B S R & Co. LLP
Chartered Accountants

14th Floor, Central B Wing and North C Wing,
Nesco IT Park 4, Nesco Center,
Western Express Highway,
Goregaon (East), Mumbai – 400063, India
Telephone: +91 (22) 6257 1000
Fax: +91 (22) 6257 1010

Independent Auditor's Report

To the Members of Fedbank Financial Services Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Fedbank Financial Services Limited (the "Company") which comprise the balance sheet as at 31 March 2023, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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

Basis for Opinion

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

Key Audit Matter(s)

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Loss allowance for Expected Credit Loss (ECL) on loans and advances
Refer to the accounting policies in "Note 3 to the Financial Statements"
Charge to the Statement of Profit and Loss: Rs (569) Lakhs
Loss allowance for Expected Credit Loss (ECL) as at 31 March 2023: Rs 10,304 Lakhs

<table>
<tr><th>The key audit matter</th><th>How the matter was addressed in our audit</th></tr>
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Subjective estimate

Loans represent significant portion of the Company's assets.

Recognition and measurement of loss allowance for ECL on loans and advances involves significant management judgement.

Under Ind AS 109, Financial Instruments, loss allowance on loans is determined using ECL model. The Company's loss allowance is derived from estimates including consideration of the historical default and loss ratios and forward-looking risk variables. The Company exercises judgements in determining the quantum of loss based on a range of other factors.

The most significant factors are:
• Segmentation of loan book
• Determination of exposure at default
• Loan staging criteria
• Calculation of probability of default / loss given default
• Consideration of probability weighted scenarios and forward looking macro-economic factors
• Qualitative adjustments / management overlays – adjustments to the model driven ECL results as overlays are recorded by management to address known impairment model limitations or emerging trends as well as risks not captured by models. As at 31 March 2023, overlays represent approximately Rs 906 lakhs of the ECL provision. These estimates involve management judgement and consider attributes like potential cost of recovery, time period to recover and other legal and operational matters in settlement and closure of loans. Further, a consideration towards future changes in key macro-economic variables is also factored.

The application of ECL model requires several data inputs, including estimation of 12-month
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In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:

Design / controls
• Performed walkthroughs and assessed the design and implementation of controls in respect of the Company's loss allowance process such as the timely recognition of impairment loss, the completeness and accuracy of reports used in the impairment allowance process and management review processes over the measurement of loss allowance and the related disclosures on credit risk management.
• Evaluation of the impairment principles used by management based on the requirements of Ind AS 109, business understanding and industry practice, including an assessment of management's rationale for rebutting staging principles as per Ind AS 109 for its gold loan portfolio.
• Understanding and testing the processes, systems and controls implemented in relation to impairment allowance process.
• Evaluating key controls over collation of relevant information used for determining estimates for management overlays.
• Testing the controls over 'Governance Framework' in line with the RBI guidance and with Company's laid down policy
• Assessing the design and implementation of key internal financial controls over identification, classification, and measurement of impairment charge, including for loans which were restructured.
• Testing of key review controls over measurement of loss allowances and disclosures in financial statements.
• Assessed sufficiency of the disclosures on key judgements, assumptions and quantitative data with respect to loss allowance in the financial statements.

Involvement of specialists
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ECL for a pool of loans and lifetime for other pool of loans. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model. Further, basis the nature and characteristics of its gold loan portfolio, the Company has elected to rebut the 90 days past due criteria for classification of an exposure as Stage 3, basis the manner in which the Company subsequently monitors default and potential loss as per its credit risk management policy. The underlying forecasts and assumptions used in the estimates of impairment loss allowance are subject to uncertainties which are often outside the control of the Company. Given the size of loan portfolio relative to the balance sheet and the impact of impairment allowance on the financial statements, we have considered this as a key audit matter. Disclosures: The disclosures regarding the Company's application of Ind AS 109 are important in explaining the key judgements and material inputs to the Ind AS 109 ECL results.	We involved financial risk modelling specialists for the following: • Evaluating the appropriateness of the Company's Ind AS 109 impairment methodologies and reasonableness of assumptions used (including those used for management overlays). Substantive tests • Assessing management's rationale for determination of criteria for SICR. • Reviewing management's assessment of rebuttal of 90 days past due norm on classification of exposure as Stage 3 in its gold loan portfolio, including reviewing management's basis of conclusion of not considering a loan as restructured when facilities are rolled over or collaterals are repledged. • Assessing the changes made in macroeconomic factors and management overlays to calibrate the risks that are not yet fully captured by the existing model. • Tested through independent check, Company's assessment of restructured pool impacts on segments of its loan portfolio and the resultant loss allowance. • Verifying application of accounting principles, validating completeness and accuracy of the data and reasonableness of assumptions used in the model. • Test of details over of calculation of loss allowance for assessing the completeness, accuracy, and relevance of data. • For model derived outputs, verifying the calculations through re-computation where practicable. • Checking data for assessing reasonableness of judgments made in respect of calculation methodologies, segmentation, economic factors, the period of historical loss rates used and the valuation of recovery assets and collateral (including collateral in the form of gold). • Assessing the factual accuracy of the financial statements disclosures made by the Company.

