out of direct assignment transactions comprise of the difference between the interest on the loan portfolio and the applicable rate at which the direct assignment is entered into with the assignee, also known as the right of excess interest spread (EIS). The future EIS basis the scheduled behavioral cash flows on execution of the transaction, discounted at the applicable rate entered into with the assignee is recorded upfront in the statement of profit and loss. EIS is evaluated and adjusted for ECL and expected prepayment.

Other income and expenses

All other income and expense are recognized in the period they occur.

3.4 Property plant and equipments

Property, plant and equipment ("PPE") are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes after deducting trade discount and rebates, any directly attributable cost incidental to acquisition and installation, up to the point the asset is ready for its intended use.

Advances paid towards the acquisition of PPE outstanding at each reporting date are shown under other non-financial assets. Assets acquired but not ready for intended use or assets under construction at the reporting date are classified under capital work in progress.

Subsequent expenditure related to the asset are added to its carrying amount or recognized as a separate asset only if it increases the future benefits of the existing asset, beyond its previously assessed standards of performance and cost can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

Depreciation

Depreciation on property, plant and equipment is provided on straight-line method over the useful lives of assets as determined by the management which is in line with Schedule II of the Act.

The estimated useful lives used for computation of depreciation are as follows:

	Useful Life (in years)
Computer equipment	3
Server	6
Office equipment	5
Furniture and fixtures	10
Vehicles	8

Leasehold improvements are amortized over the period of the lease.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. Changes in the expected useful life are accounted for by changing the amortization period or methodology, as appropriate, and treated as changes in accounting estimates.

PPE is derecognized on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the net carrying amount of the asset) is recognized in other income / netted off from any loss on disposal in the Statement of profit and loss in the year the asset is derecognized. Assets held for sale or disposals are stated at the lower of their net book value and net realisable value.

On transition to Ind AS, the company has elected to continue with the carrying value of all of its property, plant and equipment recognized as at 1 April 2018 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

3.5 Intangible Assets

An intangible asset is recognized only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset comprises its purchase price and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Subsequent expenditure related to the asset is added to its carrying amount or recognised as a separate asset only if it increases the future benefits of the existing asset, beyond its previously assessed standards of performance and cost can be measured reliably.

Intangible assets comprise of software which is amortized using the straight-line method over a period of three years commencing from the date on which such asset is first recognized.

Gains or losses from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the Statement of Profit and Loss when the asset is derecognised.

On transition to Ind AS, the company has elected to continue with the carrying value of all of its intangible assets recognized as at 1 April 2018 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

3.6 Foreign exchange transactions & translations

a) Initial recognition

Transactions in foreign currencies are recognised at the prevailing exchange rates between the reporting currency and a foreign currency on the transaction date.

b) Conversion

Transactions in foreign currencies are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in Statement of profit and loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the Statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the Statement of profit and loss on a net basis.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Thus, translation differences on non-monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as FVOCI are recognised in other comprehensive income.

Non-monetary items that are measured at historical cost in foreign currency are not retranslated at reporting date.

3.7 Financial instruments

a) Initial recognition and measurement:

Financial assets and liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial assets or financial liabilities. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in Statement of profit and loss.

b) Initial classification and subsequent measurement of financial assets:

The Company classifies its financial assets into various measurement categories. The classification depends on the contractual terms of the financial assets' cash flows and Company's business model for managing financial assets. On initial recognition, a financial asset is classified as measured at:

- Amortised cost;
- Fair Value through Other Comprehensive Income (FVOCI) - debt instruments;
- FVOCI - equity instruments;
- Fair Value Through Profit and Loss (FVTPL)

Amortised cost

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios being the level at which they are managed. These financial assets comprise bank balances, loans, trade receivables and other financial instruments.

Debt instruments measured at amortized cost where they have:

- a) contractual terms that give rise to cash flows on specified dates, that represent solely payment of principal and interest (SPPI) on the principal amount outstanding; and
- b) are held within a business model whose objective is achieved by holding to collect contractual cash flows.

These financial assets are subsequently measured at amortized cost using effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment provision are recognized in Statement of profit and loss. Any gain and loss on derecognition are recognized in Statement of profit and loss.

FVOCI - debt instruments

The Company measures its debt instruments at FVOCI when the instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets; and the contractual terms of the financial asset meet the SPPI test.

Debt investment at FVOCI are subsequently measured at fair value. Interest income under effective interest method, foreign exchange gains and losses and impairment provision are recognized in Statement of profit and loss. Other net gains and losses are recognized in other comprehensive income (OCI). On derecognition, gains and losses accumulated in OCI are reclassified to Statement of profit and loss.

FVOCI - equity instruments

For equity investments, the Company makes an election on an instrument-by-instrument basis to designate equity investments as measured at FVOCI.

These elected investments are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the reserves. The cumulative gain or loss is not reclassified to Statement of profit and loss on disposal of the investments. These investments in equity are not held for trading. Instead, they are held for strategic purpose. Dividend income received on such equity investments are recognized in Statement of profit and loss.

FVTPL

A financial asset which is not classified in any of the above categories are measured at FVTPL. This includes all derivative financial assets.

Equity investments that are not designated as measured at FVOCI are designated as measured at FVTPL and subsequent changes in fair value are recognized in Statement of profit and loss.

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in Statement of profit and loss.

c) Initial classification and subsequent measurement of financial liabilities and equity instruments:

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by Company are recognized at the proceeds received. Transaction costs of an equity transaction are recognised as a deduction from equity.

Financial liabilities

Financial liabilities are classified as 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 a derivative or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Statement of profit and loss. Any gain or loss on derecognition is also recognised in Statement of profit and loss.

d) Reclassification of financial assets and liabilities:

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. Financial liabilities are never reclassified.

e) Derecognition of financial assets and liabilities:

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised 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 in respect of the liability is discharged, cancelled or expires. Where 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 de-recognition of the original liability and the recognition of a new liability. The difference between the carrying value of the financial liability and the consideration paid is recognised in Statement of profit and loss.

f) Write-offs

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any subsequent recoveries made are recognized in Statement of profit and loss.

g) Offsetting:

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

h) Restructured, rescheduled and modified loans

The Company sometimes makes concessions or modifications to the original terms of loans such as changing the instalment value or changing the tenor of the loan, as a response to the borrower's request. The Company considers the modification of the loan only before the loans gets credit impaired. When the loan has been renegotiated or modified but not derecognised, the Company also reassesses whether there has been a significant increase in credit risk. The Company also considers whether the assets should be classified as Stage 3. Once an asset has been classified as restructured, it will remain restructured for a period of year from the date on which it has been restructured.

i) Derivatives and hedging activity:

The company uses derivative contracts like cross currency interest rate swaps, forward contracts, to hedge its risk associated with foreign currency and interest rate fluctuation relating to foreign currency floating rate borrowings. Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated.

The Company designates derivatives as either (i) hedges of the fair value of recognised assets or liabilities (fair value changes) or (ii) hedges of a particular risk associated with the cash flows of recognised assets and liabilities (cash flow hedges). The Company has designated the cross-currency interest rate swap as a cash flow hedge for changes in both interest rate and foreign exchange rates.

At the inception of the hedge relationship, the Company documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in cash flow hedging reserve within equity. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, within other gains/(losses).

Amounts previously recognised in other comprehensive income and accumulated in equity relating to effective portion as described above are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item. However, when the hedged forecast transaction results in the recognition of a nonfinancial asset or a non-financial liability, such gains and losses are transferred from equity (but not as a reclassification adjustment) and are included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is reclassified immediately in profit or loss.

Fair value hedges that qualify for hedge accounting

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

The change in the fair value of the designated portion of hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

j) Impairment of financial assets

Overview of the Expected Credit Loss (ECL) allowance principles:

The Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on loans measured at amortised cost and FVOCI and other debt financial assets not held at FVTPL.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is calculated to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the Company reverts to recognizing impairment loss allowance based on 12-month ECL.

The Company performs an assessment, at the end of each reporting period, of whether a financial assets credit risk has increased significantly since initial recognition. When making the assessment, the change in the risk of a default occurring over the expected life of the financial instrument is used instead of the change in the amount of expected credit losses.

Estimation of Expected Credit Loss (ECL):

The Company calculates ECLs based on a probability-weighted scenarios and historical data to measure the expected cash shortfalls. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

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

Probability of default (PD): The Probability of Default is an estimate of the likelihood of default over a given time horizon. The Company uses historical information where available to determine PD.

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

Loss Given default (LGD): The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral.

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.

Based on the above process, the Company categorizes its loans into three stages as described below:

Stage 1: When loans are first recognised, the Company recognises an allowance based on 12 months ECL. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date. These expected 12-month default probabilities are applied to an EAD and multiplied by the expected LGD. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2 or Stage 3.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the company records an allowance for the life time ECL. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument.

Stage 3: Financial assets are classified as stage 3 when there is objective evidence of impairment as result of one or more loss events that have occurred after the initial recognition. The Company records an allowance for the life time ECL. The method is similar to that for Stage 2 assets, with the PD set at 100%.

k) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a Company are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109 - Financial Instruments; and
- the amount initially recognized less, when appropriate, the cumulative amount of income recognized in accordance with the principles of Ind AS 115 – Revenue from contracts with customers.

3.8 Impairment of assets other than financial assets

The Company reviews the carrying amounts of its tangible and intangible assets at the end of each reporting period, to determine whether there is any indication that those assets have impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is determined for an individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets or group of assets.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) is increased to the revised estimate of its recoverable amount such that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised for the

asset (or cash-generating unit) in prior years. The reversal of an impairment loss is recognised in Statement of profit and loss.

3.9 Employee benefits

a) Short-term employee benefits

All short-term employee benefits are accounted on undiscounted basis during the accounting period based on services rendered by employees and recognized as expenses in the Statement of profit and loss. 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.

b) Defined contribution plan (provident fund and ESIC)

Retirement benefits in the form of provident fund and superannuation are defined contribution schemes. The Company has no obligation, other than the contribution payable to the respective funds. The Company recognizes contribution payable to the respective funds as expenditure, when an employee renders the related service.

c) Defined benefit plan (Gratuity)

Payment of gratuity to employees is covered by the "Exide Life Group Gratuity Unit Linked Scheme" of the Exide life Insurance Company Limited, which is a defined benefit scheme and the company makes contribution under the said scheme.

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. Past services are recognised at the earlier of the plan amendment / curtailment and recognition of related restructuring costs/termination benefits.

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

Remeasurement gains/losses - 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.

d) Compensated Absences

The company has a scheme for compensated absences for employees, the liability of which is determined on the basis of an independent actuarial valuation carried out at the end of the year, using the projected unit credit method. Actuarial gains and losses are recognized in full in the Statement of profit and loss for the period in which they occur.

3.10 Share-based payments

Equity-settled share-based payments to employees are recognized as an expense at the fair value of equity stock options at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the graded vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding adjustment in equity.

3.11 Finance costs

Finance costs include interest expense computed by applying the effective interest rate on respective financial instruments measured at amortized cost. Financial instruments include subordinated debts, term loans and working capital loans from Banks, Financial Institutions and NBFCs and Commercial Papers. Finance costs are charged to the Statement of profit and loss.

3.12 Securities issue expenses

Expenses incurred in connection with fresh issue of share capital are adjusted against securities premium reserve.

3.13 Income taxes

Income tax expense comprises of current tax and deferred tax. It is recognized in Statement of profit and loss except to the extent that it relates to an item recognized directly in equity or in other comprehensive income.

a) Current tax:

Current tax comprises amount of tax payable in respect of the taxable income or loss for the year determined in accordance with Income Tax Act, 1961 and any adjustment to the tax payable or receivable in respect of previous years. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

b) Deferred tax:

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequence that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary difference could be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

3.14 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash on hand, cheques and drafts on hand, balances with banks in current accounts, short term deposits with an original maturity of three months or less, which are subject to an insignificant risk of change in value.

3.15 Provisions, contingent liabilities and contingent assets

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events, whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation.. Contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent assets are not recognized in the financial statements. However, it is disclosed only when an inflow of economic benefits is probable.

3.16 Leases

Ind AS 116 Leases was notified by MCA on 30 March 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019.

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. On transition to Ind AS, the company has elected to adopt Ind AS 116 using the modified retrospective approach with effect from April 1, 2018 and hence comparative information has been reported under Ind AS 116.

The company as a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the Statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using incremental borrowing rate (because the implicit rate in the lease contracts is not available). The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The company has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less, and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

The company as a lessor

Leases where the Company does not transfer substantially all of the risk and benefits of ownership of the asset are classified as operating leases. Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in rental income in the Statement of profit and loss, unless the increase is in line with expected general inflation, in which case lease income is recognised based on contractual terms.

When the company is an intermediate lessor it accounts, for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the company applies the exemption described above, then it classifies the sub-lease as an operating lease.

3.17 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, sub-division of shares etc. that have changed the number of equities shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders is divided by the weighted average number of equity shares outstanding during the period, considered for deriving basic earnings per share and weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

3.18 Cash flow statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

3.19 Segment information

The Company is engaged in the business segment of Financing, whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated and to assess its performance, and for which discrete financial information is available. Operating segments of the Company are reported in a manner consistent with the internal reporting provided to the chief operating decision maker and accordingly the Company has classified its operations into three segments – Distribution (retail loan/insurance products), Retail Finance and Whole sale Finance. For presentation of segment information, directly attributable income and assets are allocated as such and the other income, expenses and other assets and liabilities are apportioned on appropriate basis.

3.20 Standard issued but not yet effective (if any to be mentioned)

Certain new standards, amendments to standards and interpretations are not yet effective for annual period beginning after April 1, 2019 and have not been applied in preparing these financial statements. The new standards and amendments to standards are proposed to be effective for reporting periods beginning on or after 1 April 2020. The Company intends to adopt these standards and amendments when they became effective.

The Standards that are issued, but not yet effective, are disclosed below:

A. Issuance of new standard

Ind AS 117 – Insurance Contracts

Ind AS 117 supersedes Ind AS 104 Insurance contracts. It establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. Under the Ind AS 117 model, insurance contract liabilities will be calculated as the present value of future insurance cash flows with a provision for risk.

Application of this standard is not expected to have any significant impact on the Company's financial statements.

B. Amendments to existing Standards

Ministry of Corporate Affairs has carried out amendments of the following accounting standards:

(i) *Ind AS 103 – Business Combination*

The amendment is in connection with clarification of business definition, which help in determining whether an acquisition made is of a business or a group of assets. The amendment added a test that makes it easier to conclude that a Company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets.

The adoption of amendment to Ind AS 103 is not expected to have any significant impact on the Company's financial statements.

(ii) *Ind AS 1, Presentation of Financial Statements and Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors*

The amendment is in connection with refinements to the definition of 'Material' and aligns this definition with other Ind AS. These refinements are intended to make the definition easier to understand and are not intended to alter the concept of materiality in Ind AS. The amended definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The adoption of amendment to Ind AS 1 and Ind AS 8 is not expected to have any significant impact on the Company's financial statements.

(iii) *Ind AS 40 – Investment Property*

Ind AS 40 states that an investment property shall be measured initially at cost and for measurement after recognition, cost model shall be adopted for all the investment property. The amendment is in connection with an addition of option to measure all investment property after recognition as per fair value model. However, the amendment also gives an exception which states that an entity may:

- (a) choose either the fair value model or the cost model for all investment property backing liabilities that pay a return linked directly to the fair value of, or returns from, specified assets including that investment property; and
- (b) choose either the fair value model or the cost model for all other investment property, regardless of the choice made in (a).

The adoption of amendment to Ind AS 40 is not expected to have any significant impact on the Company's financial statements.

Notes to the financial statements (Continued)

		<i>(INR in Lakhs)</i>	
		As at	As at
		Mar 31, 2021	Mar 31, 2020
4	Cash and cash equivalents		
	Cash on hand	747	763
	Balances with banks		
	- in current accounts	10,856	6,165
	- in fixed deposits with original maturity less than 3 months	41,000	7,301
		52,603	14,229
5	Bank balances other than cash and cash equivalents		
	Long term bank deposits with banks		
	- Long term bank deposits with banks (fixed deposits)	15,476	7,502
		15,476	7,502
5.1	Encumbrances on fixed deposits with bank held by the Company		
	Pledged against Securitised pool (PTC) facility from Federal Bank	150	-
	Pledged against Bank OD facility from DCB Bank	-	2,501
6	Receivables		
	(i) Trade receivables		
	Receivables considered good - Unsecured	118	232
		118	232
	Less: Impairment Loss Allowance	1	1
		117	231
	(ii) Other receivables		
	Receivables considered good - Unsecured	320	140
		320	140
	Less: Impairment Loss Allowance	-	-
		320	140
		437	371
6.1	Debts due by directors or other officers of the NBFC or any of them either severally or jointly with any other person or debts due by firms including LLPs, private companies respectively in which any director is a partner or a director or a member if any has been separately stated.		

Notes to the financial statements (Continued)

		<i>(INR in Lakhs)</i>	
		As at Mar 31, 2021	As at Mar 31, 2020
7	Loans		
	Measured at amortised cost		
	Gross carrying amount of loans	4,62,838	3,72,144
	Less: Impairment Loss Allowance	(7,624)	(3,492)
	Total Net (A)	4,55,214	3,68,652
	(i) Secured by tangible assets (Refer Note 43.1.2)	3,99,208	3,22,304
	(ii) Secured by intangible assets	-	-
	(iii) Covered by bank/Government guarantees (Refer Note 43.1.2)	6,117	-
	(iv) Unsecured	57,513	49,840
	Total Gross (B)	4,62,838	3,72,144
	Less: Impairment Loss Allowance	(7,624)	(3,492)
	Total Net (B)	4,55,214	3,68,652
	Loans in India		
	(i) Public sector		
	(ii) Others	4,62,838	3,72,144
	Total Gross (C)	4,62,838	3,72,144
	Less: Impairment Loss Allowance	(7,624)	(3,492)
	Total Net (C)	4,55,214	3,68,652
7.1	Disclosure required as per Non-Banking Financial Company - Systematically Important Non Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016		
		As at Mar 31, 2021	As at Mar 31, 2020
	Loans against collateral of gold jewellery (Gross)	1,91,779	1,04,545
	Total assets of the Company	5,46,630	4,08,619
	Percentage of Loans against collateral of gold jewellery to Total assets of the Company	35.08%	25.58%

Fedbank Financial Services Limited
CIN : U65910KL1995PLC008910

Notes to the financial statements (Continued)

- 7.2** The table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal credit rating system and year-end stage classification.
The amounts presented are gross of impairment allowances. Details of the Company's internal grading system and policies on ECL allowances are set out in **Note 3**

- (a) Gross carrying amount of loan assets allocated to Stage 1, Stage 2 and Stage 3

(INR in Lakhs)

Loans (at amortised cost)	Year Ended 31 March 2021				Year Ended 31 March 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Performing								
High grade	4,45,141	-	-	4,45,141	3,54,909	-	-	3,54,909
Standard grade	-	12,881	-	12,881	-	11,762	-	11,762
Non-performing :								
Individually impaired	-	-	4,816	4,816	-	-	5,473	5,473
Total	4,45,141	12,881	4,816	4,62,838	3,54,909	11,762	5,473	3,72,144

- (b) Reconciliation of Gross Carrying amount is given below:

(INR in Lakhs)

	Year Ended 31 March 2021				Year Ended 31 March 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	3,54,909	11,762	5,473	3,72,144	1,91,340	6,048	4,608	2,01,996
Transfers to Stage 1	4,959	(4,890)	(68)	(0)	748	(734)	(14)	-
Transfers to Stage 2	(8,363)	8,364	(1)	(0)	(7,485)	7,516	(31)	-
Transfers to Stage 3	(1,600)	(807)	2,407	-	(822)	(2,144)	2,966	-
Assets derecognised (excluding write offs)	(1,40,764)	(5,621)	(803)	(1,47,188)	(57,870)	(2,743)	(3,365)	(63,978)
Asset written off	-	-	(2,904)	(2,904)	-	-	-	-
Loan Repaid	(33,913)	503	302	(33,109)	(17,766)	(1,343)	130	(18,979)
New assets originated or purchased	2,69,914	3,571	410	2,73,895	2,46,764	5,162	1,179	2,53,105
Gross carrying amount closing balance	4,45,141	12,881	4,816	4,62,838	3,54,909	11,762	5,473	3,72,144

- (c) Reconciliation of ECL balance is given below:

(INR in Lakhs)

	Year Ended 31 March 2021				Year Ended 31 March 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	1,363	644	1,485	3,492	401	204	729	1,334
Transfers to Stage 1	466	(449)	(17)	0	35	(35)	-	-
Transfers to Stage 2	(111)	111	(0)	0	(38)	41	(3)	-
Transfers to Stage 3	(9)	(83)	91	-	(1)	(92)	93	-
Assets derecognised (excluding write offs)	(224)	(41)	(8)	(274)	(66)	(48)	(417)	(531)
Assets written off	-	-	(768)	(768)	-	-	-	-
Loan Repaid	2,169	1,351	719	4,239	17	479	1,023	1,519
New assets originated or purchased	880	25	30	935	1,015	95	60	1,170
ECL allowance - closing balance	4,534	1,558	1,532	7,624	1,363	644	1,485	3,492

Notes to the financial statements *(Continued)*

		<i>(INR in Lakhs)</i>	
		As at	As at
		Mar 31, 2021	Mar 31, 2020
8.0	Investment		
8.1	At Amortised Cost		
	Investment in NCD	833	1,145
	Less: Allowance for impairment loss	(85)	(10)
		<u>748</u>	<u>1,135</u>
8.2	At Fair Value Through Profit & Loss		
	Mutual Funds (Units : No. 227739 and Cost INR 2500 Lakhs)	2,501	3,001
		<u>2,501</u>	<u>3,001</u>
	Total Investment	<u>3,249</u>	<u>4,136</u>

Note: All the investment are held in India only

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Notes to the financial statements (Continued)

		<i>(INR in Lakhs)</i>	
		As at	As at
9	Other financial assets	Mar 31, 2021	Mar 31, 2020
	Security Deposits	951	826
	Full & final recovery from employee	8	48
	Less: Impairment Loss Allowance	(8)	(46)
	Ex-Gratia Receivable	402	-
		1,353	828

Notes to the financial statements (Continued)

		(INR in Lakhs)	
		As at Mar 31, 2021	As at Mar 31, 2020
10	Current tax assets (net)		
	Advance income taxes	986	839
		986	839
11	Deferred tax assets (net)		
	Deferred tax assets (net)	2,038	650
		2,038	650
11.1	Deferred taxes in relation to :		
	Depreciation and Amortisation	270	181
	Provision for Employee benefits	61	44
	Provision for Expected Credit Loss	1,944	365
	Lease Equalisation Credit	317	158
	Other timing differences	23	26
	Effective interest rate on Financial assets	141	220
	Interest income on NPA	(47)	(46)
	Fair valuation of security deposit	9	5
	Effective interest rate on Financial Liabilities	(204)	(17)
	Gain/(Loss) on fair valuation of mutual fund	(0)	(1)
	Interest/Other Charges on Direct Assignment Transaction	(456)	(265)
	Impact due to tax rate change	(20)	(20)
	Deferred tax assets	2,038	650

Note: For disclosure relating to movement in deferred tax assets / liabilities, refer **note 33.3**

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Notes to the financial statements (*Continued*)

		<i>(INR in Lakhs)</i>	
		As at	As at
		Mar 31, 2021	Mar 31, 2020
12	Other non-financial assets		
	Input tax credit (Net)	701	-
	Prepaid expenses	689	336
	Advance From Suppliers	386	217
	Advances to employees	58	111
	Others	42	41
		1,876	705

13 Property, Plant & Equipment

13.1 Tangible Assets

(INR in Lakhs)

Particulars	Computer Equipments	Office Equipments	Lease Hold improvements (Interior Furnishings)	Furniture & Fixtures	Vehicles - Cars	Server	Total Tangible Assets	
Gross Block as at April 1, 2020	642	618	1,499		662	20	195	3,634
Gross Block as at April 1, 2019	(294)	(390)	(798)		(372)	(20)	(150)	(2,024)
	-	-	-		-	-	-	-
Additions during FY 20-21	138	220	345		204	5	5	917
Adjustments during FY 20-21								-
Additions/Adjustments during FY 19-20	(348)	(258)	(746)		(312)	-	(45)	(1,709)
	-	-	-		-	-	-	-
Deletions during FY 20-21	48	58	76		66			248
Deletions during FY 19-20	(0)	(31)	(44)		(23)	-	-	(98)
Gross Block as at March 31, 2021	732	780	1,768		800	25	200	4,304
Gross Block as at March 31, 2020	(642)	(618)	(1,499)		(662)	(20)	(195)	(3,634)
Accumulated depreciation as at April 1, 2020	303	382	742		369	15	113	1,922
Accumulated depreciation as at April 1, 2019	(217)	(299)	(600)		(298)	(12)	(97)	(1,523)
	-	-	-		-	-	-	-
Additions during FY 20-21	158	161	265		122	3	17	726
Adjustments during FY 20-21								-
Additions/Adjustments during FY 19-20	(86)	(112)	(183)		(91)	(3)	(16)	(490)
	-	-	-		-	-	-	-
Deletions during FY 20-21	46	54	72		60			232
Deletions during FY 19-20	(0)	(29)	(41)		(21)	-	-	(91)
Accumulated depreciation as at March 31, 2021	415	489	935		431	18	130	2,418
Accumulated depreciation as at March 31, 2020	(303)	(382)	(742)		(369)	(15)	(113)	(1,922)
Net block as at March 31, 2021	317	291	833		369	7	70	1,887
Net Block as at March 31, 2020	(339)	(236)	(757)		(293)	(5)	(82)	(1,713)

13.2 Intangible Assets

Particulars	Computer Software
Gross Block as at April 1, 2020	677
Gross Block as at April 1, 2019	(494)
	-
Additions/Adjustments during FY 20-21	138
Additions/Adjustments during FY 19-20	(217)
	-
Deletions during FY 20-21	49
Deletions during FY 19-20	(34)
Gross Block as at March 31, 2021	766
Gross Block as at March 31, 2020	(677)
Accumulated depreciation as at April 1, 2020	479
Accumulated depreciation as at April 1, 2019	(414)
	-
Additions/Adjustments during FY 20-21	103
Additions/Adjustments during FY 19-20	(86)
	-
Deletions during FY 20-21	47
Deletions during FY 19-20	(21)
Accumulated depreciation as at March 31, 2021	535
Accumulated depreciation as at March 31, 2020	(479)
Net block as at March 31, 2021	231
Net Block as at March 31, 2020	(198)

13.3 Capital Work in progress

Particulars	CWIP
Gross Block as at April 1, 2020	42
Gross Block as at April 1, 2019	(31)
	-
Additions/Adjustments during FY 20-21	359
Additions/Adjustments during FY 19-20	(551)
	-
Deletions during FY 20-21	305
Deletions during FY 19-20	(539)
Gross Block as at March 31, 2021	96
Gross Block as at March 31, 2020	(42)

13.4 ROU Asset

Particulars	ROU
ROU as at April 1, 2020	8,753
ROU as at April 1, 2019	(4,026)
	-
Additions during the FY 20-21	4,329
Additions during the FY 19-20	(6,131)
	-
Depreciation during the FY 20-21	1,897
Depreciation during the FY 19-20	(1,404)
ROU as at March 31, 2021	11,185
ROU as at March 31, 2020	(8,753)

Notes to the financial statements (Continued)

		(INR in Lakhs)	
		As at Mar 31, 2021	As at Mar 31, 2020
14 Trade Payables			
(i) Total outstanding dues of micro enterprises and small enterprises		0	10
(ii) Total outstanding dues to creditors other than micro enterprises and small enterprises		90	399
		90	409

14.1 Other payables

(i) Total outstanding dues of micro enterprises and small enterprises	-	-
(ii) Total outstanding dues to creditors other than micro enterprises and small enterprises	907	485
	907	485

14.2 The Company has taken steps to identify the suppliers who qualify under the definition of micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006. The aforementioned is based on responses received by the Company to its enquiries with the suppliers with regard to applicability under the said Act. The details of amounts outstanding to Micro, Small and Medium Enterprises based on information available with the Company is as under:

Particulars	As at Mar 31, 2021	As at Mar 31, 2020
Principal amount remaining unpaid as at the end of the accounting year	0	10
Interest due on above and remaining unpaid as at the end of the accounting year	0	1
Amount of interest paid along with amount of payment made to supplier beyond the appointed day	-	-
Interest due on principal amounts paid beyond the due date during the year but without the interest amounts under this Act	-	-
Interest accrued and remaining unpaid	-	-
Amount of further interest remaining due and payable in succeeding years	-	-

15 Debt securities

At amortised cost

Secured

Non-convertible redeemable debentures - Others	30,545	-
Non-convertible redeemable debentures - Related Party	-	-

Unsecured

Non-convertible redeemable debentures		
Interest accrued on debt securities		
Commercial paper	30,000	12,500
Less : Unamortised discount	(1,175)	(322)
	59,370	12,178

Debt Securities in India	59,370	12,178
Debt Securities outside India	-	-
	59,370	12,178

15.1 Unexpired discount on commercial papers to be redeemed within next one year is INR 1175 (Previous year- INR 322) (Net) towards interest accrued but not due. The carrying interest rate @ 5.50 % to 6.25 % p.a (Previous Year 8.00% to 8.75% p.a.) In respect of commercial paper maximum amount outstanding during the year was INR 48,500 (Previous Year INR 25,000)

		(INR in Lakhs)	
		As at	As at
		Mar 31, 2021	Mar 31, 2020
16	<u>Borrowings (other than debt securities)</u>		
	Term Loan At amortised cost		
	Secured		
	Term loans from bank	2,38,142	1,84,698
	Term loan from Related Party	78,613	98,727
	Term loans from other Parties	4,995	4,138
		3,21,750	2,87,563
	Unsecured		
	Term loans from bank	5,000	5,000
	Term loans from other Parties	2,490	2,500
		7,490	7,500
	Loans repayable on demand		
	Secured		
	From Bank	9,634	6,119
	From other parties	1,000	1,000
	From Related Party	5,999	7,344
	Other		
	Liability component of compound financial instrument	62	55
	Collateralized Borrowing	1,658	-
		3,47,593	3,09,581
	Borrowings in India	3,47,593	3,09,581
	Borrowings outside India	-	-
		3,47,593	3,09,581
16.1	For detailed terms of repayment please refer to note 41		
16.2	These facilities carry interest rates in the range of 6.21% to 9.80% p.a (Previous year :6.90 %-9.90%)		
17	<u>Subordinated Debt</u>		
	At amortised cost		
	Unsecured		
	Non-convertible redeemable debentures - Related Party	24,764	-
	Non-convertible redeemable debentures - Others	1,082	-
		25,846	-
18	<u>Other financial liabilities</u>		
	Book overdraft	11,131	1,322
	Lease Liability	12,463	8,977
	Employee related payable	1,363	926
	Liability Towards Non Capital Contracts/goods	-	1
	Auction Related Payables	119	97
	Commission Payable	1,009	882
	Account Payable - Stale Cheque	92	277
	Interest Payable to MSME Vendors	-	1
	Other payables	1,532	943
		27,709	13,426

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Notes to the financial statements (Continued)

		<i>(INR in Lakhs)</i>	
		As at	As at
		Mar 31, 2021	Mar 31, 2020
19	Current tax liabilities (net)		
	Provision for taxation	-	-
		-	-
20	Provisions		
	Provision for Gratuity	16	20
	Provision for Compensated leave absences	285	172
	Provision on burglary gold	2	-
		303	192
21	Other non-financial liabilities		
	Advances from customers	1,151	2,945
	Others Payable	14	-
	Statutory Dues Payable	174	287
		1,339	3,232

		(INR in Lakhs)	
		As at Mar 31, 2021	As at Mar 31, 2020
22	Equity share capital		
Authorised :			
99,00,00,000 (Previous Year 29,00,00,000) Equity Shares of INR. 10 each		99,000	29,000
1,00,00,000 Optionally Cumulative Redeemable Preference Shares of INR.10 each		1,000	1,000
		1,00,000	30,000
Issued, Subscribed and Paid up:			
28,99,23,425 (Previous Year 27,34,23,425) Equity Shares of INR. 10 each fully paid up		28,992	27,342
		28,992	27,342
Equity component of compound financial instruments			
Issued, subscribed and partly paid up			
47,29,730 0.01% Non -Cumulative Optionally Convertible Redeemable Preference Shares of Rs.10 each partly paid up of Rs. 2 each		33	40
		33	40

(a) Reconciliation of the number of shares outstanding and amount of share capital at the beginning and at the end of the year

(i) Reconciliation of the number of equity shares outstanding and amount of share capital at the beginning and at the end of the year

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number of Shares	Rupees in Lakhs	Number of Shares	Rupees in Lakhs
Balance at the beginning of the year	27,34,23,425	27,342	23,00,42,500	23,004
Add: Issued during the year	1,65,00,000	1,650	4,33,80,925	4,338
Balance at the end of the year	28,99,23,425	28,992	27,34,23,425	27,342

Reconciliation of equity component of compound financial instrument outstanding at the beginning and at the end of the reporting period

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number of Shares	Rupees in Lakhs	Number of Shares	Rupees in Lakhs
Balance at the beginning of the year	47,29,730	40	-	-
Add: Issued during the year	-	-	47,29,730	40
Less: Transferred to Financial Liability	-	(7)	-	-
Balance at the end of the year	47,29,730	33	47,29,730	40

(ii) During the year company issued 1,65,00,000 number of equity share of face value of Rs 10/- each vide right issue to existing shareholders in their holding proportion for a consideration of INR 7,920 lakhs.

(iii) During the year the company issued nil (Previous Year 47,29,730) number of Optionally Convertible Redeemable Preference Shares (OCRPS) to the Managing Director of the company Mr. Anil Kothuri of face value of INR 10 each of which INR 2 per share is paid up. The Board of Directors approved this allotment in its meeting held on October 31st, 2019.

(b) Rights, preferences and restrictions attached to equity shares

(i) **For Equity shares :** The Company has only one class of Equity shares having face value of INR 10/- each per share. Each holder of Equity shares is entitled to one vote per share.

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

(ii) **For Preference Shares :** The preference shares shall carry the voting rights which are provided in the Companies Act and shall not have any other voting rights. However, preference shareholders shall have voting rights on any matter affecting the preference shares holder directly or indirectly. Preference shares shall be non-participating and the no participation in surplus fund shall be given to preference shares. No participation in surplus assets and profits, on winding-up which may remain after the entire capital has been repaid shall be given to preference shares. The payment of dividend on preference shares shall be on non-cumulative basis

(c) Details of equity shares held by shareholders holding more than 5% shares of the aggregate shares in the Company

Particulars	As at March 31, 2021		As at March 31, 2020	
	Percentage Of Holding	Rupees in Lakhs	Percentage Of Holding	Rupees in Lakhs
Equity Shares				
Equity Shares Held by holding company - Federal Bank Limited (Including 405 shares held by nominees)	74.00%	21,454	74.00%	20,233
- True North Fund VI LLP	26.00%	7,538	26.00%	7,109
	100.00%	28,992	100.00%	27,342

d) Number of shares reserved for ESOPs

Particulars	As at Mar 31, 2021	As at Mar 31, 2020
Equity Shares of Rs. 10 fully paid up		
Number of shares reserved for ESOPs (Refer note 45)	81,51,351	55,11,351

(e) Terms of any securities convertible into equity/preference shares issued along with the earliest date of conversion in descending order starting from the farthest such date

No other securities is issued other than OCRPS. The conversion of OCRPS into equity shares shall be as under:

- Out of the total OCRPS of 47,29,730 shares, certain OCRPS will be eligible for conversion into equity shares on the lapsation of time (40,20,270 OCRPS) and certain OCRPS will be eligible to convert into equity shares on the occurrence of an Exit Linked Event of the Investor (7,09,460 OCRPS).
- Each time based OCRPS shall be convertible into 1(one) Equity Share, at the option of the Subscriber, in the following manner:

Conversion date	Number of OCRPS eligible for conversion	Number of Equity Shares to be issued upon conversion of the OCRPS
November 1, 2019	6,70,045	6,70,045
September 1, 2020	6,70,045	6,70,045
September 1, 2021	6,70,045	6,70,045
September 1, 2022	6,70,045	6,70,045
September 1, 2023	6,70,045	6,70,045
September 1, 2024	6,70,045	6,70,045

- In the event that the Subscriber does not exercise his right to convert (i.e. by issue of a Conversion Notice as per the provisions below) any of the aforesaid OCRPS before December 31, 2025, then the same shall be redeemed by the Company on December 31, 2025 at par.
- In the event that the Subscriber resigns from the Company or his/her Employment contract is terminated:
 - With respect to the time based OCRPS, before any of the OCRPS are due for conversion (as specified in the table above), all OCRPS due for conversion after the event shall not be due for conversion and be redeemed by the Company at Subscription price.
 - With respect to the Exit Linked OCRPS, before the exit by the Investor, all such OCRPS will be redeemed at the Subscription price.

(e) The aggregate value of calls unpaid by directors and also officers of the company for Optionally Convertible Redeemable Preference Shares as on 31st March 2021 is Nil. (31st March 2020 Nil). At 31st March, 2021 no options have been converted into equity shares.

	As at Mar 31, 2021	As at Mar 31, 2020
23 Other Equity		
Securities Premium	33,554	27,307
Share Application Money Pending Allotment	4	-
Employee stock option outstanding	515	253
Other Comprehensive Income	27	(6)
Statutory Reserve	4,523	3,289
Equity component of Compound Financial Instrument	33	40
General Reserve	10	10
Impairment Reserve	-	-
Surplus in the statement of profit and loss	15,815	10,880
	54,481	41,774

Nature and purpose of reserves

23.1 General Reserve

The reserve is a distributable reserve maintained by the company out of transfers made from annual profits.

23.2 Statutory Reserve

Statutory Reserve represents the Reserve fund created under Section 45-IC of the Reserve Bank of India Act, 1934. During the current financial year an amount of INR 1,234 lakhs (previous year INR 783 lakhs) has been transferred to the said reserve for the year

23.3 Securities Premium

Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

23.4 Surplus in the statement of profit and loss

Surplus in the statement of profit and loss pertain to the Company's undistributed earnings after taxes

23.5 Impairment Reserve

Impairment Reserve is appropriated from net profit after tax when charge of impairment allowance is lower than the provisioning required under IRACP

23.6 Equity component of Compound Financial Instrument

This is equity component of compound financial instruments as per Ind AS 32 Financial Instruments: Presentation (refer to note 22(a)(iv) for details)

23.7 Other Comprehensive Income

Re-measurements of net defined benefit plan - It represents the cumulative actuarial gains/(losses) defined employee benefit plans.

23.8 Employee Stock Option outstanding

The Employee Stock Options outstanding represents amount of reserve created by recognition of compensation cost at grant date fair value on stock options vested but not exercised by employees and unvested stock options in the Statement of profit and loss in respect of share options granted to the eligible employees of the Company in pursuance of the Employee Stock Option Plan.

23.9 Details of movement in other equity

Securities Premium Account	27,307	12,585
Add : Additions during on issue of Equity Shares	6,270	14,910
Less : Share issue expenses	(23)	(188)
	33,554	27,307
Share Application Money Pending Allotment	-	-
Add : Additions during year	4	-
	4	-
Employee Stock Option Outstanding	253	-
Add : Additions during the year	262	253
	515	253
Other Comprehensive Income	(6)	8
Add : Additions during the year	33	(15)
	27	(6)
Statutory Reserve under Section 45-IC of the Reserve Bank of India Act, 1934 *	3,289	2,507
Add : Additions during the year	1,234	783
	4,523	3,289
Compound Financial Instrument	40	-
Less : Transferred (to)/from Financial Liability	(7)	40
	33	40
General Reserve	10	10
Add : Additions during the year	-	-
	10	10
Retained Earning - Opening Balance	10,880	7,748
Add: Profit for the year	6,168	3,914
Less: Transferred to Statutory Reserve	(1,234)	(783)
	15,815	10,880
Other Equity	54,481	41,774

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Notes to the financial statements (Continued)

		<i>(INR in Lakhs)</i>	
		for the year ended Mar 31, 2021	for the year ended Mar 31, 2020
24	Interest Income		
	Interest on Loans		
	On loans and Credit substitute (refer note 2.29)	63,987	40,777
	Interest income (Excess interest spread on Retained asset)	982	1,054
	EIR - Processing fee net off Loan Originated cost	530	615
	Interest income from investments		
	Interest income on debt instrument amortised cost	158	143
		65,657	42,588
25	Fee income		
	Income From Distribution	2,376	2,385
	Loan Servicing Fee	16	5
		2,392	2,390
26	Net gain on fair value changes		
	Profit on sale of Mutual Fund	198	8
	FV - Gain/Loss on Mutual fund	0	1
		198	9
	Fair value changes:		
	- Realised	198	8
	- Unrealised	0	1
	Total Net gain/loss on fair value changes	198	9
27	Other income		
	FD Interest	879	371
	Fees for Provision of Facilities/ Services	444	1,031
	Miscellaneous Income	11	18
	Income From Marketing Services	-	7
	Liability no longer required, written back	11	23
	Interest On Income Tax Refunds	-	19
	Sublease Income	108	129
	Interest on Security Deposits	72	66
		1,525	1,665

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Notes to the financial statements (Continued)

	<i>(INR in Lakhs)</i>	
	for the year ended Mar 31, 2021	for the year ended Mar 31, 2020
28 Finance costs		
Interest on borrowings		
Interest on term loan	24,396	17,011
Interest on CC / WCDL	857	1,227
Interest on borrowings other than debt securities (EIR adjustment)	396	156
Interest on debt securities & subordinated debt		
Discount on commercial paper and debentures	1,462	1,116
Interest on debentures	3,067	-
Other interest expense		
Finance and bank charges	138	-
Interest on Lease Liability	1,003	601
	31,319	20,110
28.1 Finance Cost for Borrowings (other than debt securities) include amount due to Federal Bank (Holding Company) INR 7,908 Lakhs (Previous year - INR 7,953 Lakhs).		
28.2 Interest on NCD include amount due to Federal Bank (Holding Company) INR 1,209 Lakhs (Previous year - NIL).		
29 Fees and commission expenses		
Commission and brokerage	1,204	1,239
	1,204	1,239
30 Impairment on financial instruments & other receivables		
Bad debts - Loan written off	2,904	17
Others written off	43	-
Settlement write off	22	-
ECL Provision for credit loss on securitisation	6	6
Provision for fraud cases	4	(8)
ECL Provision on Interest on NPA	15	51
ECL Provision on trade receivable	0	(1)
ECL Provision / write back on Investment	75	0
ECL on F&F recovery	(38)	14
ECL Provision on loans	4,105	2,109
	7,137	2,188
31 Employee benefit expenses		
Salaries and wages		
Salaries and wages	11,908	9,059
Contribution to provident and other funds	630	482
Expense on Employee Stock Option Scheme (ESOP) and Employee Stock Purchase Plan (ESPP)	262	253
Staff welfare expenses	359	288
	13,159	10,082

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Notes to the financial statements (Continued)

		<i>(INR in Lakhs)</i>	
		for the year ended Mar 31, 2021	for the year ended Mar 31, 2020
32 Other expenses			
Advertisement and business promotion		88	75
Auditors' remuneration		29	25
Directors' sitting fees		16	16
Insurance		141	68
Legal and professional fees		775	860
Printing and stationery		157	114
Rates and taxes		65	16
Rent		16	129
Repairs and maintenance - Machinery		0	3
Repairs and maintenance - Other		362	297
Electricity charges		113	160
Corporate social responsibility -Donation		106	92
Sourcing Expenses		93	91
Processing Fee Sharing to Business correspondents and MFI arrang		(0)	18
Office expenses		192	146
Postage and courier		253	183
Goods & Service tax expenses		954	832
CWIP written off		6	19
Travelling and conveyance		228	411
Recruitment Charges		72	111
Servicing Fees - MFI		1,510	1,172
Valuation Charges		44	56
Housekeeping and security charges		1,006	519
Loss On Sale Of Assets		13	18
Miscellaneous Expenses		110	35
Securitisation Expenses		83	44
Provision for Doubtful Interest		86	-
Penalty and Fines		15	-
		6,533	5,512
32.1 Auditors' remuneration:			
As Statutory Auditors		20	15
For Limited Review		6	6
For Other Matters		2	-
For Out of pocket expenses		1	4
		29	25
32.2 Corporate Social Responsibility Expenditure			

The Company has provided INR 106 Lakhs (Previous year: INR 92) towards CSR expenditure in accordance with the provisions of Companies Act, 2013

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Notes to the financial statements (Continued)

		<i>(INR in Lakhs)</i>
	for the year ended Mar 31, 2021	for the period ended Mar 31, 2020
33 Income Taxes		
33.1 Tax Expense		
Current Tax Expense		
Current Tax for the year	2,924	1,849
Adjustment of tax relating to earlier periods	-	(47)
	2,924	1,802
Deferred Taxes		
Change in deferred tax assets	(1,399)	(116)
Change in deferred tax liabilities	-	-
Net deferred tax expense	(1,399)	(116)
Total Income Tax Expense	1,524	1,686
33.2 Reconciliation of tax charge		
Profit/(loss) before income tax expense	7,693	5,600
Tax at the rate	25.17%	25.17%
Income tax expense calculated based on this rate	1,936	1,409
Adjustment in respect of current income tax of previous years	-	(47)
Tax effect of amounts not deductible/not taxable in calculating taxable income		
Deferred tax prior period item	(500)	-
Expenses not deductible	114	363
Items considered under other heads	(26)	(39)
Income tax expense	1,524	1,686

33.3 Movement of Deferred tax assets / Liabilities

For the year ended March 31, 2021	Deferred tax asset/(liability) Opening	In Profit or Loss	In OCI	Directly in Equity	Total Movement	Deferred tax asset/(liability) Closing
Deferred taxes in relation to :						
Depreciation and Amortisation	181	89	-	-	89	270
Provision for Employee benefits	44	29	(11)	-	17	61
Provision for Expected Credit Loss	364	1,580	-	-	1,580	1,944
Lease Equalisation Credit	158	159	-	-	159	317
Other timing differences	27	(4)	-	-	(4)	23
Effective interest rate on Financial assets	219	(78)	-	-	(78)	141
Interest income on NPA	(47)	-	-	-	-	(47)
Fair valuation of security deposit	5	4	-	-	4	9
Effective interest rate on Financial Liabilities	(16)	(188)	-	-	(188)	(204)
Gain/(Loss) on fair valuation of mutual fund	-	(0)	-	-	(0)	(0)
Interest/Other Charges on Direct Assignment Transaction	(265)	(191)	-	-	(191)	(456)
Impact due to tax rate change	(20)	-	-	-	-	(20)
Total	650	1,399	(11)	-	1,388	2,038

For the year ended March 31, 2020	Deferred tax asset/(liability) Opening	In Profit or Loss	In OCI	Directly in Equity	Total Movement	Deferred tax asset/(liability) Closing
Deferred taxes in relation to :						
Depreciation and Amortisation	195	(14)	-	-	(14)	181
Provision for Employee benefits	16	23	5	-	28	44
Provision for Expected Credit Loss	163	201	-	-	201	364
Lease Equalisation Credit	35	123	-	-	123	158
Other timing differences	15	12	-	-	12	27
Effective interest rate on Financial assets	241	(22)	-	-	(22)	219
Interest income on NPA	(146)	99	-	-	99	(47)
Finance income on OCRPS	-	-	-	-	-	-
Finance cost on OCRPS	-	-	-	-	-	-
Fair valuation of security deposit	2	3	-	-	3	5
Effective interest rate on Financial Liabilities	8	(24)	-	-	(24)	(16)
Gain/(Loss) on fair valuation of mutual fund	-	-	-	-	-	-
Interest/Other Charges on Direct Assignment Transaction	-	(265)	-	-	(265)	(265)
Impact due to tax rate change	-	(20)	-	-	(20)	(20)
Total	529	116	5	-	121	650

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Notes to the financial statements (Continued)

34 Change in Liabilities arising from Financing activities

Particulars	March 31, 2020	Cash Flow Statement	Exchange Difference	Others #	March 31, 2021
Debt securities	12,178	45,397	-	1,795	59,370
Borrowings (other than debt securities)	3,09,581	36,748	-	1,264	3,47,593
Deposits	-	-	-	-	-
Subordinated liabilities	-	24,999	-	847	25,846
	3,21,759	1,07,144	-	3,906	4,32,809

Particulars	March 31, 2019	Cash Flow Statement	Exchange Difference	Others #	March 31, 2020
Debt securities	19,668	-7,490	-	-	12,178
Borrowings (other than debt securities)	1,40,205	1,69,339	-	37	3,09,581
Deposits	-	-	-	-	-
Subordinated liabilities	-	-	-	-	-
	1,59,873	1,61,849	-	37	3,21,759

Other includes effect of accrued but not paid interest on borrowing, amortisation of processing fees.

