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.

VARMA & VARMA * BANGALORE * CHARTERED ACCOUNTANTS

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:

   i. 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.

   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
Partner
M No. 209645
UDIN:21209645AAAAEX5007

Place: Bengaluru
Date: May 12, 2021

VARMA & VARMA BANGALORE CHARTERED ACCOUNTANTS

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.

VARMA & VARMA BANGALORE CHARTERED ACCOUNTANTS

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 BANGALORE 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.

VARMA & VARMA BANGALORE CHARTERED ACCOUNTANTS

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, 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

VARMA & VARMA BANGALORE CHARTERED ACCOUNTANTS

Fedbank Financial Services Limited
CIN : U65910KL1995PLC008910
BALANCE SHEET AS AT 31st March 2021

(INR in Lakhs)

	Particulars	Note	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(1)	-	-
	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(1)		
	(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 1-3
The accompanying notes are an integral part of these financial statement 33-47

V Ganesh

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: Bengaluru
Date: 12th May . 2021

Place: Mumbai
Date: 12th May 2021

FEDBANK FINANCIAL SERVICES LIMITED MUMBAI

VARMA & VARMA BANGALORE CHARTERED ACCOUNTANTS

Fedbank Financial Services Limited
CIN : U65910KL1995PLC008910
STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st March 2021

(INR in Lakhs)

	Note	For the year ended Mar 31, 2021 (Audited)	For the year ended 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 1-3
The accompanying notes are an integral part of these financial statements 33-47

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: Bengaluru
Date: 12th May , 2021

Place: Mumbai
Date: 12th May , 2021

FEDBANK FINANCIAL SERVICES LIMITED MUMBAI

VARMA & VARMA BANGALORE CHARTERED ACCOUNTANTS

Fedbank Financial Services Limited
CIN : U65910KL1995PLC008910
STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED 31st March 2021

Equity share capital

(INR in Lakhs)

Particular	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

(INR in Lakhs)

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: 004532S

C. V. Ganesh
Chief Financial Officer

Rajaraman Sundaresan
Company Secretary & Compliance officer
M.No. F3514

Anil Kothuri
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Independent Director
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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 MUMBAI

VARMA & VARMA BANGALORE CHARTERED ACCOUNTANTS

Fedbank Financial Services Limited
CIN : U65910KL1995PLC008910
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st March 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	20,103
	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	103	(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 to 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	121
	- 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)	(1,535)	(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	4	-
	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	45,397	-
	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	**82,549**	**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. 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: Bengaluru
Date: 12th May, 2021

Place: Mumbai
Date: 12th May, 2021

FEDBANK FINANCIAL SERVICES LIMITED ★ MUMBAI

VARMA & VARMA ★ BANGALORE ★ CHARTERED ACCOUNTANTS

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 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 it 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) <u>Initial recognition and measurement:</u>

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) <u>Initial classification and subsequent measurement of financial assets:</u>

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) <u>Initial classification and subsequent measurement of financial liabilities and equity instruments:</u>

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) <u>Reclassification of financial assets and liabilities:</u>

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) <u>Derecognition of financial assets and liabilities:</u>

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)*

(INR in Lakhs)

		As at Mar 31, 2021	As at 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)*

		(INR in Lakhs)	
		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)

	Year Ended 31 March 2021				Year Ended 31 March 2020			
Loans (at amortised cost)	**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**

		As at Mar 31, 2021	As at Mar 31, 2020
			(INR in Lakhs)
8.0	**Investment**		
8.1	**At Amortised Cost**		
	Investment in NCD	833	1,145
	Less: Allowance for impairment loss	(85)	(10)
		748	**1,135**
8.2	**At Fair Value Through Profit & Loss**		
	Mutual Funds (Units : No. 227739 and Cost INR 2500 Lakhs)	2,501	3,001
		2,501	**3,001**
	Total Investment	**3,249**	**4,136**

Note: All the investment are held in India only

(INR in Lakhs)

9	Other financial assets	As at Mar 31, 2021	As at 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)*

		As at Mar 31, 2021	As at Mar 31, 2020
			(INR in Lakhs)
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**

Notes to the financial statements ***(Continued)***

		As at Mar 31, 2021	As at Mar 31, 2020
			(INR in Lakhs)
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)**

(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 Mar 31, 2021	As at Mar 31, 2020
16	**Borrowings (other than debt securities)**		
	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%)

		As at Mar 31, 2021	As at Mar 31, 2020
17	**Subordinated Debt**		
	At amortised cost		
	Unsecured		
	Non-convertible redeemable debentures - Related Party	24,764	-
	Non-convertible redeemable debentures - Others	1,082	-
		25,846	-
18	**Other financial liabilities**		
	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**

(INR in Lakhs)

		As at Mar 31, 2021	As at 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:
i. 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.
ii. 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.