Information Technology (IT) systems and controls

The key audit matter	**How the matter was addressed in our audit**
The Company's key financial accounting and reporting processes are highly dependent on information systems including automated controls, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being misstated. The Company uses multiple systems for its overall financial reporting process. We have identified 'Information Technology systems' as key audit matter because of the significant level of automation, the various layers and elements of the IT architecture and the risks associated with remote access of key applications by staff during the year.	Our audit procedures to assess the IT system management included the following: We involved our IT Specialist to: Understand General IT Controls (GITC) i.e., Access Controls, Program/ System Change, Computer Operations (i.e., Job Processing, Data/System Backup) over key financial accounting and reporting systems and supporting control systems (referred to as in-scope systems). Understand IT infrastructure i.e., operating systems and databases supporting the in-scope systems. Test the General IT Controls for design and operating effectiveness for the audit period over the in-scope systems. Understand IT application controls covering: • user access and roles, segregation of duties; and • reports and system configuration. Test the IT application controls for design and operating effectiveness for the audit period. Test the automated controls supporting financial reporting process to determine whether these controls remained unchanged during the audit period or were changed following the standard change management process. Test the controls over the IT infrastructure covering user access (including privilege users), and system changes; and Enquiry on data security controls in the context of staff working from remote location during the year. Based on procedures performed above, wherever required, we extended our audit procedures over other IT application controls, periodic reconciliations, manual approval processes, tests on identified key changes and additional substantive testing.

Other Information

The Company’s Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's Annual Report, but does not include the financial statements and auditor’s report(s) thereon. The Company's Annual Report is expected to be made available to us after the date of this auditor’s report.

Our opinion on the financial statements does not cover the other information and we will 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 identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Management's and Board of Directors' Responsibilities for the Financial Statements

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

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

The Board of Directors is also responsible for overseeing the Company’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c. The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.

d. In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

e. On the basis of the written representations received from the directors between 31 March 2023 till 26 May 2023, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act.

f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

a. The Company has disclosed the impact of pending litigations as at 31 March 2023 on its financial position in its financial statements - Refer Note 54 to the financial statements.

b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

c. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

d (i) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 57(1) to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(ii) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 57(2) to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.

e. The Company has neither declared nor paid any dividend during the year.

f. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only with effect from 1 April 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable.

C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No.:101248W/W-100022

ASHWIN SOMA SUVARNA

Digitally signed by ASHWIN SOMA SUVARNA
Date: 2023.05.26 20:17:30 +05'30'

Ashwin Suvarna

Partner

Membership No.: 109503

ICAI UDIN:23109503BGXUPF8023

Place: Mumbai

Date: 26 May 2023

Annexure A to the Independent Auditor's Report on the Financial Statements of Fedbank Financial Services Limited for the year ended 31 March 2023

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(i) (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified in a phased manner over a period of 3 years. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) The Company does not have any immovable property (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee). Accordingly, clause 3(i)(c) of the Order is not applicable.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The Company is engaged in the business of a non-banking financial company without accepting public deposits under Section 45 IA of the Reserve Bank of India Act, 1934. Accordingly, it does not hold any physical inventory. Accordingly, clause 3(ii)(a) of the Order is not applicable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. In our opinion, the quarterly returns or statements filed by the Company with such banks or financial institutions are in agreement with the books of account of the Company.

(iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not provided any guarantee or security to companies, limited liability partnership or other parties during the year. The Company has made investments, granted loans and advances in the nature of loans, secured or unsecured to companies, limited liability partnership and other parties in respect of which the requisite information is as below:

(a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company's principal business is to give loans. Accordingly, clause 3(iii)(a) of the Order is not applicable.