35 Earnings Per Share

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Net Profit from operations attributable to equity holders	6,168	3,914
Weighted average number of equity shares outstanding	27,34,23,425	23,00,42,500
Add: Effect arising from further equity shares issued during the year	77,30,137	1,37,40,162
Weighted average number of equity shares for Basis Earnings per share	28,11,53,562	24,37,82,662
Number of shares for ESOP dilution	5,06,141	4,66,704
	28,16,59,703	24,42,49,366
Dilution effect on EPS after ESOP	2.19	1.61
Number of shares for Preference Dilution	9,45,946	3,95,436
Weighted average number of equity shares for Diluted Earnings per share	28,26,05,649	24,46,44,802
Dilution effect on EPS after ESOP and Preference Shares	2.18	1.60
Earnings per share		
Basic Earnings per share	2.19	1.61
Diluted Earnings per share	2.18	1.60

[Nominal value of shares Rs. 10 each (Previous year: Rs. 10 each)]

36 Retirement benefit plans

Defined Contribution Plan		Year ended March 31, 2021	Year ended March 31, 2020
Particulars			
Provident Fund		585	445
Employee State Insurance		45	37
		630	482

The company has contributed INR 69 (previous year INR 41) towards Gratuity trust during the current financial year

Defined Benefit Obligation and Compensated Absences

(i) **Contribution to Gratuity fund (funded scheme)**

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Gratuity Act, an employee who has completed five years of service is entitled to specific benefits. The level

Particulars	GRATUITY		COMPENSATED ABSENCE	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
(i) Actuarial assumptions				
Mortality	IALM (2012-14) Ult.	IALM (2012-14) Ult.	IALM (2012-14) Ult.	IALM (2012-14) Ult.
Interest/ Discount rate	5.60%	5.59%	5.60%	5.59%
Rate of increase in compensation	6.50%	6.50%	6.50%	6.50%
Expected average remaining service	4.33	3.94	4.33	3.94
Employee Attrition Rate(Past Service (PS))	PS: 0 to 5 : 39.11%	PS: 0 to 5 : 39.11%	PS: 0 to 5 : 39.11%	PS: 0 to 5 : 39.11%
	PS: 5 to 40 : 0.89%	PS: 5 to 40 : 0.89%	PS: 5 to 40 : 0.89%	PS: 5 to 40 : 0.89%
(ii) Changes in the present value of obligation				
Present value of obligation at the beginning of the year	181	107	120	54
Interest expense	10	7	6	5
Current service cost	99	59	152	86
Past service cost	-	-	-	-
Actuarial (gain)/loss	(30)	19	(41)	(12)
Benefits paid	(11)	(12)	-	(12)
Present Value of obligation at the end of the year	249	181	236	120
(iii) Changes in the Fair value of Plan Assets				
Fair value of plan assets at beginning of the year	149	110	-	-
Adjustment to Opening Fair Value of Plan Asset	-	-	-	-
Return on Plan Assets excl. interest income	14	(1)	-	-
Interest income	11	9	-	-
Contributions by Employer	69	41	-	-
Contributions by Employee	-	-	-	-
Benefits Paid	(11)	(10)	-	-
Fair Value of Plan Assets at the end of the year	233	149	-	-
(iv) Assets and liabilities recognised in the balance sheet				
Present value of the obligation at the end of the year	249	181	236	120
Less: Fair value of plan assets at the end of the year	233	149	-	-
Net liability recognised	(16)	(31)	(236)	(120)
Recognised under provisions				
Current provisions	14	11	131	93
Non-current provisions	235	170	154	79
Short Term Compensated Absence Liability*	-	-	(49)	(52)
(*Not included in Net Liability recognised in the Balance sheet.)				

(v) **Expenses recognised in the Statement of Profit and Loss**

Particulars	GRATUITY		COMPENSATED ABSENCE	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Current Service Cost	99	59	152	86
Past service cost	-	-	-	-
Net interest (income)/ expense	(1)	(2)	6	5
Return on Plan Assets excluding net interest	-	-	-	-
Actuarial gain/ loss on post employment benefit obligation	-	-	(41)	(12)
Net cost recognised in the current year	98	57	117	78
Included in note 31 'Employee benefits expense'				

(vi) **Expenses recognised in the Statement of Other comprehensive income (OCI)**

Particulars	GRATUITY		COMPENSATED ABSENCE	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Actuarial gain/ loss on post employment benefit obligation	(30)	19	-	-
Return on Plan Assets excluding net interest	(14)	1	-	-
Total measurement cost / (credit) for the year recognised in OCI	(44)	20	-	-

(vii) **Reconciliation of Net asset / (liability) recognised:**

Particulars	GRATUITY		COMPENSATED ABSENCE	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Net asset / (liability) recognised at the beginning of the period	31	(3)	120	54
Contributions paid	(69)	(41)	-	(12)
Benefits paid directly by company	-	(1)	-	-
Amount recognised in other comprehensive income	(44)	20	-	-
Expenses recognised at the end of period	98	57	117	78
Mortality charges and taxes	-	-	-	-
Net asset / (liability) recognised at the end of the period	16	31	236	120

(viii) **Sensitivity Analysis: (GRATUITY)**

Particulars	DR: Discount Rate		ER: Salary Escalation Rate	
	PVO DR +1%	PVO DR -1%	PVO ER +1%	PVO ER -1%
PVO as at 31st March 2021	217	288	285	218
PVO as at 31st March 2020	157	210	199	158

(ix) **Category of planed assets**

Particulars	31 March 2021	% Allocation	31 March 2020	% Allocation
Gratuity Fund (Exide Life Insurance)	233	100%	149	100%
Net asset / (liability) recognised at the end of the period	233	100%	149	100%

(x) **Future commitments and pay-outs**

Year	Pay-outs
First	13.51
Second	10.89
Third	12.62
Fourth	17.51
Fifth	10.67
Six to Ten	25.27

37 Related Party Disclosures

Related party disclosures as required under Indian Accounting standard 24, " Related party disclosure" are given below.

37.1 List of related parties

Nature of Relationship	Name of Related Party
Holding Company	The Federal Bank Limited
Enterprises controlling voting power / significant influence	True North Fund VI LLP
Enterprises over which related party has significant influence/control	True North Managers LLP
Key Management Personnel	Max Bupa Health
	Anil Kothuri, Managing Director
	Suddeep Agrawal, Chief Financial Officer (till 13th Oct, 2020)
	C V Ganesh, Chief Financial Officer (w.e.f 14th Oct, 2020)
	Ankit Kawa, Company Secretary (till 14th April, 2020)
	S Rajaraman, Company Secretary (w.e.f 18th May, 2020)

37.2 Transactions during the year with related parties :

Nature of Transactions	March 31, 2021	March 31, 2020
The Federal Bank Limited		
Income from distribution business	2,376	2,385
Interest paid on PTC Transactions	8	-
Sale consideration received on PTC transactions	2,040	-
Interest paid on Cash Credit Facility & Term Loan	7,908	7,953
Issuing & Paying Agent Charges	1	1
Rent paid	1	1
Processing Fees	537	158
Interest on NCD	1,209	-
Rent for Sub leased premises	108	129
Servicing Fee Income on Securitisation	5	-
Interest Received on fixed deposits	13	-
Salary and employee benefits (Refer note 31)		
Remuneration to Managing Director	336	297
Remuneration to Chief Financial Officer	106	38
Remuneration to Company Secretary	26	16
Enterprises controlling voting power / significant influence		
Investment in Equity Shares by True North Fund VI LLP	15,387	13,328
Investment in Equity Shares by The Federal Bank	30,781	5,920
Investment in Preference Shares by Mr. Anil Kothuri	95	95
Enterprises over which related party has significant influence/control		
Re-imbursements of Expenses	-	24
Other Income	39	-
Employee Stock Option Scheme - Key Management Personnel		
No. of Options granted under ESOS (in numbers)	12,00,000	14,51,351
No. of Options outstanding under ESOS (in numbers)	25,51,351	14,51,351
Advances given balance - Key Management Personnel		
Advance given to Managing Director	-	32

37.3 Amount due (to) / from related parties:

Balance outstanding as at the year end	March 31, 2021	March 31, 2020
The Federal Bank Limited		
Current Account – Receivable/(Payable)	6,668	3,456
Borrowings Cash credit facility	-	1,345
Borrowings		
Term Loan	78,734	98,875
WCDL	6,000	6,000
Account Receivable & Reimbursements	320	140
PTC (under Trust name Levine Feb 21)	1,839	-
Interest payable on PTC transaction	6	-
Long Term Borrowings	23,950	-
Fixed Deposit - Federal Bank	38,650	-
Payable under Securitization transaction	203	-
Max Bupa Health		
Other Income Receivable	39	-

37.4 Details of other benefits to KMPs of the Company

Key Management Personnel	March 31, 2021	March 31, 2020
Provident Fund		
Managing Director	0	-
Chief Financial Officer	9	3
Company Secretary	0	1
Share based benefit		
Managing Director	44	61
Chief Financial Officer	49	5
Company Secretary	-	-
Gratuity	3.58	Information relating to remuneration paid to key managerial personnel mentioned above excludes provision made for gratuity, leave encashment, bonus which are provided for employees on an overall basis. These are included on cash basis. The variable compensation included here in is on cash basis.
Leave encashment	3.88	

* Amount disclosed above is actual transacted amount excluding Ind AS adjustment if any.

38 Capital Management

The Company's objectives when managing capital are to

(1) safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and

(2) maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders.

The company maintains its capital base to cover the risks inherent in the business and in meeting the capital adequacy requirements of the Reserve Bank of India (RBI) of India. The adequacy of the company's capital is monitored using, among other measures, the regulations issued by RBI.

Company has complied in full with all its externally imposed capital requirements over the reported period

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. The Group manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

38.1 Regulatory Capital

Particulars	As at March 31, 2021	As at March 31, 2020
CRAR (%)	23.52	17.89
CRAR - Tier I Capital (%)	17.10	17.53
CRAR - Tier II Capital (%)	6.42	0.36
Amount of subordinated debts raised as Tier II capital	25,846	-
Amount raised by issue of perpetual debt instruments	-	-

39 Fair value measurement

39.1 Fair value hierarchy

The fair values of the financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its financial instruments into the three levels prescribed under the Indian Accounting standard. An explanation of each level follows underneath the table.

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. For example, listed equity instruments that have quoted market price.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

There has been no transfer between Level 1, Level 2 and Level 3 for the year ended 2021 and 2020.

The carrying amount of trade receivable, trade payable and Cash and Cash equivalent are considered to be the same as their fair values, due to their short term nature.

The fair value of Loan approximate the carrying amount.

For Financial Assets and Financial Liability measured at fair value, the carrying amount approximate the fair value.

39.2 Financial assets (other than investment in subsidiaries) and liabilities measured at amortised cost and fair value at each reporting date

	31 March 2021			
	Carrying Value	Level 1	Fair value Level 2	Level 3
Financial assets measured at amortised cost and fair value				
Cash and cash equivalent	52,603	52,603		
Bank balances other than cash and cash equivalent	15,476	15,476		
Trade Receivables	117			117
Other receivables	320			320
Loans and advances to customers	4,55,214			4,55,214
Financial investments (other than investment in subsidiaries)	3,249	2,501		748
Other financial assets	1,353			1,353
Total	5,28,332	70,580	-	4,57,752
Financial liabilities measured at amortised cost fair value				
Trade Payables	90			90
Other Payables	907			907
Debt Securities	59,370	30,545		28,825
Borrowing other than debt securities	3,47,593			3,47,593
Subordinated Liabilities	25,846	25,846		-
Other financial liabilities	27,709			27,709
Total	4,61,515	56,391	-	4,05,125
	31 March 2020			
	Carrying Value	Level 1	Fair value Level 2	Level 3
Financial assets measured at amortised cost				
Cash and cash equivalent	14,229	14,229		
Bank balances other than cash and cash equivalent	7,502	7,502		
Trade Receivables	231			231
Other receivables	140			140
Loans and advances to customers	3,68,653			3,68,653
Financial investments (other than investment in subsidiaries)	4,136	3,001		1,135
Other financial assets	827			827
Total	3,95,718	24,732	-	3,70,985
Financial liabilities measured at amortised cost				
Trade Payables	409			409
Other Payables	485			485
Debt Securities	12,178			12,178
Borrowing other than debt securities	3,09,581			3,09,581
Subordinated Liabilities	-			-
Other financial liabilities	13,426			13,426
Total	3,36,079	-	-	3,36,079

39.3 Valuation Techniques

Each class of financial assets/ liabilities	Techniques
Debt Securities	The Group uses active market prices when available, or other observable inputs in discounted cash flow models to estimate the corresponding fair value including CDS data of the issuer to estimate the relevant credit spreads
Security deposit	Fair values of security deposits are based on discounted cash flows using a discount rate determined considering company's incremental borrowing rate.
Interest rates derivatives	Interest rate derivatives include interest rate swaps, cross currency interest rate swaps, basis swaps and interest rate forwards (FRAs). The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations by estimating future cash flows and discounting them with the appropriate yield curves incorporating funding costs relevant for the position.
Loans and advances	These have been valued at amortised cost
Other financial assets	These have been valued at amortised cost
Borrowings	These have been valued at amortised cost
Subordinated Liabilities	These have been valued at amortised cost
Other financial liabilities	These have been valued at amortised cost

39.4 Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Company's financial statements. These fair values were calculated for disclosure purpose only. The below methodologies and assumptions relate only to instruments in the above tables and as such may differ from the techniques and assumptions explained in the notes.

(i) Short term and other financial liabilities

For financial assets and financial liabilities that have short term maturity (less than twelve months), the carrying amounts are reasonable approximation of their fair value. Such instruments include: trade receivable, trade payable and contract liability without a specific maturity. Such amounts have been classified as Level 2 on the basis that no adjustment have been made to the balance in the balance sheet. Cash and cash equivalent and Bank balance other than cash and cash equivalents have been classified as Level 1.

(ii) Financial assets at amortised cost

The fair values of financial assets measured at amortised cost is estimated using discounted cash flow model based on contractual cash flows using incremental borrowing rate incorporating the counterparties' credit risk.

(iii) Debt securities, borrowings and subordinated liabilities

Fair value is estimated by a discounted cash flow model incorporating incremental borrowing rate and the Company's own credit risk.

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(Currency : Indian rupees in lakhs)

40 Maturity Analysis of Assets and Liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. With regard to loans and advances to customers, the company uses the same basis of repayment as used for contractual maturity analysis

Assets	31 March 2021			31 March 2020		
	Within 1 year	After 1 year	Total	Within 1 year	After 1 year	Total
Financial Assets						
Cash and cash equivalents	52,603	-	52,603	14,229	-	14,229
Bank balance other than cash and cash equivalents	15,476	-	15,476	7,502	-	7,502
Trade receivables	117	-	117	232	-	232
Other receivables	320	-	320	140	-	140
Loans	2,37,483	2,17,731	4,55,214	1,61,099	2,07,552	3,68,651
Investments	3,249	-	3,249	4,136	-	4,136
Other Financial assets	578	775	1,353	(488)	1,316	828
(2) Non-financial Assets						
Current tax assets (net)	-	986	986	295	544	839
Deferred tax Asset (net)	-	2,038	2,038	-	650	650
Property, Plant and Equipment	-	13,071	13,071	-	10,466	10,466
Capital work-in-progress	-	96	96	-	42	42
Other Intangibles assets	-	231	231	-	198	198
Other non-financial assets	940	936	1,876	260	445	706
Total Assets	3,10,766	2,35,866	5,46,630	1,87,405	2,21,213	4,08,619
Liabilities						
Financial liabilities						
Derivative financial instruments	-	-	-	-	-	-
Trade Payables	90	-	90	409	-	409
Other Payables	907	-	907	485	-	485
Debt Securities	38,825	20,545	59,370	12,178	-	12,178
Borrowings (other than Debt securities)	1,18,146	2,29,447	3,47,593	99,650	2,09,931	3,09,581
Subordinated Liabilities	-	25,846	25,846	-	-	-
Other financial liabilities	15,247	12,463	27,709	13,426	-	13,426
Non-Financial liabilities						
Current tax liabilities (net)	-	-	-	-	-	-
Provisions	149	154	303	99	93	192
Other non-financial liabilities	1,339	-	1,339	287	2,945	3,232
Total liabilities	1,74,702	2,88,455	4,63,157	1,26,534	2,12,969	3,39,502
Net	1,36,063	(52,589)	83,473	60,872	8,245	69,116

(INR in Lakhs)

Note 41									
Lender	Loan	Repayment Mode	Instalment Amount (INR in Lakhs)	Repayment		Rate Of Interest	Security	Margin	Other Terms Initial Repayment
				Beginning Date	End Date				
The Federal Bank Ltd	Term Loan - 3	Quarterly	188	23-Nov-18	28-Aug-22	Interest Rates in the range of 6.21% to 9.80% p.a (Previous year: 6.90% - 9.90%)	First Pari passu charge by way of hypothecation of receivables (except gold loan receivables)	1.15 Times	Moratorium of 12 Months
The Federal Bank Ltd	Term Loan - 3	Quarterly	125	28-Nov-18	28-Aug-22			1.15 Times	Moratorium of 12 Months
The Federal Bank Ltd	Term Loan - 3	Quarterly	188	29-Dec-18	29-Sep-22			1.15 Times	Moratorium of 12 Months
The Federal Bank Ltd	Term Loan - 3	Quarterly	63	31-Jan-19	31-Oct-22			1.15 Times	Moratorium of 12 Months
The Federal Bank Ltd	Term Loan - 3	Quarterly	375	29-Mar-19	29-Dec-22			1.15 Times	Moratorium of 12 Months
The Federal Bank Ltd	Term Loan - 4	Quarterly	313	29-Jun-19	29-Mar-23			1.15 Times	Moratorium of 12 Months
The Federal Bank Ltd	Term Loan - 4	Quarterly	156	26-Sep-19	26-Jun-23			1.15 Times	Moratorium of 12 Months
The Federal Bank Ltd	Term Loan - 4	Quarterly	156	27-Sep-19	27-Jun-23			1.15 Times	Moratorium of 12 Months
The Federal Bank Ltd	Term Loan - 5	Quarterly	625	26-Dec-19	26-Sep-23			1.15 Times	Moratorium of 12 Months
The Federal Bank Ltd	Term Loan - 6	Quarterly	1,111	26-Jul-19	26-Oct-23			1.15 Times	Moratorium of 6 Months
The Federal Bank Ltd	Term Loan - 7	Quarterly	556	30-Oct-20	30-Jan-25			1.15 Times	Moratorium of 6 Months
The Federal Bank Ltd	Term Loan - 8	Quarterly	556	30-Sep-20	31-Dec-24			1.15 Times	Moratorium of 6 Months
The Federal Bank Ltd	Term Loan - 9	Quarterly	1,667	24-Feb-20	24-May-24			1.15 Times	Moratorium of 6 Months
The Federal Bank Ltd	Term Loan - 10	Quarterly	833	30-Apr-21	30-Jan-24			1.15 Times	Moratorium of 6 Months
HDFC Bank	Term Loan- 1	Quarterly	294	13-Jul-17	13-Jul-21		First Pari passu charge by way of hypothecation of LAP and CF	1.15 Times	Moratorium of 9 Months
HDFC Bank	Term Loan- 4	Quarterly	250	30-Mar-18	30-Dec-22		First Pari passu charge by way of hypothecation of LAP and CF	1.15 Times	No Moratorium
HDFC Bank	Term Loan- 5	Quarterly	417	31-Jan-19	30-Oct-21		Pari Passu charge on entire eligible receivables of the company	1.15 Times	No Moratorium
HDFC Bank	Term Loan -6	Quarterly	94	27-Mar-20	27-Dec-23			1.15 Times	No Moratorium
HDFC Bank	Term Loan -7	Quarterly	125	27-Mar-20	27-Dec-23			1.15 Times	No Moratorium
HDFC Bank	Term Loan -8	Quarterly	200	30-Mar-20	30-Dec-24			1.15 Times	No Moratorium
HDFC Bank	Term Loan - 9	Quarterly	100	30-Mar-20	30-Dec-24			1.15 Times	No Moratorium
HDFC Bank	Term Loan -10	Quarterly	31	27-Mar-20	27-Dec-23			1.15 Times	No Moratorium
HDFC Bank	Term Loan -11	Quarterly	417	20-Nov-19	20-Aug-22		Pari Passu charge on entire eligible receivables of the company	1.15 Times	No Moratorium
HDFC Bank	Term Loan -12	Quarterly	250	20-Nov-19	20-Aug-22		Pari Passu charge on entire eligible receivables of the company	1.15 Times	No Moratorium
HDFC Bank	Term Loan -13	Quarterly	313	19-Jun-20	19-Mar-24		Pari Passu charge on entire eligible receivables of the company	1.15 Times	No Moratorium
HDFC Bank	Term Loan -14	Quarterly	750	18-Jun-20	18-Mar-25			1.15 Times	No Moratorium
HDFC Bank	Term Loan -15	Quarterly	500	26-Feb-21	26-Nov-25		Pari Passu charge on entire eligible receivables of the company	1.15 Times	No Moratorium
ICICI Bank	Term Loan- 1	Quarterly	111	31-Dec-17	31-Mar-22		First Pari passu charge by way of hypothecation of receivables	1.15 Times	Moratorium of 6 Months
ICICI Bank	Term Loan- 1	Quarterly	167	31-Mar-18	30-Jun-22			1.15 Times	Moratorium of 6 Months
ICICI Bank	Term Loan- 2	Quarterly	56	30-Jun-18	30-Sep-22			1.15 Times	Moratorium of 6 Months
ICICI Bank	Term Loan- 2	Quarterly	222	31-May-19	31-Aug-23			1.15 Times	Moratorium of 6 Months
ICICI Bank	Term Loan- 3	Quarterly	167	30-Nov-19	26-Feb-24			1.15 Times	Moratorium of 6 Months
ICICI Bank	Term Loan- 3	Quarterly	250	31-Dec-19	26-Feb-24			1.15 Times	Moratorium of 6 Months
ICICI Bank	Term Loan- 4	Quarterly	417	30-Jun-21	03-Mar-24		First Pari passu charge by way of hypothecation of receivables	1.15 Times	Moratorium of 12Months
ICICI Bank	Term Loan- 4	Quarterly	333	30-Jun-21	05-Mar-24		First Pari passu charge by way of hypothecation of receivables	1.15 Times	Moratorium of 12Months
ICICI Bank	Term Loan- 5	Quarterly	1,250	30-Jun-22	31-Mar-25		First Pari passu charge on hypothecation of book debts, receivables and current Asset	1.15Times	6 Months Moratorium
SIDBI Bank	Term Loan- 1	Quarterly	250	10-Oct-17	10-Jul-22		First Pari passu charge on hypothecation of book debts and receivables of secured loans provided by the borrower to MSME	1.15Times	5 Months Moratorium
SIDBI Bank	Term Loan- 1	Quarterly	265	10-Jan-20	10-Jul-24		First Pari passu charge on hypothecation of book debts and receivables of secured loans provided by the borrower to MSME	1.15Times	5 Months Moratorium
SIDBI Bank	Term loan -2	Quarterly	265	10-Jan-20	10-Jul-24			1.15Times	5 Months Moratorium
SIDBI Bank	Term loan -3	Quarterly	265	10-Dec-19	10-Jun-24		First Pari passu charge on hypothecation of book debts and receivables of secured loans provided by the borrower to MSME	1.10 imes	2 Months Moratorium
SIDBI Bank	Term Loan -4	Monthly	580	10-Jul-20	10-Apr-21		First Pari passu charge by way of hypothecation of receivables (except gold loan receivables)	1.10 Times	Moratorium of 12 Months
Karnataka Bank	Term Loan- 1	Quarterly	156	28-Jun-19	28-Mar-23		1.10 Times	Moratorium of 12 Months	
Karnataka Bank	Term Loan- 2	Quarterly	227	29-Nov-18	29-May-21		1.10 Times	No Moratorium	
Karnataka Bank	Term Loan- 3	Yearly	1,000	27-Nov-21	27-Nov-24		First Pari passu charge by way of hypothecation of receivables	1.15 Times	Moratorium of 6 Months
J&K Bank	Term Loan- 1	Quarterly	556	30-Apr-18	30-Jul-22		First Pari passu charge by way of hypothecation of receivables (except gold loan receivables)	1.176 Times	Moratorium of 12 Months
Indian Bank	Term Loan- 1	Quarterly	625	12-Mar-19	12-Dec-22		1.176 Times	Moratorium of 12 Months	
Indian Bank	Term Loan- 2	Quarterly	625	30-Sep-19	30-Jun-23		1.176 Times	Moratorium of 12 Months	

Indian Bank	Term Loan- 3	Quarterly	1,000	30-Sep-21	30-Jun-26		First Pari passu charge by way of hypothecation of receivables	1.15 Times	Moratorium of 6Months
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Bajaj Finance Ltd	Term Loan- 1	Quarterly	156	28-Feb-19	30-Nov-22	Interest Rates in the range of 6.21% to 9.80% p.a (Previous year: 6.90% - 9.90%)	First Pari passu charge by way of hypothecation of receivables	1.10 Times	Moratorium of 12 Months
Bajaj Finance Ltd	Term Loan- 2	Quarterly	156	31-Jan-20	31-Oct-23		First Pari passu charge by way of hypothecation of receivables	1.15 Times	No Moratorium
Bajaj Finance Ltd	Term Loan- 3	Quarterly	156	30-Nov-20	07-Aug-24		First Pari passu charge by way of hypothecation of receivables	1.15 Times	No Moratorium
Bajaj Finance Ltd	Unsecured Loan	Bullet	2,500	02-May-25			NA	NA	NA
DCB Bank	Term Loan- 1	Quarterly	156	30-Sep-18	30-Jun-21		First Pari passu charge by way of hypothecation of receivables (except gold loan receivables)	1.15 Times	No Moratorium
DCB Bank	Unsecured Loan	Bullet	5,000	22/10/2021			NA	NA	NA
Bank of Baroda	Term Loan	Quarterly	1,000	31-Dec-19	30-Sep-24		Pari Passu First charge on Standard Loan receivables & other current Assets	1.10 Times	No Moratorium
Bank of Baroda	Term Loan	Quarterly	750	30-Jun-21	31-Dec-22		Pari Passu First charge on Standard Loan receivables & other current Assets	1.10 Times	No Moratorium
Axis Bank	Term Loan -1	Quarterly	684	16-Mar-20	16-Mar-23		Pari Passu First charge on Standard Loan receivables	1.10 Times	No Moratorium
Axis Bank	Term Loan -2	Quarterly	105	28-May-20	28-Nov-24		Pari Passu First charge on Standard Loan receivables	1.10 Times	No Moratorium
Axis Bank	Term Loan -3	Quarterly	789	30-Sep-20	31-Mar-25		Pari Passu First charge on Standard Loan receivables	1.10 Times	No Moratorium
Axis Bank	Term Loan -4	Quarterly	394	30-Sep-21	30-Mar-26		Pari Passu First charge on Standard Loan receivables	1.10 Times	No Moratorium
State Bank of India	Term Loan- 1	Quarterly	250	14-May-20	14-Feb-25		First charge over entire receivables and current asset of the company both present and future , on pari passu basis	1.15 Times	No Moratorium
State Bank of India	Term Loan- 2	Quarterly	250	27-May-20	27-Feb-25			1.15 Times	No Moratorium
State Bank of India	Term Loan- 3	Quarterly	250	28-May-20	28-Feb-25			1.15 Times	No Moratorium
State Bank of India	Term Loan- 4	Quarterly	250	30-May-20	28-Feb-25			1.15 Times	No Moratorium
South Indian Bank	Term Loan	Quarterly	250	25-May-20	25-Feb-25		Pari Passu Charge on onward lending receivables	1.10 Times	No Moratorium
Indian Bank (Erst.Allahabad Bank)	Term Loan	Quarterly	500	30-Jun-20	30-Sep-22		First Pari Passu charge on receivables both present and future	1.15 Times	Moratorium of 6 Months
Karur Vyasa Bank	Term Loan-1	Quarterly	208	30-Sep-20	30-Jun-23		Pari Passu First charge on Standard Loan receivables	1.15 Times	Moratorium of 12 Months
Karur Vyasa Bank	Term Loan-2	Quarterly	156	31-May-20	29-Feb-24		Pari Passu First charge on Standard Loan receivables	1.15 Times	No Moratorium
Canara Bank	Term Loan	Quarterly	1,111	30-Sep-21	31-Dec-25		Pari Passu First charge on Standard Loan receivables	1.11 Times	Moratorium of 6 Months
IDBI	Term Loan	Quarterly	125	30-Jun-21	31-Mar-31		Pari Passu First charge on Standard Loan receivables	1.18 Times	No Moratorium
Bank of India	Term Loan	Quarterly	1,000	31-Dec-21	31-Dec-22		Pari Passu first charge on receivables including Current assets and Investments	1.10 Times	6 Month Moratorium
Bank of Maharashtra	Term Loan	Quarterly	625	30-Jun-22	31-Mar-26		First Pari Passu charge on receivables both present and future	1.10 Times	Moratorium of 12 Months
Canara Bank	NCD	Bullet	7,250	18-Jun-23		Interest Rates in the range of 8.10% to 9.00% p.a	Pari Passu first charge on receivables including Current assets and Investments	1.10 Times	NA
Punjab National Bank	NCD	Bullet	5,000	18-Jun-23				1.10 Times	NA
DCB Bank	NCD	Bullet	1,500	18-Jun-23				1.10 Times	NA
Indian Bank	NCD	Bullet	5,000	18-Jun-23				1.10 Times	NA
State Bank of India	NCD	Bullet	10,000	19-Feb-22			Pari Passu first charge on receivables and Current assets	1.25 Times	NA
Federal Bank	Unsecured Subordinated NCD	Bullet	23,950	30-Sep-27		Interest Rate 9.90% p.a	NA	NA	NA
Others	Unsecured Subordinated NCD	Bullet	1,050	30-Sep-27		Interest Rate 9.90% p.a	NA	NA	NA

Note 41.1 There has been no default as on Balance Sheet date in repayment of loans and payment of interest.

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Notes to the financial statements (Continued)
(Currency : Indian rupees in lakhs)

42 Segment Information

42.1 Business segment

In terms of the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014, the company's operations are classified into three business segments as described in the accounting policy and the information on the same is as under:

Business Segments	Distribution		Retail Finance		Whole Sale Finance		Total	
	Year ended 31st March 2021	Year ended 31st March 2020	Year ended 31st March 2021	Year ended 31st March 2020	Year ended 31st March 2021	Year ended 31st March 2020	Year ended 31st March 2021	Year ended 31st March 2020
Segment Revenue	2,376	2,385	63,618	37,272	3,962	5,277	69,955	44,934
Segment Expenditure *	2,246	2,271	52,073	29,917	3,776	3,513	58,095	35,701
Allocated Expenditure (Net)	-	-	5,388	4,491	432	814	5,820	5,305
Results	130	114	6,156	2,863	-246	951	6,041	3,928
Unallocated Income							773	1,301
Interest Income on FD & Income Tax Refund							879	371
Profit/(Loss) before Tax							7,693	5,600
Income Taxes							1,524	1,686
Net Profit/(Loss)							6,168	3,914
Other Information								
Segment Assets	329	148	5,19,767	3,60,941	26,534	47,530	5,46,630	4,08,619
Unallocated Assets	-	-	-	-	-	-	-	-
Total Assets	329	148	5,19,767	3,60,941	26,534	47,530	5,46,630	4,08,619
Segment Liabilities	117	255	4,31,332	2,87,555	31,709	51,694	4,63,157	3,39,504
Equity & Reserves							83,473	69,115
Total Liabilities	117	255	4,31,332	2,87,555	31,709	51,694	5,46,630	4,08,619
Capital Expenditure	32	12	1,010	1,349	12	1	1,054	1,362
Unallocated Capital Expenditure	-	-	-	-	-	-	510	510
Depreciation/ Amortisation	4	3	812	489	14	25	830	517
Impairment of Fixed Assets	-	-	-	-	-	-	-	-
Unallocated Depreciation	-	-	-	-	-	-	-	-

The Company has only Domestic Geographic Segment and hence no secondary segment disclosures are made.

Segment Composition

Distribution Segment comprises of Sourcing Business of Home Loans, Auto Loans, Personal Loans & SME Loans for Holding Company.

Retail Finance Segment comprises of Gold Loans, Loan Against Property, MSE Loan against property, Business Loans, Personal Loans & Housing Finance.

Whole Sale Finance Segment comprises of Construction Finance, Loans to Other NBFC's & Bill Discounting.

Note:

Unallocated Income comprises of Other Income earned by the business.

Unallocated Expenses comprises of Tax Expense.

43 Risk Management

The Company has a Board-approved Risk Management Policy that lays down the overall framework for identifying, assessing, measuring and monitoring various elements of risk involved in the businesses and for formulation of procedures and systems for mitigating such risks. The main objective of this policy is to ensure sustainable and prudent business growth. The function is supervised by a Risk Management Committee (RMC) which reviews the asset quality and portfolio composition on a regular basis. Any product policy programs are duly approved by this Committee. The Company has adopted and laid down sound operating procedures and guidelines to mitigate operational and fraud risks in its business lines. Close monitoring and timely auctions have prevented any instance of principal waivers or interest write-backs in gold loans. Gold auction realizations continue to remain at ~98% of market value, one of the highest in industry. An independent credit audit has been instituted to review the mortgage and structured finance loans to assist management to embrace rigorous processes and adopt best practices. The Company continues to invest in people, processes, training and technology; so as to strengthen its overall Risk Management Framework.

Types of Risks

The Company's risk are generally categorised in the following risk types:

(i) Credit Risk

RMC is actively involved in the following

- Oversight over the implementation of Core Credit Policies and Remedial Management Policies;
- Review of the overall portfolio credit performance of and establishing concentration limits by product programs, collateral types, tenors and customer segments
- Determination of portfolio credit quality by reviewing non-performing loan loss rates, provisions held, write-offs and status of recoveries from defaulting borrowers; and
- Review of product programs and recommending improvements/ amendments thereto.

(ii) Liquidity Risk

The Company's Board of Directors and management have the responsibility to implement an effective liquidity risk management process. The board is responsible for setting the strategic direction for the company This includes, establishing the board's liquidity risk appetite and the liquidity required to fulfil its strategic initiatives, setting boundaries/limits within such levels of tolerance and approving the policies that govern risk management under business as usual and stressed conditions

Liquidity risk is managed by the Asset Liability Committee (ALCO), based on the Company's Liquidity Policy and Procedures which are based on guidelines provided by BRC. ALCO derives its authority from the BRC and is responsible for ensuring adherence to the liquidity and asset – liability management limits set by the Board and to oversee implementation of the strategic direction articulated by the Board.

ALCO ensures that the Company has adequate liquidity not only on an on-going basis and also examines how liquidity requirements are likely to evolve under different assumptions. ALCO also prepares statement of structural liquidity in line with guidance provided by the Reserve Bank of India.

(iii) Market Risk

RMC is involved in the formulation of policies for monitoring market risk. The risk is managed through close identification, supervision and monitoring of risks arising from movements in market rates or prices, such as interest rates, foreign exchange rates, equity prices, currency risk and credit spreads, which may result in a loss of earnings and capital

43.1 Credit Risk

Credit risk is the risk of financial loss to the group if a customer or counter party for financial instrument fails to meet its contractual obligation, and arises principally from the Group's placements and balances with other banks, loans to customers, government securities and other financial assets.

The RMC reviews and approves Loan Product programs on an on-going basis. These product programs outline the framework of any credit financial product being offered by the Company. Within this established framework, credit policies have been established to manage the sourcing of proposals, channels of business acquisition, process of underwriting, information systems involved, verification, documentation and disbursement procedures.

The impact of Macroeconomic, regulatory and other high impact variables and portfolios underwritten within the credit policy framework are reviewed on an ongoing basis.

Other than the transaction structure which determines the adequacy of the risk / reward ratio, there are other risks via, microeconomics of the individual/entity being assessed, the industry or service that the individual/entity operates in, geographical risk, collateral related risk, default risk, regulatory risk related to documentation, pricing and debt management.

Whilst ability of a customer / entity to repay a loan can be adequately determined through assessment of financials and cash flows, defaults with the intention of fraud or misreported information are additional challenges to the Company.

Product level credit risk policies are implemented to segment all new customer acquisitions across locations and regions, individual profiles, income levels, leverage positions, collateral types and value, source of income and continuity of employment/business.

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Notes to the financial statements (Continued)

(a) Impairment Assessment

The Company applies the expected credit loss model for recognising impairment loss. The expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward looking information

The expected credit loss is a product of exposure at default, probability of default and loss given default. The Company has devised internal model to evaluate the probability of default and loss given default bases on parameters set out in Ind AS. Accordingly, loan are classified into various stage as follows:

Internal Rating Grade	Internal Rating Description	Stages
Performing		
High Grade	0 DPD* and 1-29 DPD*	Stage 1
Standard Grade	30-89 DPD*	Stage 2
Non-performing		
Individually impaired	90 DPD* or more	Stage 3

*DPD means Days Past Due

(b) Probability of Default

The Company's independent Credit Risk Department operates its internal rating models. The Company runs separate models for its key portfolios in which its customers are rate from 1 to 25 using internal grades. The models incorporate both qualitative and quantitative information and, in addition to information specific to the borrower, utilise supplemental external information that could affect the borrower's behaviour. Where practical, they also build on information from Good Rating Agency. PDs are then adjusted for Ind AS 109 ECL calculations to incorporate forward looking information and the Ind AS 109 Stage classification of the exposure. This is repeated for each economic scenarios as appropriate.

(c) Loss Given Default

The LGD represents expected losses on EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral value at the time it is expected to be realised and time value of money. For corporate loans, LGD values are assessed at least every three months by account managers and reviewed and approved by the Company's specialised credit risk department. The credit risk assessment is based on a standardised LGD assessment framework that results in a certain LGD rate. These LGD rates take into account the expected EAD in comparison to the amount expected to be recovered or realised from any collateral held.

The Company segments its retail lending products into smaller homogeneous portfolios, based on key characteristics that are relevant to the estimation of future cash flows. The applied data is based on historically collected loss data and involves a wider set of transaction characteristics (e.g., product type, wider range of collateral types) as well as borrower characteristics.

Further recent data and forward-looking economic scenarios are used in order to determine the Ind AS 109 LGD rate for each Company of financial instruments. When assessing forward-looking information, the expectation is based on multiple scenarios. Examples of key inputs involve changes in, collateral values including property prices for mortgages, commodity prices, payment status or other factors that are indicative of losses in the Company.

(d) Exposure at Default

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too. To calculate the EAD for a Stage 1 loan, the Company assesses the possible default events within 12 months for the calculation of the 12mECL. However, if a Stage 1 loan that is expected to default in the 12 months from the balance sheet date and is also expected to cure and subsequently default again, then all linked default events are taken into account. For Stage 2, Stage 3 and POCI financial assets, the exposure at default is considered for events over the lifetime of the instruments

The Company determines EADs by modelling the range of possible exposure outcomes at various points in time, corresponding the multiple scenarios. The Ind AS 109 PDs are then assigned to each economic scenario based on the outcome of Company's models

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Notes to the financial statements (Continued)
(e) Significant Increase in Credit Risk

The Group continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Group assesses whether there has been a significant increase in credit risk since initial recognition. The Group considers an exposure to have significantly increased in credit risk when the Ind AS 109 lifetime PD has doubled since initial recognition and has increased by more than 20 bps a year.

The Group also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer/facility to the watch list, or the account becoming forborne. In certain cases, the Group may also consider that certain events are a significant increase in credit risk as opposed to a default. Regardless of the change in credit grades, if contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition

When estimating ECLs on a collective basis for a group of similar assets, the Group applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition

43.1.1 Analysis of Risk Concentration

The following table shows the risk by industry for the components of the balance sheet

Industry Analysis	(INR in Lakhs)			
	As at 31 March 2021			
	Retail	Structured Finance (RE and NON RE)	Financial Services	Total
Financial assets measured at amortised cost				
Cash and cash equivalent	-	-	52,603	52,603
Bank balances other than cash and cash equivalent	-	-	15,476	15,476
Trade Receivables	-	-	117	117
Other receivables	-	-	320	320
Loans and advances to customers	4,37,452	17,762	-	4,55,214
Financial investments (other than investment in subsidiaries)	-	-	3,249	3,249
Other Financial Assets	-	-	1,353	1,353
Total	4,37,452	17,762	73,118	5,28,332

Industry Analysis	(INR in Lakhs)			
	As at 31 March 2020			
	Retail	Structured Finance (RE and NON RE)	Financial Services	Total
Financial assets measured at amortised cost				
Cash and cash equivalent	-	-	14,229	14,229
Bank balances other than cash and cash equivalent	-	-	7,502	7,502
Trade Receivables	-	-	232	232
Other receivables	-	-	140	140
Loans and advances to customers	3,30,115	38,536	-	3,68,651
Financial investments (other than investment in subsidiaries)	-	-	4,136	4,136
Other Financial Assets	-	-	828	828
Total	3,30,115	38,536	27,067	3,95,718

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Notes to the financial statements (Continued)

43.1.2 Collateral Held and Other Credit Enhancements

a) The following table shows the maximum exposure to credit risk by class of financial asset along with details of principal type of collateral

Financial assets measured at amortised cost	Maximum exposure to credit risk (carrying amount before ECL)		Principal type of collateral
	As at Mar 31, 2021	As at Mar 31, 2020	
Loans (at amortised cost)	4,05,324	3,22,304	Property; book receivables
Total (A)	4,05,324	3,22,304	

b) Financial assets that are stage 3 and related collateral held in order to mitigate potential losses are given below:

Financial assets measured at amortised cost	Maximum exposure to credit risk (carrying amount before ECL)	Associated ECL	Carrying Amount	Fair Value of Collateral
As at Mar 31 ,2021	4,490	1,338	3,152	8,520
As at Mar 31 ,2020	5,398	1,443	3,955	7,865

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Notes to the financial statements (Continued)

43.2 Liquidity Management

Liquidity risk arises because of the possibility that the Company might be unable to meet its payment.

43.2.1 Maturity pattern of certain items of assets and liabilities as at 31 March, 2021

Particulars	1 day to 30/31 days (one month)	1 month to 2 months	2 months to 3 months	3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 Years to 5 years	Over 5 years	Total
Liabilities									-
Borrowings from banks	16,975	5,589	16,448	23,922	54,839	1,65,653	60,892	2,000	3,46,319
Market borrowings	-	-	4,935	-	33,890	18,750	-	25,000	82,575
Assets									
Advances	9,741	13,309	19,884	62,298	1,21,622	55,047	25,823	1,41,449	4,49,173
Investments	2,500	209	-	418	206	-	-	-	3,333

Maturity pattern of certain items of assets and liabilities as at 31 March, 2020

Particulars	1 day to 30/31 days (one month)	1 month to 2 months	2 months to 3 months	3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 Years to 5 years	Over 5 years	Total
Liabilities									
Borrowings from banks	5,210	6,155	19,466	27,604	41,215	1,41,538	65,884	2,500	3,09,572
Market borrowings	-	5,000	5,000	-	2,500	-	-	-	12,500
Assets									
Advances	15,205	16,140	21,131	26,370	70,604	59,385	26,005	1,30,230	3,65,070
Investments	3,000	209		209	418	295	-	-	4,131

Note: Above maturity pattern are based on Contractual Maturity.

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Notes to the financial statements (Continued)

43.2.2 Financial assets available to support future funding

Following table sets out availability of Company's financial assets to support funding

As at Mar 31, 2021	Encumbered		Unencumbered		Total carrying amount
	Pledged as collateral	Contractually/ Legally restricted assets *	Available as collateral	Others #	
Cash and cash equivalent	150	-	52,453	-	52,603
Bank balances other than cash and cash equivalent	-	-	15,476	-	15,476
Trade Receivables	-	-	117	-	117
Other Receivables	-	-	320	-	320
Loans and advances to customers	4,55,214	-	-	-	4,55,214
Financial investments (other than investments in subsidiaries)	-	-	3,249	-	3,249
Other Financial Assets	-	-	1,353	-	1,353
	4,55,364	-	72,968	-	5,28,332

As at Mar 31, 2020	Encumbered		Unencumbered		Total carrying amount
	Pledged as collateral	Contractually/ Legally restricted assets *	Available as collateral	Others #	
Cash and cash equivalent	2,500	-	11,729	-	14,229
Bank balances other than cash and cash equivalent	-	-	7,502	-	7,502
Trade Receivables	-	-	231	-	231
Other Receivables	-	-	140	-	140
Loans and advances to customers	3,68,652	-	-	-	3,68,652
Financial investments (other than investments in subsidiaries)	-	-	4,136	-	4,136
Other Financial Assets	-	-	828	-	828
	3,71,152	-	24,566	-	3,95,718

* Represents assets which are not pledged and Company believes it is restricted from using to secure funding for legal or other

Represents assets which are not restricted for use as collateral, but that the Company would not consider readily available to secure funding in normal course of business

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Notes to the financial statements (Continued)

43.3 Market Risk

Market risk is the risk of loss arising from adverse movement in market variables pertaining to portfolios held by the Company. The Company is exposed to market risk which mainly comprises of interest rate risk arising from its, borrowings, debt securities, portfolio loans & investments.