23 Other Equity

	As at Mar 31, 2021	As at Mar 31, 2020
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**

(INR in Lakhs)

		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**

(INR in Lakhs)

		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**

(INR in Lakhs)

		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

Fedbank Financial Services Limited
CIN : U65910KL1995PLC008910
Notes to the financial statements (Continued)

		for the year ended Mar 31, 2021	for the period ended Mar 31, 2020
			(INR in Lakhs)
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**

Fedbank Financial Services Limited
CIN : U65910KL1995PLC008910
Notes to the financial statements (Continued)

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 Transactio	(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 Transactio	-	(265)	-	-	(265)	(265)
Impact due to tax rate change	-	(20)	-	-	(20)	(20)
Total	**529**	**116**	**5**	**-**	**121**	**650**

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	-	-	-	-	-
Sub ordinated 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	-	-	-	-	-
Sub ordinated 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

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
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

(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

	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) <u>Sensitivity Analysis</u>: (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
	Max Bupa Health
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	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	Fair value Level 1	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	Fair value Level 1	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.

Fedbank Financial Services Limited
CIN : U65910KL1995PLC008910
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

	31 March 2021			31 March 2020		
Assets	**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			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				
ICICI Bank	Term Loan- 5	Quarterly	1,250	30-Jun-22	31-Mar-25		First Pari passu charge by way of hypothecation of receivables	1.15 Times	Moratorium of 12Months
SIDBI Bank	Term Loan- 1	Quarterly	250	10-Oct-17	10-Jul-22		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-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			1.15Times	5 Months Moratorium
SIDBI Bank	Term Loan -4	Monthly	580	10-Jul-20	10-Apr-21		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
Karnataka Bank	Term Loan- 1	Quarterly	156	28-Jun-19	28-Mar-23		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-Nov-18	29-May-21			1.10 Times	Moratorium of 12 Months
Karnataka Bank	Term Loan- 3	Yearly	1,000	27-Nov-21	27-Nov-24			1.10 Times	No Moratorium
J&K Bank	Term Loan- 1	Quarterly	556	30-Apr-18	30-Jul-22		First Pari passu charge by way of hypothecation of receivables	1.15 Times	Moratorium of 6 Months
Indian Bank	Term Loan- 1	Quarterly	625	12-Mar-19	12-Dec-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- 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

Bajaj Finance Ltd	Term Loan- 1	Quarterly	156	28-Feb-19	30-Nov-22		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	1.10 Times	No Moratorium
Axis Bank	Term Loan -2	Quarterly	105	28-May-20	28-Nov-24		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	Interest Rates in the range of 6.21% to 9.80% p.a (Previous year: 6.90% - 9.90%)	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			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		Interest Rates in the range of 8.10% to 9.00% p.a		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.

Fedbank Financial Services Limited
CIN : U65910KL1995PLC008910
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 financials 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.

(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

(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

(INR in Lakhs)

	As at 31 March 2021			
Industry Analysis	**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**

(INR in Lakhs)

	As at 31 March 2020			
Industry Analysis	**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	-	-	4,136	4,136
Other Financial Assets	-	-	828	828
Total	**3,30,115**	**38,536**	**27,067**	**3,95,718**

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

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.

Fedbank Financial Services Limited
CIN : U65910KL1995PLC008910
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 ate 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 a collateral, but that the Company would not consider readily available to secure fusing in normal course of business

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

Fedbank Financial Services Limited
CIN : U65910KL1995PLC008910
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**	

	As at March 31, 2021			**As at March 31, 2020**			
Particulars	**Carrying Amount**	**Traded Risk**	**Non-traded Risk**	**Carrying Amount**	**Traded Risk**	**Non-traded Risk**	**Primary risk sensitivity**
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**

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)**	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

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 b		
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.

Fedbank Financial Services Limited
CIN : U65910KL1995PLC008910
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	-	-

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

Fedbank Financial Services Limited
CIN : U65910KL1995PLC008910
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).

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,
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)

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
1	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

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.

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 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

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		Under CDR Mechanism					Mechanism					Others					Total				
	Assets classification Details		Standard	Substandard	Doubtful	Loss	Total	Standard	Substandard	Doubtful	Loss	Total	Standard	Substandard	Doubtful	Loss	Total	Standard	Substandard	Doubtful	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

47.35 Disclosure in compliance with RBI circular 2020-21/17 DOR.No.BP.BC/4/21.04.048/2020-21

No. of accounts restructured	Amount outstanding as at 31st March 2021 (INR in lakhs)
130	6,168

47.36 Disclosure in compliance with RBI circular 2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21

(INR in Lakhs)

Type of borrower	(A) Number of accounts where resolution plan has been implemented under this window	(B) exposure to accounts mentioned at (A) before implementation of the plan	(C) Of (B), aggregate amount of debt that was converted into other securities	(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation	(E) Increase in provisions on account of the implementation of the resolution plan
Personal Loans	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.

Fedbank Financial Services Limited
CIN : U65910KL1995PLC008910
Notes to the financial statements (Continued)

47.39 LCR Disclosure

(INR in Lakhs)

	Particulars	Total Unweighted3 Value (average)	Total Weighted4 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