(b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion the investments made during the year and the terms and conditions of the grant of loans and advances in the nature of loans provided during the year are, prima facie, not prejudicial to the interest of the Company. Further the Company, has not provided any guarantee or security to companies, limited liability partnership or other parties during the year.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of loans given, in our opinion the repayment of principal and payment of interest has been stipulated and the receipts have been regular except for the following:

A) In case of Gold Loans:

Amount in Lakhs	Number of Delays#	Extent of Delay#
21,899	23,780	1-29 days
10,897	12,657	30-59 days
6,841	7,927	60-89 days
3,876	4,045	90 days and above

B) In case of Other than Gold Loans:

Amount in Lakhs	Number of Delays#	Extent of Delay#
291	1,005	1-29 days
540	765	30-59 days
312	257	60-89 days
12,103	920	90 days and above

the number and extent of delays are computed basis loan wise Days Past Due (DPD) position as at each quarter end during FY 2022-23. Further, if a loan is in DPD in multiple quarters continuously, same is considered only once in number of delays and highest DPD is considered for extent of delay.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans (and advance in the nature of loan) given except an amount of Rs. 15,255 Lakhs (principal amount) and Rs 1,528 Lakhs (interest) overdue for more than ninety days as at 31 March 2023. In our opinion, reasonable steps have been taken by the Company for recovery of the principal and interest. Further, the Company has not given any advance in the nature of loan to any party during the year

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company's principal business is to give loans. Accordingly, clause 3(iii)(e) of the Order is not applicable.

(f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.

(iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not given any loans, or provided any guarantee or security as specified under Section 185 of the Companies Act, 2013. In respect of the investments made by the Company, in our opinion the provisions of Section 186(1) of the Act have been complied with. The remaining provisions related to section 186 of the Act do not apply to the Company as it is an NBFC registered with the Reserve Bank of India ('RBI').

Annexure A to the Independent Auditor's Report on the Financial Statements of Fedbank Financial Services Limited for the year ended 31 March 2023 *(Continued)*

(v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.

(vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for the services provided by it. Accordingly, clause 3(vi) of the Order is not applicable.

(vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax or Cess or other statutory dues have been regularly deposited by the Company with the appropriate authorities.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax or Cess or other statutory dues were in arrears as at 31 March 2023 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, statutory dues relating to Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues which have not been deposited on account of any dispute are as follows:

Name of the statute	Nature of the dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending	Remarks, if any
Income Tax Act, 1961	Income Tax and Interest	32,18,290	AY 2011-2012	Commissioner of Income Tax (Appeals)	Disallowance of expenses for increase in Share capital
Income Tax Act, 1961	Income Tax and Interest	5,02,320	AY 2013-2014	Commissioner of Income Tax (Appeals)	Disallowance of delay payment of employer contribution after due date but before filing the IT Return
Income Tax Act, 1961	Income Tax and Interest	9,29,088	AY 2017-2018	Commissioner of Income Tax	Disallowance of CSR Expenses

Annexure A to the Independent Auditor's Report on the Financial Statements of Fedbank Financial Services Limited for the year ended 31 March 2023 *(Continued)*

Name of the statute	Nature of the dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending	Remarks, if any
				(Appeals)	

(viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.

(ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans and borrowing or in the payment of interest thereon to any lender.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.

(c) In our opinion and according to the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained, though idle/surplus funds which were not required for immediate utilisation were invested in liquid assets.

(d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) The Company does not hold any investment in any subsidiaries, associates or joint ventures (as defined under the Act) during the year ended 31 March 2023. Accordingly, clause 3(ix)(e) is not applicable.

(f) The Company does not hold any investment in any subsidiary, associate or joint venture (as defined under the Act) during the year ended 31 March 2023. Accordingly, clause 3(ix)(f) is not applicable.

(x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.

(xi) (a) During the course of our examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the year except that 15 cases of fraud aggregating to Rs. 1767.05 lakhs on the Company were noticed or reported during the year as disclosed in note 48.13 to the financial statement The fraud mainly pertains to customer induced fraud involving pledge of spurious gold/ theft gold and property mortgaged in favour of Company sold to third party by customer without prior consent of the Company and employee fraud involving replacement of customer Gold with spurious gold and inflating the gold weights.

(b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.

Annexure A to the Independent Auditor's Report on the Financial Statements of Fedbank Financial Services Limited for the year ended 31 March 2023 *(Continued)*

(c) We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing and extent of our audit procedures.

(xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.

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

(xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

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

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

(xvi) (a) In our opinion and according to the information and explanation provided to us, the Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and has obtained the registration.

(b) In our opinion and according to the information and explanations given to us, the Company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.

(d) The Company is not part of any group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016 as amended). Accordingly, the requirements of clause 3(xvi)(d) are not applicable.

(xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

Also refer to the Other Information paragraph of our main audit report which explains that the other information comprising the information included in Annual report is expected to be made available to us after the date of this auditor's report.

(xx) (a) In our opinion and according to the information and explanations given to us, there is no unspent

Annexure A to the Independent Auditor's Report on the Financial Statements of Fedbank Financial Services Limited for the year ended 31 March 2023 *(Continued)*

amount under sub-section (5) of Section 135 of the Act pursuant to any project other than ongoing projects. Accordingly, clause 3(xx)(a) of the Order is not applicable.

(b) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any ongoing project. Accordingly, clause 3(xx)(b) of the Order is not applicable.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No.:101248W/W-100022

ASHWIN SOMA SUVARNA

Digitally signed by ASHWIN SOMA SUVARNA
Date: 2023.05.26 20:18:37 +05'30'

Ashwin Suvarna

Partner

Place: Mumbai

Membership No.: 109503

Date: 26 May 2023

ICAI UDIN:23109503BGXUPF8023

Annexure B to the Independent Auditor's Report on the financial statements of Fedbank Financial Services Limited for the year ended 31 March 2023

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

(Referred to in paragraph 2.(A).(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

We have audited the internal financial controls with reference to financial statements of Fedbank Financial Services Limited ("the Company") as of 31 March 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibilities for Internal Financial Controls

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3)

Annexure B to the Independent Auditor's Report on the financial statements of Fedbank Financial Services Limited for the year ended 31 March 2023 *(Continued)*

provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2023, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No.:101248W/W-100022

ASHWIN SOMA SUVARNA

Digitally signed by ASHWIN SOMA SUVARNA
Date: 2023.05.26 20:19:36 +05'30'

Ashwin Suvarna

Partner

Membership No.: 109503

ICAI UDIN:23109503BGXUPF8023

Place: Mumbai

Date: 26 May 2023

Fedbank Financial Services Limited
CIN : U65910MH1995PLC364635
BALANCE SHEET AS ON 31 MARCH 2023

(INR in Lakhs)

	Particulars	**Note**	**As at 31 March 2023**	**As at 31 March 2022**
I.	**ASSETS**			
(1)	**Financial assets**			
	(a) Cash and cash equivalents	4	9,396	6,596
	(b) Bank balances other than cash and cash equivalents	5	66	7,664
	(c) Receivables			
	(i) Trade receivables	7(i)	1,485	1,184
	(ii) Other receivables	7(ii)	476	386
	(d) Loans	8	7,99,970	5,64,481
	(e) Investments	9	68,062	51,433
	(f) Other financial assets	10	6,446	1,177
	Total Financial assets		**8,85,901**	**6,32,921**
(2)	**Non-financial assets**			
	(a) Current tax assets (net)	11	1,197	1,192
	(b) Deferred tax assets (net)	12	2,183	3,150
	(c) Property, Plant and Equipment	14 (1)	3,066	3,086
	(d) Right Of Use Assets	14 (4)	11,193	11,970
	(e) Capital work in progress	14 (3)	53	66
	(f) Other Intangible assets	14 (2)	320	306
	(g) Other non- financial assets	13	3,186	2,880
	Total Non-financial assets		**21,198**	**22,650**
	TOTAL ASSETS		**9,07,099**	**6,55,571**
II.	**LIABILITIES & EQUITY**			
(1)	**Financial liabilities**			
	(a) Derivative financial instruments	6	482	-
	(b) Payables			
	Trade payables	15		
	(i) total outstanding dues of micro enterprises and small enterprises		-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		2,609	643
	Other payables	15 (1)		
	(i) total outstanding dues of micro enterprises and small enterprises		-	
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
	(c) Debt securities	16	61,123	53,342
	(d) Borrowings (other than debt securities)	17	6,26,493	4,22,435
	(e) Subordinated Liabilities	18	25,967	25,907
	(f) Lease Liability	19	13,404	13,704
	(g) Other financial liabilities	20	35,078	21,097
	Total Financial liabilities		**7,65,156**	**5,37,128**
(2)	**Non-financial liabilities**			
	(a) Provisions	21	620	313
	(b) Other non-financial liabilities	22	5,755	2,778
	Total Non-financial liabilities		**6,375**	**3,091**
	Equity			
	(a) Equity share capital	23	32,191	32,152
	(b) Other equity	24	1,03,377	83,200
			1,35,568	**1,15,352**
	TOTAL LIABILITIES AND EQUITY		**9,07,099**	**6,55,571**