43.3.1 Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows of financial instruments. The sensitivity of the statement of profit and loss is effect of assumed changes in interest rate for a year, based on floating rate non-trading financial assets and financial liabilities held as at year end Market risk is the risk of loss arising from adverse movement in market variables pertaining to portfolios held by the Company. The Company is exposed to market risk which mainly comprises of interest rate risk arising from its, borrowings, debt securities, portfolio loans & investments.

The following table demonstrates the sensitivity to reasonably possible change in interest rates (all other variables being constant) of the Company's statement of profit and loss

For the year ended	Increase / (Decrease) in basis points	Increase in profit after tax	Decrease in profit after tax
Loans			
March 31, 2021	25/(25)	389	(389)
March 31, 2020	25/(25)	384	(384)
Borrowings			
March 31, 2021	25/(25)	(603)	603
March 31, 2020	25/(25)	(530)	530

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Notes to the financial statements (Continued)

43.3.2 Total Market Risk Exposure

Particulars	As at March 31, 2021			As at March 31, 2020			Primary risk sensitivity
	Carrying Amount	Traded Risk	Non-traded Risk	Carrying Amount	Traded Risk	Non-traded Risk	
Financial Assets							
Cash and cash equivalent	52,603	-	52,603	14,229	-	14,229	Interest Risk
Bank balances other than cash and	15,476	-	15,476	7,502	-	7,502	Interest Risk
Trade Receivables	117	-	117	231	-	231	
Other Receivables	320	-	320	140	-	140	
Loans and advances to customers	4,55,214	-	4,55,214	3,68,652	-	3,68,652	Interest Risk
Financial investments (other than	3,249	-	3,249	4,136	-	4,136	Price Risk
Other Financial Assets	1,353	-	1,353	828	-	828	
Total	5,28,332	-	5,28,332	3,95,718	-	3,95,718	

Particulars	As at March 31, 2021			As at March 31, 2020			Primary risk sensitivity
	Carrying Amount	Traded Risk	Non-traded Risk	Carrying Amount	Traded Risk	Non-traded Risk	
Financial Liabilities							
Derivative financial instruments	-	-	-	-	-	-	
Trade payables	90	-	90	409	-	409	
Other payables	907	-	907	485	-	485	
Debt Securities	59,370	30,545	28,825	12,178	-	12,178	Price Risk
Borrowings other than debt securities	3,47,593	-	3,47,593	3,09,581	-	3,09,581	Interest and Price Risk
Subordinated liabilities	25,846	25,846	-	-	-	-	Price Risk
Other Financial liabilities	27,709	-	27,709	13,426	-	13,426	
Total	4,61,515	56,391	4,05,125	3,36,079	-	3,36,079	

44 Trade Receivables

Provision matrix for Trade Receivable

Particulars	Trade receivable days past due	0-90 days	91-180 days	181-360 days	more than 360 days	Total
ECL rate		0.20%	0.00%	0.00%	0.00%	0.20%
	Estimated total gross carrying amount at default	438	-	-	-	437.70
As at March 31, 2021	ECL Provision	0.87	-	-	-	0.87
	Net Carrying Amount	436.83	-	-	-	436.83
ECL rate		0.14%	0.27%	0.00%	0.00%	0.16%
	Estimated total gross carrying amount at default	330.26	43.21	-	-	373.47
As at March 31, 2020	ECL Provision	0.47	0.12	-	-	0.59
	Net Carrying Amount	329.79	43.09	-	-	372.88

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Notes to the financial statements (Continued)

45 Accounting for Employee Share based Payments

Shareholders of the Company had approved "Fedbank Financial Services Limited Employee Stock Option Plan 2018" ("ESOP Plan"), the result of which was announced on November 13, 2018, enabling the Board and/or the "Nomination and Remuneration Committee" (NRC) to grant such number of equity shares, including options, to eligible employee(s) of the Company each of which is convertible into one equity share, not exceeding 6% of the aggregate number of paid up equity shares of the Company.

Such options vest at definitive date, save for specific incidents, prescribed in scheme as framed/approved by NRC. Such options are exercisable for period following vesting at the discretion of the NRC, subject to maximum of 10 years from the date of Vesting of Options

Method used for accounting for shared based payment plan.

The Company uses fair value to account for the compensation cost of stock options to employees of the Company.

Movement in options outstanding under the Employee Stock Option Plan for the year ended 31 March 2021

Particulars	Options	Weighted Average Exercise Price
Options outstanding, beginning of the year	55,11,351	38.68
Granted during the year	27,00,000	48.00
Exercised during the year	12,000	30.00
Forfeited /lapsed during the year	48,000	30.00
Options outstanding, end of the year	81,51,351	41.83
Options exercisable	6,55,000	37.49

Following summarises the information about stock options outstanding as at 31 March 2021

Category	Weighted Average Exercise Price	Number of shares arising out of options	Weighted average remaining contractual life (in years)
Class A	36.04	9,00,000	4.32
Class B	42.65	59,00,000	4.58
MD	42.11	13,51,351	4.09

Fair Valuation Methodology

The fair value of options have been estimated on the dates of each grant using the Modified Black-Scholes model (MBS). The shares of Company are not listed on any stock exchange. Accordingly, the Company had considered the volatility of the Company's stock price based on historical volatility of similar listed enterprises. The various assumptions considered in the pricing model for the stock options granted by the Company are:

Particulars	March 31, 2021	March 31, 2020
Dividend Yield	0.00%	0.00%
Expected volatility	31.36%	29.73%
Risk free interest rate *	6.38%	6.29%
Expected life of the option *	3.84	4.18

* The values in the above items are weighted average

The Company has recorded an employee compensation expense of INR 261.67 Lakhs (Previous year: INR 253.47 Lakhs) in the statement of Profit and Loss

The Company carried Employee Stock Option reserve amounting to INR 515 Lakhs (Previous year : INR 253 Lakhs) in the statement of Balance Sheet.

The total intrinsic value amounting to INR 117 lakhs at the end of the period of liabilities for which the counterparty's right to cash or other assets had vested by the end of the period.

46 Leases

- a) The changes in the carrying value of right of use assets - building or premises for the year ended 31st March 2021.

Particular	31 March 2021	31 March 2020
Opening Balance of ROU - Building or Premises	8,359	3,582
Addition during the year	4,329	6,131
Depreciation charges for the year	(1,848)	(1,355)
Total balance of ROU - Building or Premises	10,840	8,359

- b) The changes in the carrying value of right of use assets - furniture for the year ended 31st March 2021.

Particular	31 March 2021	31 March 2020
Opening Balance of ROU - Furniture	394	443
Addition during the year	-	-
Depreciation charges for the year	(49)	(49)
Total balance of ROU - Furniture	345	394

- c) The following is the movement in lease liabilities during the year ended 31st March 2021.

Particular	31 March 2021	31 March 2020
Opening Balance of Lease Liabilities	8,978	3,921
Addition during the year	4,752	5,833
Finance cost accrued during the year	1,002	600
Payment made during the year	(2,269)	(1,376)
Closing balance of lease liabilities	12,463	8,978

- d) The table below provides details of amount recognised in the Statement of Profit and Loss for the year ended 31st March, 2021

Particular	31 March 2021	31 March 2020
Depreciation charge for right of use asset	1,897	1,404
Interest expense (included in finance cost)	1,002	600
Expense relating to short term lease	-	129
Total	2,899	2,134

- e) The table below provides details regarding the contractual maturities of lease liabilities as of 31st March, 2021 on an undiscounted basis:

Particular	31 March 2021	31 March 2020
Less than one year	2,144	1,887
One to five years	8,882	6,599
More than five years	2,937	3,783
Total	13,963	12,269

- f) Rental expense recorded for leases of low-value assets was Nil for the year ended March 31, 2021, (Previous year INR 6.37)

47 Regulatory Disclosures

47.01 Foreign Currency

The Company has not entered into any foreign currency transaction during the year ended March 31, 2021 (Previous Year: Rs. Nil). The Company does not have any outstanding unhedged foreign currency exposure (Previous year: Nil)

47.02 Investments

(INR in Lakhs)		
Particulars	As at March 31, 2021	As at March 31, 2020
(1) Value of investments		
(i) Gross value of investments		
(a) In India	3,334	4,146
(b) Outside India,	NIL	NIL
(ii) Provisions for depreciation		
(a) In India	85	10
(b) Outside India,	NIL	NIL
(iii) Net value of investments		
(a) In India	3,249	4,136
(b) Outside India,	NIL	NIL
(2) Movement of provisions held towards depreciation on investments		
(i) Opening balance	10	11
(ii) Add : Provisions made during the year	75	-
(iii) Less : Write-off/write-back of excess provisions during the year	-	1
(iv) Closing balance	85	10

47.03 Derivatives

a) Forward rate agreement/Interest rate swap

(INR in Lakhs)		
Particulars	As at March 31, 2021	As at March 31, 2020
(i) The notional principal of swap agreements	Nil	Nil
(ii) Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	Nil	Nil
(iii) Collateral required by the NBFC upon entering into swaps	Nil	Nil
(iv) Concentration of credit risk arising from the swap	Nil	Nil
(v) The fair value of the swap book	Nil	Nil

b) Exchange traded interest rate (IR) derivatives : Nil

			(INR in Lakhs)
S.N.	Particulars	As at March 31, 2021	As at March 31, 2020
(i)	Notional principal amount of exchange traded IR derivatives undertaken during the year	Nil	Nil
(ii)	Notional principal amount of exchange traded IR derivatives outstanding as on 31st March	Nil	Nil
(iii)	Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	Nil	Nil
(iv)	Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	Nil	Nil

c) Qualitative disclosures

The Company has not entered into any derivative contracts during the year (Previous Year: Rs. Nil)

d) Quantitative Disclosures

(INR in Lakhs)		
Particulars	As at March 31, 2021	As at March 31, 2020
(i) Derivatives (Notional Principal Amount) For Hedging	Nil	Nil
(ii) Marked to Market Positions (1)		
a) Assets (+)	Nil	Nil
b) Liability (-)	Nil	Nil
(iii) Credit Exposure	Nil	Nil
(iv) Unhedged Exposures	Nil	Nil

47.04 Direct Assignment and Securitisation

Part A - Disclosure in the notes to the accounts in respect of securitisation transaction

(INR in Lakhs)

Particulars	31-Mar-21	31-Mar-20
No of SPVs sponsored by the applicable NBFC for securitisation transactions	1	-
Total amount of securitised assets as per books of the SPVs sponsored	2,039	-
Total Amount Outstanding	1,745	-
Total amount of exposure retained by the NBFC to comply with MRR as on date of		
a) Off balance sheet exposures		
First Loss	-	-
Others	-	-
b) On balance sheet exposure		
First Loss	-	-
Others	87	-
Amount of exposures to securitisation transactions other than MRR		
a) Off balance sheet exposures		
i) Exposure to own securitisation		
First Loss	-	-
Others	-	-
ii) Exposure to third party securitisation		
First Loss	-	-
Others	-	-
b) On balance sheet exposures		
iii) Exposure to own securitisation		
First Loss	150	-
Others	-	-
iv) Exposure to third party securitisation		
First Loss	-	-
Others	-	-

Part B - Details of Assignment transaction undertaken

(INR in Lakhs)

Particulars	31-Mar-21	31-Mar-20
i) No. of accounts	744	696
ii) Aggregate value (net of provisions) of accounts sold	13,425	12,662
iii) Aggregate consideration *	13,425	12,662
iv) Additional consideration realized in respect of accounts transferred in earlier	Nil	Nil
v) Aggregate gain/loss over net book value	Nil	Nil

During the year ended March 31, 2021, the company has executed two Direct Assignment and one Securitisation transactions. The de-recognition criteria as per Ind AS 109 has been met in respect of all the direct assignment transactions, however, same has not been met in respect of the Securitisation transaction and accordingly the Securitisation transaction is continued to be recognised. The management has evaluated the impact of all the Direct Assignment transactions de-recognised based on the future business plan, which is to hold these assets for collecting contractual cash flows.

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Notes to the financial statements (Continued)

47.05 Asset liability management maturity pattern of certain items of assets and liabilities

As at March 31, 2021

(INR in Lakhs)

Particulars	1 to 7 days	8 to 14 days	15 to 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
Deposits *	-	-	-	-	-	-	-	-	-	-	-
Advances ** #	14,813	1,509	4,046	13,309	19,884	62,298	1,21,622	55,047	25,823	1,36,862	4,55,214
Investments	2,501	-	-	209	-	418	121	-	-	-	3,249
Borrowings ***	11,940	4,654	3,821	5,589	21,384	23,922	88,729	1,84,403	60,892	27,475	4,32,809
Foreign currency assets	-	-	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-	-	-

As at March 31, 2020

(INR in Lakhs)

Particulars	1 to 7 days	8 to 14 days	15 to 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
Deposits	-	-	-	-	-	-	-	-	-	-	-
Advances *	4,795.00	2,162.00	8,248.00	16,140.00	21,131.00	26,370.00	70,604.00	59,390.00	26,005.00	1,30,540.00	3,65,385.00
Investments	3,000.00	-	-	209.00	-	209.00	418.00	295.00	-	-	4,131.00
Borrowings	-	1,407.00	3,802.00	11,155.00	24,466.00	27,604.00	43,715.00	1,41,538.00	65,884.00	1,818.00	3,21,389.00
Foreign currency assets	-	-	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-	-	-

47.06 Capital to Risk Asset Ratio (CRAR)

Particulars	As at March 31, 2021	As at March 31, 2020
CRAR (%)	23.52	17.89
CRAR - Tier I Capital (%)	17.10	17.53
CRAR - Tier II Capital (%)	6.42	0.36
Amount of subordinated debts raised as Tier II capital	25,846	-
Amount raised by issue of perpetual debt instruments	-	-

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Notes to the financial statements (Continued)

47.07 Details of non-performing accounts purchased/ sold

(a) Details of non-performing accounts purchased		(INR in Lakhs)	
Sr. No.	Particulars	As at March 31, 2021	As at March 31, 2020
(i)	No. of accounts purchased during the year	Nil	Nil
(ii)	Aggregate outstanding	Nil	Nil
(iii)	Of these, number of accounts restructured during the year	Nil	Nil
(iv)	Aggregate outstanding	Nil	Nil

(b) Details of non-performing accounts sold		(INR in Lakhs)	
Sr. No.	Particulars	As at March 31, 2021	As at March 31, 2020
(i)	No. of accounts sold during the year	Nil	Nil
(ii)	Aggregate outstanding	Nil	Nil
(iii)	Of these, number of accounts restructured during the year	Nil	Nil
(iv)	Aggregate outstanding	Nil	Nil

47.08 Exposure to real estate sector, both direct and indirect & exposure to capital market

a) Exposure to real estate sector, both direct and indirect		(INR in Lakhs)	
Particulars	As at March 31, 2021	As at March 31, 2020	
(i) Residential Mortgages Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	1,46,625	1,63,322	
(ii) Commercial Real Estate Lending secured by mortgages on commercial real estate's (office buildings, retail space, multipurpose commercial premises, Multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits:	57,635	29,461	
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures			
(a) Residential	Nil	Nil	
(b) Commercial Real Estate	Nil	Nil	

b) Exposure to Capital Market		(INR in Lakhs)	
Particulars	As at March 31, 2021	As at March 31, 2020	
(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	Nil	Nil	
(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	Nil	Nil	
(iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity	Nil	Nil	
(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	Nil	Nil	
(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stock brokers and market makers;	Nil	Nil	
(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 resource	Nil	Nil	
(vii) bridge loans to companies against expected equity flows / issue	Nil	Nil	
(viii) all exposures to Venture Capital Funds (both registered and unregistered)	Nil	Nil	

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Notes to the financial statements (Continued)
47.09 Movement of credit impaired loans under Ind AS
(INR in Lakhs)

Sr. No.	Particulars	As at March 31, 2021	As at March 31, 2020
(i)	Net impaired loss allowance to Net loans (%)	0.71%	1.08%
(ii)	Movement of credit impaired loans under Ind AS (Gross)		
	(a) Opening balance	5,473	4,608
	(b) Additions during the year	3,119	4,275
	(c) Reductions during the year	872	3,410
	(d) Written off	2,904	-
	(e) Closing balance	4,816	5,473
(iii)	Movement of Net impaired loans		
	(a) Opening balance	3,988	3,879
	(b) Additions during the year	2,279	3,098
	(c) Reductions during the year	847	2,990
	(d) Written off	2,136	-
	(e) Closing balance	3,283	3,988
(iv)	Movement of impairment loss allowance on credit impaired loans		
	(a) Opening balance	1,485	729
	(b) Additions during the year	840	1,176
	(c) Reductions during the year	25	420
	(d) Written off	768	-
	(e) Closing balance	1,532	1,485

47.10 Concentration of Loan, Exposure & Credit Impaired loans

(a) Concentration of Loan		(INR in Lakhs)	
Sr. No.	Particulars	As at March 31, 2021	As at March 31, 2020
(i)	Total advances to twenty largest borrowers	18,804	27,459
(ii)	Total advances to twenty largest borrowers	4.06%	7.45%
(b) Concentration of Exposure		(INR in Lakhs)	
Sr. No.	Particulars	As at March 31, 2021	As at March 31, 2020
(i)	Total exposure to twenty largest borrowers	18,804	40,302
(ii)	Percentage of exposure to twenty largest borrowers to Total Exposure	4.06%	9.89%
(c) Concentration of Exposure		(INR in Lakhs)	
Sr. No.	Particulars	As at March 31, 2021	As at March 31, 2020
(i)	Total exposure of top four credit impaired accounts	1,845	1,985
(d) Sector wise distribution of credit impaired loss			
Sr. No.	Particulars	As at March 31, 2021	As at March 31, 2020
1	Agriculture and allied activities	0.00%	0.00%
2	MSME	0.00%	0.00%
3	Corporate borrowers	2.91%	1.43%
4	Services	0.00%	0.00%
5	Unsecured personal loans	0.00%	0.00%
6	Auto Loans	0.00%	0.00%
7	Other personal loans	0.83%	1.48%
8	Others	0.00%	0.00%

47.11 Details of single borrower limit and group borrower limit exceeded by the Company

During the year ended March 31, 2021 and March 31, 2020, the Company's credit exposure to single borrower and group borrowers were within the limits prescribed by the RBI

47.12 Unsecured Advances

The Company has not taken any charge over the rights, licences, authorisation etc. against unsecured loan given to borrowers in the current year and previous year

47.13 Fraud Reporting

The fraud detected and reported for the year amounted to INR 472.02 lakhs (Previous year INR 36.65 lakhs)

47.14 Net profit or loss for the period, prior period items and change in accounting policy

There are no prior period items (previous year Nil).

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Notes to the financial statements (Continued)**47.15 Details of 'provision and contingencies'**

(INR in Lakhs)			
Sr. No.	Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
1	Provision for depreciation on investment	75	-1
2	Provision towards credit impaired loans	47	756
3	Provision towards income tax	2,924	1,849
4	Other provision and contingencies	-	-
5	Provision for standard loans (Stage 1 & 2)	4,084	1,402

47.16 Draw down from reserves

The Company has not made any draw down from reserves during current year and previous year

47.17 Customer complaints

(INR in Lakhs)			
Sr. No.	Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
1	No. of complaints pending as at the beginning of the year	1	-
2	No. of complaints received during the year	71	53
3	No. of complaints redressed during the year	70	52
4	No. of complaints pending as at the end of the year	2	1

47.18 Registration obtained from Financial Sector Regulators

Regulator	Registration No.
Reserve Bank of India	Certificate of Registration No. N-16.00187 dt 24th August, 2010

47.19 Ratings assigned by the credit rating agencies and migration of ratings during the Financial Year

Sr. No.	Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
1	Long Term	India Rating AA- Stable	CARE AA-
2	Long Term	CARE AA- Stable	
3	Short Term	ACUITE A1+	ACUITE A1+
4	Short Term	CRISIL A1+	CRISIL A1+
5	Short Term	India Rating A1+	
6	Short Term	ICRA A1+	

47.20 Amounts due to Investor Education and Protection Fund

There is no amount due to be credited to Investor Education and Protection Fund as at March 31, 2021 and at March, 31, 2020

47.21 Off Balance Sheet SPV sponsored - The company does not have SPVs sponsored (which are required to be consolidated as per Accounting Norms).**47.22 Penalties imposed by RBI**

During the financial year ended 31st March 2021, RBI vide order ref EFD.CO.SO/372/02.14.148/2020-21 March 22, 2021 in exercise of the powers conferred under clause (b) of sub-section (1) of section 58G read with clause (aa) of sub-section (5) of section 58B of the Act, penalty of 15 lakh (Rupees Fifteen lakh only) is imposed on Fedbank Financial Services Limited. (FY 19-20: Nil)

47.23 Ownership Overseas Assets (for those with joint ventures and subsidiaries abroad)

There are no overseas assets owned by the Company (Previous year Nil)

Fedbank Financial Services Limited**CIN : U65910KL1995PLC008910****Notes to the financial statements (Continued)****47.24 Contingent Liabilities (to the extent not provided for)****(INR in Lakhs)**

Sr. No.	Particulars	As at March 31, 2021	As at March 31, 2020
1	Disputed Income Taxes (1)	36	34
2	Other Sums contingently liable for (2)	23	23
	Total	59	57

- (1) The Assessing Officer has disagreed with the treatment of certain expenses in connection with the return of income tax return filed by the company and accordingly raised a demand of INR 34 lakhs for AY 2011-12. This has been challenged by the Company before the Income Tax Department. However, during the financial year 2015-16 the disputed demand of INR 34 lakhs was adjusted against refund amount for AY 2013-14 by the Income tax Department. In addition to this disputed taxes also includes the amounts of TDS Demand of INR 2.43 lakhs as per traces website.

Also the Assessing Officer has disagreed with the treatment of certain expenses in connection with the return of income tax return filed by the company and accordingly raised a demand of NIL for AY 2017-18. Penalty has also being initiated by Assessing Officer and outcome is unascertainable.

- (2) The Payment of Bonus Act, 1979 was amended with retrospective effect during the previous year, the estimated probable additional cost to the Company on account of this to the extent it pertains to the earlier financial year has not been considered a liability by placing reliance on Kerala High Court judgement which has stayed this matter and accordingly disclosed as contingent liability.

- (3) In Line with industry practice, the company auctions gold kept as security of borrowers whose loans are in default. Certain customers of the Company have filed suits in consumer/civil courts for auctioning of their gold ornaments or for obtaining of stay order against auction of their pledged gold. The management does not expect any material liability from such suits.

47.25 Capital and Other Commitments**(INR in Lakhs)**

Sr. No.	Particulars	As at March 31, 2021	As at March 31, 2020
	Estimated amount of contracts remaining to be executed on capital accounts not provided for (Net of advances)	909	318
2	Other Commitments towards partly disbursed loans	9,358	8,236

47.26 Disclosure pursuant to Reserve Bank of India notification DNBS.CC.PD.No.356/03.10.01/2013-14 dated 16 September 2013 pertaining to gold loans

Details of Gold auction conducted

(INR in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
No. of loan accounts	1,073	1,189
Principal Amount outstanding at the date of auction	893	505
Interest Amount outstanding at the date of auction	86	84
Total value fetched	1,095	756

Note: No entity within the Company's group including any holding or associate Company or any related

party had participated in any of the above auctions.

Fedbank Financial Services Limited
CIN : U65910KL1995PLC008910
Notes to the financial statements (Continued)

47.27 Schedule to the Balance Sheet of a non deposit taking Non-Banking Financial Company (as required in terms of Paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007)

		(INR in Lakhs)	
Sr. No.	Particulars	As at March 31, 2021	As at March 31, 2020
	Liabilities side		
1	Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:		
	(a) Debentures		
	-Secured	30,545	Nil
	-Unsecured	25,846	Nil
	(other than falling within the meaning of public deposits*)		
	(b) Deferred Credits	Nil	Nil
	(c) Term Loans	3,29,240	2,95,063
	(d) Inter-corporate loans and borrowing	Nil	Nil
	(e) Commercial Paper	28,825	12,178
	(f) Other Loans (represents Working Capital Demand Loan, Cash credit, Bank Over draft and Liability component of Compound financial instrument)	18,352	14,518
	Asset side		
2	Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :		
	(a) Secured	4,05,324	3,22,304
	(b) Unsecured	57,513	49,840
3	Break up of Leased Assets and stock on hire and other assets counting towards AFC activities		
	(i) Lease assets including lease rentals under sundry debtors		
	(a) Finance Lease	Nil	Nil
	(b) Operating Lease	Nil	Nil
	(ii) Stock on hire including hire charges under sundry debtors:		
	(a) Assets on hire	Nil	Nil
	(b) Repossessed Assets	Nil	Nil
	(iii) Other loans counting towards AFC activities		
	(a) Loans where assets have been repossessed	Nil	Nil
	(b) Loans other than (a) above	Nil	Nil
4	Break-up of Investments		
	Short Term Investments:		
	1 Quoted		
	(i) Shares:		
	(a) Equity	Nil	Nil
	(b) Preference	Nil	Nil
	(ii) Debentures and bonds	Nil	Nil
	(iii) Units of mutual funds	Nil	Nil
	(iv) Government Securities	Nil	Nil
	(v) Others	Nil	Nil
	2 Unquoted		
	(i) Shares:		
	(a) Equity	Nil	Nil
	(b) Preference	Nil	Nil
	(ii) Debentures and bonds	748	1,135
	(iii) Units of mutual funds	2,501	3,001
	(iv) Government Securities	Nil	Nil
	(v) Others	Nil	Nil
	Long Term Investments:		
	1 Quoted		
	(i) Shares:		
	(a) Equity	Nil	Nil
	(b) Preference	Nil	Nil
	(ii) Debentures and bonds	Nil	Nil
	(iii) Units of mutual funds	Nil	Nil
	(iv) Government Securities	Nil	Nil
	(v) Others	Nil	Nil
	2 Unquoted		
	(i) Shares:		
	(a) Equity	Nil	Nil
	(b) Preference	Nil	Nil
	(ii) Debentures and bonds	Nil	Nil
	(iii) Units of mutual funds	Nil	Nil
	(iv) Government Securities	Nil	Nil
	(v) Others	Nil	Nil
5	Borrower group-wise classification of assets financed as in (2) and (3) above		
	1 Related Parties		
	(a) Subsidiaries	Nil	Nil
	(b) Companies in the same group	Nil	Nil
	(c) Other related parties-Holding Company	Nil	Nil
	2 Other than related parties		
	Total		
6	Other Information:		
	(i) Gross Non-Performing Assets		
	(a) Related parties	Nil	Nil
	(b) Other than related parties	4,816	5,473
	(ii) Net Non-Performing Assets		
	(a) Related parties	Nil	Nil
	(b) Other than related parties	3,283	3,988
	(iii) Assets acquired in satisfaction of debt	Nil	Nil

Fedbank Financial Services Limited
CIN : U65910KL1995PLC008910
Notes to the financial statements (Continued)

47.28 a) Provision for impact of COVID-19

The second wave of COVID-19 and resultant infections have been more significant than in the first wave. Some of our staff or their family members have been affected. With many of the states going in for curtailed activity / shut-downs – currently we expect the business risk to remain elevated at least for Q1, 22. With strong liquidity in the balance sheet and with large amount of term facilities availed from banks which remain un-utilised, with our ability to retain collections at high levels in spite of the impact on customers in the affected state, with increased realisation of benefits on the digital processes we began instituting, adequate impairment provisions against anticipated credit losses and a comparatively higher capital adequacy – we are in significantly better position than last year to face any adverse events – as they present themselves. The management continues to closely monitor for any material changes in the macroeconomic factors impacting the operations of the Company. Taking into consideration the impact arising from the COVID-19 pandemic on the economic environment, the Company has, during the year, continued to undertake a risk assessment of its credit exposures and in addition to the provision required as per the IRAC norms of RBI, it has recorded a total additional provision overlay of **INR 4,558 lakhs** as on March 31, 2021 (as on 31 March 2020: **INR. 830 lakhs**) in the Balance sheet, to reflect deterioration in the macroeconomic outlook. The final impact of this pandemic is very uncertain and the actual impact may be different than that estimated based on the conditions prevailing as at the date of approval of these financial results.

b) Disclosure pursuant to Reserve Bank of India Circular DOR.No.BP.BC.63/21.04.048/2019-20 dated 17 April 2020 pertaining to Asset Classification and Provisioning in terms of COVID19 Regulatory Package

Sr. No.	Particulars	As at 31st March 2021
1	Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended	2,272
2	Respective amount where asset classification benefits was extended**	-
3	General Provision made*	-
4	General Provision adjusted during the period against slippages and the residual provisions	-

*The Company being NBFC has complied with Ind AS and guidelines duly approved by the Board for recognition of the impairment

**As on September 30, 2020 respective amounts where asset classification benefits was extended was INR 1,90,117 Lakhs.

Fedbank Financial Services Limited
CIN : U65910KL1995PLC008910
Notes to the financial statements (Continued)

47.29 Disclosure in term of notification no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20

Comparison between provisions required under IRACP and impairment allowances made under Ind AS 109

Asset classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying amount as		Loss Allowances (Provision) as required under Ind AS 109		Net carrying amount		Provision required under IRACP norms		Difference between Ind AS 109 and IRACP norms	
		31-03-2021	31-03-2020	31-03-2021	31-03-2020	31-03-2021	31-03-2020	31-03-2021	31-03-2020	31-03-2021	31-03-2020
(1)	(2)	(3)	(4)	(5)	(6)	(7) = (3) - (5)	(8) = (4) - (6)	(9)	(10)	(11) = (5) - (9)	(12) = (6) - (10)
Performing Assets											
Standard	Stage 1	4,45,141	3,54,909	4,534	1,363	4,40,608	3,53,546	2,343	1,407	2,190	-44
	Stage 2	12,881	11,762	1,558	644	11,323	11,118	49	651	1,508	-7
Sub Total		4,58,022	3,66,671	6,091	2,007	4,51,931	3,64,664	2,393	2,058	3,699	-51
Non Performing Assets (NPA)											
Sub Standard	Stage 3	4,120	4,171	1,383	1,072	2,737	3,099	402	404	980	668
Doubtful (upto 1 year)	Stage 3	606	1,189	148	365	458	824	98	223	50	142
Doubtful (1 - 3 year)	Stage 3	1	52	0	12	1	40	0	11	-0	1
Doubtful (more than 3 year)	Stage 3	0		0		0		0	-	-0	
Sub-total for Doubtful		607	1,241	148	377	459	864	99	234	49	143
Loss	Stage 3	88	61	2	37	87	24	21	58	-20	-21
Sub-total for NPA		4,816	5,473	1,532	1,486	3,283	3,987	522	696	1,010	790
Other items: Full and final recovery	Stage 1	-	-	-	-	-	-	-	-	-	-
	Stage 2	8	48	8	46	-	2	8	46		-
	Stage 3	-	-	-	-	-	-	-	-	-	-
Sub-total		8	48	8	46	-	2	8	46	-	-
Total	Stage 1	4,45,141	3,54,909	4,534	1,363	4,40,608	3,53,546	2,343	1,407	2,190	-44
	Stage 2	12,889	11,810	1,566	690	11,323	11,120	57	697	1,508	-7
	Stage 3	4,816	5,473	1,532	1,486	3,283	3,987	522	696	1,010	790
	Total	4,62,846	3,72,192	7,632	3,539	4,55,214	3,68,653	2,923	2,800	4,709	739

In terms of the requirement as per RBI notification no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020 on Implementation of Indian Accounting Standards, NBFCs are required to create an impairment reserve for any shortfall in impairment allowances under Ind AS 109 and IRAC norms (including provision on standard assets). The impairment allowances under Ind AS 109 made by the Corporation exceeds the total provision required under IRAC as at March 31, 2021 and accordingly, no amount is required to be transferred to impairment reserve.

Fedbank Financial Services Limited**CIN : U65910KL1995PLC008910****Notes to the financial statements (Continued)****47.30 Internal Control System**

During the year, the Company engaged a reputed firm of Chartered Accountants to evaluate that the Internal Financial Controls are in place and also test its effectiveness. The deficiencies identified during the independent review do not reflect any material weakness as the company has compensatory controls in place. The Company has adequate Internal Financial Controls that are commensurate with the nature and size of its business operations; wherein controls are in place and operating effectively and no material weakness exists.

- 47.31** The Company has disbursed loans against mortgage of properties, and the borrowers have assigned lease rentals receivable from the said properties towards repayment of EMLs/instalments.
The borrowers have opened Escrow accounts with certain banks under lien to the Company. The aforesaid escrow accounts do not form part of these financial statements

47.32 Public Disclosures as mandated by LRM framework for NBFCs issued by the RBI on 4th November 2019.**a) Funding Concentration based on significant counterparty**

Sr. No.	Significant counterparty	Amount	% of total liabilities
1	Federal Bank	1,08,162	25.29%
2	HDFC Bank Limited	44,927	10.51%
3	Indian Bank	37,934	8.87%
4	ICICI Bank	32,946	7.70%
5	Axis Bank	29,832	6.98%
6	Canara Bank	27,067	6.33%
7	State Bank of India	25,920	6.06%
8	Hdfc Mutual Fund	23,890	5.59%
9	Bank of Baroda	18,953	4.43%
10	SIDBI	12,833	3.00%
11	Bank of Maharashtra	9,988	2.34%
12	Bajaj Finance Limited	8,484	1.98%
13	DCB Bank	6,651	1.56%
14	IDBI Bank	6,493	1.52%
15	Karnataka Bank	6,462	1.51%
16	AU Small Finance Bank	5,000	1.17%
17	Punjab National Bank	5,000	1.17%
18	Bank of India	4,990	1.17%

b) Top 10 borrowings

Sr. No.	Significant counterparty	Amount	% of total liabilities
1	Federal Bank	1,08,162	25.29%
2	HDFC Bank Limited	44,927	10.51%
3	Indian Bank	37,934	8.87%
4	ICICI Bank	32,946	7.70%
5	Axis Bank	29,832	6.98%
6	Canara Bank	27,067	6.33%
7	State Bank of India	25,920	6.06%
8	Hdfc Mutual Fund	23,890	5.59%
9	Bank of Baroda	18,953	4.43%
10	SIDBI	12,833	3.00%

c) Funding Concentration based on significant instrument/product

Sr. No.	Significant counterparty	Amount	% of total liabilities
1	Short Term working Capital	16,630	3.89%
2	Term Loan- Secured	3,21,381	75.15%
3	Term Loan- Unsecured	7,490	1.75%
4	NCD - Secured	18,733	4.38%
5	NCD - Unsecured	34,590	8.09%
6	Commercial paper	28,825	6.74%

d) Stock Ratio

Sr No	Particulars	%
1	Commercial Paper as % of Total Liabilities	6.22%
2	Commercial Paper as % of Total Assets	5.27%
3	Other Short Term Liabilities as % of Total Liabilities	3.58%
4	Other Short Term Liabilities as % of Total Asset	3.03%

47.33 In accordance with the instructions of RBI circular no. DOR.SFR.REC.4/21.04 048/2021-22 dated April 07, 2021, all lending institutions shall 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, the Indian Bank Association (IBA) published the methodology for calculation of the amount of such 'interest on interest'. Accordingly the Company has estimated the said amount and made provision for refund/adjustment.

47.34 Disclosure on restructuring pursuant to Reserve Bank of India notification DNBS.CO. PD. No. 367/03.10.01/2013-14 dated 23rd January 2014

(INR in Lakhs)																							
Sr.No.	Type of restructuring Assets classification Details		Under CDR Mechanism					Mechanism					Others					Total					
			Standar d	Substan dard	Doubtful ul	Loss	Total	Standar d	Substan dard	Doubtful ul	Loss	Total	Standar d	Substan dard	Doubtful ul	Loss	Total	Standar d	Substan dard	Doubtful ul	Loss	Total	
1	Restructured Accounts as on April 1, 2020 of the FY (opening figures)*	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
2	Fresh restructuring during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	7	-	-	-	7	-	7	-	-	7	
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	558	-	-	-	558	-	558	-	-	558
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	250	-	-	-	250	-	250	-	-	250
3	Upgradations to restructured standard category during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
5	Downgradations 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, 2021 of the FY (closing figures*)	No. of borrowers	-	-	-	-	-	-	-	-	-	-	7	-	-	-	7	-	7	-	-	7	
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	558	-	-	-	558	-	558	-	-	558
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	250	-	-	-	250	-	250	-	-	250

47.36 Disclosure in compliance with RBI circular 2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21

(INR in Lakhs)

	(A)	(B)	(C)	(D)	(E)
Type of borrower	Number of accounts where resolution plan has been implemented under this window	exposure to accounts mentioned at (A) before implementation of the plan	Of (B), aggregate amount of debt that was converted into other securities	Additional funding sanctioned, if any, including between invocation of the plan and implementation	Increase in provisions on account of the implementation of the resolution plan
Personal Loans	9,484	3,063	-	-	310
Corporate persons*	-	-	-	-	-
Of which, MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	9,484	3,063	-	-	310

*As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

47.37 Supreme court judgement-NPA

The Honourable Supreme Court of India (Hon'ble SC), in a public interest litigation (Gajendra Sharma Vs. Union of India & Anr), vide an interim order dated September 03, 2020 ("Interim Order"), had directed banks and NBFCs that accounts which were not declared NPA till August 31, 2020 shall not be declared as NPA till further orders. Accordingly, the Company did not classify any account which was not NPA as of August 31, 2020 as per the RBI IRAC norms, as NPA after August 31, 2020. Basis the said interim order, until 28 February 2021, the Company did not classify any additional borrower account as NPA as per the Reserve Bank of India or other regulatory prescribed norms, after 31 August 2020 which were not NPA as of 31 August 2020, however, during such periods, the Company has classified those accounts as standard and provisioned accordingly for financial reporting purposes. 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 extant RBI instructions / IRAC norms under financial statements for the quarter and year ended 31 March 2021.

47.38 The Company has during the financial year 20-21, based on assessment and approval of the Board has written off the loans and advances amounting to INR 2,904 Lakhs.

47.39 LCR Disclosure

(INR in Lakhs)

Particulars	Total Unweighted ³ Value (average)	Total Weighted ⁴ Value (average)
High Quality Liquid Asset		
1 Total High Quality Liquid Assets (HQLA)	11,603	11,603
Cash Outflows		
2 Deposits (for deposit taking companies)	-	-
3 Unsecured wholesale funding	-	-
4 Secured wholesale funding	19,205	22,085
5 Additional requirements, of which	-	-
(i) Outflows related to derivative exposures and other collateral requirements	-	-
(ii) Outflows related to loss of funding on debt products	-	-
(iii) Credit and liquidity facilities	9,280	10,672
6 Other contractual funding obligations	11,189	12,867
7 Any other contractual outflows	3,184	3,662
8 TOTAL CASH OUTFLOWS	42,858	49,286
8B 75% of (Weighted Cash Outflow)		36,965
Cash Inflows		
9 Secured lending	9,997	7,498
10 Inflows from fully performing exposures	-	-
11 Other cash inflows	97,149	72,862
12 TOTAL CASH INFLOWS	1,07,146	80,360
13 TOTAL HQLA		11,603
14 TOTAL NET CASH OUTFLOWS		12,322
15 LIQUIDITY COVERAGE RATIO (%)		94%

C.V. Ganesh
Chief Financial Officer

Rajaraman Sundaresan
Company Secretary & Compliance officer
M.No. F3514

As per our report of even date attached
For Varma and Varma
Chartered Accountants
FRN: 004532S

For and on behalf of Board of Directors

Anil Kothuri
MD & CEO
DIN:00177945

Balakrishnan Krishnamurthy
Independent Director
DIN:00034031

Gauri Rushabh Shah
Independent Director
DIN:06625227

Georgy Matthew
Partner
M. No. 209645

Place: Mumbai
Date: 12th May, 2021

Place: Bengaluru
Date: 12th May, 2021



BSR & Co. LLP

Chartered Accountants

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Goregaon (East), Mumbai - 400 063

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Independent Auditor's Report

To the Members of Fedbank Financial Services Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Fedbank Financial Services Limited (the "Company"), which comprise the balance sheet as at 31 March 2022, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, and its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters (continued)

Description of Key Audit Matters

Loss allowance for Expected Credit Loss (ECL) on loans and advances

Refer to the accounting policies in "Note 3.6 (i)" to the Financial Statements

Charge to the Statement of Profit and Loss: Rs. 4,124 Lakhs

Loss allowance for Expected Credit Loss (ECL) as at 31 March 2022: Rs. 11,613 Lakhs

Key audit matters	How the matter was addressed in our audit
<p>Subjective estimate</p> <p>Loans represent significant portion of the Company's assets.</p> <p>Recognition and measurement of loss allowance for ECL on loans and advances involves significant management judgement.</p> <p>Under Ind AS 109, Financial Instruments, loss allowance on loans are determined using ECL model. The Company's loss allowance is derived from estimates including consideration of the historical default and loss ratios and forward-looking risk variables. The Company exercises judgements in determining the quantum of loss based on a range of other factors.</p> <p>The most significant factors are:</p> <ul style="list-style-type: none"> - Segmentation of loan book - Determination of exposure at default - Loan staging criteria - Calculation of probability of default / loss given default - Consideration of probability weighted scenarios and forward looking macro-economic factors - Qualitative adjustments / management overlays – adjustments to the model driven ECL results as overlays are recorded by management to address known impairment model limitations or emerging trends as well as risks not captured by models. As at 31 March 2022, overlays represent approximately Rs. 1,767 lakhs of the ECL provision. These adjustments are inherently uncertain and management judgement is involved in estimating these amounts 	<p>In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:</p> <p>Design / controls</p> <ul style="list-style-type: none"> • Performed walkthroughs and assessed the design and implementation of controls in respect of the Company's loss allowance process such as the timely recognition of impairment loss, the completeness and accuracy of reports used in the impairment allowance process and management review processes over the measurement of loss allowance and the related disclosures on credit risk management. • Evaluation of the impairment principles used by management based on the requirements of Ind AS 109, business understanding and industry practice, including an assessment of management's rationale for rebutting staging principles as per Ind AS 109 for its gold loan portfolio. • Understanding and testing the processes, systems and controls implemented in relation to impairment allowance process, particularly in view of loans restructured as part of COVID-19 regulatory package. • Evaluating key controls over collation of relevant information used for determining estimates for management overlays on account of COVID-19. • Testing the controls over 'Governance Framework' in line with the RBI guidance and with Company's laid down policy • Assessing the design and implementation of key internal financial controls over identification, classification and measurement of impairment

Key Audit Matters (continued)

<p>especially in relation to continuing economic uncertainty, albeit at a less level compared to the past year, as a result of COVID-19.</p> <p>The application of ECL model requires several data inputs, including estimation of 12-month ECL for a pool of loans and life time for other pool of loans. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model.</p> <p>Further, basis the nature and characteristics of its gold loan portfolio, the Company has elected to rebut the 90 days past due criteria for classification of an exposure as Stage 3, basis the manner in which the Company subsequently monitors default and potential loss as per its credit risk management policy.</p> <p>The underlying forecasts and assumptions used in the estimates of impairment loss allowance are subject to uncertainties which are often outside the control of the Company. The extent to which the COVID-19 pandemic will impact the Company's current estimate of impairment loss allowances is dependent on future developments, which are uncertain at this point. Given the size of loan portfolio relative to the balance sheet and the impact of impairment allowance on the financial statements, we have considered this as a key audit matter.</p> <p>The Company has also restructured borrower accounts in accordance with the Resolution Framework for COVID-19 related stress announced by the RBI vide notifications dated 6 August 2020 and 5 May 2021. Based on the terms of restructuring and management's credit evaluation, the Company has continued to classify such restructured borrower accounts as non-impaired (under Ind AS 109, Financial Instruments) at 31 March 2022.</p>	<p>charge, including for loans which were restructured.</p> <ul style="list-style-type: none"> • Testing of key review controls over measurement of loss allowances and disclosures in financial statements. • Assessed sufficiency of the disclosures on key judgements, assumptions and quantitative data with respect to loss allowance in the financial statements. <p>Involvement of specialists We involved financial risk modelling specialists for the following:</p> <ul style="list-style-type: none"> • Evaluating the appropriateness of the Company's Ind AS 109 impairment methodologies and reasonableness of assumptions used (including those used for management overlays). • The reasonableness of the Company's considerations of the impact of the current economic environment due to COVID-19 on the loss allowance determination. <p>Substantive tests</p> <ul style="list-style-type: none"> • Assessing management rationale for determination of criteria for SICR considering both: adverse effects of COVID 19 and mitigants in the form of the RBI / Government financial relief package. • Reviewing management's assessment of rebuttal of 90 days past due norm on classification of exposure as Stage 3 in its gold loan portfolio, including reviewing management's basis of conclusion of not considering a loan as restructured when facilities are rolled over or collaterals are replighted. • Assessing the changes made in macroeconomic factors and management overlays to calibrate the risks that are not yet fully captured by the existing model. • Tested through independent check, Company's assessment of COVID-19 impact on segments of its loan portfolio and the resultant loss allowance. • Verifying application of accounting principles, validating completeness and accuracy of the data and reasonableness of assumptions used in the model.
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Key Audit Matters (continued)

<p>Disclosures</p> <p>The disclosures regarding the Company's application of Ind AS 109 are important in explaining the key judgements and material inputs to the Ind AS 109 ECL results.</p>	<ul style="list-style-type: none"> • Test of details over of calculation of loss allowance for assessing the completeness, accuracy and relevance of data. • For model derived outputs, verifying the calculations through re-computation where practicable. • Challenged judgments made in respect of calculation methodologies, segmentation, economic factors, the period of historical loss rates used and the valuation of recovery assets and collateral. • Assessing the factual accuracy of the financial statements disclosures made by the Company.
<p>Information Technology (IT) systems and controls</p> <p>The Company's key financial accounting and reporting processes are highly dependent on information systems including automated controls, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being misstated. The Company uses multiple systems for its overall financial reporting process.</p> <p>Further, the prevailing COVID-19 situation, has caused the required IT applications to be made accessible on a remote basis.</p> <p>We have identified 'Information Technology systems' as key audit matter because of the significant level of automation, the various layers and elements of the IT architecture and the risks associated with remote access of key applications by staff during the year.</p>	<p>Our audit procedures to assess the IT system management included the following:</p> <p>We involved our IT Specialist to:</p> <ul style="list-style-type: none"> • Understand General IT Controls (GITC) i.e., Access Controls, Program/ System Change, Computer Operations (i.e., Job Processing, Data/System Backup) over key financial accounting and reporting systems and supporting control systems (referred to as in-scope systems). • Understand IT infrastructure i.e., operating systems and databases supporting the in-scope systems. • Test the General IT Controls for design and operating effectiveness for the audit period over the in-scope systems. • Understand IT application controls covering: <ul style="list-style-type: none"> - user access and roles, segregation of duties; and - reports and system configuration. • Test the IT application controls for design and operating effectiveness for the audit period. • Test the automated controls supporting financial reporting process to determine whether these controls remained unchanged during the audit period or were changed following the standard change management process.

Key Audit Matters (continued)

	<ul style="list-style-type: none"> • Test the controls over the IT infrastructure covering user access (including privilege users), and system changes; and • Enquiry on data security controls in the context of staff working from remote location during the year. <p>Based on procedures performed above, wherever required, we extended our audit procedures over other IT application controls, periodic reconciliations, manual approval processes, tests on identified key changes and additional substantive testing.</p>
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Other Information

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

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

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

Management's and Board of Directors' Responsibilities for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Other Matter

The financial statements of the Company for the year ended 31 March 2021 were audited by the predecessor auditor who had expressed an unmodified opinion vide their report dated 12 May 2021. Our opinion is not modified in respect of this matter.

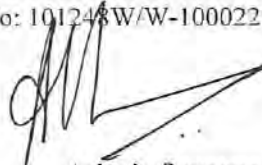
Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on 31 March 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - a) The Company has disclosed the impact of pending litigations as at 31 March 2022 on its financial position in its financial statements - Refer Note 53 to the financial statements.
 - b) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - c) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

- d) (i) The management has represented that, to the best of its knowledge and belief, as disclosed in Note 56(1) to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or
 - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (ii) The management has represented, that, to the best of its knowledge and belief, as disclosed in Note 56(2) to the financial statements, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall:
- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Party or
 - provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries
- (iii) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (d) (i) and (d) (ii) contain any material mis-statement.
- e) The Company has neither declared nor paid any dividend during the year. Refer Note 56(3) to the financial statements.
- (C) With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:
- In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

Place: Mumbai
Date: 18 May 2022

For **BSR & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022


Ashwin Suvarna
Partner
Membership No. 109503
UDIN: 22109503AJEFZN2578

Fedbank Financial Services Limited

Annexure A to the Independent Auditor's Report – 31 March 2022

(Referred to in our report of even date)

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (i) (a) (B) The Company has maintained proper records showing full particulars of intangible assets.
- (i) (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified in a phased manner over a period of 3 years. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (i) (c) The Company does not have any immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee). Accordingly, clause 3(i)(c) of the Order is not applicable.
- (i) (d) According to the information and explanations given to us and on the basis of our examination of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.
- (i) (e) According to information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The Company is engaged in the business of a non-banking financial company without accepting public deposits under Section 45 IA of the Reserve Bank of India Act, 1934. Accordingly, it does not hold any physical inventory. Accordingly, clause 3(ii)(a) of the Order is not applicable.
- (ii) (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. In our opinion, the quarterly returns or statements filed by the Company with such banks or financial institutions are in agreement with the books of account of the Company.
- (iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not provided any guarantee or security to companies, limited liability partnership or other parties during the year. The Company has made investments, granted loans and advances in the nature of loans, secured or unsecured to companies, limited liability partnership and other parties in respect of which the requisite information is as below:

Fedbank Financial Services Limited**Annexure A to the Independent Auditor's Report (continued)**

- (iii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company's principal business is to give loans. Accordingly, clause 3(iii)(a) of the Order is not applicable.
- (iii) (b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion the investments made during the year and the terms and conditions of the grant of loans and advances in the nature of loans provided during the year are, prima facie, not prejudicial to the interest of the Company. Further the Company, has not provided any guarantee or security to companies, limited liability partnership or other parties during the year.
- (iii) (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of loans given, in our opinion the repayment of principal and payment of interest has been stipulated and the receipts have been regular except for the following:

A) In case of Gold Loans

Amount in Lakhs	Number of Delays[#]	Extent of Delay[#]
22,484	21,860	1-29 days
19,032	16,044	30-59 days
10,526	10,164	60-89 days
4,592	3,456	90 days and above

B) In case of other than Gold Loans

Amount in Lakhs	Number of Delays[#]	Extent of Delay[#]
674	5,253	1-29 days
1,202	7,197	30-59 days
1,359	9,048	60-89 days
8,022	12,992	90 days and above

[#] the number and extent of delays are computed basis loan wise Days Past Due (DPD) position as at each quarter end during FY 2021-22. Further, if a loan is in DPD in multiple quarters continuously, same is considered only once in number of delays and highest DPD is considered for extent of delay.

Fedbank Financial Services Limited

Annexure A to the Independent Auditor's Report (continued)

- (iii) (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans (and advance in the nature of loan) given except an amount of Rs. 7,141 lakhs (principal amount) and Rs. 873 lakhs (interest) overdue for more than ninety days as at 31 March 2022. In our opinion, reasonable steps have been taken by the Company for recovery of the principal and interest.
- (iii) (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company's principal business is to give loans. Accordingly, clause 3(iii)(e) of the Order is not applicable.
- (iii) (f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.
- (iv) According to the information and explanations given to us and on the basis of our examination of records of the Company, the Company has neither made any investments nor has it given loans or provided guarantee or security and therefore the relevant provisions of Sections 185 of the Companies Act, 2013 ("the Act") are not applicable to the Company. In respect of the investments made by the Company, in our opinion the provisions of Section 186 (1) of the Act have been complied with. Accordingly, clause 3(iv) of the Order is not applicable. The remaining provisions related to section 186 of the Act do not apply to the Company as it is an NBFC registered with the Reserve Bank of India ("RBI").
- (v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.
- (vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for the services provided by it. Accordingly, clause 3(vi) of the Order is not applicable.
- (vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into Goods and Services Tax ("GST").

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including GST, Provident fund, Employees' State Insurance, Income-Tax, and Cess and other statutory dues have generally been regularly deposited with the appropriate authorities, though there have been slight delays in a few cases of provident fund.

- (vii) (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no statutory dues relating to GST, Provident Fund, Employees State Insurance, Income-Tax Cess and other statutory dues, which have not been deposited with the appropriate authorities on account of any dispute.

Fedbank Financial Services Limited

Annexure A to the Independent Auditor's Report (continued)

- (viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans and borrowing or in the payment of interest thereon to any lender.
- (ix) (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.
- (ix) (c) In our opinion and according to the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained, though idle / surplus funds which were not required for immediate utilisation were invested in liquid assets.
- (ix) (d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- (ix) (e) (f) The Company does not hold any investment in any subsidiary, associate or joint venture (as defined under the Act) during the year ended 31 March 2022. Accordingly, clause 3(ix)(e) and clause 3(ix)(f) are not applicable.
- (x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) Accordingly, clause 3(x)(a) of the Order is not applicable.
- (x) (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.
- (xi) (a) During the course of our examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the year except for 28 cases of fraud aggregating to Rs. 1051.79 lakhs on the Company were noticed or reported during the year as disclosed in note 47.13 to the financial statements. The fraud mainly pertains to customer induced fraud involving pledge of spurious gold/ theft gold and property mortgaged in favour of Company sold to third party by customer without prior consent of the Company and employee fraud involving replacement of customer fold with spurious gold and inflating the gold weights.
- (xi) (b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (xi) (c) We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing and extent of our audit procedures.

Fedbank Financial Services Limited

Annexure A to the Independent Auditor's Report (continued)

- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (xiv) (b) We have considered the internal audit reports of the Company issued till date for the period under audit.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.
- (xvi) (a) In our opinion and according to the information and explanation provided to us, the Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and has obtained the registration.
- (xvi) (b) In our opinion and according to the information and explanations given to us, the Company has not conducted any Non-Banking Financial activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
- (xvi) (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.
- (xvi) (d) The Company is not part of any group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016 as amended). Accordingly, the requirements of clause 3(xvi)(d) are not applicable.
- (xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

Fedbank Financial Services Limited

Annexure A to the Independent Auditor's Report (continued)

- (xx) (a) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project other than ongoing projects. Accordingly, clause 3(xx)(a) of the Order is not applicable.
- (xx) (b) In respect of ongoing projects, the Company has transferred the unspent amount to a Special Account within a period of 30 days from the end of the financial year in compliance with Section 135(6) of the said Act.
- (xxi) According to the information and explanations given to us during the course of audit, the requirements of preparing the consolidated financial statements is not applicable to the Company. Accordingly, clauses 3(xxi) of the Order is not applicable.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022



Ashwin Suvarna

Partner

Membership No. 109503

UDIN: 22109503AJEFZN2578

Place: Mumbai

Date: 18 May 2022

Fedbank Financial Services Limited

Annexure B to the Independent Auditor's Report – 31 March 2022

(Referred to in our report of even date)

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

Referred to in paragraph [2. (A). (f)] under 'Report on Other Legal and Regulatory Requirements' section of our report of even date

Opinion

We have audited the internal financial controls with reference to financial statements of Fedbank Financial Services Limited ("the Company") as of 31 March 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2022, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Fedbank Financial Services Limited

Annexure B to the Independent Auditor's Report (*continued*)

Auditors' Responsibility (*continued*)

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

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

Meaning of Internal Financial controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

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

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022



Ashwin Suvarna

Partner

Membership No.: 109503

UDIN: 22109503AJEFZN2578

Place: Mumbai

Date: 18 May 2022

Fedbank Financial Services Limited
CIN : U65910MH1995PLC364635
BALANCE SHEET AS ON 31 MARCH 2022

Particulars	Note	INR in Lakhs As at Mar 31, 2022	INR in Lakhs As at Mar 31, 2021
I. ASSETS			
(1) Financial assets			
(a) Cash and cash equivalents	4	6,596	52,603
(b) Bank balances other than cash and cash equivalents	5	7,664	15,476
(c) Receivables			
(i) Trade receivables	6(i)	1,184	117
(ii) Other receivables	6(ii)	386	320
(d) Loans	7	5,64,481	4,55,214
(e) Investments	8	51,433	3,249
(f) Other financial assets	9	1,177	1,353
Total Financial assets		6,32,921	5,28,332
(2) Non-financial assets			
(a) Current tax assets (net)	10	1,192	986
(b) Deferred tax assets (net)	11	3,150	2,038
(c) Property, Plant and Equipment	13 (1)	3,086	1,886
(d) Right Of Use Assets	13 (4)	1,970	11,185
(e) Capital work in progress	13 (3)	66	96
(f) Other Intangible assets	13 (2)	306	231
(g) Other non-financial assets	12	2,880	1,876
Total Non-financial assets		22,650	18,298
TOTAL ASSETS		6,55,571	5,46,630
II. LIABILITIES & EQUITY			
(1) Financial liabilities			
(a) Payables			
Trade payables	14	-	-
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		643	433
Other payables	14.1	-	-
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
(b) Debt securities	15	53,342	59,370
(c) Borrowings (other than debt securities)	16	4,22,435	3,47,593
(d) Subordinated Liabilities	17	25,907	25,846
(e) Lease Liability	18	13,704	12,462
(f) Other financial liabilities	19	21,097	15,812
Total Financial liabilities		5,37,128	4,61,516
(2) Non-financial liabilities			
(a) Provisions	20	313	302
(b) Other non-financial liabilities	21	2,778	1,339
Total Non-financial liabilities		3,091	1,641
Equity			
(a) Equity share capital	22	32,152	28,992
(b) Other equity	23	83,200	54,481
		1,15,352	83,473
TOTAL LIABILITIES AND EQUITY		6,55,571	5,46,630

Significant accounting policies and notes to the Financial Statements
The notes referred to above forms integral part of Financial Statements.
As per our report of even date attached

3 - 57

For **BSR & Co. LLP**
Chartered Accountants
FRN : 101248W/W-100022

Ashwin Suvarna
Partner
Membership No. 109503

Place: Mumbai
Date: May 18th, 2022

For and on behalf of Board of Directors of Fedbank Financial Services Limited

C. V. Ganesh
Chief Financial Officer

S. Rajaraman
Company Secretary
M.No.F5514

Anil Kothari
MD & CEO
DIN:00177945

Balakrishnan Krishnamurthy
Non Executive Chairman
DIN:00014031

Gauri Rushabh Shah
Independent Director
DIN:06625227

Place: Mumbai
Date: May 18th, 2022

(INR in Lakhs)

	Note	For the year ended Mar 31, 2022	For the year ended Mar 31, 2021
I. Revenue from operations			
(a) Interest income	24	82,189	65,810
(b) Fee and commission income	25	4,289	3,174
(c) Net gain on fair value changes	26	454	198
Total Revenue from operations		86,932	69,182
II. Other income	27	1,432	575
III. Total Revenue		88,364	69,757
IV. Expenses			
(a) Finance costs	28	34,765	31,319
(b) Fees and commission expenses	29	1,470	1,204
(c) Impairment on financial instruments	30	8,388	7,121
(d) Employee benefits expense	31	17,541	13,159
(e) Depreciation, amortisation and impairment	13	3,670	2,727
(f) Other expenses	32	8,609	6,534
Total expenses		74,443	62,064
V. Profit before tax (III - IV)		13,921	7,693
VI. Tax expenses:			
(1) Current tax	33.1	4,710	2,924
(2) Deferred tax (net)	33.3	(1,135)	(899)
Tax expenses - Prior Period		-	(500)
VII. Profit/(loss) for the period/year		10,346	6,168
Other Comprehensive Income/(Loss)			
Items that will not be reclassified to profit or loss			
(i) Remeasurement gain / (loss) on defined benefit plans (OCI)		92	44
(ii) Tax effect on Remeasurement gain / (loss) on defined benefit plans (OCI)		(24)	(11)
Other Comprehensive Income/(Loss)		68	33
Total Comprehensive Income/(Loss)		10,414	6,201
Earnings per equity share (EPS)			
(1) Basic (INR)	35	3.32	2.19
(2) Diluted INR)	35	3.31	2.18
Face value per share (in ₹)		10.00	10.00

3 - 57

As per our report of even date attached


For BSR & Co. LLP
Chartered Accountants
FRN: 101248W/W-100022



Ashwin Suvarna
Partner
Membership No. 109503

Place: Mumbai
Date: May 18th, 2022

For and on behalf of Board of Directors of Fedbank Financial Services Limited



C.V. Ganesh
Chief Financial Officer

Anil Kothari
MD & CEO
DIN:00177945

Balakrishnan Krishnamurthy
Non Executive Chairman
DIN:00034031



S. Rajaraman
Company Secretary
M.No.F3514



Gauri Rushabh Shah
Independent Director
DIN:06625227

Place: Mumbai
Date: May 18th, 2022

Fedbank Financial Services Limited
CIN : U65910MH1995PLC364635
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2022

	For the year ended Mar 31, 2022	For the year ended Mar 31, 2021
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	13,921	7,693
Adjustments for:		
Finance cost	34,765	31,319
Share based payment to employee	249	262
Depreciation	3,670	2,727
Interest income from Investment	(89)	(158)
Liability no longer required, written back	(3)	(11)
Interest on Fixed Deposit	(818)	(879)
Loss on sale of tangible assets	75	13
Profit on Sale Of Mutual Fund units (Net) - realised	(444)	(198)
Gain/(Loss) on fair valuation of mutual fund - unrealised	(9)	0
Security deposit - Fair Valuation	13	17
EIR impact on Loans	232	(309)
Excess interest spread on Direct Assignment Transaction (net)	(704)	(759)
Impairment on financial instrument	8,388	7,175
Provision for Doubtful Interest	-	86
CWIP written off	-	6
Operating profit before working capital changes	59,246	46,984
Adjustments for working capital:		
- (Increase)/decrease in loans	(1,17,039)	(88,533)
- (Increase)/decrease in financial asset and non financial asset	(840)	(3,101)
- (Increase)/decrease in trade and other receivables	(1,280)	(66)
- Increase/(decrease) in trade payables	(353)	114
- Increase/(decrease) in provisions	103	111
- Increase/(decrease) in financial liabilities and non financial liabilities	7,290	8,903
Cash generated from / (used in) operating activities	(52,873)	(35,588)
Direct taxes paid (net)	(4,916)	(1,535)
Net cash generated from / (used in) operating activities	(57,789)	(37,123)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of tangible assets	(2,461)	(1,115)
Sale of tangible assets	5	4
Purchase of intangible assets	(228)	-
Investment in Government securities	(41,874)	-
Redemption of Government securities	1,500	-
Redemption / (Investment) of NCD	(0)	297
Investment in Mutual Fund	(3,93,380)	(2,69,128)
Sale of Mutual Fund	3,86,026	2,69,827
Redemption of fixed deposit	1,22,205	92,413
Investment in fixed deposit	(1,14,555)	(1,00,387)
Interest on fixed deposits	981	879
Interest income from Investment	89	158
Net cash generated from / (used in) investing activities	(41,692)	(7,052)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Debt Securities availed	40,000	1,89,487
Debt Securities repaid	(45,000)	(1,44,090)
Borrowings availed	1,85,000	1,42,971
Borrowings repaid	(1,10,010)	(1,06,223)
Subordinate borrowing availed	-	24,999
Finance Cost	(34,919)	(30,216)
Lease Payment (principal)	(1,850)	(1,277)
Lease Payment (interest)	(900)	(1,003)
Share application money pending allotment	(4)	4
Equity Shares Issued	2,886	1,650
Money received on partly paid OCRPS (being fully paid)	1,897	-
Redemption of OCRPS	(842)	-
Share Premium net of Share Issue Expenses	17,216	6,247
Net cash generated from / (used in) financing activities	53,474	82,549



Net increase / (decrease) in cash and cash equivalents	(46,007)	38,374
Cash and cash equivalents as at the beginning of the period	52,603	14,229
Closing balance of cash and cash equivalents (A+B+C)	6,596	52,603
Components of cash and cash equivalents:		
Cash on hand	1,684	747
Balances with banks		
- in current accounts	4,912	10,856
- in fixed deposit with maturity less than 3 months	-	41,000
Cash and cash equivalents	6,596	52,603

Note:

The above cash flow statement has been prepared under the indirect method set out in Ind-AS 7 - Statement of Cash Flow.
Refer note 34 for cash flow related disclosure as per Ind AS 7

Significant accounting policies and notes to the Financial Statements 3 - 57

The notes referred to above forms integral part of Financial Statements.

As per our report of even date attached

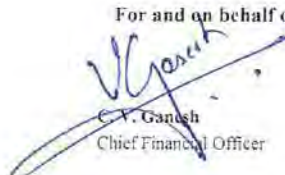
For BSR & Co. LLP
Chartered Accountants
FRN: 101248W/W-100022



Ashwin Suvarna
Partner
Membership No. 109503

Place: Mumbai
Date: May 18th, 2022

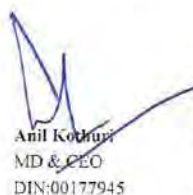
For and on behalf of Board of Directors of Fedbank Financial Services Limited



C.V. Ganesh
Chief Financial Officer



S. Rajaraman
Company Secretary
M.No.F3514



Anil Kumar
MD & CEO
DIN:00177945



Balakrishnan Krishnamurthy
Non Executive Chairman
DIN:00034031



Gauri Rushabh Shah
Independent Director
DIN:06625227

Place: Mumbai
Date: May 18th, 2022

STATEMENT OF CHANGE IN EQUITY AS AT MARCH 31, 2022

Equity share capital

Particular	As at Mar 31, 2022		As at Mar 31, 2021	
	Number of shares	Amount	Number of shares	Amount
Balance at the beginning of the reporting period	28,99,23,425	28,99,23,425	27,34,23,425	27,34,23,425
Changes in Equity Share Capital due to prior period errors	-	-	-	-
Changes in equity share capital during the current year	3,13,01,180	3,13,01,180	1,65,00,000	1,65,00,000
Balance at the end of the reporting period	32,12,24,605	32,12,24,605	28,99,23,425	28,99,23,425

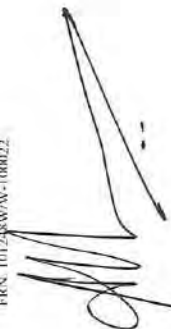
Other Equity

Particulars	Share application money pending allotment	Equity component of compound financial instruments	Securities Premium Account	Employee Stock Option Outstanding	Capital Redemption Reserve	Reserves and Surplus		Total
						Special Reserve under section 45-IC of the Reserve Bank of India Act, 1934#	Retained earnings	
Balance at 1 April, 2021	4	33	33,554	515	-	4,524	15,841	54,481
Addition	-	-	18,735	249	-	-	-	18,984
Utilised	(4)	-	-	-	-	-	-	(4)
Transferred from retained earnings	-	-	-	-	200	2,069	(2,269)	-
Transferred to securities premium	-	-	37	(37)	-	-	-	-
Impact of OCPRS due to redemption	-	(33)	-	-	-	-	(642)	(675)
Profit for the year	-	-	-	-	-	-	10,346	10,346
Re-measurement gain / (loss) on defined benefit plans	-	-	-	-	-	-	(6)	69
Balance at 31 March, 2022	-	-	52,326	727	-	6,593	23,344	83,200

Particulars	Share application money pending allotment	Equity component of compound financial instruments	Securities Premium Account	Employee Stock Option Outstanding	Capital Redemption Reserve	Reserves and Surplus		Total
						Special Reserve under section 45-IC of the Reserve Bank of India Act, 1934#	Retained earnings	
Balance at 1 April 2020	-	40	27,307	253	-	3,290	10,873	41,774
Addition	4	(7)	6,270	262	-	-	-	6,529
Utilised (share issue expense)	-	-	(23)	-	-	-	-	(23)
Transferred from retained earnings	-	-	-	-	-	1,234	(1,234)	-
Profit for the year	-	-	-	-	-	-	6,168	6,168
Other comprehensive income (loss) for the year	-	-	-	-	-	-	33	33
Balance at 31 March, 2021	4	33	33,555	515	-	4,524	15,840	54,481


Significant accounting policies and notes to the Financial Statements
The notes referred to above forms integral part of Financial Statements.
As per our report of even date attached

For BSR & Co. LLP
Chartered Accountants
FRN: 101243WAW-100022



Ashwin Sivaram
Partner
Membership No. 109503
Place: Mumbai
Date: May 18th, 2022

For and on behalf of Board of Directors of Feedbank Financial Services Limited


S. Rajaram
Company Secretary
M No F3514


Gauri Ruchabh Shah
Independent Director
DIN: 06625227


Balakrishnan Krishnamurthy
Non Executive Chairman
DIN: 00024031


Anil Kulkarni
MD & CEO
DIN: 00177945

Place: Mumbai
Date: May 18th, 2022

Fedbank Financial Services Limited
Notes Forming Part of the Financial Statements for the year ended March 31, 2022

1. Corporate information

Fedbank Financial Services Limited ('the Company') is a Public Limited Company incorporated on 17 April, 1995 in India and is a subsidiary of The Federal Bank Limited. Its registered office is located in Mumbai. The Company is in the business of lending and has a diversified lending portfolio consisting of Gold Loans, Loan against Property, Home Loans, SME Loans and Wholesale Finance. The Company also extends Micro Loans through tie ups. The Company is registered with the Reserve Bank of India as a Non-Banking Finance Company (NBFC) vide Registration No 16.00187 and is presently categorized as a Systemically Important Non-Deposit taking Non-Banking Financial Company (NBFC-ND-SI) in accordance with the guidelines of Reserve Bank of India.

2. Basis of preparation and presentation of Financial Statements

2.1 Basis of preparation of Financial Statements

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards ('Ind AS') 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 the Reserve Bank of India or other regulators are implemented as and when they are issued/ applicable.

The preparation of financial statements requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosed amount of contingent liabilities. Areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the Company are discussed in Note 3- Significant accounting judgements, estimates and assumptions.

The financial statements have been approved by the Board of Directors on May 18, 2022.

2.2 Presentation of Financial Statements

The financial statements of the Company 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 Statement of Cash Flows has been presented using indirect method as per the requirements of Ind AS 7 Statement of Cash Flows.

2.3 Functional and presentation currency

These financial statements are presented in Indian Rupees (₹ or INR or Rs.) which is also the Company's functional currency. All amounts are rounded-off to the nearest millions, unless otherwise indicated.

2.4 Basis of measurement

These financial statements have been prepared under the historical cost convention and on an accrual basis, except for certain financial instruments which are measured at fair values as required by relevant Ind AS basis.

2.5 Critical accounting estimates and judgments

The preparation of the financial statements requires management to make use of estimates and judgements. In view of the inherent uncertainties and a level of subjectivity involved in measurement of items, it is possible that the outcomes in the subsequent financial years could differ from those on which the Management's estimates are based. Accounting estimates and judgements that are used for various line items in the financial statements are as follows:

Effective Interest Rate (EIR) Method:

The Company 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 behaviour and life-cycle of the instruments, as well as expected changes to other fee income/expense that are integral parts of the instrument.



Fedbank Financial Services Limited

Notes Forming Part of the Financial Statements for the year ended March 31, 2022

Contingencies:

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application of judgement to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and revised to take account of changing facts and circumstances.

Useful lives of property, plant and equipment and Intangible assets:

Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation to be recorded during any reporting period. The useful lives and residual values as per schedule II of the Companies Act, 2013 or are based on the Company's historical experience with similar assets and taking into account anticipated technological changes, whichever is more appropriate.

Defined employee benefit obligation:

The cost of post-employment benefits is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rates, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed annually.

Fair value measurement

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation technique that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Business model assessment

Classification and measurement of financial assets depends on the results of the solely payment of principal and interest (SPPI) and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortized cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Income taxes

Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry forwards become deductible. The Company considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment.

Expected credit losses on financial assets

The impairment provisions of financial assets and contract assets are based on assumptions about risk of default, expected recovery through liquidations of collateral, and expected timing of collection. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history of collections, customer's creditworthiness, existing market conditions as well as forward looking estimates at the end of each reporting period.



Fedbank Financial Services Limited

Notes Forming Part of the Financial Statements for the year ended March 31, 2022

Estimation of impairment allowance on financial assets affected by COVID-19 pandemic

The Covid-19 pandemic has impacted most countries including India. The nationwide lockdown initiated by the Government of India in April-May 2020 substantially impacted economic activity. The easing of lockdown measures subsequently led to gradual improvement in economic activity and progress towards normalcy. RBI took various regulatory measures like moratorium on payment of dues, relief towards "Interest on interest" charged during March-August 2020 and allowing onetime restructuring to eligible borrowers (OTR).

Further the second wave of COVID-19 pandemic in April-May 2021 led to re-imposition of localised /regional lockdown in various parts of the country, which led to substantial impact on economic activities. The second wave subsided from June 2021 onwards and there has been gradual lifting of lock downs and increase in economic activities. However the uncertainty around the third wave of Covid-19 pandemic in future and its impact on the economic activities are not known. Accordingly, the Company's results remain uncertain and dependent on future developments and actuals may differ from the estimates used in the preparation of financial statements on the reporting date.

Estimates and associated assumptions used for determining the impairment allowance on the Company's financial assets, are based on historical experience and other emerging factors emanating from the COVID-19 pandemic which may also influence the expected credit loss. The Company has used One Time Restructuring (OTR) scheme under the RBI resolution frame-work 1.0 and 2.0 and repayment moratorium on loans as early indicators suggesting higher flow rates and probability of default and accordingly accounted for commensurate expected credit loss. The Company believes that the factors considered are reasonable under the current circumstances and information available. However, the uncertainty caused by COVID-19 pandemic and related events could further influence the estimate of credit losses.

Leases

Ind AS 116 defines a lease term as the non-cancellable period for which the lessee has the right to use an underlying asset including optional periods, when an entity is reasonably certain to exercise an option to extend (or not to terminate) a lease. The Company considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option when determining the lease term. The option to extend the lease term are included in the lease term, if it is reasonably certain that the lessee will exercise the option. The Company reassesses the option when significant events or changes in circumstances occur that are within the control of the lessee.

3. Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements.

3.1 Measurement of fair values

Fair values are categorised 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 and liabilities.
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The management regularly reviews significant unobservable inputs and valuation adjustments.

When measuring the fair value of an asset or a 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 changes have occurred.



Fedbank Financial Services Limited
Notes Forming Part of the Financial Statements for the year ended March 31, 2022

3.2 Revenue Recognition

Interest income

Interest income is recognized in Statement of profit and loss using the effective interest rate (EIR) method for all financial instruments which are measured either at amortised cost or at fair value through other comprehensive income. The EIR is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument or, when appropriate, a shorter period.

The EIR is calculated by taking into account any discount or premium on acquisition, fees and transaction costs that are an integral part of the contract. Transaction costs include incremental costs that are directly attributable to the acquisition of financial asset.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is accounted as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through interest income in the Statement of profit and loss.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired and is therefore regarded as 'Stage 3', the Company calculates interest income by applying the EIR to the net amortised cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

Interest income on all trading assets and financial assets, if any, required to be measured at FVTPL is recognized using the contractual interest rate as net gain on fair value changes.

Fee, commission and distribution income

The Company recognizes revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial Instruments' is applicable) based on a assessment model as set out in Ind AS 115 'Revenue from contracts with customers. Revenue from contract with customer for rendering services is recognized at a point in time when performance obligation is satisfied.

Fees and commission income are measured at an amount that reflects the fair value of the consideration received or receivable, to which an entity expects to be entitled in exchange for transferring goods or services to customer, excluding amounts collected on behalf of third parties.

Distribution income is earned by selling of services and products of other entities under distribution arrangements. The income so earned is recognized on successful sales on behalf of other entities subject to there being no significant uncertainty of its recovery.

Dividend and interest income on investments:

Dividends are recognized in Statement of profit and loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

Interest income from investments is recognized when it is certain that the economic benefits will flow to the Company 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.

Net gain on fair value changes

The Company recognises gains on fair value change of financial assets measured at FVTPL and realised gains on derecognition of financial asset measured at FVTPL and FVOCI on net basis.

However, net gain / loss on derecognition of financial instruments classified as amortised cost is presented separately under the respective head in the Statement of profit and loss.



Fedbank Financial Services Limited

Notes Forming Part of the Financial Statements for the year ended March 31, 2022

Income from direct assignment

Gains arising out of direct assignment transactions comprise of the difference between the interest on the loan portfolio and the applicable rate at which the direct assignment is entered into with the assignee, also known as the right of excess interest spread (EIS). The future EIS basis the scheduled behavioral cash flows on execution of the transaction, discounted at the applicable rate entered into with the assignee is recorded upfront in the statement of profit and loss. EIS is evaluated and adjusted for ECL and expected prepayment.

Other income and expenses

All other income and expense are recognized in the period in which they occur.

3.3 Property plant and equipments

Property, plant and equipment ("PPE") are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes after deducting trade discount and rebates, any directly attributable cost incidental to acquisition and installation, up to the point the asset is ready for its intended use.

Advances paid towards the acquisition of PPE outstanding at each reporting date are shown under other non-financial asset. Assets acquired but not ready for intended use or assets under construction at the reporting date are classified under capital work in progress.

Subsequent expenditure related to the asset are added to its carrying amount or recognized as a separate asset only if the future benefits of the existing asset, beyond its previously assessed standards of performance and cost can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

Depreciation

Depreciation on property, plant and equipment is provided on straight-line method in case of Computer Equipment & Server and on Written Down Value (WDV) method in case of Office Equipment, Furniture & fixtures & Vehicles. Depreciation is charged over the useful lives of assets as prescribed under Schedule II of the Companies Act 2013.

The estimated useful lives used for computation of depreciation are as follows:

	Useful Life (in years)
Computer equipment	3
Server	6
Office equipment	5
Furniture and fixtures	10
Vehicles	8

Leasehold improvements are amortized over the period of the lease.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. Changes in the expected useful life are accounted for by changing the amortization period or methodology, as appropriate, and treated as changes in accounting estimates.

PPE is derecognized on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the net carrying amount of the asset) is recognized in other income / netted off from any loss on disposal in the Statement of profit and loss in the year the asset is derecognized. Assets held for sale or disposals are stated at the lower of their net book value and net realisable value.



Fedbank Financial Services Limited
Notes Forming Part of the Financial Statements for the year ended March 31, 2022

3.4 Intangible Assets

An intangible asset is recognized only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset comprises its purchase price and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Subsequent expenditure related to the asset is added to its carrying amount or recognised as a separate asset only if it increases the future benefits of the existing asset, beyond its previously assessed standards of performance and cost can be measured reliably.

Intangible assets comprise of software which is amortized using the straight-line method over a period of three years commencing from the date on which such asset is first recognized.

Gains or losses from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the Statement of Profit and Loss when the asset is derecognised.

3.5 Foreign exchange transactions & translations

a) Initial recognition

Transactions in foreign currencies are recognised at the prevailing exchange rates between the reporting currency and a foreign currency on the transaction date.

b) Conversion

Transactions in foreign currencies are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in Statement of profit and loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the Statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the Statement of profit and loss on a net basis.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Thus, translation differences on non-monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as FVOCI are recognised in other comprehensive income.

Non-monetary items that are measured at historical cost in foreign currency are not retranslated at reporting date.

3.6 Financial instruments

a) Initial recognition and measurement:

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial assets or financial liabilities. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in Statement of Profit and Loss.



Fedbank Financial Services Limited
Notes Forming Part of the Financial Statements for the year ended March 31, 2022

b) Initial classification and subsequent measurement of financial assets:

The Company classifies its financial assets into various measurement categories. The classification depends on the contractual terms of the financial assets' cash flows and Company's business model for managing financial assets. On initial recognition, a financial asset is classified as measured at:

- Amortised cost;
- Fair Value through Other Comprehensive Income (FVOCI) - debt instruments;
- FVOCI - equity instruments;
- Fair Value Through Profit and Loss (FVTPL)

Amortised cost

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios being the level at which they are managed. These financial assets comprise bank balances, loans, trade receivables and other financial instruments.

Debt instruments measured at amortized cost where they have:

- a) contractual terms that give rise to cash flows on specified dates, that represent solely payment of principal and interest (SPPI) on the principal amount outstanding; and
- b) are held within a business model whose objective is achieved by holding to collect contractual cash flows.

These financial assets are subsequently measured at amortized cost using effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment provision are recognized in Statement of profit and loss. Any gain and loss on derecognition are recognized in Statement of profit and loss.

FVOCI - debt instruments

The Company measures its debt instruments at FVOCI when the instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets; and the contractual terms of the financial asset meet the SPPI test.

Debt instruments at FVOCI are subsequently measured at fair value. Interest income under effective interest method, foreign exchange gains and losses and impairment provision are recognized in Statement of profit and loss. Other net gains and losses are recognized in other comprehensive income (OCI). On derecognition, gains and losses accumulated in OCI are reclassified to Statement of profit and loss.

FVOCI - equity instruments

For equity investments, the Company makes an election on an instrument-by-instrument basis to designate equity investments as measured at FVOCI.

These elected investments are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the reserves. The cumulative gain or loss is not reclassified to Statement of profit and loss on disposal of the investments. These investments in equity are not held for trading. Instead, they are held for strategic purpose. Dividend income received on such equity investments are recognized in Statement of profit and loss.

FVTPL

A financial asset which is not classified in any of the above categories are measured at FVTPL. This includes all derivative financial assets.

Equity investments that are not designated as measured at FVOCI are designated as measured at FVTPL and subsequent changes in fair value are recognized in Statement of profit and loss.

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in Statement of profit and loss.



Fedbank Financial Services Limited
Notes Forming Part of the Financial Statements for the year ended March 31, 2022

c) Initial classification and subsequent measurement of financial liabilities and equity instruments:

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by Company are recognized at the proceeds received. Transaction costs of an equity transaction are recognised as a deduction from equity.

Financial liabilities

Financial liabilities are classified as 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 a derivative or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Statement of profit and loss. Any gain or loss on derecognition is also recognised in Statement of profit and loss.

d) Reclassification of financial assets and liabilities:

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. Financial liabilities are never reclassified.

e) Derecognition of financial assets and liabilities:

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised 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 in respect of the liability is discharged, cancelled or expires. Where 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 derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the financial liability and the consideration paid is recognised in Statement of profit and loss.

f) Write-offs

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any subsequent recoveries made are recognized in Statement of Profit and Loss.

g) Offsetting:

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously. The legally enforceable right is not contingent on future events and enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterparty.



Fedbank Financial Services Limited
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h) Restructured, rescheduled and modified loans

Restructured loans (other than OTR) where repayment terms are renegotiated as compared to the original contracted terms due to significant credit distress of the borrower are classified as credit impaired. Such loans continue to be in stage 3 until they exhibit regular payment of renegotiated principal and interest over a minimum observation of period, typically 12 months- post renegotiation, and there are no other indicators of impairment. Having satisfied the conditions of timely payment over the observation period, these loans could be transferred to stage 1 or 2 and a fresh assessment of the risk of default be done for such loans.

Rollovers/repledges in case of gold loans are not considered as restructured provided no concession are allowed and the LTV is maintained at less than or equal to prescribed regulatory guidelines.

For loans restructured under the RBI Resolution Framework (OTR), the Company, basis credit assessment, the terms of restructuring, repayment behavior of borrowers and other qualitative factors, has considered all loans restructured as an early indicator of significant increase in credit risk and accordingly classified such loans as Stage 2.

i) Impairment of financial assets

Overview of the Expected Credit Loss (ECL) allowance principles:

The Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on loans measured at amortised cost and FVOCI and other debt financial assets not held at FVTPL.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 months ECL is calculated to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the Company reverts to recognizing impairment loss allowance based on 12 months ECL.

The Company performs an assessment, at the end of each reporting period, of whether a financial assets credit risk has increased significantly since initial recognition. When determining whether credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, including on historical experience and forward-looking information.

Estimation of Expected Credit Loss (ECL):

The Company calculates ECLs based on a probability-weighted scenarios and historical data to measure the expected cash shortfalls. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

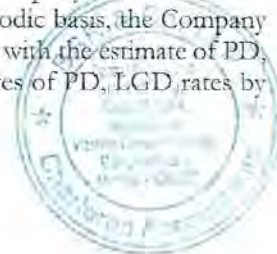
The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

Probability of default (PD): The Probability of Default is an estimate of the likelihood of default over a given time horizon. The Company uses historical information where available to determine PD.

Exposure of default (ED): The Exposure at Default is an estimate of the exposure at a default date.

Loss Given default (LGD): The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral.

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, 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



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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.

Based on the above process, the Company categorizes its loans into three stages as described below:

Stage 1: When loans are first recognised, the Company recognises an allowance based on 12 months ECL. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date. These expected 12-month default probabilities are applied to an EAD and multiplied by the expected LGD. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2 or Stage 3.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the company records an allowance for the life time ECL. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument.

Stage 3: Financial assets are classified as stage 3 when there is objective evidence of impairment as result of one or more loss events that have occurred after the initial recognition. The Company records an allowance for the life time ECL. The method is similar to that for Stage 2 assets, with the PD set at 100%.

For gold loans, when a loan remains overdue for 90 days or more and does not fulfil the conditions for minimum collateral cover, such loans are classified as Stage 3

The Company has considered additional ECL provision by applying management overlays to model derived PDs and LGDs for certain pool of loans where it believes that there is a need for further adjustments given the uncertainty on forward looking risks.

j) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a Company are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109 - Financial Instruments; and
- the amount initially recognized less, when appropriate, the cumulative amount of income recognized in accordance with the principles of Ind AS 115 - Revenue from contracts with customers.

3.7 Impairment of assets other than financial assets

The Company reviews the carrying amounts of its tangible and intangible assets at the end of each reporting period, to determine whether there is any indication that those assets have impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is determined for an individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets or group of assets.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) is increased to the revised estimate of its recoverable amount such that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised for the asset (or cash-generating unit) in prior years. The reversal of an impairment loss is recognised in Statement of profit and loss.



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3.8 Employee benefits

a) Short-term employee benefits

All short-term employee benefits are accounted on undiscounted basis during the accounting period based on services rendered by employees and recognized as expenses in the Statement of profit and loss. 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.

b) Defined contribution plan (provident fund and ESIC)

Retirement benefits in the form of provident fund and superannuation are defined contribution schemes. The Company has no obligation, other than the contribution payable to the respective funds. The Company recognizes contribution payable to the respective funds as expenditure, when an employee renders the related service.

c) Defined benefit plan (Gratuity)

Payment of gratuity to employees is covered by the defined benefit scheme and the company makes contribution under the said scheme.

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. Past services are recognised at the earlier of the plan amendment / curtailment and recognition of related restructuring costs/termination benefits.

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

Remeasurement gains/losses - 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.

d) Compensated Absences

The company has a scheme for compensated absences for employees, the liability of which is determined on the basis of an independent actuarial valuation carried out at the end of the year, using the projected unit credit method. Actuarial gains and losses are recognized in full in the Statement of profit and loss for the period in which they occur.

3.9 Share-based payments

Equity-settled share-based payments to employees are recognized as an expense at the fair value of equity stock options at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the graded vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding adjustment in equity.

3.10 Finance costs

Finance costs include interest expense computed by applying the effective interest rate on respective financial instruments measured at amortized cost. Financial instruments include subordinated debts, term loans and working capital loans from Banks, Financial Institutions and NBFCs and Commercial Papers. Finance costs are charged to the Statement of profit and loss.



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3.11 Income taxes

Income tax expense comprises of current tax and deferred tax. It is recognized in Statement of profit and loss except to the extent that it relates to an item recognized directly in equity or in other comprehensive income.

a) Current tax:

Current tax comprises amount of tax payable in respect of the taxable income or loss for the year determined in accordance with Income Tax Act, 1961 and any adjustment to the tax payable or receivable in respect of previous years. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. Current tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Current tax is recognised in statement of profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current tax is also recognised in other comprehensive income or directly in equity respectively. The management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

b) Deferred tax:

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequence that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary difference could be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax. Liabilities and assets, and they relate to income taxes levied by the income tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

3.12 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash on hand, cheques and drafts on hand, balances with banks in current accounts, short term deposits with an original maturity of three months or less, which are subject to an insignificant risk of change in value.

3.13 Provisions, contingent liabilities and contingent assets

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.



Fedbank Financial Services Limited
Notes Forming Part of the Financial Statements for the year ended March 31, 2022

Contingent liabilities are disclosed in respect of possible obligations that arise from past events, whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. Contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably.

Contingent assets are not recognized in the financial statements. However, it is disclosed only when an inflow of economic benefits is probable.

3.14 Leases

Contracts/arrangements, or part of a contract/arrangement meeting the definition of "lease" and falling within the scope of Ind AS 116 "Leases" to follow accounting policies mentioned below

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company as a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the Statement of profit and loss.

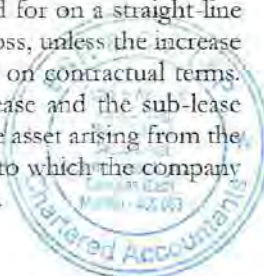
The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using incremental borrowing rate (because the implicit rate in the lease contracts is not available). The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The company has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less, and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

The company as a lessor

Leases where the Company does not transfer substantially all of the risk and benefits of ownership of the asset are classified as operating leases. Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in rental income in the Statement of profit and loss, unless the increase is in line with expected general inflation, in which case lease income is recognised based on contractual terms. When the company is an intermediate lessor it accounts, for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the company applies the exemption described above, then it classifies the sub-lease as an operating lease.



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3.15 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Earnings considered in ascertaining the Company's earnings per share is the net profit for the year after deducting preference dividends and any attributable tax thereon for the year. The weighted average number of equity shares outstanding during the year and for all periods presented is adjusted for events, such as bonus shares, sub-division of shares etc. that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders is divided by the weighted average number of equity shares outstanding during the year, considered for deriving basic earnings per share and weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

3.16 Cash flow statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

3.17 Segment information

The Company is engaged in the business segment of Financing, whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated and to assess its performance, and for which discrete financial information is available. Operating segments of the Company are reported in a manner consistent with the internal reporting provided to the chief operating decision maker and accordingly the Company has classified its operations into three segments – Distribution (retail loan/insurance products), Retail Finance and Wholesale Finance. For presentation of segment information, directly attributable income and assets are allocated as such and the other income, expenses and other assets and liabilities are apportioned on appropriate basis.



(INR in Lakhs)

	As at Mar 31, 2022	As at Mar 31, 2021
4 Cash and cash equivalents		
Cash in hand	1,684	747
Balances with banks		
- in current accounts	4,912	10,856
- in fixed deposits with maturity less than 3 months	-	41,000
	<u>6,596</u>	<u>52,603</u>
5 Bank balances other than cash and cash equivalents		
Fixed deposit with maturity of more than 3 months and less than 12 months		
- Free	7,664	15,325
- Under Lien #	-	151
	<u>7,664</u>	<u>15,476</u>
# Pledged against Securitised pool (PTC) facility from Federal Bank		
6 Receivables		
(i) Trade receivables		
Receivables considered good - Unsecured*	1,332	118
	<u>1,332</u>	<u>118</u>
Less: Impairment Loss Allowance	148	1
	<u>1,184</u>	<u>117</u>
(ii) Other receivables		
Receivables considered good - Unsecured	386	320
	<u>386</u>	<u>320</u>
Less: Impairment Loss Allowance	-	-
	<u>386</u>	<u>320</u>
	<u>1,570</u>	<u>437</u>

*Includes unbilled revenue amounting to INR 4 Lakhs (at March 31, 2021; INR 41 Lakhs)

Outstanding as at March 31, 2022 from due date of payment						
	Total	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 year
Undisputed trade & other receivable - Considered good	1,718	1,600	118	-	-	-
Less: Impairment Loss Allowance	(148)	(30)	(118)	-	-	-
Undisputed trade & other receivable - Considered good (net of allowance)	<u>1,570</u>	<u>1,570</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Outstanding as at March 31, 2021 from due date of payment						
	Total	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 year
Undisputed trade & other receivable - Considered good	438	438	-	-	-	-
Less: Impairment Loss Allowance	(1)	(1)	-	-	-	-
Undisputed trade & other receivable - Considered good (net of allowance)	<u>437</u>	<u>437</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

- 6.1 No trade receivables / other receivables are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.



Fedbank Financial Services Limited

Notes to the financial statements (Continued)

		(INR in Lakhs)	
		As at Mar 31, 2022	As at Mar 31, 2021
7	Loans		
	Measured at amortised cost		
	(i) Term Loans	5,76,094	4,62,703
	Gross carrying amount of loans	5,76,094	4,62,703
	Less: Impairment Loss Allowance	(11,613)	(7,489)
	Total Net (A)	5,64,481	4,55,214
	(i) Secured by tangible assets (Refer Note 39.1.2)	4,82,736	3,99,073
	(ii) Secured by intangible assets	-	-
	(iii) Covered by bank/Government guarantees (Refer Note 39.1.2)	4,861	6,117
	(iv) Unsecured	88,497	57,513
	Total Gross (B)	5,76,094	4,62,703
	Less: Impairment Loss Allowance	(11,613)	(7,489)
	Total Net (B)	5,64,481	4,55,214
	Loans in India		
	(i) Public sector	-	-
	(ii) Others *	5,76,094	4,62,703
	Total Gross (C)	5,76,094	4,62,703
	Less: Impairment Loss Allowance	(11,613)	(7,489)
	Total Net (C)	5,64,481	4,55,214

* Includes loans given to private sector

7.1 The Company has not advanced any loans to the promoters, directors, KMPs and the related parties either severally or jointly with any other person

7.2 Disclosure required as per Non-Banking Financial Company - Systematically Important Non Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

	As at Mar 31, 2022	As at Mar 31, 2021
Loans against collateral of gold jewellery (Gross)	2,24,753	1,91,779
Total assets of the Company	6,55,571	5,46,630
Percentage of Loans against collateral of gold jewellery to Total assets of the Company	34.28%	35.08%



7.3 The table below shows the credit quality and the maximum exposure to credit risk based on the Company's impairment assessment and The amounts presented are gross of impairment allowances. Policy on ECL allowances are set out in Note 3.6.

(a) Gross carrying amount of loan assets allocated to Stage 1, Stage 2 and Stage 3

Loans (at amortised cost)	As at Mar 31, 2022	As at Mar 31, 2021
Stage 1	5,13,114	4,45,141
Stage 2	50,122	12,881
Stage 3	12,858	4,681
Total	5,76,094	4,62,703

(b) Reconciliation of gross carrying amount is given below:

	As at Mar 31, 2022				As at Mar 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	4,45,141	12,881	4,681	4,62,703	3,54,909	11,762	5,354	3,72,025
Transfers to Stage 1	841	(764)	(77)	-	4,959	(4,890)	(68)	(0)
Transfers to Stage 2	(31,415)	31,442	(27)	-	(8,363)	8,364	(1)	(0)
Transfers to Stage 3	(6,623)	(4,362)	10,985	-	(1,600)	(807)	2,407	(0)
Assets derecognised (excluding write offs)	(2,29,281)	(4,507)	(742)	(2,34,530)	(1,40,764)	(5,621)	(803)	(1,47,188)
Asset written off			(3,950)	(3,950)	-	-	(2,904)	(2,904)
Loan Repaid*	(47,839)	997	514	(46,328)	(33,913)	503	285	(33,125)
New assets originated or purchased	3,82,290	14,435	1,474	3,98,199	2,69,914	3,571	410	2,73,895
Gross carrying amount closing balance	5,13,114	50,122	12,858	5,76,094	4,45,141	12,881	4,681	4,62,703

*Movement covers repayment of loan, change in exposure on account of restructuring and change in exposure for partly disbursed loans.

(c) Reconciliation of ECL balance is given below:

	As at Mar 31, 2022				As at Mar 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	4,536	1,555	1,399	7,490	1,365	641	1,367	3,374
Transfers to Stage 1	140	(122)	(18)	-	466	(449)	(17)	(0)
Transfers to Stage 2	(2,078)	2,084	(6)	-	(111)	111	-	-
Transfers to Stage 3	(566)	(809)	1,375	-	(9)	(83)	91	-
Assets derecognised (excluding write offs)	(614)	(108)	(91)	(813)	(224)	(41)	(8)	(274)
Assets written off			(1,192)	(1,192)	-	-	(768)	(768)
Loan Repaid*	(259)	2,839	1,305	3,885	2,169	1,351	702	4,222
New assets originated or purchased	1,365	812	66	2,243	880	25	30	935
ECL allowance - closing balance	2,524	6,251	2,838	11,613	4,536	1,555	1,399	7,489

*Movement covers release of provision on account of repayment, increase in provision on account of restructuring and change in staging.



Fedbank Financial Services Limited
Notes to the financial statements (Continued)

(INR in Lakhs)

	As at Mar 31, 2022	As at Mar 31, 2021
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8 Investments

8.1 At Amortised Cost

Investment in Non Convertible Debentures (NCD)
Less: Allowance for impairment loss

	833	833
	(83)	(85)
	750	748

8.2 At Fair Value Through Profit & Loss

Mutual Funds

(March'22 - Units : No. 19,21,595 and Cost INR 10,299 Lakhs)

(March'21 - Units : No. 2,27,739 and Cost INR 2,500 Lakhs)

Investments in Government Securities

	10,309	2,501
	40,374	-
	50,683	2,501

Total Investments

	51,433	3,249
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Note: All the investments are held in India.



Fedbank Financial Services Limited
Notes to the financial statements (Continued)

		(INR in Lakhs)	
		As at Mar 31, 2022	As at Mar 31, 2021
9 Other financial assets			
Security Deposits		1,172	951
Full & final recovery from employee		100	8
Ex-Gratia Receivable		-	402
Less: Impairment Loss Allowance		(95)	(8)
		<u>1,177</u>	<u>1,353</u>
10 Current tax assets (net)			
Advance income taxes (net of provision for taxes)		1,192	986
		<u>1,192</u>	<u>986</u>
11 Deferred tax assets (net)			
Deferred tax assets (net)		3,150	2,038
		<u>3,150</u>	<u>2,038</u>
12 Other non-financial assets			
Input tax credit (Net)		477	701
Prepaid expenses		2,186	689
Advance to Suppliers		117	386
Advances to employees (other than loans)		100	58
Others		-	42
		<u>2,880</u>	<u>1,876</u>



FEDBANK FINANCIAL SERVICES LIMITED
Notes to the financial statements (Continued)

13 Property, Plant & Equipment
13.1 Tangible Assets

(INR in Lakhs)

Particulars	Computer Equipments	Office Equipments	Lease Hold improvements (Interior Furnishings)	Furniture & Fixtures	Vehicles - Cars	Server	Total Tangible Assets
Gross Block as at April 1, 2021	539	505	1,220	526	16	115	2,920
Gross Block as at April 1, 2020 *	(448)	(343)	(954)	(388)	(11)	(109)	(2,253)
Additions during year ended Mar 31, 2022	376	868	794	379	-	-	2,418
Additions during year ended Mar 31, 2021	(138)	(220)	(342)	(204)	(5)	(5)	(914)
Deductions during year ended Mar 31, 2022	-	30	15	8	-	-	53
Deductions during year ended Mar 31, 2021	(48)	(58)	(76)	(66)	-	-	(247)
Gross Block as at Mar 31, 2022	915	1,344	1,999	897	16	113	5,285
Gross Block as at Mar 31, 2021	(539)	(505)	(1,220)	(526)	(16)	(113)	(2,920)
Accumulated depreciation as at April 1, 2021	221	215	390	156	10	43	1,034
Accumulated depreciation as at April 1, 2020	(109)	(107)	(107)	(94)	(6)	(25)	(539)
Additions during year ended Mar 31, 2022	230	385	379	197	3	17	1,211
Additions during year ended Mar 31, 2021	(158)	(161)	(265)	(122)	(3)	(17)	(727)
Deductions during year ended Mar 31, 2022	-	27	15	4	-	-	46
Deductions during year ended Mar 31, 2021	(40)	(54)	(72)	(60)	-	-	(232)
Accumulated depreciation at Mar 31, 2022	451	573	754	349	12	60	2,199
Accumulated depreciation at Mar 31, 2021	(221)	(215)	(390)	(156)	(10)	(43)	(1,033)
Net block as at Mar 31, 2022	463	771	1,246	548	4	54	3,086
Net block as at Mar 31, 2021	(317)	(290)	(831)	(370)	(6)	(71)	(1,887)

13.2 Intangible Assets

Particulars	Computer Software
Gross Block as at April 1, 2021	375
Gross Block as at April 1, 2020 *	(285)
Additions during year ended Mar 31, 2022	228
Additions during year ended Mar 31, 2021	(138)
Deductions during year ended Mar 31, 2022	-
Deductions during year ended Mar 31, 2021	(49)
Gross Block as at Mar 31, 2022	602
Gross Block as at Mar 31, 2021	(375)
Accumulated depreciation as at April 1, 2021	143
Accumulated depreciation as at April 1, 2020	(87)
Additions during year ended Mar 31, 2022	152
Additions during year ended Mar 31, 2021	(103)
Deductions during year ended Mar 31, 2022	-
Deductions during year ended Mar 31, 2021	(47)
Accumulated depreciation as at Mar 31, 2022	296
Accumulated depreciation as at Mar 31, 2021	(143)
Net block as at Mar 31, 2022	306
Net block as at Mar 31, 2021	(231)

13.3 Capital Work in progress (CWIP)

Particulars	CWIP
Gross Block as at April 1, 2021	96
Gross Block as at April 1, 2020 *	(42)
Additions/Adjustments during year ended Mar 31, 2022	1,273
Additions/Adjustments during year ended Mar 31, 2021	(359)
Deductions during year ended Mar 31, 2022	1,503
Deductions during year ended Mar 31, 2021	(305)
Gross Block as at Mar 31, 2022	66
Gross Block as at Mar 31, 2021	(96)

13.4 ROU Asset	ROU
ROU as at Apr 01, 2021	11,185
ROU as at Apr 01, 2020	(8,753)
Additions during year ended Mar 31, 2022	3,092
Additions during year ended Mar 31, 2021	(4,329)
Deductions during year ended Mar 31, 2022	-
Deductions during year ended Mar 31, 2021	-
Amortisation during year ended Mar 31, 2022	2,306
Amortisation during year ended Mar 31, 2021	(1,897)
ROU as at Mar 31, 2022	11,970
ROU as at Mar 31, 2021	(11,185)

13.3.1 Ageing of Capital Work in progress (CWIP)

CWIP	Amount in CWIP - March 31, 2022				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	44	22	-	-	66
Projects temporarily suspended	-	-	-	-	-

CWIP	Amount in CWIP - March 31, 2021				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	82	14	-	-	96
Projects temporarily suspended	-	-	-	-	-

* As per the options available under the transition provision to Ind AS, the Company had chosen to consider the carrying value of PPE under previous GAAP as the deemed cost of PPE for its opening balance sheet under Ind AS. Accordingly the same is reflected in previous year balances in Note 13.1 and 13.2



	(INR in Lakhs)
	As at Mar 31, 2022
14 Trade Payables	As at Mar 31, 2021
(i) Total outstanding dues of micro enterprises and small enterprises	-
(ii) Total outstanding dues to creditors other than micro enterprises and small enterprises	433
	433

14.1 Other payables	
(i) Total outstanding dues of micro enterprises and small enterprises	-
(ii) Total outstanding dues to creditors other than micro enterprises and small enterprises	-
	-

Outstanding as at 31 Mar'22 from due date of payment					
Account Name	Total	Less than 1 year	1-2 years	2-3 years	More than 3 year
MSME	-	-	-	-	-
Others	643	540	83	20	-
Disputed dues - MSME	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-

Outstanding as at 31 Mar'21 from due date of payment					
Account Name	Total	Less than 1 year	1-2 years	2-3 years	More than 3 year
MSME	0	0	-	-	-
Others	433	360	46	27	-
Disputed dues - MSME	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-

- 14.2 The Company has taken steps to identify the suppliers who qualify under the definition of micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006. The aforementioned is based on responses received by the Company to its enquiries with the suppliers with regard to applicability under the said Act. The details of amounts outstanding to Micro, Small and Medium Enterprises based on information available with the Company is as under:

Particulars	As at Mar 31, 2022	As at Mar 31, 2021
Principal amount remaining unpaid as at the end of the year	-	0
Interest due on above and remaining unpaid as at the end of the year	0	0
Amount of interest paid along terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, with amount of payment made to supplier beyond the appointed day	-	-
Interest due and payable on principal amounts for the period of delay in making the payment paid beyond the due date during the year but without the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006 amounts under this Act	-	-
Interest accrued and remaining unpaid at the end of each year	-	-
the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-

15 Debt securities	As at Mar 31, 2022	As at Mar 31, 2021
At amortised cost		
Secured		
Non-convertible redeemable debentures - Others (refer note 15.1, 15.2, 16.2 & 16.3)	20,068	30,545
Unsecured		
Commercial paper (refer note 15.1, 15.3, 16.2 & 16.3)	33,274	28,825
	53,342	59,370
Debt Securities in India	53,342	59,370
Debt Securities outside India	-	-
	53,342	59,370

15.1 Details of security cover provided for borrowings		
Security Clause	As at Mar 31, 2022	As at Mar 31, 2021
Secured by First Pan Passu Charge by way of hypothecation of all book debt receivables, Current Assets and Investments	18,750	18,750
First Pan Passu Charge on all present and future standard business receivables (except receivables hypothecated by way of exclusive charge, if any, to any of the Identified Lenders) and current assets including investments to the extent of security cover of each lender	35,000	10,000
Subtotal	53,750	28,750
Adjustment to carrying value	(408)	1,795
Total	53,342	30,545

15.2 Contractual Terms of repayment of Debt Securities (secured)			
Particulars	Interest Rate Range	As at Mar 31, 2022	As at Mar 31, 2021
Issued on Private Placement Basis			
Repayable on Maturity			
Maturing within 1 year	6.04% to 6.20%	35,000	-
Maturing Between 1 year to 3 Years	8.10% to 9.00%	18,750	28,750
Maturing Between 3 year to 5 Years	-	-	-
Maturing more than 5 Years	-	-	-
Total Payable on Maturity		53,750	28,750
Unamortised Cost		(1,735)	(31)
Interest Accrued		1,327	1,826
Total Carrying amount		53,342	30,545

- 15.3 The commercial papers issued by the Company have maturity less than a year with carrying interest rate range of 6.04% to 6.20% p.a. (March 2021: 5.50% to 6.25% p.a.) and maximum amounts outstanding during the year ended March 31, 2022 was INR 35,000 Lakhs (March 31, 2021 - INR 30,000 Lakhs)



		(INR in Lakhs)	
		As at Mar 31, 2022	As at Mar 31, 2021
16	Borrowings (other than debt securities)		
	Term Loan At amortised cost		
	Secured		
	Term loans from Bank	3,49,250	2,38,142
	Term loan from Related Party	51,041	78,613
	Term loans from other Parties	3,124	4,995
		4,03,415	3,21,750
	Unsecured		
	Term loans from Bank	5,028	5,000
	Term loans from other Parties	2,492	2,490
		7,520	7,490
	Loans repayable on demand		
	Secured		
	From Bank	5,501	9,634
	From Related Party	5,999	5,999
	From other parties	-	1,000
	Others		
	Liability component of compound financial instrument	-	62
	Collateralized Borrowing	-	1,658
		4,22,435	3,47,593
	Borrowings in India	4,22,435	3,47,593
	Borrowings outside India	-	-
		4,22,435	3,47,593

16.1 Contractual terms of repayment of borrowings

Particulars	Interest Rate Range	As at Mar 31, 2022	As at Mar 31, 2021
I. Secured			
1. Repayable in Installments			
i. on monthly basis			
Maturing within 1 year	6.70%	3,000	580
Maturing Between 1 year to 3 Years	6.70%	6,000	-
Maturing Between 3 year to 5 Years	6.70%	6,000	-
Maturing more than 5 Years		-	-
Subtotal (A)		15,000	580
ii. on quarterly basis			
Maturing within 1 year	6.60% to 9.45%	1,32,372	94,564
Maturing Between 1 year to 3 Years	6.60% to 9.45%	1,90,883	1,63,653
Maturing Between 3 year to 5 Years	6.60% to 8.75%	44,961	54,892
Maturing more than 5 Years	7.60% to 8.20%	4,250	3,500
Subtotal (B)		3,72,465	3,16,609
iii. on Yearly basis			
Maturing within 1 year	6.50% to 8.50%	5,167	1,000
Maturing Between 1 year to 3 Years	6.50% to 8.50%	8,833	2,000
Maturing Between 3 year to 5 Years	7.60% to 8.50%	2,500	2,000
Subtotal (C)		16,500	5,000
2. Repayable on Maturity			
Maturing within 1 year	5.25% to 8.20%	11,500	16,630
Maturing Between 1 year to 3 Years		-	-
Maturing Between 3 year to 5 Years		-	-
Subtotal (C)		11,500	16,630
Unamortised Cost		(657)	(808)
Interest Accrued		106	372
Total Secured		4,14,915	3,38,384
II. Unsecured			
Repayable on Maturity			
Maturing within 1 year	6.25% to 8.25%	5,000	5,000
Maturing Between 1 year to 3 Years		-	-
Maturing Between 3 year to 5 Years	7.90% to 9.80%	2,500	2,500
Maturing more than 5 Years		-	-
Unamortised Cost		(8)	(10)
Interest Accrued		28	-
Total Unsecured		7,520	7,490



16.2 There is no borrowing measured at FVTPL or designated as FVTPL

16.3 No term loan, external commercial borrowing, commercial paper or any other borrowing is guaranteed by promoter or directors of the company.

16.4 Details of security cover provided for borrowings

Security Clause	As at Mar 31, 2022	As at Mar 31, 2021
First Pari Passu Charge on all present and future standard business receivables (except receivables hypothecated by way of exclusive charge, if any, to any of the Identified Lenders) and current assets including investments to the extent of security cover of each lender	4,15,466	-
Secured by First Pari Passu charge by way of hypothecation of book debt receivables (Except Gold Loan receivable)	-	95,371
Secured by First Pari Passu charge by way of hypothecation of book debt receivables of Loan Against Property & Construction Finance products	-	2,338
Secured by First Pari Passu charge by way of hypothecation of all book debt receivables	-	1,83,270
Secured by First Pari Passu charge by way of hypothecation of all book debt receivables, Current Assets & Investments	-	10,000
Secured by First Pari Passu charge by way of hypothecation of all book debt receivables, Current Assets	-	36,500
Secured by First Pari Passu charge by way of hypothecation of book debt receivables of Secured Loans to MSME borrowers	-	11,340
Subtotal	4,15,466	3,38,819
Adjustment to carrying value	(551)	(435)
Total	4,14,915	3,38,384

17 Subordinated Liabilities

At amortised cost

Unsecured

Non-convertible redeemable debentures - Related Party

Non-convertible redeemable debentures - Others

24,300 24,764

1,606 1,082

25,907 25,846

17.1 There is no borrowing measured at FVTPL or designated at FVTPL

17.2 Contractual terms of repayment of subordinated liabilities

Particulars	Interest Rate Range	As at Mar 31, 2022	As at Mar 31, 2021
Issued on Private Placement Basis			
Repayable on Maturity			
Maturing within 1 year	-	-	-
Maturing Between 1 year to 3 Years	-	-	-
Maturing Between 3 year to 5 Years	-	-	-
Maturing more than 5 Years	9.90%	25,000	25,000
Total Payable on Maturity		25,000	25,000
Unamortised Cost		(335)	(395)
Interest Accrued		1,242	1,241
Total Carrying amount		25,907	25,846

18 Lease Liability

Lease Liability *

13,704 12,462

13,704 12,462

*Refer note 46 for the contractual maturities of lease liabilities

19 Other financial liabilities

Book overdraft	14,621	11,131
Assignee related payable	1,046	564
Employee related payable	1,675	1,363
Auction Related Payables	70	119
Commission Payable	1,512	1,009
Account Payable - Stale Cheque	191	92
Provision for expense	1,853	1,436
Other payables*	130	98
	21,097	15,812

* Includes auction deposit payable



Fedbank Financial Services Limited
Notes to the financial statements (Continued)

		(INR in Lakhs)	
		As at	As at
		Mar 31, 2022	Mar 31, 2021
20	Provisions		
	Provision for Gratuity	4	16
	Provision for Compensated leave absences	307	285
	Provision for others	2	1
		<u>313</u>	<u>302</u>
21	Other non-financial liabilities		
	Advances from customers	2,510	1,165
	Statutory dues payable	268	174
		<u>2,778</u>	<u>1,339</u>



		(INR in Lakhs)	
		As at Mar 31, 2022	As at Mar 31, 2021
22	Equity share capital		
Authorised :			
99,00,00,000 Equity Shares of INR 10 each		99,000	99,000
1,00,00,000 Optionally Cumulative Redeemable Preference Shares ('OCRPS') of INR 10 each		1,000	1,000
		1,00,000	1,00,000
Issued, Subscribed and Paid up:			
32,15,17,605 (Previous Year 28,99,23,425) Equity Shares of INR 10 each fully paid up		32,152	28,992
		32,152	28,992
Equity component of compound financial instruments			
Issued, subscribed and partly paid up			
Nil (Previous year 47,29,730) 0.01% Non-Cumulative Optionally Convertible Redeemable Preference Shares of Rs.10 each paid up of Rs. 10 each (Previous Year partly paid up of Rs. 2 each)		-	33
		-	33

(a) Reconciliation of the number of shares outstanding and amount of share capital at the beginning and at the end of the year

(i) Reconciliation of the number of equity shares outstanding and amount of share capital at the beginning and at the end of the year

Particulars	As at Mar 31, 2022		As at March 31, 2021	
	Number of Shares	Rupees in Lakhs	Number of Shares	Rupees in Lakhs
Balance at the beginning of the year	28,99,23,425	28,992	27,34,23,425	27,342
Add: Additional equity shares Issued to existing shareholders - Right issue	2,85,71,450	2,857	1,65,00,000	1,650
Add: ESOP exercised	2,93,000	29	-	-
Add: Conversion of OCRPS to equity shares	27,29,730	273	-	-
Balance at the end of the year	32,15,17,605	32,152	28,99,23,425	28,992

Reconciliation of equity component of compound financial instrument outstanding at the beginning and at the end of the year

Particulars	As at Mar 31, 2022		As at March 31, 2021	
	Number of Shares	Rupees in Lakhs	Number of Shares	Rupees in Lakhs
Balance at the beginning of the year	47,29,730	33	47,29,730	40
Less: Shares converted during the year	27,29,730	19	-	-
Less: Shares redeemed during the year	20,00,000	14	-	-
Less: Transferred to Financial Liability	-	-	-	(7)
Balance at the end of the year	-	-	47,29,730	33

(ii) During the year ended March 31, 2022 the Company issued 2,85,71,450 number of equity share of face value of Rs 10/- each vide rights issue to existing shareholders in their holding proportion for a consideration of INR 20,000 lakhs

(b) Rights, preferences and restrictions attached to equity shares

(i) For Equity shares: The Company has only one class of Equity shares having face value of INR 10/- each per share. Each holder of Equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of Equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts if any. The distribution will be in proportion to the number of shares held.

(c) Details of equity shares held by shareholders holding more than 5% shares of the aggregate shares in the Company

Particulars	As at March 31, 2022		As at March 31, 2021	
	Percentage Of Holding	Rupees in Lakhs	Percentage Of Holding	Rupees in Lakhs
Equity Shares				
Equity Shares Held by holding company - The Federal Bank Limited (Including 405 shares held by nominees)	73.30%	23,569	74.00%	21,454
- True North Fund VI LLP	25.76%	8,281	26.00%	7,538

(d) Number of shares reserved for ESOPs

Particulars	As at Mar 31, 2022	As at Mar 31, 2021
Equity Shares of Rs 10 fully paid up		
Number of shares reserved for ESOPs	78,70,351	81,51,351

(e) Terms of any securities convertible into equity/preference shares issued along with the earliest date of conversion in descending order starting from the farthest such date

During the year 47,29,730 OCRPS held by the Managing Director of the Company were converted into 27,29,730 Equity Shares vide Board Approval dated February 14, 2022. Further, 20,00,000 OCRPS were redeemed vide Board Approval dated February 14, 2022.



23 Other Components of Equity

	As at Mar 31, 2022	As at Mar 31, 2021
Securities Premium	52,326	33,554
Share Application Money Pending Allotment	-	4
Employee stock option outstanding	727	515
Other Comprehensive Income	95	27
Statutory Reserve	6,592	4,523
Equity component of Compound Financial Instrument	-	33
General Reserve	10	10
Capital Redemption Reserve	200	-
Surplus in the statement of profit and loss	23,250	15,815
	83,200	54,481

23.1 Nature and purpose of reserves

a) Securities Premium

Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

b) Employee Stock Option outstanding

The Employee Stock Options outstanding represents amount of reserve created by recognition of compensation cost at grant date fair value on stock options vested but not exercised by employees and unvested stock options in the Statement of Profit and Loss in respect of share options granted to the eligible employees of the Company in pursuance of the Employee Stock Option Plan.

c) Other Comprehensive Income

Re-measurements of net defined benefit plan - It represents the cumulative actuarial gains/(losses) defined employee benefit plans.

d) Statutory Reserve

Statutory Reserve represents the Reserve fund created under Section 45-IC of the Reserve Bank of India Act, 1934.

e) Equity component of Compound Financial Instrument

This is equity component of compound financial instruments as per Ind AS 32 Financial Instruments: Presentation (refer to note 22(a) for details).

f) General Reserve

The reserve is a distributable reserve maintained by the Company out of transfers made from annual profits.

g) Impairment Reserve

Impairment Reserve is appropriated from net profit after tax when charge of impairment allowance is lower than the provisioning required under Income Recognition, Asset Classification and Provisioning norms prescribed by Reserve Bank of India (RBI).

h) Capital Redemption Reserve

Capital Redemption Reserve represents the reserve created for a sum equal to nominal value of the preference share redeemed.

i) Surplus in the statement of profit and loss

Surplus in the statement of profit and loss pertain to the Company's undistributed earnings after taxes.

23.2 Details of movement in other equity

(INR in Lakhs)

a) Securities Premium Account	33,554	27,307
Add: Additions during the year on issue of Equity Shares	18,772	6,270
Less: Share issue expenses	-	(23)
	52,326	33,554
b) Share Application Money Pending Allotment	4	-
Add: Additions during the year	(4)	4
	-	4
c) Employee Stock Option Outstanding	515	253
Add: Additions during the year	212	262
	727	515
d) Other Comprehensive Income	27	(6)
Add: Additions during the year	69	33
	95	27
e) Statutory Reserve under Section 45-IC of the Reserve Bank of India Act, 1934	4,523	3,289
Add: Additions during the year	2,069	1,234
	6,592	4,523
f) Compound Financial Instrument	33	40
Less: Transferred (to)/from Financial Liability	(33)	(7)
	-	33
g) General Reserve	10	10
Add: Additions during the year	-	-
	10	10
h) Capital Redemption Reserve	-	-
Add: Additions during the year	200	-
	200	-
i) Retained Earning - Opening Balance	15,815	10,880
Add: Profit for the year	10,346	6,168
Less: Redemption of OCRPS	(642)	-
Less: Transfer to CRR on redemption of OCRPS	(200)	-
Less: Transferred to Statutory Reserve	(2,069)	(1,234)
	23,250	15,815
Other Equity	83,200	54,481



Fedbank Financial Services Limited
Notes to the financial statements (Continued)

(INR in Lakhs)

	For the year ended Mar 31 2022	For the year ended Mar 31 2021
Revenue from operations		
24 Interest Income (at Amortised Cost)		
Interest on loans	79,497	63,719
Interest on fixed deposits	818	879
Income on direct assignment	1,608	982
Interest income from investments	173	158
Interest income on security deposit	93	72
	82,189	65,810
Note: No loans have been measured at FVTPL or FVOCI		
25 Fee and commission income		
Income From Distribution	2,603	2,376
Loan Servicing Fee	26	16
Other fee and charges	1,660	781
	4,289	3,174
26 Net gain on fair value changes		
a) Net gain on financial instrument at fair value through profit or loss	454	198
	454	198
b) Fair value changes:		
- Realised	445	198
- Unrealised	9	0
Total Net gain/loss on fair value changes	454	198
27 Other income		
Income from Provision of Facilities / Services	1,375	444
Liability no longer required, written back	3	11
Sublease Income	-	109
Miscellaneous Income	54	11
	1,432	575



Fedbank Financial Services Limited
Notes to the financial statements (Continued)

(INR in Lakhs)

	For the year ended Mar 31 2022	For the year ended March 31 2021
28 Finance costs		
Interest on borrowings (other than debt securities)	27,098	25,649
Interest on debt securities	5,333	3,288
Interest on subordinated liabilities	1,241	1,241
Interest on lease liability	900	1,003
Other interest expense	193	138
	34,765	31,319
Note: Other than financial liabilities measured at amortized cost, there are no other financial liabilities measured at FVTPL or FVOCI		
29 Fees and commission expenses		
Commission and brokerage	1,470	1,204
	1,470	1,204
30 Impairment on financial instruments		
Bad debts and write off		
Bad debts - Loans written off	3,950	2,904
Other write off	-	43
Settlement write off	254	22
ECL Provision -		
On Loans	4,124	4,116
On Investment	(2)	75
On Trade receivable and others	62	(38)
	8,388	7,121
Note: Other than financial instruments measured at amortized cost, there are no other financial instrument measured at FVTPL or FVOCI		
31 Employee benefit expenses		
Salaries and wages		
Salaries and wages	15,885	11,908
Contribution to provident and other funds	850	630
Share based payments to employees	249	262
Staff welfare expenses	557	359
	17,541	13,159



Fedbank Financial Services Limited
Notes to the financial statements (Continued)

(INR in Lakhs)

	For the year ended Mar 31 2022	For the year ended Mar 31 2021
32 Other expenses		
Advertisement and business promotion	80	88
Auditors' remuneration	74	29
Directors' sitting fees	28	16
Insurance	125	141
Legal and professional fees	1,927	775
Printing and stationery	189	157
Rates and taxes	111	65
Rent	150	16
Repairs and maintenance - Machinery	3	0
Repairs and maintenance - Other	1,097	362
Electricity charges	202	113
Corporate social responsibility ('CSR') (refer note 32.2)	68	106
Sourcing Expenses	154	93
Office expenses	265	192
Postage and courier	411	253
Goods & Service tax expenses	1,276	954
CWIP written off	-	6
Travelling and conveyance	658	228
Recruitment Charges	70	72
Servicing Fees - Micro Finance Loans	361	1,510
Valuation Charges	160	44
Housekeeping and security charges	899	1,007
Loss On Sale Of Assets	75	13
Miscellaneous Expenses	118	110
Securitisation Expenses	108	83
Provision for doubtful interest	-	86
Penalty and Fines	-	15
	8,609	6,534

32.1 Auditors' remuneration:

For Statutory Audit	42	20
For Limited Review	26	6
For Other Matters *	111	2
For Out of pocket expenses *	11	1
	190	29

* Includes amount of INR 116 Lakhs (INR 8 lakhs pertains to Out of pocket expenses) relating to public issuance which has not been recognised in the Statement of Profit and Loss.

32.2 Corporate Social Responsibility Expenditure

Particulars	For the year ended Mar 31 2022	For the year ended Mar 31 2021
Amount required to be spent	114	103
Amount spent during the year		
(a) Construction / acquisition of asset	-	0
(b) On purpose other than (a) above	68	106
Excess / (shortfall)	(46)	3

Amount required to be contributed to specified fund u/s 135(6) 46 (3)

Note: CSR projects undertaken by the Company falls under definition of 'Ongoing-Project'.



Fedbank Financial Services Limited
Notes to the financial statements (Continued)

(INR in Lakhs)

	For the year ended Mar 31 2022	For the year ended Mar 31 2021
33 Income Taxes		
33.1 Tax Expense		
Current Tax Expense		
Current Tax for the year	4,710	2,924
	4,710	2,924
33.2 Deferred Taxes		
Change in deferred tax assets	(1,111)	(1,399)
Net deferred tax expense	(1,111)	(1,399)
Total Income Tax Expense	3,599	1,524
33.2 Reconciliation of tax charge		
Profit before income tax expense	13,921	7,693
Enacted tax rate in India	25.17%	25.17%
Income tax expense calculated on above rate	3,504	1,936
Adjustment in respect of current income tax of previous years	-	-
Tax effect of amounts not deductible/not taxable in calculating taxable income		
Deferred tax relating to previously unrecognised item	-	(500)
Tax on expense not tax deductible	95	114
Tax on income not subject to tax	-	(26)
Income tax expense	3,599	1,524

The effective income tax rate for the year ended March 31, 2022 is 25.85% (PY 19.96%).



33.3 Movement of Deferred tax assets / Liabilities

For the year ended Mar 31, 2022	Deferred tax asset/ liability Opening	In Profit or Loss	In OCI	Directly in Equity	Total Movement	Deferred tax asset/ liability Closing
Deferred taxes in relation to :						
Deferred Tax Assets						
Depreciation and Amortisation	267	124	-	-	124	391
Provision for Employee benefits	60	29	(24)	-	6	66
Provision for Expected Credit Loss	1,925	805	-	-	805	2,730
Lease	314	113	-	-	113	427
Effective interest rate on Financial assets	140	119	-	-	119	259
Effective interest rate on Financial liabilities		120	-	-	120	120
Fair valuation of security deposit	9	3	-	-	3	12
Other timing differences	23	-	-	-	-	24
Total Deferred Tax Assets	2,738	1,313	(24)	-	1,290	4,029
Deferred Tax Liabilities						
Interest income on NPA	47	-	-	-	-	47
Gain/(Loss) on fair valuation of mutual fund	-	2	-	-	2	2
Effective interest rate on Financial Liabilities	202	-	-	-	-	202
Interest/Other Charges on Direct Assignment Transaction	451	177	-	-	177	628
Total Deferred Tax Liabilities	700	179	-	-	179	879
Total	2,038	1,134	(24)	-	1,111	3,150

For the year ended Mar 31, 2021	Deferred tax asset/(liability) Opening	In Profit or Loss	In OCI	Directly in Equity	Total Movement	Deferred tax asset/(liability) Closing
Deferred Assets						
Depreciation and Amortisation	178	89	-	-	89	267
Provision for Employee benefits	43	29	(11)	-	18	60
Provision for Expected Credit Loss	345	1,580	-	-	1,580	1,925
Lease Equalisation Credit	156	159	-	-	159	314
Effective interest rate on Financial assets	218	(78)	-	-	(78)	140
Fair valuation of security deposit	5	4	-	-	4	9
Gain/(Loss) on fair valuation of mutual fund	-	-	-	-	-	-
Other timing differences	27	(4)	-	-	(4)	23
Total Deferred Assets	971	1,779	(11)	-	1,768	2,738
Deferred Liabilities						
Interest income on NPA	47	-	-	-	-	47
Effective interest rate on Financial Liabilities	15	188	-	-	188	202
Interest/Other Charges on Direct Assignment Transaction	260	191	-	-	191	451
Gain/(Loss) on fair valuation of mutual fund	-	-	-	-	-	-
Impact due to tax rate change	-	-	-	-	-	-
Total Deferred Liabilities	321	379	-	-	379	700
Total	650	1,400	(11)	-	1,389	2,038



34 Change in Liabilities arising from Financing activities

Particulars	As at April 01, 2021	As represented in Cash Flow Statement	Others #	As at Mar 31, 2022
Debt securities	59,370	(5,000)	(1,028)	53,342
Borrowings (other than debt securities)	3,47,593	74,990	(148)	4,22,435
Deposits	-	-	-	-
Subordinated liabilities	25,846	-	61	25,907
Lease Liabilities	12,462	(2,750)	3,992	13,704
	4,45,271	67,240	2,877	5,15,388

Particulars	As at April 01, 2020	As represented in Cash Flow Statement	Others #	As at Mar 31, 2021
Debt securities	12,178	45,397	1,795	59,370
Borrowings (other than debt securities)	3,09,581	36,748	1,264	3,47,593
Deposits	-	-	-	-
Subordinated liabilities	-	24,999	847	25,846
Lease Liabilities	8,977	(2,280)	5,765	12,462
	3,30,736	1,04,864	9,671	4,45,271

Others includes effect of interest accrued but not paid on borrowing, amortisation of processing fees, and interest on lease liabilities.

35 Earnings Per Share ('EPS')

Particulars	Year ended Mar 31, 22	Year ended Mar 31, 21
Net Profit from operations attributable to equity holders	10,346	6,168
Weighted average number of equity shares outstanding	31,18,87,141	27,34,23,425
Add: Effect arising from further equity shares issued during the year	-	77,30,137
Weighted average number of equity shares for Basic Earnings per share	31,18,87,141	28,11,53,562
Basic EPS	3.32	2.19
Number of shares for Preference dilution	-	9,45,946
Number of shares for ESOP dilution	3,82,482	5,06,141
Weighted average number of equity shares for Diluted Earnings per share	31,22,69,623	28,26,05,649
Dilution effect on EPS after ESOP and Preference Shares	3.31	2.18
Earnings per share		
Basic Earnings per share	3.32	2.19
Diluted Earnings per share	3.31	2.18

[Nominal value of shares Rs. 10 each]



56 Employee benefit plans

(INR in Lakhs)

Defined Contribution Plan		Year ended Mar 31, 2022	Year ended Mar 31, 2021
Particulars			
Provident fund		707	583
Employees State Insurance		54	47
		850	630

The company has contributed INR 707 Lakhs (INR 694 Lakhs) towards Gratuity trust during the year ended March 31, 2022

Defined Benefit Obligation and Compensated Absences

(i) Contribution to Gratuity fund (funded scheme)

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Company Act, an employee who has completed five years of service is entitled to specific benefits. The level of benefits provided depends on the member's length of service, managerial grade and salary at retirement age. In accordance with Indian Accounting Standard 19, actuarial valuation was done in respect of the defined benefit plan of gratuity based on the following assumptions:

Particulars	GRATUITY		COMPENSATED ABSENCE	
	31 Mar 2022	31 Mar 2021	31 Mar 2022	31 Mar 2021
(a) Actuarial assumptions				
Mortality:	ILM (2012-14)	ILM (2012-14)	ILM (2012-14)	ILM (2012-14)
Interest / Discount rate:	17%	17%	17%	17%
Rate of increase in compensation:	6.05%	5.60%	6.05%	5.60%
Expected average remaining service:	6.50%	6.50%	6.50%	6.50%
Expected average remaining service:	4.27	4.33	4.27	4.33
Employee Attrition Rate Post Service (PS):	PS: 0 to 5: 39.11%	PS: 0 to 5: 39.11%	PS: 0 to 5: 39.11%	PS: 0 to 5: 39.11%
	PS: 5 to 10: 0.89%	PS: 5 to 10: 0.89%	PS: 5 to 10: 0.89%	PS: 5 to 10: 0.89%
(b) Changes in the present value of obligation				
Present value of obligation at the beginning of the year	249	181	246	120
Interest expense	14	10	11	6
Current service cost	162	99	77	152
Post service cost	-	-	-	-
Actuarial gain/loss	(94)	(150)	(17)	(41)
Benefits paid	(12)	(11)	-	-
Present Value of obligation at the end of the year	319	249	307	236
(c) Changes in the Fair Value of Plan Assets				
Fair value of plan assets at beginning of the year	243	138	-	-
Adjustment to Opening Fair Value of Plan Asset	-	-	-	-
Return on Plan Assets excl. interest income	(1)	14	-	-
Interest income	17	11	-	-
Contributions by Employer	70	69	-	-
Contributions by Employees	-	-	-	-
Benefits Paid	(12)	(11)	-	-
Fair Value of Plan Assets at the end of the year	307	255	-	-
(d) Assets and liabilities recognised in the balance sheet				
Present value of the obligation at the end of the year	319	249	307	236
Less: Fair value of plan assets at the end of the year	307	255	-	-
Net liability recognised	(13)	(16)	(307)	(236)
Recognised under provisions				
Current provisions	16	14	167	131
Non-current provisions	303	235	198	154
Short Term Compensated Absence Liability*	-	-	-	(49)
(*Not included in Net Liability recognised in the Balance sheet)				
(e) Expenses recognised in the Statement of Profit and Loss				
Particulars	31 Mar 2022	31 Mar 2021	31 Mar 2022	31 Mar 2021
Current Service Cost	162	99	77	152
Post service cost	-	-	-	-
Net interest (income) expense	(4)	(1)	11	6
Return on Plan Assets excluding net interest	-	-	-	-
Actuarial gain/loss on post employment benefit obligation	-	-	(17)	(41)
Net cost recognised in the current year	159	98	71	117
Included in note 31 - Employee benefits expense				
(f) Expenses recognised in the Statement of Other comprehensive income (OCI)				
Particulars	31 Mar 2022	31 Mar 2021	31 Mar 2022	31 Mar 2021
Actuarial gain/loss on post employment benefit obligation	(94)	(150)	-	-
Return on Plan Assets excluding net interest	1	(14)	-	-
Total measurement cost / credit for the year recognised in OCI	(92)	(144)	-	-
(g) Reconciliation of Net asset / (liability) recognised				
Particulars	31 Mar 2022	31 Mar 2021	31 Mar 2022	31 Mar 2021
Net asset / (liability) recognised in the beginning of the period	16	31	246	120
Contributions paid	(79)	(61)	-	-
Benefits paid directly by company	-	-	-	-
Amount recognised in other comprehensive income	(92)	(144)	-	-
Expenses recognised at the end of period	(59)	98	71	117
Mortality charges and taxes	-	-	-	-
Net asset / (liability) recognised at the end of the period	12	16	307	236
(h) Sensitivity Analysis: (GRATUITY)				
Particulars	DR: Discount Rate		FR: Salary Escalation Rate	
	PVO DR +1%	PVO DR -1%	PVO FR +1%	PVO FR -1%
PVO as at 31st March 2022	281	364	362	280
PVO as at 31st March 2021	217	288	285	218
(i) Categories of plan assets				
Particulars	31 Mar 2022	% Allocation	31 Mar 2021	% Allocation
Equity Fund (Estate Life Insurance)	307	100%	233	100%
Net asset / (liability) recognised at the end of the period	307	100%	233	100%
(j) Weighted average duration of defined obligation plan				
Particulars	31 Mar 2022	31 Mar 2021		
Weighted average duration of plan (in years)	10.42	11.34		
(k) Future commitments and pay-outs				
Particulars	Pay-outs March 31, 2022	Pay-outs March 31, 2021		
First	16.07	17.81		
Second	17.54	19.89		
Third	29.07	32.62		
Fourth	17.96	17.51		
Fifth	18.25	16.67		
Greater Than	37.08	25.27		



37. Related Party Disclosures

Related party disclosures as required under Indian Accounting Standard 24, "Related party disclosures" are given below.

37.1 List of related parties

Nature of Relationship	Name of Related Party
Holding Company	The Federal Bank Limited
Enterprises having significant influence	Trust North Fund VI LLP
Enterprises over which related party has significant influence	True North Managers LLP Sriya Gupta Health Insurance Company Limited (Formerly known as Max Bupa Health Insurance Company Limited)
Key Management Personnel	Anil Kothari, Managing Director Sudheep Agrawal, Chief Financial Officer (till 13th Oct. 2020) C V Ganesh, Chief Financial Officer (w.e.f 14th Oct. 2020) Anil Karia, Company Secretary (till 14th April, 2020) S Rajaraman, Company Secretary (w.e.f 15th May, 2020)

37.2 Transactions during the year with related parties:

Nature of Transactions	(INR in Lakhs)	
	As at Mar 31, 2022	As at Mar 31, 2021
The Federal Bank Limited		
Income from distribution business	2,663	2,576
Interest paid on PTC Transactions	85	8
Value consideration received on PTC Transactions	-	2,440
Interest paid on Cash Credit Facility & Term Loan	5,525	7,908
Issuing & Paying Agent Charges	-	1
Rent paid	-	1
Processing Fees	101	537
Interest on NCD	2,355	(1,200)
Rate for Sub-leased premises	-	108
Servicing Fee Income on Securitisation	-	5
Interest income on fixed deposits	59	13
Investment in Equity Shares by The Federal Bank	(4,709)	30,781
Enterprises controlling voting power / significant influence		
Investment in Equity Shares	5,209	15,387
Enterprises over which related party has significant influence/control		
Reimbursements of Expenses	0	-
Other Income	-	39
Transaction with Key Management Personnel*		
Investment in Preference Shares by Mr. Anil Kothari	1,897	95
Redemption of Optionally Convertible Redeemable Preference Shares "OCRPS"	842	-
Issuance of Equity shares	1,149	-
Employee Stock Option Scheme - Key Management Personnel		
No. of Options granted under ESOS (in numbers)	-	12,000,000
No. of Options outstanding under ESOS (in numbers)	25,51,351	25,51,351

* Reimbursement made to Key Management Personnel during the course of official duties is not given in above disclosure.

For transactions related to KMPs refer note 37.4.

37.3 Amount due (to) from related parties:

Balance outstanding as at the year end	(INR in Lakhs)	
	As at Mar 31, 2022	As at Mar 31, 2021
The Federal Bank Limited		
Current Account - Receivable (Payable)	1,518	6,668
Borrowings		
Term Loan	51,094	78,734
WCDI	6,900	6,090
Account Receivable & Reimbursements	386	320
PTC (under Trust name Levee Feb 21)	-	1,879
Interest payable on PTC transaction	-	6
Long Term Borrowings	23,470	23,950
Fixed Deposit	-	38,620
Payable under Securitisation transaction	-	293
Max Bupa Health	-	-
Other Income Receivable	-	39

37.4 Details of salary and other emoluments to KMPs of the Company

Key Management Personnel	(INR in Lakhs)	
	As at Mar 31, 2022	As at Mar 31, 2021
Salary and employee benefits (Refer note below)	505	585

Note:-

1. Includes sitting fees paid to independent directors 26.30 lakhs and 15.70 lakhs for the year ended March 31, 2022 and March 31, 2021, respectively.

2. Expenses towards provision for gratuity and leave encashment which are determined on actuarial basis at an overall Company level are not included in the above information.

38 Capital Management

The Company's objectives when managing capital are to:

(1) safeguard the ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders; and

(2) maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders.

The Company maintains its capital base to cover the risks inherent in the business and in meeting the capital adequacy.

The Company has complied in full with all its externally imposed capital requirements over the reported period.

The primary objectives of the Company's capital management policy are to ensure that the Group complies with externally

38.1 Regulatory Capital

Particulars	As at Mar 31, 2022	As at Mar 31, 2021
CRAR - (*)	23.04	25.52
CRAR - Tier I Capital (%)	18.58	17.10
CRAR - Tier II Capital (%)	4.45	8.42
Amount of subordinated debts raised as Tier II capital	25,90.7	25,820



39 Fair value measurement

39.1 Fair value hierarchy

The fair values of the financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its financial instruments into the three levels prescribed under the Indian Accounting standard. An explanation of each level follows underneath the table.

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. For example, listed equity instruments that have quoted market price.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

39.2 Fair value of financial assets and liabilities measured at amortised cost

(INR in Lakhs)

As at Mar 31, 2022					
Carrying Value	Fair Value	Level 1	Fair value Level 2	Level 3	
Financial assets measured at amortised cost					
Cash and cash equivalent [refer note 39.4(i)]	6,596	6,596	-	-	-
Bank balances other than cash and cash equivalent [refer note 39.4(i)]	7,664	7,664	-	-	-
Trade Receivables [refer note 39.4(i)]	1,184	1,184	-	-	-
Other receivables [refer note 39.4(i)]	386	386	-	-	-
Loans and advances to customers	5,64,481	5,88,758	-	-	3,88,758
Financial investments	51,433	51,433	50,683	-	750
Other financial assets	1,177	1,177	-	1,177	-
Total	6,32,921	6,57,198	50,683	1,177	5,89,508
Financial liabilities measured at amortised cost					
Trade Payables [refer note 39.4(i)]	643	643	-	-	-
Debt Securities	53,342	49,790	-	49,790	-
Borrowing other than debt securities	4,22,435	4,21,653	-	-	4,21,653
Subordinated Liabilities	25,907	17,961	-	17,961	-
Other financial liabilities	21,097	21,097	-	21,097	-
Total	5,23,424	5,11,144	-	88,848	4,21,653
As at Mar 31, 2021					
Carrying Value	Fair Value	Level 1	Fair value Level 2	Level 3	
Financial assets measured at amortised cost					
Cash and cash equivalent [refer note 39.4(i)]	52,603	52,603	-	-	-
Bank balances other than cash and cash equivalent [refer note 39.4(i)]	15,476	15,476	-	-	-
Trade Receivables [refer note 39.4(i)]	117	117	-	-	-
Other receivables [refer note 39.4(i)]	320	320	-	-	-
Loans and advances to customers	4,55,214	4,55,214	-	-	4,55,214
Financial investments	3,249	3,249	2,501	-	748
Other financial assets	1,353	1,353	-	1,353	-
Total	5,28,332	5,28,332	2,501	1,353	4,55,962
Financial liabilities measured at amortised cost					
Trade Payables [refer note 39.4(i)]	433	433	-	-	-
Debt Securities	59,370	59,370	-	59,370	-
Borrowing other than debt securities	3,47,593	3,47,593	-	-	3,47,593
Subordinated Liabilities	25,846	25,846	-	25,846	-
Other financial liabilities	15,812	15,811	-	15,811	-
Total	4,49,053	4,49,052	-	1,01,027	3,47,593



39.3 Valuation Techniques

Each class of financial assets/ liabilities	Techniques
Debt Securities	Fair value is estimated by a discounted cash flow model incorporating market interest rates and the company's own credit risk or based on market-observable data
Security deposit	Fair values of security deposits are based on discounted cash flows using a discount rate determined considering Company's incremental borrowing rate
Loans and advances	These have been valued at amortised cost (refer note 39.4 for methodologies used for valuation)
Other financial assets	These have been valued at amortised cost (refer note 39.4 for methodologies used for valuation)
Borrowings	These have been valued at amortised cost (refer note 39.4 for methodologies used for valuation)
Subordinated Liabilities	These have been valued at amortised cost (refer note 39.4 for methodologies used for valuation)
Other financial liabilities	These have been valued at amortised cost (refer note 39.4 for methodologies used for valuation)

39.4 Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Company's financial statements. These fair values were calculated for disclosure purpose only. The below methodologies and assumptions relate only to instruments in the above tables and as such may differ from the techniques and assumptions explained in the notes.

(i) Short term and other financial assets and liabilities

For financial assets and financial liabilities that have a short-term maturity (less than twelve months) and for other financial assets and other financial liabilities, the carrying amounts, net of impairment, if any, are a reasonable approximation of their fair value. Such instruments include cash and cash equivalents, bank balances other than cash and cash equivalents, trade receivables, other receivables and trade payables.

(ii) Financial assets at amortised cost

The fair values of financial assets measured at amortised cost, estimated using discounted cash flow model based on contractual cash flows. The significant unobservable inputs are incremental borrowing rate incorporating the counterparties' credit risk.

(iii) Debt securities, borrowings and subordinated liabilities

Fair value is estimated by a discounted cash flow model incorporating incremental borrowing rate and the Company's own credit risk. The fair value of the long term borrowings carrying floating-rate of interest is not impacted due to interest rate changes and will not be significantly different from their carrying amounts. The significant unobservable inputs are incremental borrowing rate incorporating the counterparties' credit risk.



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Notes to the financial statements (Continued)

(Currency : Indian rupees in lakhs)

40 Maturity Analysis of Assets and Liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. With regard to loans and advances to customers, the Company uses the same basis of repayment as used for contractual maturity analysis.

(INR in Lakhs)

Assets	As at Mar 31, 2022			As at Mar 31, 2021		
	Within 1 year	After 1 year	Total	Within 1 year	After 1 year	Total
Financial Assets						
Cash and cash equivalents	6,596	-	6,596	52,603	-	52,603
Bank balance other than cash and cash equivalents	7,664	-	7,664	15,476	-	15,476
Trade receivables	1,184	-	1,184	117	-	117
Other receivables	386	-	386	320	-	320
Loans	2,94,862	2,69,619	5,64,481	2,37,483	2,17,731	4,55,214
Investments	51,433	-	51,433	3,249	-	3,249
Other financial assets	42	1,135	1,177	578	775	1,353
(2) Non-financial Assets						
Current tax assets (net)	-	1,192	1,192	-	986	986
Deferred tax Asset (net)	-	3,150	3,150	-	2,038	2,038
Property, Plant and Equipment	-	3,086	3,086	-	1,886	1,886
Capital work-in-progress	-	66	66	-	96	96
Other Intangibles assets	-	306	306	-	231	231
Right of Use Assets	-	11,970	11,970	-	11,185	11,185
Other non-financial assets	2,001	879	2,880	940	936	1,876
Total Assets	3,64,168	2,91,403	6,55,571	3,10,766	2,35,865	5,46,630
Liabilities						
Financial liabilities						
Derivative financial instruments	-	-	-	-	-	-
Trade Payables	643	-	643	433	-	433
Other Payables	-	-	-	-	-	-
Debt Securities	33,274	20,068	53,342	38,825	20,545	59,370
Borrowings (other than Debt securities)	1,57,039	2,65,396	4,22,435	1,18,146	2,29,447	3,47,593
Subordinated Liabilities	-	25,907	25,907	-	25,846	25,846
Lease Liability	2,157	11,547	13,704	-	12,463	12,463
Other financial liabilities	21,096	1	21,097	15,811	-	15,811
Non-Financial liabilities						
Current tax liabilities (net)	-	-	-	-	-	-
Provisions	183	130	313	149	154	303
Other non-financial liabilities	2,778	-	2,778	1,339	-	1,339
Total liabilities	2,17,170	3,23,049	5,40,219	1,74,703	2,88,455	4,63,157
Net	1,46,998	(31,646)	1,15,352	1,36,063	(52,590)	83,473



41 Segment Information
41.1 Business segment

In terms of the Indian Accounting Standards specified under Section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014, the company's operations are classified into three business segments as described in the accounting policy and the information on the same is as under

Business Segments	Distribution		Retail Finance		Wholesale Finance		Total	
	Year ended Mar 31, 2022	Year ended Mar 31, 2021	Year ended Mar 31, 2022	Year ended Mar 31, 2021	Year ended Mar 31, 2022	Year ended Mar 31, 2021	Year ended Mar 31, 2022	Year ended Mar 31, 2021
Segment Revenue	2,603	2,376	81,582	63,618	1,303	3,962	85,488	69,955
Segment Expenditure	2,480	2,246	63,393	52,073	2,279	3,776	68,152	58,095
Allocated Expenditure (Net)	-	-	3,429	5,388	93	432	3,522	5,820
Results	123	130	14,760	6,156	(1,069)	(246)	13,814	6,041
Unallocated Expenditure (net of unallocated income)	-	-	-	-	-	(880)	879	773
Interest Income on Investment	-	-	-	-	-	-	987	879
Profit before Tax	-	-	-	-	-	-	13,921	7,693
Income Taxes	-	-	-	-	-	-	3,575	1,524
Net Profit	-	-	-	-	-	-	10,346	6,168
Other Information								
Segment Assets	401	329	6,45,861	5,16,743	4,967	26,534	6,51,229	5,43,606
Unallocated Assets	-	-	-	-	-	-	4,342	3,024
Total Assets	401	329	6,45,861	5,16,743	4,967	26,534	6,55,571	5,46,630
Segment Liabilities	364	117	5,33,368	4,31,331	6,487	31,709	5,40,219	4,63,157
Equity & Reserves	-	-	-	-	-	-	1,15,352	83,473
Total Liabilities & Equity	364	117	5,33,368	4,31,331	6,487	31,709	6,55,571	5,46,630
Capital Expenditure	5	32	2,641	1,010	-	12	2,646	1,054
Unallocated Capital Expenditure	-	-	-	-	-	-	-	510
Depreciation/Amortisation	11	4	1,352	812	0	14	1,363	830
Impairment of Fixed Assets	-	-	-	-	-	-	-	-
Unallocated Depreciation	-	-	-	-	-	-	-	-

The Company has only Domestic Geographic Segment and hence no secondary segment disclosures are made.

Segment Composition

Distribution Segment comprises of Sourcing Business of Home Loans, Auto Loans, Personal Loans & SME Loans for Holding Company.
Retail Finance Segment comprises of Gold Loans, Loan Against Property, MSE Loan against property, Business Loans, Personal Loans & Housing Finance
Wholesale Finance Segment comprises of Construction Finance and Loans to Other NBFCs.

Note:

Unallocated Income comprises of Other Income earned by the business
Unallocated Expenses comprises of Tax Expense



Particulars	For the Year ended Mar 31, 2022	For the Year ended Mar 31, 2021
Type of Service		
Fees and commission income (refer note 25)	4,289	3,174
Other income (refer note 27)	1,432	575
Total	5,721	3,749
Geographical market		
In India	5,721	3,749
Outside India	-	-
Total	5,721	3,749
Timing of recognition of revenue		
Performance obligation satisfied at a point in time	5,721	3,749
Performance obligation satisfied over a period in time	-	-
Total	5,721	3,749
Contract receivables		
Trade receivables	892	2
Other receivable	386	320
Total	1,278	322



43 Risk Management

The Company has a Board-approved Risk Management Policy that defines the Risk Management Framework, Risk Monitoring Mechanism and Enterprise level Key Risk Areas. The main objective of this policy is to ensure sustainable and prudent business growth. The Risk Management Framework comprises of Risk Management Committee of Board (RMC), Credit Committee of Board, Asset Liability Management Committee (ALCO) and Credit Risk Management Committee (CRMC). The Risk Management Committee (RMC) reviews the overall asset quality and portfolio composition on a periodic basis. Overseeing liquidity risk position of the company are also part of terms of reference of this committee. Any product policy programs are approved by this Committee. The Credit Risk Management Committee oversees the Operational Risks and any Operating Risk level decisions are approved by this committee. The Company has adopted and laid down operating procedures and guidelines to mitigate Credit, Reputation, Operational, Market and Fraud risks in its business lines where the Risk Function works very closely with the Independent Internal Audit Department (Risk Based Internal Audit). The Company continues to invest in people, processes, training and technology so as to strengthen its overall Risk Management Framework.

Types of Risks

The Company's risk are generally categorised in the following risk types:

(i) Credit Risk

The RMC & CRMC oversee the following:

- Detailed review of portfolio quality and triggers to ascertain underlying stress levels in portfolio, in light of micro and macro factors
- Approve necessary amendments or new product & policy programs in light of portfolio behaviour, environmental factors and business opportunities.
- Set-up concentration limits & portfolio caps to ensure prudent diversification.
- Account level review of high value accounts & NPAs and provide necessary guidelines.
- Audit Committee of the Board (ACB) oversees the effective implementation of the Lending Policies approved by the Board.

(ii) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due, as a result of mismatches in the timing of cash flows.

RBI vide Circular No. RBI/2019-20/88 DOR NBFC (PD) CC No.102/03.10.001/2019-20 has issued with guidelines on Liquidity Risk Management (LRM) Framework for NBFCs. It covers various aspects of LRM in NBFCs such as granular level classification of buckets in structural liquidity statement and tolerance limits thereupon, Liquidity risk management tools and principles. The Company has integrated the LRM framework into its Asset Liability Management (ALM) Policy to manage liquidity risk by use of various tools such as Structural Liquidity Statement to assess the bucket wise mismatches between inflows and outflows, stress testing of bucket wise mismatches between inflows and outflows in the short term buckets (up to 30 days) by discounting inflows under various stress scenarios, Review of Unencumbered Assets available for future secured borrowing, Review of current & projected (for next 3 months) liquidity position, review of various financial ratios under the stock approach of LRM, Liquidity Coverage Ratio (LCR), Review of Liquidity in the Banking System. These tools are reviewed by the ALCO every month. To mitigate the liquidity risk further, the Company also has a Contingency Funding Plan which is reviewed by the ALCO at periodic interval.

The Company maintains Liquidity buffers sufficient to meet all its near term obligations. The Liquidity buffers are maintained by a combination of liquid assets (such as Cash & Cash Equivalent, Liquid Investments in callable FDs and Overnight/Liquid Mutual Funds) and Undrawn Committed Credit Lines.

(iii) Market Risk

Market Risk is the Risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as Gold prices (relevant to Lending against Gold business of the Company), interest rates, Foreign Currency Rates. (refer note 43.3 for details)

43.1 Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counter party for financial instrument fails to meet its contractual obligation, and arises principally from the company's placements and balances with other banks, loans to customers, government securities and other financial assets.

The RMC reviews and approves Loan Product programs on an on-going basis. These product programs outline the framework of any Credit Financial Product being offered by the Company. Within this framework, credit policies are incorporated to manage the sourcing of proposals, channels of business acquisition, process of underwriting, information systems involved, verification, documentation, disbursement procedures, portfolio quality triggers, recovery mechanism, NPA management etc.

The impact of Macroeconomic, regulatory, competition and other high impact variables and portfolios underwritten within the credit policy framework are reviewed on an ongoing basis.

Underwriting comprises of record verification through digital and external agencies, credit bureau check, financial analysis, cash flow assessments, assessing net-worth, leverage and debt service ability etc. through submitted records, personal discussion with borrowers, market reference etc. Collateral verification through independent legal & valuation agencies is a critical aspect in case of secured loans. Legal documentation to create proper charge on mortgaged security, under legal guidance, is another critical aspect.

Whilst ability of a customer to repay a loan can be adequately determined through assessment of financials and cash flows, defaults with the intention of fraud or misreported information are additional challenges to the Company.



Fedbank Financial Services Limited

Notes to the financial statements (Continued)

(a) Impairment Assessment

The Company applies the expected credit loss model for recognising impairment loss. The expected credit loss allowance is computed taking into account historical credit loss experience and/or external benchmarks on loss rates and further adjusted for forward looking information.

The expected credit loss is a product of Exposure at Default (EAD), Probability of Default (PD) and Loss Given Default (LGD). The Company uses an internal model to compute the PD & LGD based on parameters set out in Ind AS. Accordingly, loans are classified into various stage as follows:

Stages	Internal Rating Description
Stage 1	0 DPD* and 1-29 DPD*
Stage 2	30-59 DPD*, 60-89 DPD* and all loans restructured under One Time Restructuring which are stage 2 or below post restructuring
Stage 3	90 DPD* or more, all linked loans of 90 DPD* or more, all restructured loans other than those restructured under One Time Restructuring #

*DPD means Days Past Due

Also refer accounting policy 3.6 (h), 3.6 (i) and note 48.02

(b) Probability of Default

The probability of default is the estimation of the likelihood of a loan defaulting over a time horizon. A rebuttable presumption is that a default event cannot be later than 90 days past due. The probability of default analysis should consider not only past history but also current economic conditions and forecasts about the future. Incorporating such economic factors is sometimes done using scientific modelling techniques.

Historical DPD data is utilized to calculate Through the Cycle Probability of Default (TTC PD). PD analysis tracks the migration behaviour of a static pool of loans active at the end of each month across different buckets- Stage 1, Stage 2 and Stage 3 over the 12 month and lifetime period. Transition matrix method is used wherein the historical defaults are mapped in monthly intervals for each of cohort months and then the TTC PD is calculated as the weighted average of default rates with number of loans outstanding as the weights.

Vasicek model is one of the accepted models globally for converting the TTC PD into Point in Time PD (PIT PD). The model calculates an AC (Asset Correlation) factor and converts the probability using the macro-economic variable selected. The basic premise of the model is that the higher the TTC probability the lower the correlation with the macro variable and vice versa. Once the asset correlation is determined, the historical PD is calibrated using the readings of the macro-economic variable for a number of years up to the balance sheet date and for a number of years after the balance sheet date. This calibration reflects the relative macro-economic performance in the respective years with reference to the historical mean.

(c) Loss Given Default

LGD is defined as the percentage risk of exposure that is not expected to be recovered in the event of default.

LGD is one of the key components of the credit risk parameters based ECL model. In the context of lifetime ECL calculation, an LGD estimate has to be available for all periods that are part of the lifetime horizon (and not only for the case of a default within the next 12 months).

Wherever possible, workout LGD model is applied to estimate LGD based on past data. The LGD component of ECL is independent of deterioration of asset quality, and thus applied uniformly across various stages with the applicable PD for stage 1, 2 and 3.

(d) Exposure at Default

EAD is one of the key components for ECL computation. EAD is the company's exposure at the time of when a borrower defaults which comprises of principal outstanding and principal overdue plus interest accrued at the date of default.

The EAD for funded/single drawdown facilities shall be the actual outstanding of the loan. Also, the maturity of the loan shall be fixed as per the contractual terms or behavioural pattern (based on established past trends).

EAD is considered as the principal outstanding and accrued interest as at the reporting date.



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Notes to the financial statements (Continued)

(e) Significant Increase in Credit Risk

The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12 month ECL or Life Time ECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition. In line with Ind AS 109, the Company considers an exposure to have significantly increased in credit risk when the DPD is 30 or more. Besides this quantitative factor, the company also assesses Significant Increase in Credit Risk (SICR) based on qualitative factors e.g. One Time Restructuring (OTR) of loans, LTV threshold/margin for gold loan facilities.

43.1.1 Analysis of Risk Concentration

The following table shows the risk by industry for the components of the balance sheet

Industry Analysis	As at 31 Mar 2022			(INR in Lakhs)
	Retail	Structured Finance (Real Estate and Non Real Estate)	Financial Services	Total
Financial assets measured at amortised cost				
Cash and cash equivalent	-	-	6,596	6,596
Bank balances other than cash and cash equivalent	-	-	7,664	7,664
Trade Receivables	-	-	1,184	1,184
Other receivables	-	-	386	386
Loans and advances to customers	5,59,514	4,967	-	5,64,481
Financial investments (other than investment in subsidiaries)	-	-	51,433	51,433
Other Financial Assets	-	-	1,177	1,177
Total	5,59,514	4,967	68,438	6,32,921

Industry Analysis	As at 31 March 2021			(INR in Lakhs)
	Retail	Structured Finance (Real Estate and Non Real Estate)	Financial Services	Total
Financial assets measured at amortised cost				
Cash and cash equivalent	-	-	52,603	52,603
Bank balances other than cash and cash equivalent	-	-	15,476	15,476
Trade Receivables	-	-	117	117
Other receivables	-	-	320	320
Loans and advances to customers	4,37,452	17,762	-	4,55,214
Financial investments (other than investment in subsidiaries)	-	-	3,249	3,249
Other Financial Assets	-	-	1,353	1,353
Total	4,37,452	17,762	73,118	5,28,332



Fedbank Financial Services Limited
Notes to the financial statements (Continued)

43.1.2 Collateral Held and Other Credit Enhancements

a) The following table shows the maximum exposure to credit risk by class of financial asset along with details of principal type of collateral

Financial assets measured at amortised cost	(INR in Lakhs)		Principal type of collateral
	Maximum exposure to credit risk (carrying amount before ECL)		
	As at Mar 31, 2022	As at Mar 31, 2021	
Loans (at amortised cost)			
	4,87,598	4,05,190	Property; book receivables.
Total (A)	4,87,598	4,05,190	Gold jewellery

b) Financial assets that are stage 3 and related collateral held in order to mitigate potential losses are given below

Financial assets measured at amortised cost	Maximum exposure to credit risk (carrying amount before ECL)	Associated ECL	Carrying Amount	(INR in Lakhs)	
				Fair Value of Collateral	
As at March 31, 2022	12,858	2,838	10,020	20,644	
As at March 31, 2021	4,681	1,399	3,282	8,520	



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Notes to the financial statements (Continued)

43.2 Liquidity Management

Liquidity risk arises because of the possibility that the Company might be unable to meet its payment.

43.2.1 Maturity pattern of certain items of assets and liabilities as at Mar 31, 2022

Particulars	1 day to 30/31 days (one month)	1 month to 2 months	2 months to 3 months	3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 Years to 5 years	Over 5 years	Total
Liabilities									
Borrowings from banks	9,804	11,609	25,429	21,393	88,803	2,05,716	55,961	4,250	4,22,965
Market borrowings	-	-	-	-	33,274	18,750	-	25,000	77,024
Trade payables	-	643	-	-	-	-	-	-	643
Lease Liability	174	173	176	529	1,105	4,197	3,299	4,051	13,704
Other financial liabilities	-	21,097	-	-	-	-	-	-	21,097
Assets									
Advances	15,765	36,019	48,445	66,970	1,17,022	1,16,084	78,898	83,446	5,62,649
Investments	17,720	-	-	32,873	-	-	750	-	51,343

Maturity pattern of certain items of assets and liabilities as at 31 March, 2021

Particulars	1 day to 30/31 days (one month)	1 month to 2 months	2 months to 3 months	3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 Years to 5 years	Over 5 years	Total
Liabilities									
Borrowings from banks	16,975	5,589	16,448	23,922	54,839	1,65,653	60,892	2,000	3,46,319
Market borrowings	-	-	4,935	-	33,890	18,750	-	25,000	82,575
Trade payables	-	433	-	-	-	-	-	-	433
Lease Liability	148	153	151	468	966	4,096	2,927	3,555	12,462
Other financial liabilities	-	15,812	-	-	-	-	-	-	15,812
Assets									
Advances	9,741	13,309	19,884	62,298	1,21,622	55,047	25,823	1,41,449	4,49,173
Investments	2,500	209	-	418	206	-	-	-	3,333

Note: Above maturity pattern are based on Contractual Maturity.



Fedbank Financial Services Limited
Notes to the financial statements (Continued)

43.2.2 Financial assets available to support future funding

Following table sets out availability of Company's financial assets to support funding

(INR in Lakhs)						
As at Mar 31, 2022	Encumbered			Unencumbered		Total carrying amount
	Pledged as collateral	Contractually/ Legally restricted assets	Others \$	Available as collateral	Others #	
Cash and cash equivalent	-	-	3,692	2,904	-	6,596
Bank balances other than cash and cash equivalent	-	-	-	7,664	-	7,664
Trade Receivables	-	-	-	1,184	-	1,184
Other Receivables	-	-	-	386	-	386
Loans and advances to customers	-	-	5,02,886	61,595	-	5,64,481
Financial investments (other than investments in subsidiaries)	-	-	5,188	46,245	-	51,433
Other Financial Assets	-	-	-	1,177	-	1,177
	-	-	5,11,766	1,21,154	-	6,32,921

As at Mar 31, 2021	Encumbered			Unencumbered		Total carrying amount
	Pledged as collateral	Contractually/ Legally restricted assets	Available as collateral	Available as collateral	Others #	
Cash and cash equivalent	150	-	-	52,453	-	52,603
Bank balances other than cash and cash equivalent	-	-	-	15,476	-	15,476
Trade Receivables	-	-	-	117	-	117
Other Receivables	-	-	-	320	-	320
Loans and advances to customers	4,55,214	-	-	-	-	4,55,214
Financial investments (other than investments in subsidiaries)	-	-	-	3,249	-	3,249
Other Financial Assets	-	-	-	1,353	-	1,353
	4,55,364	-	-	72,968	-	5,28,332

* Represents assets which are not pledged and Company believes it is restricted from using to secure funding for legal or other

Represents assets which are not restricted for use as collateral, but that the Company would not consider readily available to secure funding in normal course of business

\$ Represents assets which are given as security cover against the secured bank borrowings and non-convertible debentures.



Fedbank Financial Services Limited

Notes to the financial statements (Continued)

43.3 Market Risk

Market Risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as Gold prices (relevant to lending against gold business of the Company), interest rates, Foreign Currency Rates.

a) Gold Price Fluctuation Risk :- The Risk Management Committee of the Board does a periodic review of the Gold price movement and trends & its impact on the gold loan margins in present condition as well as under stress scenarios.

b) Interest Rate Risk :- Interest Rate Risk is the risk of change in market interest rates which might adversely affect the Company's profitability.

c) Foreign Currency rate Fluctuation Risk :- The Company is not exposed to risk in fluctuation of Foreign Currency Rates as the Company's Cash flows are in INR.

43.3.1 Gold Price Fluctuation Risk

Sudden fall in the gold price and fall in the value of the pledged gold ornaments can result in some of the customers to default if the loan amount and interest exceeds the market value of gold. This risk is in part mitigated by a minimum 25% margin retained on the value of gold jewellery for the purpose of calculation of the eligible loan amount. Further, the Company appraises the gold jewellery collateral solely based on the weight of its gold content, excluding weight and value of the stone studded in the jewellery. In addition, the sentimental value of the gold jewellery to the customers may induce repayment and redemption of the collateral even if the value of gold ornaments falls below the value of the repayment amount. An occasional decrease in gold prices will not increase price risk significantly on account of our adequate collateral security margins. However, a sustained decrease in the market price of gold can additionally cause a decrease in the size of the loan portfolio and interest income.

43.3.2 Interest Rate Risk

The immediate impact of changes in interest rates is on the Company's earnings by impacting the Net Interest Income. The Company has set up an Earnings at Risk limit for monitoring and controlling the Interest Rate Risk which is monitored by the Asset Liability Management Committee (ALCO) of the Company.

The following table demonstrates the sensitivity to reasonably possible change in interest rates (all other variables being constant) of the Company's statement of Profit and Loss

(INR in Lakhs)			
For the Year ended March 31, 2022	Increase / (Decrease) in basis points	Increase in profit after tax	Decrease in profit after tax
Loans			
Mar 31, 2022	25/(25)	315	(315)
Mar 31, 2021	25/(25)	389	(389)
Borrowings			
Mar 31, 2022	25/(25)	(758)	758
Mar 31, 2021	25/(25)	(603)	603



Fedbank Financial Services Limited
Notes to the financial statements (Continued)

43.3.3 Total Market Risk Exposure

(INR in Lakhs)

Particulars	As at Mar 31, 2022			As at Mar 31, 2021		
	Carrying Amount	Traded Risk	Non-traded Risk	Carrying Amount	Traded Risk	Non-traded Risk
Financial Assets						
Cash and cash equivalent	6,596	-	6,596	52,603	-	52,603
Bank balances other than cash and cash	7,664	-	7,664	15,476	-	15,476
Trade Receivables	1,184	-	1,184	117	-	117
Other Receivables	386	-	386	320	-	320
Loans and advances to customers	5,64,481	-	5,64,481	4,55,214	-	4,55,214
Financial investments (other than investments in subsidiaries)	51,433	50,683	750	3,249	2,501	748
Other Financial Assets	1,177	-	1,177	1,353	-	1,353
Total	6,32,921	50,683	5,82,238	5,28,332	2,501	5,25,831

Particulars	As at Mar 31, 2022			As at Mar 31, 2021		
	Carrying Amount	Traded Risk	Non-traded Risk	Carrying Amount	Traded Risk	Non-traded Risk
Financial Liabilities						
Trade payables	643	-	643	433	-	433
Other payables	-	-	-	-	-	-
Debt Securities	53,342	53,342	-	59,370	59,370	-
Borrowings other than debt securities	4,22,435	-	4,22,435	3,47,593	-	3,47,593
Subordinated liabilities	25,907	25,907	-	25,846	25,846	-
Lease Liability	13,704	-	13,704	12,462	-	12,462
Other Financial liabilities	21,097	-	21,097	15,812	-	15,812
Total	5,37,128	79,249	4,57,878	4,61,515	85,216	3,76,300

44 Trade & Other Receivables

Provision matrix for Trade & Other Receivable

Particulars	Trade & Other receivable days past due	0-90 days	91-180 days	181-360 days	more than 360 days	Total
ECL rate		1.86%	0.00%	100.00%	0.00%	8.62%
As at Mar 31, 2022	Estimated total gross carrying amount at default	1,599	1	118	-	1,718
	ECL Provision	(30)	-	(118)	-	(148)
	Net Carrying Amount	1,569	1	-	-	1,570
ECL rate		0.21%	0.00%	0.00%	0.00%	0.21%
As at Mar 31, 2021	Estimated total gross carrying amount at default	438	-	-	-	438
	ECL Provision	(1)	-	-	-	(1)
	Net Carrying Amount	437	-	-	-	437



Fedbank Financial Services Limited
Notes to the financial statements (Continued)

45 Accounting for Employee Share based Payments

Shareholders of the Company had approved "Fedbank Financial Services Limited Employee Stock Option Plan 2018" ("ESOP Plan"), the result of which was announced on November 13, 2018, enabling the Board and/or the "Nomination and Remuneration Committee" (NRC) to grant such number of equity shares, including options, to eligible employee(s) of the Company each of which is convertible into one equity share, not exceeding 6% of the aggregate number of paid up equity shares of the Company.

Such options vest at definitive date, save for specific incidents, prescribed in scheme as framed/approved by NRC. Such options are exercisable for period following vesting at the discretion of the NRC, subject to maximum of 10 years from the date of Vesting of Options

Method used for accounting for shared based payment plan.

The Company uses fair value to account for the compensation cost of stock options to employees of the Company.

Movement in options outstanding under the Employee Stock Option Plan for the year ended Mar 31, 2022

Particulars	Options	Weighted Average Exercise Price
Options outstanding as at April 1, 2021	81,51,351	41.83
Granted during the year	Nil	NA
Exercised during the year	2,81,000	35.20
Forfeited /lapsed during the year	Nil	NA
Options outstanding as at March 31, 2022	78,70,351	42.07
Options exercisable	14,39,000	40.93

Movement in options outstanding under the Employee Stock Option Plan for the year ended Mar 31, 2021

Particulars	Options	Weighted Average Exercise Price
Options outstanding as at April 1, 2020	55,11,351	38.68
Granted during the year	27,00,000	48.00
Exercised during the year	12,000	30.00
Forfeited /lapsed during the year	48,000	30.00
Options outstanding as at March 31, 2021	81,51,351	41.83
Options exercisable	6,55,000	37.49

Following summarises the information about stock options outstanding as at 31 March 2022

Category	Weighted Average Exercise Price	Number of shares arising out of options	Weighted average remaining contractual life (in years)
Class A*	36.42	6,19,000	3.35
Class B#	42.65	59,00,000	3.58
Options granted to Managing Director	42.11	13,51,351	3.09

Following summarises the information about stock options outstanding as at 31 March 2021

Category	Weighted Average Exercise Price	Number of shares arising out of options	Weighted average remaining contractual life (in years)
Class A*	36.04	9,00,000	4.32
Class B#	42.65	59,00,000	4.58
Managing Director	42.11	13,51,351	4.09

*Time based vesting

#Time and event based vesting



Fair Valuation Methodology

The fair value of options have been estimated on the dates of each grant using the Modified Black-Scholes model (MBS). The shares of Company are not listed on any stock exchange. Accordingly, the Company had considered the volatility of the Company's stock price based on historical volatility of similar listed enterprises. The various assumptions considered in the pricing model for the stock options granted by the Company are:

Particulars	Unit	As at Mar 31, 2022	As at Mar 31, 2021
Fair Value of Options at grant date	Rs	6.50-24.60	
Fair Value of Equity Shares at grant date	Rs	42.11-48.00	
Exercise Price	Rs	30.00-48.00	
Dividend Yield	%	0.00%	0.00%
Expected volatility	%	31.36%	31.36%
Risk free interest rate *	%	6.38%	6.38%
Expected life of the option *	Years	3.84	3.84

* The values in the above items are weighted average

The Company has recorded an employee compensation expense of INR 249 Lakhs in the statement of Profit and Loss (INR 262 Lakhs during the financial year ended March 31, 2021, in the statement of Profit and Loss)

The Company carried Employee Stock Option reserve amounting to INR 727 Lakhs (INR 515 Lakhs as at March 31, 2021) in the Balance Sheet.

The total intrinsic value amounting to INR 133 lakhs (INR 117 Lakhs as at March 31, 2021) at the end of the period of liabilities for which the counterparty's right to cash or other assets had vested by the end of the period.



46 Leases

a) The changes in the carrying value of Right Of Use (ROU) assets - building or premises for the year ended -

(INR in Lakhs)

Particular	As at Mar 31, 2022	As at Mar 31, 2021
Opening Balance of ROU - Building or Premises	10,840	8,359
Addition during the year	3,272	4,329
Depreciation charges for the year	(2,232)	(1,848)
Total balance of ROU - Building or Premises	11,880	10,840

b) The changes in the carrying value of right of use assets - furniture for the year ended -

Particular	As at Mar 31, 2022	31 March 2021
Opening Balance of ROU - Furniture	345	394
Reduction during the year	(181)	-
Depreciation charges for the year	(74)	(49)
Total balance of ROU - Furniture	90	345

c) The following is the movement in lease liabilities during the year ended -

Particular	As at Mar 31, 2022	31 March 2021
Opening Balance of Lease Liabilities	12,463	8,978
Addition during the year	3,036	4,752
Finance cost accrued during the year	900	1,002
Payment made during the year	(2,695)	(2,269)
Closing balance of lease liabilities	13,704	12,462

d) The table below provides details of amount recognised in the Statement of Profit and Loss for the year ended -

Particular	As at Mar 31, 2022	31 March 2021
Depreciation charge for right of use asset	2,307	1,897
Interest expense (included in finance cost)	900	1,002
Expense relating to short term lease	-	-
Total	3,208	2,899

e) The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis as of -

Particular	As at Mar 31, 2022	31 March 2021
Less than one year	3,010	2,144
One to five years	9,530	8,882
More than five years	4,432	2,937
Total	16,972	13,963

f) Rental expense recorded for leases of low-value assets was Nil for the year ended March 31, 2022. (For the year ended March 31, 2021 : NIL)



Fedbank Financial Services Limited
Notes to the financial statements (Continued)

47 Disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

These disclosures are made pursuant to Reserve Bank of India Master Direction DNBR. PD 008/03.10.119/2016-17 dated September 01, 2016 (as amended), to the extent applicable to the Company.

The Reserve Bank of India, vide its circular reference RBI/2019-20/170 DOR (NBFC)/CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020 outlined the regulatory guidance in relation to Ind AS financial statements from financial year 2019-20 onwards. This included guidance for computation of 'owned funds', 'net owned funds' and 'regulatory capital'.

Accordingly, CRAR has been computed in accordance with these requirements read with the requirements of the Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 (as amended).

47.01 Foreign Currency

The Company has not entered into any foreign currency transaction during the year ended March 31, 2022. The Company does not have any outstanding unhedged foreign currency exposure as at March 31, 2022.

47.02 Investments

(INR in Lakhs)		
Particulars	As at Mar 31, 2022	As at Mar 31, 2021
(1) Value of investments		
(i) Gross value of investments		
(a) In India	51,516	3,334
(b) Outside India	Nil	Nil
(ii) Provisions for depreciation		
(a) In India	83	85
(b) Outside India	Nil	Nil
(iii) Net value of investments		
(a) In India	51,433	3,249
(b) Outside India	Nil	Nil
(2) Movement of provisions held towards depreciation on investments		
(i) Opening balance	85	10
(ii) Add: Provisions made during the year	(2)	75
(iii) Less: Write-off/write-back of excess provisions during the year	-	0
(iv) Closing balance	83	85

47.03 Derivatives

a) Forward rate agreement/Interest rate swap

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

b) Exchange traded interest rate (IR) derivatives

S.N	Particulars	As at Mar 31, 2022	As at Mar 31, 2021
(i)	Notional principal amount of exchange traded IR derivatives undertaken during the year (instrument-wise)	Nil	Nil
(ii)	Notional principal amount of exchange traded IR derivatives outstanding	Nil	Nil
(iii)	Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	Nil	Nil
(iv)	Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	Nil	Nil

c) Qualitative disclosures

The Company has not entered into any derivative contracts during the Year ended March 31, 2022.

d) Quantitative Disclosures

Particulars	As at Mar 31, 2022	As at Mar 31, 2021
(i) Derivatives (Notional Principal Amount)		
For Hedging	Nil	Nil
(ii) Marked to Market Positions (1)		
a) Assets (+)	Nil	Nil
b) Liability (-)	Nil	Nil
(iii) Credit Exposure	Nil	Nil
(iv) Unhedged Exposures	Nil	Nil



Fedbank Financial Services Limited
Notes to the financial statements (Continued)

47.04 Direct Assignment and Securitisation

Part A - Disclosure in the notes to the accounts in respect of securitisation transaction

(INR in Lakhs)

Particulars	As at Mar 31, 2022	As at Mar 31, 2021
No of SPVs sponsored by the applicable NBFC for securitisation transactions	-	1
Total amount of securitised assets as per books of the SPVs sponsored	-	2,039
Total Amount Outstanding	-	1,745
Total amount of exposure retained by the NBFC to comply with MRR as on date of balance sheet	-	-
a) Off balance sheet exposures		
First Loss	-	-
Others	-	-
b) On balance sheet exposure		
First Loss	-	-
Others	-	87
Amount of exposures to securitisation transactions other than MRR		
a) Off balance sheet exposures		
i) Exposure to own securitisation		
First Loss	-	-
Others	-	-
ii) Exposure to third party securitisation		
First Loss	-	-
Others	-	-
b) On balance sheet exposures		
iii) Exposure to own securitisation		
First Loss	-	150
Others	-	-
iv) Exposure to third party securitisation		
First Loss	-	-
Others	-	-

Part B - Details of Direct Assignment

Details of loans transferred / acquired during the quarter ended March 31, 2022 under the RBI Master Direction RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22 on Transfer of Loan Exposures dated September 24, 2021 are given below:

- (i) The Company has not transferred any non-performing assets (NPAs).
- (ii) The Company has not transferred any Special Mention Account (SMA) and loan not in default.
- (iii) Details of loans not in default transferred through Assignment are given below:

Particulars	Amount
Aggregate amount of Loan transferred (Rs. in lakhs)	27,216
Weighted average residual maturity (in months)	116
Weighted average holding period by originator (in months)	27
Retention of beneficial economic interest	10% / 20%
Coverage of tangible security coverage	82%
Rating-wise distribution of rated loans	NA

- (iv) The Company has not acquired any loans through assignment.
- (v) The Company has not acquired any stressed loan.

During the year ended March 31, 2022, the company has executed one Direct Assignment transaction. The de-recognition criteria as per Ind AS 109 has been met in respect of all the direct assignment transactions. The management has evaluated the impact of all the Direct Assignment transactions de-recognised based on the future business plan, which is to hold these assets for collecting contractual cash flows.



47.05 Asset liability management maturity pattern of certain items of assets and liabilities
As at Mar 31, 2022

Particulars	1 to 7 days	8 to 14 days	15 to 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
Deposits	-	-	-	-	-	-	-	-	-	-	-
Advances	15,104	3,838	7,464	36,019	48,445	66,970	1,17,022	1,16,084	78,898	74,637	5,64,481
Investments	10,309	7,490	-	-	-	32,884	-	-	750	-	51,433
Borrowings	4,203	780	7,524	11,609	25,429	21,393	1,22,077	2,24,466	55,961	28,241	5,01,683
Foreign currency assets	-	-	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-	-	-

As at Mar 31, 2021

Particulars	1 to 7 days	8 to 14 days	15 to 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
Deposits	-	-	-	-	-	-	-	-	-	-	-
Advances	14,813.00	1,509.00	4,046.00	13,309.00	19,884.00	62,298.00	1,21,622.00	55,047.00	25,823.00	1,36,862.00	4,55,214.00
Investments	2,501.00	-	-	209.00	-	418.00	121.00	-	-	-	3,249.00
Borrowings	11,940.00	4,654.00	3,821.00	5,589.00	21,384.00	23,922.00	88,729.00	1,84,403.00	60,892.00	27,475.00	4,32,809.00
Foreign currency assets	-	-	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-	-	-

Note: Above Asset liability maturity pattern are prepared based on the guidelines issued by RBI on Asset liability management framework.

47.06 Capital to Risk Asset Ratio

Particulars	As at Mar 31, 2022	As at Mar 31, 2021
CRAR (%)	23.04	23.52
CRAR - Tier I Capital (%)	18.38	17.10
CRAR - Tier II Capital (%)	4.65	6.42
Amount of subordinated debts raised as Tier II capital	25,907	25,846
Amount raised by issue of perpetual debt instruments	-	-



47.07 Details of non-performing accounts purchased/sold

(a) Details of non-performing accounts purchased		(INR in Lakhs)	
Sr. No.	Particulars	As at Mar 31, 2022	As at Mar 31, 2021
(i)	No. of accounts purchased during the year	Nil	Nil
(ii)	Aggregate outstanding	Nil	Nil
(iii)	Of these, number of accounts restructured during the year	Nil	Nil
(iv)	Aggregate outstanding	Nil	Nil

(b) Details of non-performing accounts sold			
Sr. No.	Particulars	As at Mar 31, 2022	As at Mar 31, 2021
(i)	No. of accounts sold during the year	Nil	Nil
(ii)	Aggregate outstanding	Nil	Nil
(iii)	Of these, number of accounts restructured during the year	Nil	Nil
(iv)	Aggregate outstanding	Nil	Nil

47.08 Exposure to real estate sector, both direct and indirect & exposure to capital market

a) Exposure to real estate sector, both direct and indirect

Particulars	As at Mar 31, 2022	As at Mar 31, 2021
(i) Residential Mortgages Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	2,10,496	1,46,625
(ii) Commercial Real Estate Lending secured by mortgages on commercial real estate's (office buildings, retail space, multipurpose commercial premises, Multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits:	50,692	57,635
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures		
(a) Residential	-	-
(b) Commercial Real Estate	-	-
Total Exposure to Real Estate	2,61,188	2,04,260

b) Exposure to Capital Market

Particulars	As at Mar 31, 2022	As at Mar 31, 2021
(i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt	Nil	Nil
(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	Nil	Nil
(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	Nil	Nil
(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	Nil	Nil
(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stock brokers and market makers	Nil	Nil
(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 resource	Nil	Nil
(vii) bridge loans to companies against expected equity flows / issue	Nil	Nil
(viii) all exposures to Venture Capital Funds (both registered and unregistered)	Nil	Nil
Total exposure to Capital Market	Nil	Nil



Fedbank Financial Services Limited
Notes to the financial statements (Continued)

47.09 Movement of credit impaired loans under Ind AS

(INR in Lakhs)			
Sr. No.	Particulars	As at Mar 31, 2022	As at Mar 31, 2021
(i)	Net impaired loss allowance to Net loans (%)	1.75%	0.71%
(ii)	Movement of credit impaired loans under Ind AS (Gross)		
	(a) Opening balance	4,681	5,354
	(b) Additions during the year	12,973	3,103
	(c) Reductions during the year	846	872
	(d) Written off	3,950	2,904
	(e) Closing balance	12,858	4,681
(iii)	Movement of Net impaired loans		
	(a) Opening balance	3,282	3,987
	(b) Additions during the year	10,227	2,279
	(c) Reductions during the year	731	847
	(d) Written off	2,758	2,136
	(e) Closing balance	10,020	3,282
(iv)	Movement of impairment loss allowance on credit impaired loans		
	(a) Opening balance	1,399	1,367
	(b) Additions during the year	2,746	824
	(c) Reductions during the year	115	25
	(d) Written off	1,192	768
	(e) Closing balance	2,838	1,399

47.10 Concentration of Loan, Exposure & Credit Impaired loans

(a) Concentration of Loan			
Sr. No.	Particulars	As at Mar 31, 2022	As at Mar 31, 2021
(i)	Total advances to twenty largest borrowers	14,054	18,804
(ii)	Percentage of Twenty largest borrowers to Total advances	2.44%	4.06%
(b) Concentration of Exposure			
Sr. No.	Particulars	As at Mar 31, 2022	As at Mar 31, 2021
(i)	Total exposure to twenty largest borrowers	14,054	18,804
(ii)	Percentage of exposure to twenty largest borrowers to Total Exposure	2.44%	4.06%
(c) Concentration of credit impaired			
Sr. No.	Particulars	As at Mar 31, 2022	As at Mar 31, 2021
(i)	Total exposure of top four credit impaired accounts	3,351	1,845
(d) Sector wise distribution of credit impaired loss			
Sr. No.	Particulars	As at Mar 31, 2022	As at Mar 31, 2021
1	Agriculture and allied activities	0.00%	0.00%
2	MSME	0.00%	0.00%
3	Corporate borrowers	0.00%	0.00%
4	Services	0.00%	0.00%
5	Unsecured personal loans	0.00%	0.00%
6	Auto Loans	0.00%	0.00%
7	Other personal loans	0.00%	0.00%
8	Others	2.23%	1.03%

47.11 Details of single borrower limit and group borrower limit exceeded by the Company

During the year ended March 31, 2022 and March 31, 2021, the Company's credit exposure to single borrower and group borrowers were within the limits prescribed by the RBI.

47.12 Unsecured Advances

The Company has not taken any charge over the rights, licences, authorisation etc. against unsecured loan given to borrowers in the year ended March 31, 2022 and March 31, 2021.

47.13 Fraud Reporting

The fraud detected and reported for the year ended March 31, 2022 amounted to INR 1,051.79 lakhs. (year ended March 31, 2021: INR 472 Lakhs)

47.14 Net profit or loss for the year/period, prior period items and change in accounting policy

There are no prior period items and no changes in accounting policy.



Fedbank Financial Services Limited
Notes to the financial statements (Continued)

47.15 Details of "provision and contingencies"

Sr. No.	Particulars	(INR in Lakhs)	
		For the year ended Mar 31, 2022	For the year ended Mar 31, 2021
1	Provision for depreciation on investment	(2)	75
2	Provision towards credit impaired loans	1,439	47
3	Provision towards income tax	4,710	2,924
4	Provision for standard loans (Stage 1 & 2)	2,685	4,084

47.16 Draw down from reserves

The Company has not made any draw down from reserves during Year ended March 31, 2022 (March 31, 2021 - Nil)

47.17 Customer complaints

Sr. No.	Particulars	For the year ended Mar 31, 2022	For the year ended Mar 31, 2021
1	No. of complaints pending as at the beginning of the year	2	1
2	No. of complaints received during the year	74	71
3	No. of complaints redressed during the year	72	70
4	No. of complaints pending as at the end of the year	4	2

47.18 Registration obtained from Financial Sector Regulators

Regulator	Registration No.
Reserve Bank of India	Certificate of Registration No. N-16 00187 dt 24th August, 2016

47.19 Ratings assigned by the credit rating agencies and migration of ratings during the Financial Year

Sr. No.	Particulars	Name of the Instrument	For the year ended Mar 31, 2022	For the year ended Mar 31, 2021
1	Long Term	Bank Lines	India Rating and Research Pvt. Ltd. AA-/Stable	India Rating and Research Pvt. Ltd. AA-/Stable
2	Short Term	Commercial paper	CRISIL A1+	CRISIL A1+
3	Long Term	Non convertible debentures	CARE AA-/Stable	CARE AA-/Stable
4	Long Term	Non convertible debentures	India Rating and Research Pvt. Ltd. AA-	India Rating and Research Pvt. Ltd. AA-
5	Long Term	Non convertible debentures - Subordinated Debt	India Rating and Research Pvt. Ltd. AA-/Stable	India Rating and Research Pvt. Ltd. AA-/Stable
6	Short Term	Commercial paper	Acute Ratings & Research Limited A1+	Acute Ratings & Research Limited A1+
7	Short Term	Commercial paper	ICRA Ltd A1+	ICRA Ltd A1+

47.20 Amounts due to Investor Education and Protection Fund

There is no amount due to be credited to Investor Education and Protection Fund as at March 31, 2022 (March 31, 2021 - Nil).

47.21 Off Balance Sheet SPV sponsored - The Company does not have any SPVs sponsored (which are required to be consolidated as per Accounting Norms).

47.22 Penalties imposed by RBI

Penalty of INR Nil was imposed on Fedbank Financial Services Limited. (March 31, 2021 INR 15.00 lakh*)

* During the financial year ended 31st March 2021, RBI vide order ref EFD.CO.SO/372/02.14.148/2020-21 March 22, 2021 in exercise of the powers conferred under clause (b) of sub-section (1) of section 58G read with clause (aa) of sub-section (5) of section 58B of the Act.

47.23 Ownership Overseas Assets (for those with joint ventures and subsidiaries abroad)

There are no overseas assets owned by the Company.

47.24 Disclosure pursuant to Reserve Bank of India notification DNBS.CC.PD.No.356/03.10.01/2013-14 dated 16 September 2013
Details of Gold auction conducted

Particulars	For the year ended Mar 31, 2022	For the year ended Mar 31, 2021
No. of loan accounts	15,258	1,073
Principal Amount outstanding at the date of auction	14,553	893
Interest Amount outstanding at the date of auction	2,432	84
Total value fetched	18,235	1,095

Note: No entry within the Company's group including any holding or associate Company or any related party had participated in any of the above auctions.



47.25 Schedule to the Balance Sheet of a non deposit taking Non-Banking Financial Company (as required in terms of Paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016)

Sr. No.	Particulars	As at Mar 31, 2022	As at Mar 31, 2021
	Liabilities side		
1	Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:		
	(a) Debentures		
	-Secured	20,068	30,545
	-Unsecured	25,907	25,846
	(other than falling within the meaning of public deposits*)		
	(b) Deferred Credits	Nil	Nil
	(c) Term Loans	4,10,935	3,29,240
	(d) Inter-corporate loans and borrowing	Nil	Nil
	(e) Commercial Paper	33,274	28,825
	(f) Other Loans (represents Working Capital Demand Loan, Cash credit, Bank Over draft and Liability component of Compound financial instrument)	11,500	18,352
	Asset side		
2	Break-up of Loans and Advances including bills receivables [other than those included in (4) below]		
	(a) Secured	4,87,597	4,05,190
	(b) Unsecured	88,497	57,513
3	Break-up of Leased Assets and stock on hire and other assets counting towards AFC activities		
	(i) Lease assets including lease rentals under sundry debtors		
	(a) Finance Lease	Nil	Nil
	(b) Operating Lease	Nil	Nil
	(ii) Stock on hire including hire charges under sundry debtors:		
	(a) Assets on hire	Nil	Nil
	(b) Repossessed Assets	Nil	Nil
	(iii) Other loans counting towards AFC activities		
	(a) Loans where assets have been repossessed	Nil	Nil
	(b) Loans other than (a) above	Nil	Nil
4	Break-up of Investments		
	Short Term Investments:		
	1 Quoted		
	(i) Shares:		
	(a) Equity	Nil	Nil
	(b) Preference	Nil	Nil
	(ii) Debentures and bonds	Nil	Nil
	(iii) Units of mutual funds	10,309	2,501
	(iv) Government Securities	40,374	Nil
	(v) Others	Nil	Nil
	2 Unquoted		
	(i) Shares:		
	(a) Equity	Nil	Nil
	(b) Preference	Nil	Nil
	(ii) Debentures and bonds	750	748
	(iii) Units of mutual funds	Nil	Nil
	(iv) Government Securities	Nil	Nil
	(v) Others	Nil	Nil
	Long Term Investments		
	1 Quoted		
	(i) Shares		
	(a) Equity	Nil	Nil
	(b) Preference	Nil	Nil
	(ii) Debentures and bonds	Nil	Nil
	(iii) Units of mutual funds	Nil	Nil
	(iv) Government Securities	Nil	Nil
	(v) Others	Nil	Nil
	2 Unquoted		
	(i) Shares:		
	(a) Equity	Nil	Nil
	(b) Preference	Nil	Nil
	(ii) Debentures and bonds	Nil	Nil
	(iii) Units of mutual funds	Nil	Nil
	(iv) Government Securities	Nil	Nil
	(v) Others	Nil	Nil
5	Borrower group-wise classification of assets financed as in (2) and (3) above		
	1 Related Parties		
	(a) Subsidiaries	Nil	Nil
	(b) Companies in the same group	Nil	Nil
	(c) Other related parties-Holding Company	Nil	Nil
	2 Other than related parties	5,76,094	4,62,703
	Total		
6	Other Information:		
	(i) Gross Non-Performing Assets		
	(a) Related parties	Nil	Nil
	(b) Other than related parties	12,858	4,816
	(ii) Net Non-Performing Assets		
	(a) Related parties	Nil	Nil
	(b) Other than related parties	10,020	3,283
	(iii) Assets acquired in satisfaction of debt	Nil	Nil



47.26 Disclosure in term of notification no. RBI/2019-20/170 DOR (NBFC), CC, PD, No. 109/22, 10.106/2019-20

(A) Comparison between provisions required under Income Recognition, Asset Classification and Provisioning and impairment allowances made under Ind AS 109

(INR in Lakhs)

Asset classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying amount as per Ind AS 109	Loss Allowances (Provision) as required under Ind AS 109	Net carrying amount	Provision required under IRACP norms	Difference between Ind AS 109 and IRACP norms
		31-03-2022	31-03-2021	31-03-2022	31-03-2022	31-03-2021
		(1)	(2)	(3) = (1) - (2)	(4)	(5) = (4) - (3)
(1)	(2)					
Performing Assets						
Standard		5,13,113	4,45,141	4,336	5,10,589	4,40,606
Stage 1		37,646	12,881	1,556	31,481	11,325
Stage 2		5,50,759	4,58,022	6,691	5,42,073	4,51,931
Sub Total					4,535	2,393
Non Performing Assets (NPA)						
Sub Standard		11,341	4,100	1,277	8,779	2,823
Doubtful (upto 1 year)		12,477	-	90	12,387	-
Stage 3		1,033	578	120	864	438
Doubtful (1 - 3 year)		440	64	0	376	1
Stage 3		0	0	0	0	0
Doubtful (more than 3 year)		1,473	579	234	1,240	459
Sub-total for Doubtful					283	99
Loss		44	2	2	44	21
Sub-total for NPA		25,335	4,681	1,399	22,408	3,282
Other items: Full and final recovery		-	-	-	-	-
Stage 1		-	8	8	-	8
Stage 2		-	-	-	-	-
Stage 3		-	-	-	-	-
Sub-total		-	8	8	-	8
Total		5,13,113	4,45,141	4,536	5,10,589	4,40,606
Stage 1		50,123	12,889	1,564	43,872	11,325
Stage 2		12,858	4,681	1,399	10,020	3,282
Stage 3		5,76,094	4,62,711	7,497	5,64,481	4,55,214
Total					7,131	2,923
					2,121	2,343
					3,580	87
					1,430	522
					4,55,214	4,482
					876	4,575
					2,192	1,506
					1,408	876
					4,482	4,575

* These represent gold loan accounts which have been classified as Stage 2 based on the Credit Risk policy and assessment of the Company which lays down the definition of 'default'. The Company considers for it's staging analysis. Further, the Company has also considered Loan to Value (LTV) margin, empirical evidence of realization from the liquidation of collateral and other information. These accounts are classifiable as Sub-standard under the extant regulatory provisions.

(B) Disclosure in term of RBI notification no. RBI/2019-20/170 DOR (NBFC), CC, PD, No. 109/22, 10.106/2019-20 dated March 13, 2020 relating to classification of gold loan accounts that are past due beyond 90 days but not treated/classified as impaired (Stage 3) assets by virtue of the following:

- Gold loans are originated basis value of underlying collateral rather than financial background of the borrower.
- The underlying collateral are liquid and as a consequence the credit impairment risk is primarily on account of insufficiency of margin/loan to value (LTV) if any.
- At the time of re-pledge/rollover of the gold loan facility, there is no concession granted/offered to the borrower by the Company and process followed is similar to that which would have been followed for any new borrower as there is a re-evaluation of collateral (including additional margin/collateral brought-in by borrowers) and it is ensured that the collateral value is within the RBI prescribed LTV norms at origination.
- Empirical evidence of realisation/recoveries from the liquidation of collateral for past 6 quarters has established immaterial/insignificant Loss Given Default (LGD) rates for the gold loan portfolio.

Particulars	Number of Accounts	Total amount Outstanding as at March 31, 2022	Total amount Overdue as at March 31, 2022
		(in Lakhs)	(in Lakhs)
Accounts where 90 days rebuttal is done during the year	5,158	6,281	6,281
Accounts linked to above	5,310	6,196	650
Total	10,508	12,477	6,931



47.27 Public Disclosures as mandated by LRM framework for NBFCs issued by the RBI on 4th November 2019.

a) Funding Concentration based on significant counterparty

(INR in Lakhs)

Sr. No.	Significant counterparty*	As at March 31, 2022	
		Amount	% of total liabilities
1	Federal Bank Ltd	81,340	15.06%
2	Bank of Baroda	51,948	9.62%
3	Indian Bank	43,269	8.01%
4	ICICI BANK	40,935	7.58%
5	SIDBI	33,211	6.15%
6	HDFC Bank Ltd	26,062	4.82%
7	Axis Bank	21,490	3.98%
8	Canara Bank	24,314	4.50%
9	Bank of Maharashtra	19,981	3.70%
10	Central Bank of India	19,706	3.65%
11	Indian Overseas Bank	18,846	3.49%
12	Bank of India	17,929	3.32%
13	Karnataka Bank	14,604	2.70%
14	State Bank of India	11,961	2.21%
15	IDBI Bank	10,736	1.99%
16	DCB Bank	10,634	1.97%
17	HDFC Mutual Fund	10,000	1.85%
18	DSP Mutual Fund	10,000	1.85%
19	Bajaj Finance	5,616	1.04%

*Significant counterparty has been defined as exposure greater than 1%

b) Top 10 borrowings

Sr. No.	Significant counterparty	As at March 31, 2022	
		Amount	% of total Borrowing
1	Federal Bank Ltd	81,340	16.21%
2	Bank of Baroda	51,948	10.35%
3	Indian Bank	43,269	8.62%
4	ICICI BANK	40,935	8.16%
5	SIDBI	33,211	6.62%
6	HDFC Bank Ltd	26,062	5.19%
7	Axis Bank	21,490	4.28%
8	Canara Bank	24,314	4.85%
9	Bank of Maharashtra	19,981	3.98%
10	Central Bank of India	19,706	3.93%

c) Funding Concentration based on significant instrument/product

Sr. No.	Significant counterparty	As at March 31, 2022	
		Amount	% of total liabilities
1	Short Term working Capital	11,500	2.13%
2	Term Loan- Secured	4,03,416	74.68%
3	Term Loan- Unsecured	7,520	1.39%
4	Commercial paper	33,274	6.16%
5	NCD - Secured	20,068	3.71%
6	NCD - Unsecured	25,906	4.80%

d) Stock Ratio

Sr No	Particulars	As at March 31, 2022	
		%	
1	Commercial Paper as % of Total Liabilities	6.16%	
2	Commercial Paper as % of Total Assets	5.08%	
3	Other Short Term Liabilities as % of Total Liabilities	10.05%	
4	Other Short Term Liabilities as % of Total Asset	8.29%	



a) Funding Concentration based on significant counterparty		As at March 31, 2021	
Sr. No.	Significant counterparty*	Amount	% of total liabilities
1	Federal Bank	1,08,162	25.29%
2	HDFC Bank Limited	44,927	10.51%
3	Indian Bank	37,934	8.87%
4	ICICI Bank	32,946	7.70%
5	Axis Bank	29,832	6.98%
6	Canara Bank	27,067	6.33%
7	State Bank of India	25,920	6.06%
8	Hdfc Mutual Fund	23,890	5.59%
9	Bank of Baroda	18,953	4.43%
10	SIDBI	12,833	3.00%
11	Bank of Maharashtra	9,988	2.34%
12	Bajaj Finance Limited	8,484	1.98%
13	DCB Bank	6,651	1.56%
14	IDBI Bank	6,493	1.52%
15	Karnataka Bank	6,462	1.51%
16	AU Small Finance Bank	5,000	1.17%
17	Punjab National Bank	5,000	1.17%
18	Bank of India	4,990	1.17%

*Significant counterparty has been defined as exposure greater than 1%

b) Top 10 borrowings

		As at March 31, 2021	
Sr. No.	Significant counterparty	Amount	% of total liabilities
1	Federal Bank	1,08,162	25.29%
2	HDFC Bank Limited	44,927	10.51%
3	Indian Bank	37,934	8.87%
4	ICICI Bank	32,946	7.70%
5	Axis Bank	29,832	6.98%
6	Canara Bank	27,067	6.33%
7	State Bank of India	25,920	6.06%
8	Hdfc Mutual Fund	23,890	5.59%
9	Bank of Baroda	18,953	4.43%
10	SIDBI	12,833	3.00%

c) Funding Concentration based on significant instrument/product

		As at March 31, 2021	
Sr. No.	Significant counterparty	Amount	% of total liabilities
1	Short Term working Capital	16,630	3.89%
2	Term Loan- Secured	3,21,381	75.15%
3	Term Loan- Unsecured	7,490	1.75%
4	NCD - Secured	18,733	4.38%
5	NCD - Unsecured	34,590	8.09%
6	Commercial paper	28,825	6.74%

d) Stock Ratio

		As at March 31, 2021
Sr No	Particulars	%
1	Commercial Paper as % of Total Liabilities	6.22%
2	Commercial Paper as % of Total Assets	5.27%
3	Other Short Term Liabilities as % of Total Liabilities	3.58%
4	Other Short Term Liabilities as % of Total Asset	3.03%



48. Disclosure of restructured advances

(INR in Lakhs)

(INR in Lakhs)

Sr.No.	Type of restructuring	Assets classification Details	Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
			Stand ard	Substa ndard	Doubt ful	Loss	Total	Stand ard	Substa ndard	Doubt ful	Loss	Total	Stand ard	Substa ndard	Doubt ful	Loss	Total	Stand ard	Substa ndard	Doubt ful	Loss	Total
1	Restructured Accounts as on April 1, 2021 of the FY (opening figures)*	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	7	-	-	7	-	7	-	-	7
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	538	-	-	538	-	538	-	-	538
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	250	-	-	250	-	250	-	-	250
2	Fresh restructuring during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	11	-	-	11	-	11	-	-	11	
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	440	-	-	440	-	440	-	-	440	
		Provision thereon	-	-	-	-	-	-	-	-	-	-	171	-	-	171	-	171	-	-	171	
3	Upgradations to restructured standard category during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	(16)	-	-	(16)	-	(16)	-	-	(16)
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	(53)	-	-	(53)	-	(53)	-	-	(53)
5	Downgradations 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	-	-	-	-	-	-	-	-	-	-	(2)	-	-	(2.00)	-	(2.00)	-	-	(2.00)	
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	(70)	-	-	(70)	-	(70)	-	-	(70)	
		Provision thereon	-	-	-	-	-	-	-	-	-	-	(58)	-	-	(58)	-	(58)	-	-	(58)	
7	Restructured Accounts as on March 31, 2022 of the FY (closing figures*)	No. of borrowers	-	-	-	-	-	-	-	-	-	-	10	-	-	10	-	10	-	-	10	
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	912	-	-	912	-	912	-	-	912	
		Provision thereon	-	-	-	-	-	-	-	-	-	-	310	-	-	310	-	310	-	-	310	

Note:

1. Reduction in opening restructured POS has been shown in restructured standard advances which cease to attract higher provision, as no specific row was available to disclose this movement. Similarly provision has also been shown under higher provision/additional risk.

2. The figures disclosed above are for loans restructured under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 which excludes cases restructured loans under OTR 1.0 and 2.0

48.01 Disclosure in compliance with RBI circular 2020-21/17 DOR.No.BP/BC/4/21.04.048/2020-21

RBI vide its circular 2020-21/17 DOR.No.BP/BC/4/21.04.048/2020-21 dated August 6, 2020 and vide circular DOR.STR.REC.12/21 04/048/2021-22 dated May 5, 2021 has allowed a one-time restructuring of existing loans to MSMEs classified as 'standard' without any downgrade in the asset classification, subject to prescribed conditions

(INR in Lakhs)

No. of accounts restructured	Amount outstanding as at 31st Mar 2022
234	8,127



48.02 Disclosure in compliance with RBI circular 2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21

Format-B		(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	2146	79	270	9	1,782
Corporate persons*	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	-	-	-	-	-

* As defined in Section 5(7) of the Insolvency and Bankruptcy Code, 2016.

During the year ended March 31, 2022, the Company has implemented resolution plan in accordance with the Resolution Framework for COVID-19 related stress announced by the RBI in 9042 loan account with a total outstanding INR 20,238 Lakhs as on March 31, 2022. Of these, total loan which were restructured during the period, for 3836 cases having an outstanding amount of INR 2,352 Lakhs (as at March 31, 2022) basis their credit assessment and the terms of restructuring, the Company has classified such restructured borrower accounts as non-impaired (under Ind AS 109, Financial Instruments) at March 31, 2022. The Company has evaluated the same basis repayment behaviour of borrowers and other qualitative factors which have been approved by Audit Committee of the Company.

49 During the Year ended March 31, 2022, based on assessment and approval of the Board, the Company has written off the loans and advances amounting to INR 3,950 Lakhs



50. LCR Disclosure

(INR in Lakhs)

	Particulars	As at Mar 31, 2022		As at Mar 31, 2021	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
	High Quality Liquid Asset				
1	Total High Quality Liquid Assets (HQLA)	46,888	46,888	11,603	11,603
	Cash Outflows				
2	Deposits (for deposit taking companies)	-	-	-	-
3	Unsecured wholesale funding	-	-	-	-
4	Secured wholesale funding	12,558	14,189	10,205	22,085
5	Additional requirements, of which:	-	-	-	-
(i)	Outflows related to derivative exposures and other collateral requirements	-	-	-	-
(ii)	Outflows related to loss of funding on debt products	-	-	-	-
(iii)	Credit and liquidity facilities	4,874	5,605	9,280	10,672
6	Other contractual funding obligations	14,618	16,811	11,189	12,867
7	Any other contractual outflows	4,605	5,296	3,184	3,662
8	TOTAL CASH OUTFLOWS	36,435	41,900	42,858	49,286
8B	75% of (Weighted Cash Outflow)		31,425		36,965
	Cash Inflows				
9	Secured lending	11,017	10,513	9,997	7,498
10	Inflows from fully performing exposures	-	-	-	-
11	Other cash inflows	17,235	23,426	97,149	72,862
12	TOTAL CASH INFLOWS	61,253	45,940	1,07,146	80,360
13	TOTAL HQLA		46,888		11,603
14	TOTAL NET CASH OUTFLOWS		10,475		12,322
15	LIQUIDITY COVERAGE RATIO (%)		448%		94%

Note: The above ratio is computed basis the expected cash flows of one month from the reporting period.

51.1 Impact of COVID-19

The Covid-19 pandemic has impacted most countries including India. The nationwide lockdown initiated by the Government of India in April-May 2020 substantially impacted economic activity. The easing of lockdown measures subsequently led to gradual improvement in economic activity and progress towards normalcy. RBI took various regulatory measures like moratorium on payment of dues, relief towards "Interest on interest" charged during March-August 2020 and allowing one time restructuring to eligible borrowers (OTR).

Further the second wave of COVID-19 pandemic in April-May 2021 led to re-imposition of localised/regional lockdown in various parts of the country, which led to substantial impact on economic activities. The second wave started to subside from June/21 onwards and there has been gradual lifting of lock downs and increase in economic activities. However the uncertainty which may emerge out of any possible new variants of the Corona Virus in future and its impact on the economic activities are not known. Accordingly, the Company's results remain uncertain and dependent on future developments and actuals may differ from the estimates used in the preparation of financial statements on the reporting date. The Company is carrying a management overlay, as part of its Expected Credit Loss (ECL) provision, of Rs 1,767 lakhs as on March 31, 2022 to cover any further deterioration in credit quality of its loans due to such uncertainties. The Company has been regular in servicing its debt obligations and has adequate capital and financial resources to run its business.

51.2. On 12 November 2021, the Reserve Bank of India (RBI) had issued circular no. RBI/2021-2022/125 DOR,STR REC 68/21 04.048/2021-22, requiring changes to and clarifying certain aspects of Income Recognition, Asset Classification and Provisioning norms (IRACP norms) pertaining to Advances. The Company has implemented the requirements pertaining to day-end-processing and allied matters as mentioned in the RBI circular dated November 12, 2021.

52. Transfer of financial assets

The Company has transferred a pool of loans arising from financing activities through securitisation transaction. In this transaction, the Company has provided credit enhancements to the transferee. Because of the existence of credit enhancements in this transaction, the Company continues to have the obligation to pay to the transferee, limited to the extent of credit enhancement, even if it does not collect the equivalent amounts from the original asset and continues to retain substantially all risks and rewards associated with the receivables, and hence, such transfer does not meet the derecognition criteria resulting into the transfer not being recorded as sale. Consequently, the proceeds received from the transfer has been recorded as collateralized debt obligation.

The carrying amount of loans arising from financing activities along with the associated liabilities is as follows:

Nature of Assets	As at Mar 31, 2022		As at Mar 31, 2021	
	Carrying amount of sold assets	Carrying amount of associated liabilities	Carrying amount of sold assets	Carrying amount of associated liabilities
Loans	-	-	130	6,168

53. Contingent Liabilities (to the extent not provided for)

(INR in Lakhs)

Sr. No.	Particulars	As at Mar 31, 2022	As at Mar 31, 2021
1	Disputed Income Taxes	-	36
2	Other Sums contingently liable for (2)	23	23
	Total	23	59

1. The Payment of Bonus Act, 1979 was amended with retrospective effect during the previous year, the estimated probable additional cost to the Company on account of this to the extent it pertains to the earlier financial years has not been considered a liability by placing reliance on Kerala High Court judgement which has stayed this matter and accordingly this is disclosed as contingent liability.

2. In line with industry practice, the Company auctions gold kept as security by borrowers whose loans are in default. Certain customers of the Company have filed suits in consumer/civil courts for auctioning of their gold ornaments or for obtaining of stay order against auction of their pledged gold. The management does not expect any material liability from such suits.

54. Capital and Other Commitments

(INR in Lakhs)

Sr. No.	Particulars	As at Mar 31, 2022	As at Mar 31, 2021
1	Estimated amounts of contracts remaining to be executed on capital accounts not provided for (Net of advances)	569	909
2	Other Commitments towards partly disbursed loans	4,874	9,358



Sr. No.	Ratios	Numerator	Denominator	As at Mar 31, 2022		As at Mar 31, 2021		Reason for Variance (if above 25%)
				Ratio		Ratio		
1	Capital to risk weighted asset ratio (CRAR)	1,36,209	5,91,298	23.04%		23.52%	-	
2	Tier I CRAR	1,08,687	5,91,298	18.38%		17.10%	-	
3	Tier II CRAR	27,522	5,91,298	4.65%		6.42%	-	
4	Liquidity Coverage Ratio	46,888	10,475	448%		94%		Significant increase in HQLA on account of higher liquidity maintained

Notes

1. Capital Adequacy Ratio has been computed as per relevant RBI Guidelines. (CRAR = (Tier I Capital + Tier II capital)/Total Risk weighted Assets)
2. Liquidity Coverage Ratio has been computed as per relevant RBI Guidelines. (LCR = Total High Quality Liquid Assets/Total Net Cash Outflows)

56 Disclosure as required under Rule 11(e) and Rule 11(f) of the Companies (Audit and Auditors) Rules, 2014

1. No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in a party identified by or on behalf of the Company (Ultimate Beneficiaries)
2. The Company has not received any fund from any party(s) with the understanding that the Company shall whether, directly or indirectly, lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries
3. There is no dividend declared or paid during the year by the Company.

57 INR 0 Lakhs indicates values are lower than INR 0.5 Lakhs, where applicable.

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
FRN: 101248W/W-100022



Ashwin Suvarna
Partner
Membership No. 109503
Place, Mumbai
Date: May 18th, 2022

For and on behalf of Board of Directors of Fedbank Financial Services Limited



C. V. Ganesh
Chief Financial Officer

S. Rajaraman
Company Secretary
MNo: E3514

Anil Kothuri
MD & CEO
DIN: 00277945

Balakrishnan Krishnamurthy
Non Executive Chairman
DIN: 00030431

Gauri Rashabhi Shah
Independent Director
DIN: 06025227

Place: Mumbai
Date: May 18th, 2022

Date: 10th February, 2023

To,

The General Manager
Compliance Dept.
BSE Limited
1st Floor, New Trading Ring,
Rotunda Building,
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai- 400 001

Company Code: 12337

Sub: Outcome of the Board meeting and approval of Unaudited Financial results under IND AS for the quarter and nine months ended December 31, 2022 pursuant to provisions of the SEBI (LODR) Regulations, 2015.

Dear Sir/Madam,

Pursuant to the provisions of Regulations 51, 52 and 54 read with Part B of Schedule III of the SEBI (Listing Obligations and Disclosure requirements) Regulations 2015 ("SEBI LODR") and other applicable regulations, if any, we hereby inform that the Board of Directors of the Company in their meeting held today i.e February 10, 2023 has inter- alia approved the following:

1. Unaudited Financial results under IND AS for the quarter and nine months ended December 31, 2022 which was duly approved by the Board of Directors. The said results were reviewed and recommended by the Audit Committee in its meeting held prior to the Board Meeting today i.e February 10, 2023.
2. Limited review Report by M/s. BSR & Co. LLP, Statutory Auditors, on the Unaudited Financial Results for the quarter and nine months ended December 31, 2022. Further M/s BSR & Co. LLP, Statutory Auditors of the Company has issued unmodified review opinion on the Unaudited results for the quarter and nine months ended December 31, 2022.

We enclose herewith:

1. Unaudited Financial results under IND AS for the quarter and nine months ended December 31, 2022 along with Limited review Report by M/s. BSR & Co. LLP, Statutory Auditors.
2. Disclosures in accordance with Regulation 52(4) of SEBI LODR.
3. Security cover certificate in accordance with Regulation 54 of SEBI LODR.

Further, in accordance with Regulation 52(8) of the SEBI LODR, the Company would be publishing the Unaudited Financial Results for the quarter and nine months ended December 31, 2022 in Business Standard newspaper within prescribed timelines.

The Board meeting is concluded at 06.30 p.m.

We request you to take the above on records.

Thanking you,

Yours Faithfully

For Fedbank Financial Services Limited



S. Rajaraman

Company Secretary & Compliance Officer

Membership No.:F3514

Statement of Unaudited Financial Results for the Quarter and nine months ended December 31, 2022

INR in Lakhs

Sl.No.	Particulars	For the Quarter ended			For the Nine months ended		For the Year ended
		Dec 31, 2022	Sep 30, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021	Mar 31, 2022
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	Revenue from Operations						
	(a) Interest Income	29,051	26,856	19,837	79,268	58,962	82,189
	(b) Fee and Commission Income	1,441	1,351	1,787	4,017	2,919	4,289
	(c) Net Gain on fair value changes	381	257	101	802	337	454
I	Total Revenue from Operations	30,873	28,464	21,725	84,087	62,218	86,932
II	Other Income	1,016	845	430	2,715	770	1,432
III	Total Income (I + II)	31,889	29,309	22,155	86,802	62,988	88,364
	Expenses						
	(a) Finance cost	12,515	10,814	8,741	33,113	25,651	34,765
	(b) Fees and commission expenses	794	493	417	1,730	1,003	1,470
	(c) Impairment on financial instruments and other receivable	1,040	1,706	1,142	3,705	6,697	8,388
	(d) Employee benefit expense	6,378	5,797	4,627	17,869	12,839	17,541
	(e) Depreciation and amortisation expense	1,091	1,043	1,037	3,077	2,672	3,670
	(f) Other expenses	3,444	3,089	2,261	8,494	5,856	8,609
IV	Total Expenses	25,262	22,922	18,225	67,988	54,618	74,443
V	Profit / (Loss) before tax (III-IV)	6,627	6,387	3,930	18,814	8,370	13,921
VI	Tax expense	1,510	1,771	1,097	4,705	2,198	3,575
	Current tax	1,193	1,652	1,771	4,489	3,228	4,710
	Deferred tax	317	119	(674)	216	(1,030)	(1,135)
VII	Net Profit / (Loss) for the period/year (V-VI)	5,117	4,616	2,833	14,109	6,172	10,346
VIII	Other Comprehensive Income	(86)	581	-	759	9	68
	(a) Items that will not be reclassified to profit or loss						
	(i) Re-measurement of net defined benefit plan	16	24	-	48	12	92
	(ii) Income tax related to items that shall not be reclassified to profit and loss	(5)	(6)	-	(13)	(3)	(24)
	Total	11	18	-	35	9	68
	(b) Items that will be reclassified to profit or loss						
	(i) Fair value gain / loss - OCI - Loans	(120)	763	-	992	-	-
	(ii) Fair value gain - OCI - Investment in Government Securities	(12)	1	-	(11)	-	-
	(iii) Tax effect on Fair value gain / loss - OCI - Loans and Investment in Government Securities	35	(200)	-	(257)	-	-
	Total	(97)	563	-	724	-	-
IX	Total Comprehensive Income (VII+VIII)	5,031	5,197	2,833	14,868	6,181	10,414
X	Earnings Per Share (Face Value of Rs. 10/- each)#						
	- Basic (Rs.)	1.60	1.43	0.89	4.39	2.00	3.32
	- Diluted (Rs.)	1.59	1.43	0.88	4.38	1.98	3.31

EPS for the period is not annualised

Notes:

1 The Company is a Systemically Important Non Deposit taking Non Banking Finance Company (NBFC-ND-SI) registered with Reserve Bank of India (RBI) classified as an Investment and Credit Company.

2 The above unaudited financial results have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standards (Ind AS), prescribed under section 133 of the Companies Act, 2013 (the "Act") and other recognised accounting practices generally accepted in India and are in compliance with regulation 52 and regulation 33 of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulation, 2015, as amended (the "Listing Regulations"), as prescribed in Securities and Exchange Board of India operational circular SEBI/HO/DDHS/P/CIR/2021/813 dated August 10, 2021. Any application guidance / clarification / directions issued by RBI or other regulators are implemented as and when they are issued / applicable.

3 The aforesaid unaudited financial results have been approved by the Board of Directors at its meeting held on February 10, 2023 after review by the Audit Committee. The statutory auditors have issued an unmodified review opinion on the aforesaid unaudited financial results for the quarter and nine months ended December 31, 2022.

4 Security cover available: The Company has secured NCDs of Rs 187.5 Crs (face value) outstanding at December 31, 2022 which are secured by way of first ranking pari passu charge over the eligible receivables & Current assets to the extent of security cover of 1.10 times of the Obligations.

5 Segment Information

Particulars	(INR in Lakhs)					
	Quarter ended	Quarter ended	Quarter ended	Nine month ended	Nine month ended	Year ended
	Dec 31, 2022	Sept 30, 2022	Dec 31, 2021	Dec 31, 2022	Dec 30, 2021	Mar 31, 2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
(i) Segment Revenue						
Retail Finance	29,108	29,976	20,573	79,603	58,051	81,582
Wholesale Finance	86	159	234	342	1,294	1,303
Distribution	881	825	661	2,410	1,782	2,603
Unallocated	1,816	1,349	987	4,447	1,861	2,876
Less: Inter Segment Revenue	-	-	-	-	-	-
Income from Operations	31,889	29,309	22,155	86,802	62,988	88,364
(ii) Segment Result						
Retail Finance	5,261	6,197	4,335	16,923	8,904	14,760
Wholesale Finance	(61)	(686)	(499)	(889)	(558)	(1,059)
Distribution	40	37	43	110	90	123
Unallocated	1,387	839	51	2,667	(66)	107
Profit before tax	6,627	6,367	3,930	18,814	8,370	13,921
(iii) Capital Employed						
Segment Assets						
Retail Finance	8,51,983	7,32,081	5,83,817	8,51,983	5,83,817	6,45,661
Wholesale Finance	3,847	4,074	25,946	3,847	25,946	4,987
Distribution	330	345	284	330	284	401
Unallocated	4,759	4,662	4,318	4,759	4,318	4,342
Total Assets	8,60,919	7,41,162	6,14,365	8,60,919	6,14,365	6,55,571
Segment Liabilities						
Retail Finance	7,26,703	6,12,083	4,89,221	7,26,703	4,89,221	5,33,368
Wholesale Finance	3,099	3,197	15,132	3,099	15,132	6,487
Distribution	100	116	58	100	58	364
Unallocated	-	-	-	-	-	-
Total Liabilities	7,29,902	6,15,396	5,04,411	7,29,902	5,04,411	5,40,219
(Segment assets - Segment Liabilities)						
Retail Finance	1,25,280	1,19,998	94,596	1,25,280	94,596	1,12,493
Wholesale Finance	748	877	10,814	748	10,814	(1,520)
Distribution	230	229	226	230	228	37
Unallocated	4,759	4,662	4,318	4,759	4,318	4,342
Net Segment assets / (liabilities)	1,31,017	1,25,766	1,08,964	1,31,017	1,09,954	1,15,362

The Company has reported segment information as per Indian Accounting Standard (Ind AS) 108 on 'Operating segments'. As per Ind AS 108, segments are identified based on management's evaluation of financial information for allocating resources and assessing performance. For presentation of segment information, directly attributable income, and assets are allocated as such and the other income, expenses and other assets and liabilities are apportioned on appropriate basis. Accordingly, the Company has identified following three reportable segment:

Business Segment	Principal Activities
1. Retail Finance	Retail finance comprises of Gold Loan, Loan Against Property, MSE Loan Against Property, Business Loans, Personal Loans and Housing Finance
2. Wholesale Finance	Wholesale finance segment comprised of Construction Finance and Loan to other NBFCs
3. Distribution	Distribution segment comprises of sourcing business of Home Loan, Auto Loans, Personal Loans and SME Loans for Holding Company

6 Disclosure as per Regulation 52(4) of SEBI (Listing Obligation & Disclosure Requirement) Regulation, 2015 as amended.

Particulars	As at	As at	As at	As at
	Dec 31, 2022	Sept 30, 2022	Mar 31, 2022	Dec 31, 2021
Debt-Equity Ratio ²	5.26	4.59	4.35	4.32
Debt Service Coverage Ratio	NA	NA	NA	NA
Interest Service Coverage Ratio	NA	NA	NA	NA
Outstanding redeemable preference shares (quantity and value)	NA	NA	NA	NA
Capital redemption reserve (INR in Lakhs)	200	200	200	NA
Debenture redemption reserve	NA	NA	NA	NA
Current liability ratio ³	0.43	0.40	0.40	0.37
Total debts to total assets	0.80	0.78	0.77	0.77
Net worth ⁴ (INR in Lakhs)	1,31,017	1,26,766	1,15,352	1,09,954
Sector specific equivalent ratios				
- CRAR	18.69%	19.60%	23.04%	23.65%
- Gross Non Performing Assets (GNPA) ⁵	2.41%	2.27%	2.23%	3.60%
- Net Non Performing Assets (NNPA) ⁶	1.95%	1.78%	1.75%	2.90%
- Liquidity Coverage ratio	88.00%	101.00%	448.00%	89.00%
- Provision Coverage Ratio (PCR) ⁷	19.35%	21.69%	22.07%	20.09%

Particulars	Quarter ended			Nine month ended		Year ended
	Dec 31, 2022	Sept 30, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021	Mar 31, 2022
Net profit margin (%)	18.05%	15.75%	12.79%	16.26%	9.80%	11.71%
Net Profit after tax (INR in Lakhs)	5,117	4,616	2,833	14,109	6,172	10,346
Earning Per Share (EPS) ⁸ - Not annualised						
- Basic	1.60	1.43	0.89	4.39	2.00	3.32
- Diluted	1.59	1.43	0.88	4.39	1.98	3.31

1. Debt service coverage ratio, Interest service coverage ratio, Current ratio, Long term debt to working capital ratio, Bad debts to accounts receivable ratio, Debtors turnover, Inventory turnover and Operating margin are not applicable to the Company.

2. Debt equity ratio = [Debt Securities + Borrowings (Other than Debt Securities) + Subordinated Liabilities] / [Equity Share capital + Other equity]

3. Current Liability Ratio = (Current Liabilities) / [Total Assets minus Total Net worth]

4. Net worth = [Equity share capital + Other equity]

5. GNPA = Stage 3 Loans / Total Gross Loans

6. NNPA = [Gross Stage 3 Loans - Impairment allowance for Stage 3 Loans] / [Total Gross Loans - Impairment allowance for Stage 3 Loans]

7. PCR = [Total impairment allowance for Stage 3 Loans] / [Total Stage 3 Loans]

7 During the quarter ended 31 December 2022, credit rating of outstanding Secured Non Convertible Debentures was upgraded from AA- Stable to AA Stable by CARE Ratings Limited.

8 Disclosure pertaining to RBI Master Direction - RBI/DOR/2021-22/B6 DOR.STR.REC.51/21.04.048/2021-22 Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021 dated September 24, 2021

(i) The Company has not transferred any non-performing assets (NPAs).

(ii) The Company has not transferred any Special Mention Account (SMA) and loan in default.

(iii) Details of transfer through assignment in respect of loans not in default during the quarter ended December 31, 2022:

Particulars	Amount
Aggregate amount of Loan transferred (Rs. in lakhs)	20,291
Weighted average residual maturity (in months)	57
Weighted average holding period by originator (in months)	15
Retention of beneficial economic interest	10%/20%
Coverage of tangible security coverage (in %)	29%
Rating-wise distribution of rated loans	NA

(iv) The Company has not acquired any loans in default or not in default through assignment.

(v) The Company has not acquired any stressed loan.

For and on behalf of Board of Directors
Fedbank Financial Services Limited.

Anil Kothuri
Managing Director & CEO
DIN: 00477845

Place: Mumbai
Date : February 10, 2023

BSR & Co. LLP

Chartered Accountants

14th Floor, Central Wing B Wing and North C Wing,
Nesco IT Park 4, Nesco Center,
Western Express Highway, Goregaon (East),
Mumbai – 400 063

Telephone: +91 22 6257 1000
Fax: +91 22 6257 1010

Limited Review Report on unaudited financial results of Fedbank Financial Services Limited for the quarter ended 31 December 2022 and year-to-date results for the period from 1 April 2022 to 31 December 2022 pursuant to Regulation 52 and Regulation 33 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“Listing Regulations”), as prescribed in Securities and Exchange Board of India operational circular SEBI/HO/DDHS/P/CIR/2021/613 dated 10 August 2021

To the Board of Directors of Fedbank Financial Services Limited

1. We have reviewed the accompanying statement of unaudited financial results of Fedbank Financial Services Limited (hereinafter referred to as “the Company”) for the quarter ended 31 December 2022 and year-to-date results for the period from 1 April 2022 to 31 December 2022 (“the Statement”).
2. This Statement, which is the responsibility of the Company’s management and approved by the 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, and other accounting principles generally accepted in India and in compliance with Regulation 52 and Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“Listing Regulations”), as prescribed in Securities and Exchange Board of India operational circular SEBI/HO/DDHS/P/CIR/2021/613 dated 10 August 2021. Our responsibility is to issue a report 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. 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.

Registered Office:

BSR & Co. (a partnership firm with Registration No. BA61223) converted into BSR & Co. LLP
(a Limited Liability Partnership with LLP Registration No. AAB-8181) with effect from October 14, 2013

14th Floor, Central B Wing and North C Wing, Nesco IT Park 4, Nesco Center,
Western Express Highway, Goregaon (East), Mumbai - 400063

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 Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 52 and Regulation 33 of the Securities and Exchange Board of India of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations"), as prescribed in Securities and Exchange Board of India operational circular SEBI/HO/DDHS/P/CIR/2021/613 dated 10 August 2021 including the manner in which it is to be disclosed, or that it contains any material misstatement or that it has not been prepared in accordance with the relevant prudential norms issued by the Reserve Bank of India in respect of income recognition, asset classification, provisioning and other related matters to the extent applicable.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No.: 101248 W/W-100022



Ashwin Suvarna

Partner

Membership No.: 109503

UDIN: 23109503BGXUOS9652

Mumbai
10 February 2023

Annexure I- Format of Security Cover

Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I	Column J	Column K	Column L	Column M	Column N	Column O
Particulars	Description of asset for which this certificate relate	Exclusive Charge	Exclusive Charge	Pari-Passu Charge	Pari-Passu Charge	Pari-Passu Charge	Assets not offered as Security	Elimination (amount in negative)	(Total C to H)	Related to only those items covered by this certificate				
		Debt for which this certificate being issued	Other Secured Debt	Debt for which this certificate being issued	Assets shared by pari passu debt holder (includes debt for which this certificate is issued & other debt with pari passu charge)	Other assets on which there is pari- Passu charge (excludin g items covered in column F)		debt amount considered more than once (due to exclusive plus pari passu harge)		Market Value for Assets charged on Exclusive basis	Carrying /book value for exclusive charge assets where market value is not ascertainable or applicable (For Eg. Bank Balance, DSRA market value is not applicable)	Market Value for Pari passu charge Assets viii	Carrying value /book value for pari passu charge assets where market value is not ascertainable or applicable (For Eg. Bank Balance, DSRA market value is not applicable)	Total Value (=K+L+M+N)
		Book Value	Book Value	Yes/ No	Book Value	Book Value					Relating to Column F			
ASSETS														
Property, Plant and Equipment				No	NA		32.18		32.18					
Capital Work-in-Progress				No	NA		1.15		1.15					
Right of Use Assets				No	NA		112.38		112.38					
Goodwill				No	NA		-		-					
Intangible Assets				No	NA		2.62		2.62					
Intangible Assets under Development				No	NA		-		-					
Investments				No	224.99		297.06		522.05				224.99	224.99
Loans	Loan Portfolio			Yes	6,396.14		799.09		7,195.23				6,396.14	6,396.14
Inventories				No	NA		-		-					
Trade Receivables				No	NA		16.48		16.48					
Cash and Cash Equivalents				No	387.59		184.74		572.33				387.59	387.59
Bank Balances other than Cash and Cash Equivalents				No	-		52.54		52.54					
Others				No	-		102.23		102.23					
Total		-	-		7,008.72		1,600.46	-	8,609.19				7,008.72	7,008.72
					NA									
LIABILITIES														
Debt securities to which this certificate pertains	Non - Convertible Debentures			Yes	196.57				196.57					
Other debt sharing pari-passu charge with above debt					NA				-					
Other Debt					NA				-					
Subordinated debt			No		NA		253.42		253.42					
Borrowings														
Bank			No		5,670.87		85.16		5,756.03					
Debt Securities					NA		450.39		450.39					
Others			No		211.95		25.01		236.96					
Trade payables			No		NA		5.32		5.32					
Lease Liabilities			No		NA		133.22		133.22					
Provisions			No		NA		5.81		5.81					
Others					NA		261.31		261.31					
Total		-	-		6,079.39		1,219.64	-	7,299.03					
Cover on Book Value					1.1									
Cover on Market Valueix														
		Exclusive Security cover ratio		Pari-passu security cover ratio										

Notes:

1. We confirm that the Company has complied with the covenants mentioned in the disclosure documents of the Non Convertible Debentures.
2. Loan portfolio mentioned in the column F represents Stage 1 and Stage 2 loans as defined in Ind AS 109.
3. Column F include book value of all assets having pari passu charge and outstanding book value of corresponding debt.
4. The value mention in Column F, H and J in respect to loans is net of provision made as per Ind AS 109.
5. Since market value of such loans are not readily available, the value disclose in coloum N are the book value.
6. Amounts are in INR crore.

Work done:

1. We have tallied back the number (coloum J) to F5

Fedbank Financial Services Limited
Notes to the financial statements

37 Related Party Disclosures

Related party disclosures as required under Indian Accounting Standard 24, "Related party disclosure" are given below.

37.1 List of related parties

Nature of Relationship	Name of Related Party
Holding Company	The Federal Bank Limited
Enterprises having significant influence	True North Fund VI LLP
Enterprises over which related party has significant influence	True North Managers LLP Niva Bupa Health Insurance Company Limited (Formerly known as Max Bupa Health Insurance Company Limited)
Key Management Personnel	Anil Kothuri, Managing Director Sudeep Agrawal, Chief Financial Officer (till 13th Oct, 2020) C V Ganesh, Chief Financial Officer (w.e.f 14th Oct, 2020) Ankit Kawa, Company Secretary (till 14th April, 2020) S Rajaraman, Company Secretary (w.e.f 18th May, 2020)

37.2 Transactions during the year with related parties :

Nature of Transactions	(INR in Lakhs)		
	As at Mar 31, 2022	As at Mar 31, 2021	As at Mar 31, 2020
The Federal Bank Limited			
Income from distribution business	2,603	2,376	2,385
Interest paid on PTC Transactions	55	8	-
Sale consideration received on PTC transactions	-	2,040	-
Interest paid on Cash Credit Facility & Term Loan	5,323	7,908	7,953
Issuing & Paying Agent Charges	-	1	1
Rent paid	-	1	1
Processing Fees	101	537	158
Interest on NCD	2,335	1,209	-
Rent for Sub leased premises	-	108	129
Servicing Fee Income on Securitisation	-	5	-
Interest income on fixed deposits	59	13	-
Term loans repaid	-	6,702	-
Working Capital loan repaid (net)	-	-	-
Collateralised Borrowing repaid	-	-	-
Investment in Equity Shares by The Federal Bank	14,799	30,781	5,920
Enterprises controlling voting power / significant influence			
Investment in Equity Shares	5,200	15,387	13,328
Enterprises over which related party has significant influence/control			
Re-imbursements of Expenses	0	-	24
Other Income	-	39	-
Transaction with Key Management Personnel*			
Investment in Preference Shares by Mr. Anil Kothuri	1,897	95	95
Redemption of Optionally Convertible Redeemable Preference Shares "OCRPS"	842	-	-
Issuance of Equity shares	1,149	-	-
Employee Stock Option Scheme - Key Management Personnel			
No. of Options granted under ESOS (in numbers)	-	12,00,000	14,51,351
No. of Options outstanding under ESOS (in numbers)	25,51,351	25,51,351	14,51,351
*Reimbursement made to Key Management Personnel during the course of official duties is not given in above disclosure			
For transactions related to KMPs refer note 37.4			

37.3 Amount due (to) / from related parties:

Balance outstanding as at the year end	(INR in Lakhs)		
	As at Mar 31, 2022	As at Mar 31, 2021	As at Mar 31, 2020
The Federal Bank Limited			
Current Account – Receivable/(Payable)	1,518	6,668	3,456
Borrowings Cash credit facility	-	-	1,345
Borrowings			
Term Loan	51,094	78,734	98,875
WCDL	6,000	6,000	6,000
Account Receivable & Reimbursements	386	320	140
PTC (under Trust name Levine Feb 21)	-	1,839	-
Interest payable on PTC transaction	-	6	-
Long Term Borrowings	23,470	23,950	-
Fixed Deposit	-	38,650	-
Payable under Securitization transaction	-	203	-
Max Bupa Health			
Other Income Receivable	-	39	-

37.4 Details of salary and other emoluments to KMPs of the Company

Key Management Personnel	(INR in Lakhs)		
	As at Mar 31, 2022	As at Mar 31, 2021	As at Mar 31, 2020
Salary and employee benefits (Refer note below)	505	585	453

Note -

- Includes sitting fees paid to independent directors 26.30 lakhs and 15.70 lakhs for the year ended March 31, 2022 and March 31, 2021 respectively.
- Expenses towards provision for gratuity and leave encashment which are determined on actuarial basis at an overall Company level are not included in the above information



CERTIFIED TRUE COPY OF THE RESOLUTION PASSED IN THE 177th MEETING OF THE BOARD OF DIRECTORS OF FEDBANK FINANCIAL SERVICES LIMITED HELD ON FRIDAY, 28TH APRIL, 2023, AT 01:10 P.M. AT REGISTERED AND CORPORATE OFFICE THROUGH VIDEO CONFERENCING.

APPROVAL FOR ISSUANCE OF RATED, LISTED, UNSECURED, REDEEMABLE SUB-ORDINATED FULLY PAID-UP NON-CONVERTIBLE DEBENTURES UPTO RS. 100 CRORES WITH AN OPTION TO RETAIN OVERSUBSCRIPTION OF UPTO RS. 100 CRORES ON PRIVATE PLACEMENT BASIS:

“RESOLVED THAT pursuant to the approval of the Shareholders in their meeting held on August 05, 2022 and in accordance with the provisions of Section 42, 71, 179 and other applicable provisions of the Companies Act, 2013, if any, read with Companies (Prospectus and Allotment of Securities) Rules, 2014 and Companies (Share Capital and Debentures) Rules, 2014 (including any statutory modification or re-enactment thereof for the time being in force) and in accordance with the provisions of the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended from time to time (**“SEBI Regulations”**), the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, the Operational Circular issued by Securities Exchange Board of India *vide* circular number SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021, as amended from time to time, the provisions of the Foreign Exchange Management Act, 2000, the applicable regulations/notifications issued by the Reserve Bank of India as amended from time to time and other applicable laws, if any, and in pursuance of provisions of the Memorandum and Articles of Association of the Company and Listing Agreement entered into by the Company with the Stock Exchange(s), where the non-convertible debentures issued by the Company are proposed to be listed, approval of the Board be and is hereby accorded for the issuance of 10,000 (Ten Thousand) Rated, Listed, Unsecured, Redeemable, Subordinated, Fully Paid Up Non-Convertible Debentures having a face value of Rs. 1,00,000/- (Rupees One Lakh only) each, of the aggregate nominal value of Rs. 100,00,00,000/- (Rupees One Hundred Crores Only) in a single series with an option to retain oversubscription of up to 10,000 (Ten Thousand) Rated, Listed, Unsecured, Redeemable, Subordinated Fully Paid-Up Non-Convertible Debentures having a face value of Rs. 1,00,000/- (Rupees One Lakh only) aggregating up to Rs. 100,00,00,000/- (Rupees One Hundred Crores Only) (hereinafter referred to as **“Debentures”**), for inclusion as Tier II Capital for a tenure of 6 (Six) years and 11 (Eleven) months and having a coupon payable at the rate of 9% per annum, in the dematerialized form, for cash at par, to be issued and allotted on private placement basis to identified categories of investors, being financial institutions, insurance companies, provident funds, gratuity, pension, superannuation funds, regional rural banks, mutual funds, alternate investment funds, companies, body corporates authorized to invest in bonds, trusts, association of persons, societies, individuals, scheduled commercial banks, cooperative bank, partnership firms, HUF and any other person, all successful bidders under the electronic book platform process, who shall meet the eligibility criteria as set out in the disclosure document/ information memorandum/private placement offer letter (**“Issue”**).



RESOLVED FURTHER THAT a copy of the draft disclosure document for the issue of the Debentures including the private placement offer letter and securities application form, prepared pursuant to the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as may be amended from time to time, the Operational Circular issued by Securities Exchange Board of India vide circular number SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021, as amended from time to time, the applicable provisions of the Companies Act, 2013 and the relevant rules and regulations thereunder, placed before the Board is hereby approved.

RESOLVED FURTHER THAT any debenture trustee registered with Securities and Exchange Board of India and as acceptable to the identified investors shall be appointed as debenture trustee ("**Debenture Trustee**") for the Issue/holders of the Debentures subject to their confirmation to act as Debenture Trustee to the Issue, from time to time, and be paid the annual trustee fee as may be mutually agreed.

RESOLVED FURTHER THAT Link Intime India Private Limited, shall be appointed as registrar and transfer agent ("**Registrar and Transfer Agent**") in connection with the Issue.

RESOLVED FURTHER THAT any **two** of the signatories namely Mr. Anil Kothuri- MD & CEO, Mr. Chattapuram Venkatraman Ganesh - CFO, Mr. Sudeep Agrawal - Head Finance & Treasury, Mr. Rajaraman Sundaresan - Company Secretary, Mr. Abhishek Lohia – Head Resource Mobilisation, Mr. Madaswamy Thevar – AVP – Finance, Mr. Gurkirpal Singh Kathuria – Zonal Sales Head, Mr. Sayeed Mahir Ali – Regional Sales Head and Mr. Raju Singh – Regional Sales Head (the "**Authorized Signatories**") be and are hereby jointly authorized to do the following:

1. prepare, negotiate, amend, ratify and finalise the detailed terms and conditions of the Debentures, including the price, coupon, face value, tenor, issue opening date, issue closing date, credit rating, redemption premium (if applicable) and all other related matters in connection with the issue of the Debentures;
2. procure rating for the Debentures from an accredited rating agency;
3. execute, issue, negotiate, amend, ratify, finalize and deliver the information memorandum, private placement offer letter, disclosure document, debenture trust deed, debenture trustee agreement, and such other documents as may be required to be executed in relation to issuance and allotment of Debentures ("**Transaction Documents**"), drafts of which have been placed before the Board, including all papers, applications, notices or letters and other documents and writings as may be required for filing, registration, negotiation or dealing in any manner with any regulatory authorities in connection with the Debentures (including but not limited to the sub-registrar of assurances, the Registrar of Companies, the Central Registry of Securitisation Asset



Reconstruction and Security Interest, the Ministry of Corporate Affairs, any stock exchange(s), any depository(ies), registrar and transfer agents as may be applicable) and such other authorities as may be required;

4. obtain listing of Debentures on wholesale debt market segment of the BSE Limited;
5. enter into the requisite agreements with the depository participant and depositories, i.e. National Securities Depository Limited and/or Central Depository Services (India) Limited for the issue of the Debentures in a dematerialized form and stock exchange(s) for listing of Debentures;
6. open, operate and maintain bank accounts with scheduled bank;
7. do all such acts, matters, deeds and things in relation to the issue of the Debentures including, without limitation, the registrar and transfer agent, appointment of legal counsel, credit rating agencies, the arranger and other advisors and/ or intermediaries as may be required; and
8. delegate power to any official of the Company, to do all the aforesaid acts for and on behalf of the Company.

RESOLVED FURTHER THAT any two of the abovementioned Authorized Signatories of the Company be and are hereby jointly authorized to negotiate, finalize and execute or ratify, on behalf of the Company, the term sheet in connection with the Debentures, letters of appointment of agents/ intermediaries/ account banks, including agreements to be entered into with National Securities Depository Limited and/or Central Depository Services (India) Limited and/ or stock exchanges, the debenture trustee, any undertakings, the Transaction Documents, declarations, letters of allotment and such other document, including debenture certificates, that are required to be executed by the Company and any two of the Authorized Signatories jointly be and are hereby authorized to do all such acts, deeds, matters and things as they may, in their absolute discretion, deem necessary, proper or desirable in connection with the issue and allotment of Debentures, listing of Debentures, opening and operating specified accounts with account bank, or otherwise for the purpose of giving effect to this resolution and to settle any question or difficulties that may arise in the matter of the said issue of Debentures as may be considered necessary or expedient in the best interest of the Company, without requiring any further approval of the Board and to perform all acts, deeds and things as may be deemed necessary or expedient in connection therewith and incidental thereto including any modification in the terms and conditions of the aforesaid issue.

RESOLVED FURTHER THAT any two of the abovementioned Authorized Signatories be and are hereby jointly authorized to negotiate, finalize and execute or ratify amendments, variations, modifications or supplements to such executed Transaction Documents or terms of the Debentures and other documents



and writings in connection with the Debentures as and when they become necessary and to sign letters of undertaking, declarations, agreements and other papers which may be required.

RESOLVED FURTHER THAT the powers of the Board be and are hereby delegated to the Committee of Directors (Operations) for the allotment of the Debentures and to do all such acts, deeds, matters and things as may be necessary in this regard.

RESOLVED FURTHER THAT the Common Seal of the Company, if required, be affixed to such documents, deeds, evidences, writings and undertakings and/or other related papers, wherever necessary in the presence of Authorized Signatories, who shall sign the same in token thereof, in terms of the Articles of Association of the Company.

RESOLVED FURTHER THAT any two of the above mentioned Authorized Signatories, be and are hereby jointly authorized to settle any question or difficulties that may arise in the matter of the said issue of Debentures as may be considered necessary or expedient in the best interest of the Company, without requiring any further approval of the Board of Directors or Committee or the shareholders of the Company and to do all acts, deeds and things as may be deemed necessary or expedient in connection therewith and incidental thereto including any modification in the terms and conditions of the aforesaid issue.

RESOLVED FURTHER THAT the resolutions aforesaid shall continue to be in force till the redemption of the Debentures or the termination of all the agreements and payment of all monies due to the debenture holders under the said agreements concluded pursuant to the issue and placement of Debentures.

RESOLVED FURTHER THAT any one Director of the Company or Company Secretary be and are hereby severally authorized to sign all forms, applications and documents relating to Corporate action and to credit the debentures through electronic mode in the demat accounts of the proposed investors after allotment of debentures is completed.

RESOLVED FURTHER THAT a copy of the foregoing resolution duly certified to be a true by Mr. S. Rajaraman, Company Secretary be furnished to such parties concerned with respect to the issue of Debentures."

**Certified True Copy
For Fedbank Financial Services Limited**

Rajaraman
Sundaresan
Digitally signed by
Rajaraman Sundaresan
Date: 2023.05.02
13:41:55 +05'30'

**S. Rajaraman
Company Secretary**

CERTIFIED TRUE COPY OF THE RESOLUTION PASSED IN THE 27TH ANNUAL GENERAL MEETING OF MEMBERS OF FEDBANK FINANCIAL SERVICES LIMITED HELD ON FRIDAY, 05TH AUGUST, 2022 AT 15.00 PM THROUGH VIDEO CONFERENCING AT REGISTERED OFFICE, MUMBAI.

INCREASE IN THE BORROWING LIMITS OF THE COMPANY FROM INR 10,000 CRORES TO INR 15,000 CRORES:

“RESOLVED THAT in supersession of all the resolutions passed earlier in this regard and pursuant to Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 read with the Rules made thereunder (including any amendments, statutory modification(s) and/or re-enactment thereof) and the provisions of the Memorandum of Association and Articles of Association of the Company, Circulars/ Notifications/ Directions issued by the Reserve Bank of India from time to time, approval of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (the ‘Board’) to borrow from time to time such sum or sums of money as it may deem requisite for the purpose of the business of the Company, inter alia, by way of loan/financial assistance from various bank(s), financial institution(s) and/or other lender(s), issue of debentures/bonds or other debt instruments, with or without security, whether in India or abroad, on such terms and conditions as the Board at its sole discretion may deem fit, notwithstanding that the money or monies to be borrowed, together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company’s bankers in the ordinary course of business) may exceed aggregate of the paid-up share capital of the Company, its free reserves and securities premium, provided however, the total amount so borrowed (apart from the temporary loans obtained from the Company’s bankers in the ordinary course of business) shall not exceed at any point in time (excluding any interest on such borrowings) of a sum equivalent to Rs. 15,000 Crores (Rupees Fifteen Thousand Crores only).

RESOLVED FURTHER THAT approval of the members be and is hereby accorded to revise the sub-limits in borrowings in the following manner:

Facility	Current Sub-limit (Rs Crores)	Proposed Sub-limit (Rs Crores)
Working Capital (CC/ WCDL/OD etc.)	7,000	10,000
Term Loan/ FCNR/ ECB		
CP	1,000	2,500
NCD	2,000	2,500
Total	10,000	15,000

RESOLVED FURTHER THAT the Board be and is hereby authorised to do and perform all such acts, deeds, matters and things as may be necessary, desirable or expedient and also to negotiate, agree and execute the required documents/papers/agreements for borrowing funds with any banks, financial institutions, companies, firms or any other government or semi-government bodies, whether state or central, whether in India or abroad (hereinafter referred to as “the Lender”) on such terms as may be mutually agreed between the Company and the Lender(s) and to pay any fees, expenses



relating thereto and with power to settle all questions, disputes, difficulties or doubts that may arise including providing any or all clarifications that may be required by the Appropriate Authorities.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate to the extent permitted by law, all or any of the powers herein conferred to Committee of Directors (Operations) or the Managing Director or any other Officer or Officers of the Company to give effect to the aforesaid resolution.

RESOLVED FURTHER THAT a copy of the aforesaid resolution duly certified to be true by anyone of the Director or Secretary of the Company, be furnished to the concerned to give effect to the foregoing".

**Certified True Copy
For Fedbank Financial Services Limited**

Rajaraman
Sundaresa
n

Digitally signed by
Rajaraman
Sundaresan
Date: 2022.08.10
12:18:03 +05'30'

**S. Rajaraman
Company Secretary & Compliance officer**



CERTIFIED TRUE COPY OF THE RESOLUTION PASSED IN THE 27TH ANNUAL GENERAL MEETING OF MEMBERS OF FEDBANK FINANCIAL SERVICES LIMITED HELD ON FRIDAY, 05TH AUGUST, 2022 AT 15.00 PM THROUGH VIDEO CONFERENCING AT REGISTERED OFFICE, MUMBAI.

OFFER AND ISSUE OF NON CONVERTIBLE DEBENTURES NOT EXCEEDING RS. 2500 CRORES:

"RESOLVED THAT in supersession of all the earlier resolutions passed in this regard and pursuant to the provisions of Sections 42 and 71 of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013 read along with the Rules made thereunder (as amended or re-enacted from time to time) and other applicable laws and within the overall borrowing limits of the Company and provisions of Articles of Association of the Company, approval of the shareholders be and is hereby accorded to the Board of Directors to offer, issue, create, and/or invitation(s) to eligible persons to subscribe to Non-Convertible Debentures ("NCDs") including bonds whether secured or unsecured, redeemable, listed or unlisted, taxable, cumulative or non-cumulative, in one or more tranches and/or series on Private placement basis not exceeding Rs. 2500 Crores (Rupees Two Thousand Five Hundred Crores Only) during a period of one year from the date of approval of the shareholders in their general meeting to banks, financial institutions, non-banking financial companies, corporates, Foreign Institutional Investors (FIIs), Qualified Foreign Investors (QFIs), Foreign Portfolio Investors (FPIs), Insurance Companies and any other investor authorized to invest in the securities on such terms and conditions as the Board / Committee may deem fit in their absolute discretion.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate to the extent permitted by law, all or any of the powers herein conferred to Committee of Directors (Operations) or the Managing Director or any other Officer or Officers of the Company to give effect to the aforesaid resolution

RESOLVED FURTHER THAT a copy of the aforesaid resolution duly certified to be true by anyone of the Director or Secretary of the Company, be furnished to the concerned to give effect to the foregoing".

**Certified True Copy
For Fedbank Financial Services Limited**

Rajaraman Digitally signed
by Rajaraman
Sundaresan Sundaresan
Date: 2022.08.10
n 12:18:59 +05'30'

S. Rajaraman
Company Secretary & Compliance officer

DCS/COMP/MJ/IP-PPDI/065/23-24

May 19, 2023

Fedbank Financial Services Limited

Kanakia Wall Street, A Wing, 5th Floor,
Unit No.511, Andheri Kurla Road,
Andheri (East), Mumbai

Dear Sir/Madam

Re: Private Placement of 10,000 Unsecured, Listed, Rated, Redeemable, Transferable, Fully Paid Up, Subordinated Non-Convertible having a face value of Rs. 1,00,000/- each, of the aggregate nominal value of Rs. 100,00,00,000/- with a green shoe option of up to 10,000 Unsecured, Listed, Rated, Redeemable, Transferable, Fully Paid Up, Subordinated Non-Convertible Debentures having a face value of Rs. 1,00,000/- each, of the aggregate nominal value of up to Rs. 100,00,00,000/- aggregating to Rs. 200,00,00,000 ("The Issuer").

We acknowledge receipt of your application on the online portal on May 18, 2023 seeking In-principle approval for issue of captioned security. In this regard, the Exchange is pleased to grant In-principle approval for listing of captioned security subject to fulfilling the following conditions at the time of seeking listing:

1. Filing of listing application.
2. Payment of fees as may be prescribed from time to time.
3. Compliance with SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 read with SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 and circulars issued thereunder and also Compliance with provisions of Companies Act 2013.
4. Receipt of Statutory & other approvals & compliance of guidelines issued by the statutory authorities including SEBI, RBI, DCA etc. as may be applicable.
5. Compliance with change in the guidelines, regulations, directions, circulars of the Exchange, SEBI or any other statutory authorities, documentary requirements from time to time.
6. Compliance with below mentioned circular dated June 10, 2020 issued by BSE before opening of the issue to the investors.:

<https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20200610-31>

7. Issuers, for whom use of EBP is not mandatory, specific attention is drawn towards compliance with Chapter XV of SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 and BSE Circular No 20210519-29 dated May 19, 2021. Accordingly, Issuers of privately placed debt securities in terms of SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 or ILDM Regulations for whom accessing the electronic book platform (EBP) is not mandatory shall upload details of the issue with any one of the EBPs within one working day of such issuance. The details can be uploaded using the following links [Electronic Issuance - Bombay Stock Exchange Limited \(bseindia.com\)](#).


8. It is advised that Face Value of NCDs issue through private placement basis should be kept as per Chapter V of SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 and SEBI Circular No. SEBI/HO/DDHS/P/CIR/2022/00144 dated October 28, 2022.

9. Issuers are hereby advised to comply with signing of agreements with both the depositories as per Regulation 7 of SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 read with SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021.

10. Company is further requested to comply with SEBI Circular SEBI/HO/DDHS/DDHS-RACPOD1/CIR/P/2023/56 dated April 13, 2023, (if applicable) read along with BSE Circular <https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20230428-18> and ensure compliance of the same.

This In-Principle Approval is valid for a period of 1 year from the date of issue of this letter or period of 1 year from the date of opening of the first offer of debt securities under the shelf placement memorandum, whichever ever applicable. The Exchange reserves its right to withdraw its in-principle approval at any later stage if the information submitted to the Exchange is found to be incomplete/incorrect/misleading/false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 read with SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 and circulars issued thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Guidelines/Regulations issued by the statutory authorities etc. Further, it is subject to payment of all applicable charges levied by the Exchange for usage of any system, software or similar such facilities provided by BSE which the Company shall avail to process the application of securities for which approval is given vide this letter.

Yours faithfully,
For BSE Limited



Rupal Khandelwal
Deputy General Manager



Akshay Arolkar
Deputy Manager

ATSL/CO/2023-24/1482
May 17, 2023

SCHEDULE IVA

To,
Stock Exchange /Securities and Exchange Board of India.

Dear Sir / Madam,

SUB: ISSUE OF 10,000 (TEN THOUSAND UNSECURED, LISTED, RATED, REDEEMABLE, TRANSFERABLE, FULLY PAID UP, SUBORDINATED NON-CONVERTIBLE DEBENTURES EACH HAVING A FACE VALUE OF RS. 1,00,000/- AND AGGREGATE NOMINAL VALUE OF RS. 100,00,00,000/- (RUPEES ONE HUNDRED CRORE ONLY) WITH A GREEN SHOE OPTION OF UP TO 10,000 (TEN THOUSAND) UNSECURED, LISTED, RATED, REDEEMABLE, TRANSFERABLE, FULLY PAID UP, SUBORDINATED NON-CONVERTIBLE DEBENTURES HAVING A FACE VALUE OF RS. 1,00,000/- (RUPEES ONE LAKH ONLY) EACH, OF THE AGGREGATE NOMINAL VALUE OF UP TO RS. 100,00,00,000/- (HEREINAFTER REFERRED TO AS THE "DEBENTURES") BY FEDBANK FINANCIAL SERVICES LIMITED ON A PRIVATE PLACEMENT BASIS.

We, the Debenture Trustee(s) to the above-mentioned forthcoming issue state 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 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) All disclosures made in the offer document 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.
- b) Issuer has disclosed all covenants proposed to be included in debenture trust deed (including any side letter, accelerated payment clause etc.), in the offer document.
- c) Issuer has given an undertaking that debenture trust deed shall be executed before filing of listing application.

We have satisfied ourselves about the ability of the Issuer to service the debt securities – **Not Applicable (i.e Unsecured in nature).**

For Axis Trustee Services Limited,



Authorised Signatory



Corporate Identity Number : U74999MH2008PLC182264 | MSME Registered UDYAM MH-190046029

Registered Office :

Axis House, Bombay Dyeing Mills Compound, Pandurang Budhkar Marg, Worli, Mumbai - 400 025

Corporate Office:

The Ruby, 2nd Floor, SW, 29 Senapati Bapat Marg, Dadar West, Mumbai - 400 028

Tel No.: 022-62300451 Fax No.: 022-6230 0700 Website: www.axistrustee.in



AXIS TRUSTEE



Reserve Bank of India

[More Options](#)

General Information

[Filing Information](#)

Statements

[AuthorisedSignatory - Authorised Signatory](#)

[DNBS4BStructuralLiquidity - Statement of Structural Liquidity](#)

[DNBS4BIRS - Statement of Interest Rate Sensitivity \(IRS\)](#)

LEGEND

Numeric Data	
Text Block Data	
Text Data	
Dropdown Data	
No Data	
Blocked Data	
Reporting Date	
Auto Populated Value	
Formula Cell	
Master Driven Data	
Dyanamic Dropdown Data	
Free Text Data	



Filing Information

Filing Information	
	Information

Return Name	DNBS04B-Structural Liquidity & Interest Rate Sensitivity - Monthly
Return Code	DNBS4B
Name of reporting institution	FEDBANK FINANCIAL SERVICES LIMITED
Bank / FI code	THI12003
Institution Type	NBFC
Reporting frequency	Monthly
Reporting start date	01-03-2022
Reporting end date	31-03-2022
Reporting currency	INR
Reporting scale	Lakhs
Taxonomy version	1.1.0
Tool name	RBI iFile
Tool version	1.0.0
Report status	Audited
Date of Audit	18-05-2022
General remarks	



AuthorisedSignatory - Authorised Signatory

Table 1: Authorised Signatory

Particulars		Value
		X010

Name of the Person Filing the Return	Y010	Yash Shah
Designation	Y020	Deputy Manager
Office No. (with STD Code)	Y030	02268520795
Mobile No.	Y040	9768264484
Email Id	Y050	yash.shah@fedfina.com
Date	Y060	16-09-2022
Place	Y070	Mumbai
<p>1. All values must be reported in Rs lakh. 2. Enter all dates in dd-mm-yyyy format. 3. Please ensure that the financial information furnished in the various sheets of this return are correct and reflecting the true picture of the business operations of the NBFC, if found otherwise, the concerned NBFC would be liable for penal action under the provisions of RBI Act.</p>		



All Monetary Items present in this return shall be reported in ₹ Lakhs Only

Table 2: Statement of Structural Liquidity

Table 2: Statement of Structural Liquidity																	
Particulars		0 day to 7 days	8 days to 14 days	15 days to 30/31 days (One month)	Over one month and upto 2 months	Over two months and upto 3 months	Over 3 months and upto 6 months	Over 6 months and upto 1 year	Over 1 year and upto 3 years	Over 3 years and upto 5 years	Over 5 years	Total	Remarks		Actual outflow/inflow during last 1 month, starting		
		X010	X020	X030	X040	X050	X060	X070	X080	X090	X100	X110	X120		X130	X140	X150
A. OUTFLOWS																	
1.Capital (i+ii+iii+iv)	Y010	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	32,151.76	32,151.76	None		0.00	0.00	0.00
(i) Equity Capital	Y020	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	32,151.76	32,151.76	None		0.00	0.00	0.00
(ii) Perpetual / Non Redeemable Preference Shares	Y030	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None		0.00	0.00	0.00
(iii) Non-Perpetual / Redeemable Preference Shares	Y040	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None		0.00	0.00	0.00
(iv) Others	Y050	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None		0.00	0.00	0.00
2.Reserves & Surplus (i+ii+iii+iv+v+vi+vii+viii+ix+xx+xi+xi+xi+xi)	Y060	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	83,199.99	83,199.99	None		0.00	0.00	0.00
(i) Share Premium Account	Y070	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	52,325.62	52,325.62	None		0.00	0.00	0.00
(ii) General Reserves	Y080	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.33	10.33	None		0.00	0.00	0.00
(iii) Statutory/Special Reserve (Section 45-IC reserve to be shown separately below item no.(vii))	Y090	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None		0.00	0.00	0.00
(iv) Reserves under Sec 45-IC of RBI Act 1934	Y100	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6,592.15	6,592.15	None		0.00	0.00	0.00
(v) Capital Redemption Reserve	Y110	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	200.00	200.00	None		0.00	0.00	0.00
(vi) Debenture Redemption Reserve	Y120	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None		0.00	0.00	0.00
(vii) Other Capital Reserves	Y130	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None		0.00	0.00	0.00
(viii) Other Revenue Reserves	Y140	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None		0.00	0.00	0.00
(ix) Investment Fluctuation Reserves/ Investment Reserves	Y150	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None		0.00	0.00	0.00
(x) Revaluation Reserves (a+b)	Y160	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None		0.00	0.00	0.00
(a) Revl. Reserves - Property	Y170	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None		0.00	0.00	0.00
(b) Revl. Reserves - Financial Assets	Y180	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None		0.00	0.00	0.00
(xi) Share Application Money Pending Allotment	Y190	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None		0.00	0.00	0.00
(xiii) Others (Please mention)	Y200	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	727.04	727.04	None		0.00	0.00	0.00
(xii) Balance of profit and loss account	Y210	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	23,344.85	23,344.85	None		0.00	0.00	0.00
3.Gifts, Grants, Donations & Benefactions	Y220	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None		0.00	0.00	0.00
4.Bonds & Notes (i+ii+iii)	Y230	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None		0.00	0.00	0.00
(i) Plain Vanilla Bonds (As per residual maturity of the instruments)	Y240	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None		0.00	0.00	0.00
(ii) Bonds with embedded call / put options including zero coupon / deep discount bonds (As per residual period for the earliest exercise date for the embedded option)	Y250	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None		0.00	0.00	0.00
(iii) Fixed Rate Notes	Y260	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None		0.00	0.00	0.00
5.Deposits (i+ii)	Y270	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None		0.00	0.00	0.00
(i) Term Deposits from Public	Y280	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None		0.00	0.00	0.00
(ii) Others	Y290	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None		0.00	0.00	0.00
6.Borrowings (i+ii+iii+iv+v+vi+vii+viii+ix+xx+xi+xi+xi+xi)	Y300	1,500.00	783.10	7,520.14	11,595.25	25,399.11	35,132.68	108,238.06	225,514.46	55,851.10	30,149.97	501,683.87	None		10,500.00	0.00	13,118.06
(i) Bank Borrowings (a+b+c+d+e+f)	Y310	1,500.00	0.00	7,364.14	11,283.25	22,623.13	31,105.59	67,568.00	184,565.63	53,355.08	4,243.74	383,698.56	None		10,500.00	0.00	13,118.06
(a) Bank Borrowings in the nature of Term Money Borrowings (As per residual maturity)	Y320	0.00	0.00	3,363.32	5,285.33	22,623.13	31,105.59	67,568.00	184,565.63	53,355.08	4,243.74	372,109.82	None		0.00	0.00	3,118.06
(b) Bank Borrowings in the nature of WCPL	Y330	1,500.00	0.00	4,000.82	5,997.92	0.00	0.00	0.00	0.00	0.00	0.00	11,498.74	None		10,500.00	0.00	0.00
(c) Bank Borrowings in the nature of Cash Credit (CC)	Y340	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None		0.00	0.00	0.00
(d) Bank Borrowings in the nature of Letter of Credit (LCs)	Y350	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None		0.00	0.00	0.00
(e) Bank Borrowings in the nature of ECBs	Y360	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None		0.00	0.00	0.00
(f) Other bank borrowings	Y370	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None		0.00	0.00	0.00
(ii) Inter Corporate Deposits (Other than Related Parties) (These being institutional / wholesale deposits, shall be slotted as per their residual maturity)	Y380	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None		0.00	0.00	0.00
(iii) Loans from Related Parties (including ICDs)	Y390	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None		0.00	0.00	0.00
(iv) Corporate Debts	Y400	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None		0.00	0.00	0.00
(v) Borrowings from Central Government / State Government	Y410	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None		0.00	0.00	0.00
(vi) Borrowings from RBI	Y420	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None		0.00	0.00	0.00
(vii) Borrowings from Public Sector Undertakings (PSUs)	Y430	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None		0.00	0.00	0.00
(viii) Borrowings from Others (Please specify)	Y440	0.00	783.10	156.00	312.00	2,775.98	4,027.09	7,396.14	20,881.07	2,496.02	0.00	38,827.44	None		0.00	0.00	0.00
(ix) Commercial Papers (CPs)	Y450	0.00	0.00	0.00	0.00	0.00	0.00	33,273.88	0.00	0.00	0.00	33,273.88	None		0.00	0.00	10,000.00
Of which: (a) To Mutual Funds	Y460	0.00	0.00	0.00	0.00	0.00	0.00	33,273.88	0.00	0.00	0.00	33,273.88	None		0.00	0.00	10,000.00
(b) To Banks	Y470	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None		0.00	0.00	0.00
(c) To NBFCs	Y480	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None		0.00	0.00	0.00
(d) To Insurance Companies	Y490	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None		0.00	0.00	0.00
(e) To Pension Funds	Y500	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None		0.00	0.00	0.00
(f) To Others (Please specify)	Y510	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None		0.00	0.00	0.00
(x) Non - Convertible Debentures (NCDs) (A+B)	Y520	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20,067.76	0.00	0.00	20,067.76	None		0.00	0.00	0.00
A. Secured (a+b+c+d+e+f+g)	Y530	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20,067.76	0.00	0.00	20,067.76	None		0.00	0.00	0.00
Of which: (a) Subscribed by Retail Investors	Y540	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None		0.00	0.00	0.00
(b) Subscribed by Banks	Y550	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20,067.76	0.00	0.00	20,067.76	None		0.00	0.00	0.00
(c) Subscribed by NBFCs	Y560	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None		0.00	0.00	0.00
(d) Subscribed by Mutual Funds	Y570	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None		0.00	0.00	0.00
(e) Subscribed by Insurance Companies	Y580	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None		0.00	0.00	0.00
(f) Subscribed by Pension Funds	Y590	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None		0.00	0.00	0.00
(g) Others (Please specify)	Y600	0.00															

(c) Subscribed by NBFCs	Y730		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None		0.00	0.00	0.00
(d) Subscribed by Mutual Funds	Y740		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None		0.00	0.00	0.00
(e) Subscribed by Insurance Companies	Y750		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None		0.00	0.00	0.00
(f) Subscribed by Pension Funds	Y760		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None		0.00	0.00	0.00
(g) Others (Please specify)	Y770		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None		0.00	0.00	0.00
B. Un-Secured (a+b+c+d+e+f+g)	Y780		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None		0.00	0.00	0.00
Of which; (a) Subscribed by Retail Investors	Y790		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None		0.00	0.00	0.00
(b) Subscribed by Banks	Y800		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None		0.00	0.00	0.00
(c) Subscribed by NBFCs	Y810		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None		0.00	0.00	0.00
(d) Subscribed by Mutual Funds	Y820		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None		0.00	0.00	0.00
(e) Subscribed by Insurance Companies	Y830		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None		0.00	0.00	0.00
(f) Subscribed by Pension Funds	Y840		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None		0.00	0.00	0.00
(g) Others (Please specify)	Y850		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None		0.00	0.00	0.00
(xii) Subordinate Debt	Y860		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	25,906.23	25,906.23	None		0.00	0.00	0.00	0.00
(xiii) Perpetual Debt Instrument	Y870		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None		0.00	0.00	0.00
(xiv) Security Finance Transactions(a+b+c+d)	Y880		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None		0.00	0.00	0.00
a) Repo (As per residual maturity)	Y890		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None		0.00	0.00	0.00
b) Reverse Repo (As per residual maturity)	Y900		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None		0.00	0.00	0.00
c) CBLO (As per residual maturity)	Y910		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None		0.00	0.00	0.00
d) Others (Please Specify)	Y920		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None		0.00	0.00	0.00
7.Current Liabilities & Provisions (a+b+c+d+e+f+g+h)	Y930		0.00	0.00	0.00	7,576.28	68.59	0.00	0.00	0.00	311.00	2.24	7,959.61	None	568.43	1,633.23	4,601.45		
a) Sundry creditors	Y940		0.00	0.00	0.00	1,688.50	0.00	0.00	0.00	0.00	0.00	0.00	1,688.50	None	0.00	0.00	0.00	0.00	0.00
b) Expenses payable (Other than Interest)	Y950		0.00	0.00	0.00	3,377.79	69.50	0.00	0.00	0.00	0.00	0.00	3,447.29	None	372.01	1,431.23	2,518.66		
(c) Advance income received from borrowers pending adjustment	Y960		0.00	0.00	0.00	2,510.00	0.00	0.00	0.00	0.00	0.00	0.00	2,510.00	None	0.00	0.00	0.00	0.00	0.00
(d) Interest payable on deposits and borrowings	Y970		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None	196.41	201.97	2,082.80		
(e) Provisions for Standard Assets	Y980		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None	0.00	0.00	0.00	0.00	0.00
(f) Provisions for Non Performing Assets (NPAs)	Y990		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.24	2.28	None	0.00	0.00	0.00	0.00	0.00
(g) Provisions for Investment Portfolio (NPV)	Y1000		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None	0.00	0.00	0.00	0.00	0.00
(h) Other Provisions (Please Specify)	Y1010		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	311.00	0.00	311.00	None	0.00	0.00	0.00	0.00	0.00
8.Statutory Dues	Y1020		0.00	0.00	268.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	268.00	None	0.00	0.00	0.00	0.00	0.00
9.Unclaimed Deposits (i+ii)	Y1030		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None	0.00	0.00	0.00	0.00	0.00
(i) Pending for less than 7 years	Y1040		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None	0.00	0.00	0.00	0.00	0.00
(ii) Pending for greater than 7 years	Y1050		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None	0.00	0.00	0.00	0.00	0.00
10.Any Other Unclaimed Amount	Y1060		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None	0.00	0.00	0.00	0.00	0.00
11.Debt Service Realisation Account	Y1070		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None	0.00	0.00	0.00	0.00	0.00
12 Other Outflows	Y1080		3,655.25	3,655.25	7,310.50	0.00	0.00	0.00	0.00	1,983.00	13,704.26	0.00	30,308.26	None	32,000.00	13,380.00	33,106.25		
13.Outflows On Account of Off Balance Sheet (OBS) Exposure (i+ii+iii+iv+vi+vii)	Y1090		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None	0.00	0.00	0.00	0.00	0.00
(i)Loan commitments pending disbursement	Y1100		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None	0.00	0.00	0.00	0.00	0.00
(ii)Lines of credit committed to other institution	Y1110		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None	0.00	0.00	0.00	0.00	0.00
(iii)Total Letter of Credits	Y1120		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None	0.00	0.00	0.00	0.00	0.00
(iv)Total Guarantees	Y1130		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None	0.00	0.00	0.00	0.00	0.00
(v) Bills discounted/rediscounted	Y1140		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None	0.00	0.00	0.00	0.00	0.00
(vi)Total Derivative Exposures (a+b+c+d+e+f+g+h)	Y1150		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None	0.00	0.00	0.00	0.00	0.00
a) Forward Forex Contracts	Y1160		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None	0.00	0.00	0.00	0.00	0.00
b) Futures Contracts	Y1170		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None	0.00	0.00	0.00	0.00	0.00
c) Options Contracts	Y1180		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None	0.00	0.00	0.00	0.00	0.00
d) Forward Rate Agreements	Y1190		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None	0.00	0.00	0.00	0.00	0.00
e) Swaps - Currency	Y1200		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None	0.00	0.00	0.00	0.00	0.00
f) Swaps - Interest Rate	Y1210		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None	0.00	0.00	0.00	0.00	0.00
g) Credit Default Swaps	Y1220		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None	0.00	0.00	0.00	0.00	0.00
h) Other Derivatives	Y1230		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None	0.00	0.00	0.00	0.00	0.00
(vii)Others	Y1240		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None	0.00	0.00	0.00	0.00	0.00
A. TOTAL OUTFLOWS (A) (Sum of 1 to 13)	Y1250		5,155.25	4,438.35	15,098.64	19,171.54	25,468.61	35,132.68	108,238.06	227,497.46	69,866.45	145,504.00	655,571.04	None	43,068.42	15,013.22	50,825.77		
A1. Cumulative Outflows	Y1260		5,155.25	9,593.60	24,692.24	43,863.76	69,332.39	104,465.07	212,703.13	440,200.59	510,067.04	655,571.04	655,571.04	None	43,068.42	58,081.64	108,907.41		
B. INFLOWS																			
1. Cash (In 1 to 30/31 day time-bucket)	Y1270		1,683.98	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,683.98	None	2,384.00	0.00	0.00	0.00	0.00
2. Remittance in Transit	Y1280		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None	5,183.00	0.00	0.00	0.00	0.00
3. Balances With Banks	Y1290		12,576.22	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	12,576.22	None	25,416.31	0.00	6,203.85		
a) Current Account (The stipulated minimum balance be shown in 6 months to 1 year bucket. The balance in excess of the minimn balance be shown in 1 to 30 day time bucket)	Y1300																		
b) Deposit Accounts /Short-Term Deposits (As per residual maturity)	Y1310		4,912.28	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4,912.28	None	0.00	0.00	0.00	0.00	0.00
4.Investments (i+ii+iii+iv)	Y1320		33,262.68	7,420.27	0.00	0.00	0.00	10,000.00	0.00	0.00	0.00	0.00	50,682.95	None	11,904.13	10,604.41	24,524.68		
(i)Statutory Investments (only for NBFCs-D)	Y1330		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None	0.00	0.00	0.00	0.00	0.00
(ii) Listed Investments	Y1340		22,953.84	7,420.27	0.00	0.00	0.00	10,000.00	0.00	0.00	0.00	0.00	40,374.11	None	0.00	0.00	0.00	0.00	0.00
(a) Current	Y1350		22,953.84	7,420.27	0.00	0.00	0.00	10,000.00	0.00	0.00	0.00	0.00	40,374.11	None	0.00	0.00	0.00	0.00	0.00
(b) Non-current	Y1360		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None	0.00	0.00	0.00	0.00	0.00
(iii) Unlisted Investments	Y1370		10,308.84	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10,308.84	None	11,904.13	10,604.41	24,524.68		
(a) Current	Y1380		10,308.84	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10,308.84	None	11,904.13	10,604.41	24,524.68		
(b) Non-current	Y1390		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None	0.00	0.00	0.00	0.00	

(a) All over dues and instalments of principal falling due during the next three years (In the 3 to 5 year time-bucket)	Y1510	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6,084.21	0.00	6,084.21	None	0.00	0.00	0.00
(b) Entire principal amount due beyond the next three years (In the over 5 years time-bucket)	Y1520	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,487.02	3,487.02	None	0.00	0.00	0.00	0.00
(ii) Doubtful and loss	Y1530	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,353.86	1,353.86	None	0.00	0.00	0.00	0.00
(a) All instalments of principal falling due during the next five years as also all over dues (In the over 5 years time-bucket)	Y1540	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,353.86	1,353.86	None	0.00	0.00	0.00	0.00
(b) Entire principal amount due beyond the next five years (In the over 5 years time-bucket)	Y1550	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None	0.00	0.00	0.00	0.00
7. Inflows From Assets On Lease	Y1560	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None	0.00	0.00	0.00	0.00
8. Fixed Assets (Excluding Assets On Lease)	Y1570	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,151.98	3,151.98	None	0.00	0.00	0.00	0.00
9. Other Assets :	Y1580	0.00	0.00	0.00	577.10	116.61	0.00	4,948.25	0.00	4,321.57	12,281.85	22,245.38	None	3,002.00	0.00	1,386.15	0.00
(a) Intangible assets & other non-cash flow items (In the 'Over 5 year time bucket)	Y1590	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,149.83	306.37	3,456.20	None	0.00	0.00	0.00	0.00
(b) Other items (e.g. accrued income, other receivables, staff loans, etc.) (In respective maturity buckets as per the timing of the cash flows)	Y1600	0.00	0.00	0.00	0.00	0.00	0.00	1,565.65	0.00	0.00	0.00	1,565.65	None	0.00	0.00	0.00	0.00
(c) Others	Y1610	0.00	0.00	0.00	577.10	116.61	0.00	3,382.60	0.00	1,171.74	11,975.48	17,223.53	None	3,002.00	0.00	1,386.15	0.00
10.Security Finance Transactions (a+b+c+d)	Y1620	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None	0.00	0.00	0.00	0.00
a) Repo (As per residual maturity)	Y1630	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None	0.00	0.00	0.00	0.00
b) Reverse Repo (As per residual maturity)	Y1640	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None	0.00	0.00	0.00	0.00
c) CBLO (As per residual maturity)	Y1650	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None	0.00	0.00	0.00	0.00
d) Others (Please Specify)	Y1660	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None	0.00	0.00	0.00	0.00
11.Inflows On Account of Off Balance Sheet (OBS) Exposure (i+ii+iii+iv+v)	Y1670	0.00	5,000.00	10,000.00	22,000.00	0.00	0.00	0.00	0.00	0.00	0.00	37,000.00	None	0.00	0.00	12,464.64	0.00
(i)Loan committed by other institution pending disbursal	Y1680	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None	0.00	0.00	0.00	0.00
(ii)Lines of credit committed by other institution	Y1690	0.00	5,000.00	10,000.00	22,000.00	0.00	0.00	0.00	0.00	0.00	0.00	37,000.00	None	0.00	0.00	12,464.64	0.00
(iii) Bills discounted/rediscouted	Y1700	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None	0.00	0.00	0.00	0.00
(iv)Total Derivative Exposures (a+b+c+d+e+f+g+h)	Y1710	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None	0.00	0.00	0.00	0.00
(a) Forward Forex Contracts	Y1720	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None	0.00	0.00	0.00	0.00
(b) Futures Contracts	Y1730	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None	0.00	0.00	0.00	0.00
(c) Options Contracts	Y1740	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None	0.00	0.00	0.00	0.00
(d) Forward Rate Agreements	Y1750	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None	0.00	0.00	0.00	0.00
(e) Swaps - Currency	Y1760	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None	0.00	0.00	0.00	0.00
(f) Swaps - Interest Rate	Y1770	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None	0.00	0.00	0.00	0.00
(g) Credit Default Swaps	Y1780	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None	0.00	0.00	0.00	0.00
(h) Other Derivatives	Y1790	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None	0.00	0.00	0.00	0.00
(v)Others	Y1800	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	None	0.00	0.00	0.00	0.00
B. TOTAL INFLOWS (B) (Sum of 1 to 11)	Y1810	54,917.70	16,397.96	17,897.72	58,962.58	49,410.73	79,627.70	124,671.42	116,091.68	78,675.72	95,917.84	692,571.04	None	54,043.44	16,780.48	51,481.23	0.00
C. Mismatch (B - A)	Y1820	49,762.45	11,959.61	2,799.02	39,791.08	23,942.12	44,495.02	16,433.36	-111,405.78	8,809.27	-49,586.16	37,000.00	None	10,975.02	1,767.19	655.46	0.00
D. Cumulative Mismatch	Y1830	49,762.45	61,722.06	64,521.13	104,312.17	128,254.29	172,749.31	189,182.67	77,776.89	86,586.16	37,000.00	37,000.00	None	10,975.02	12,742.21	13,397.67	0.00
E. Mismatch as % of Total Outflows	Y1840	965.28%	269.46%	18.54%	207.55%	94.01%	126.65%	15.18%	-48.9%	12.61%	-34.08%	5.64%	None	25.48%	11.77%	1.29%	0.00
F. Cumulative Mismatch as % of Cumulative Total Outflows	Y1850	965.28%	643.37%	261.30%	237.81%	184.98%	165.37%	88.94%	17.67%	16.98%	5.64%	5.64%	None	25.48%	21.94%	12.30%	0.00