Significant accounting policies and notes to the Financial Statements 3 - 60
The notes referred to above forms integral part of Financial Statements.
As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
FRN: 101248W/W-100022

For and on behalf of Board of Directors of Fedbank Financial Services Limited

CHATTAPURAM VENKATRAMAN GANESH Digitally signed by CHATTAPURAM VENKATRAMAN GANESH Date: 2023.05.26 18:31:04 +05'30'

RAJARAMAN SUNDARESAN Digitally signed by RAJARAMAN SUNDARESAN Date: 2023.05.26 18:32:16 +05'30'

C. V. Ganesh
Chief Financial Officer

S. Rajaraman
Company Secretary
M.No.F3514

ASHWIN SOMA SUVARNA Digitally signed by ASHWIN SOMA SUVARNA Date: 2023.05.26 20:20:33 +05'30'

ANIL KOTHURI Digitally signed by ANIL KOTHURI Date: 2023.05.26 18:30:16 +05'30'

Krishnamurthy Balakrishnan Digitally signed by Krishnamurthy Balakrishnan Date: 2023.05.26 18:19:13 +05'30'

GAURI RUSHABH SHAH Digitally signed by GAURI RUSHABH SHAH Date: 2023.05.26 18:57:24 +05'30'

Ashwin Suvarna
Partner
Membership No. 109503

Anil Kothuri
MD & CEO
DIN:00177945

Balakrishnan Krishnamurthy
Non Executive Chairman
DIN:00034031

Gauri Rushabh Shah
Independent Director
DIN:06625227

Place: Mumbai
Date: May 26, 2023

Place: Mumbai
Date: May 26, 2023

Fedbank Financial Services Limited
CIN : U65910MH1995PLC364635
STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31 MARCH 2023

(INR in Lakhs)

	Note	For the year ended 31 March 2023	For the year ended 31 March 2022
Revenue from operations			
(a) Interest income	25	1,11,016	82,189
(b) Fee and commission income	26	5,601	4,289
(c) Net gain on fair value changes	27	1,262	454
Total Revenue from operations		**1,17,879**	**86,932**
Other income	28	3,588	1,432
Total Revenue		**1,21,467**	**88,364**
Expenses			
(a) Finance costs	29	47,215	34,765
(b) Fees and commission expenses	30	2,328	1,470
(c) Impairment on financial instruments	31	4,890	8,388
(d) Employee benefits expense	32	24,760	17,541
(e) Depreciation, amortisation and impairment	14	4,187	3,670
(f) Other expenses	33	12,248	8,609
Total expenses		**95,628**	**74,443**
Profit before exceptional items and tax (III-IV)		**25,839**	**13,921**
Exceptional items	60	**(1,537)**	-
Profit before tax		**24,302**	**13,921**
Tax expenses:			
Current tax	34	5,738	4,710
Deferred tax	34	551	(1,135)
Profit for the year		**18,013**	**10,346**
Other Comprehensive Income (OCI)			
(a) Items that will not be reclassified to profit or loss			
(i) Remeasurement gain on defined benefit plans (OCI)		15	92
(ii) Tax effect on Remeasurement gain on defined benefit plans (OCI)		(4)	(24)
Total		**11**	**68**
(b) Items that will be reclassified to profit or loss			
(i) Fair value gain - OCI - Loans		1,633	-
(ii) Fair value gain - OCI - Investment in Government Securities		6	-
(iii) Tax effect on above (i) and (ii)		(412)	-
Total		**1,227**	**-**
Other Comprehensive Income		**1,238**	**68**
Total Comprehensive Income		**19,251**	**10,414**
Earnings per equity share			
(1) Basic (INR)	36	5.60	3.32
(2) Diluted INR)	36	5.59	3.31
Face value per share (in ₹)		10.00	10.00

Significant accounting policies and notes to the Financial Statements 3 - 60
The notes referred to above forms integral part of Financial Statements.
As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
FRN: 101248W/W-100022

For and on behalf of Board of Directors of Fedbank Financial Services Limited

CHATTAPURAM VENKATRAMAN GANESH
Digitally signed by CHATTAPURAM VENKATRAMAN GANESH Date: 2023.05.26 18:34:14 +05'30'

RAJARAMAN SUNDARESAN
Digitally signed by RAJARAMAN SUNDARESAN Date: 2023.05.26 18:35:12 +05'30'

C. V. Ganesh
Chief Financial Officer

S. Rajaraman
Company Secretary
M.No.F3514

ASHWIN SOMA SUVARNA
Digitally signed by ASHWIN SOMA SUVARNA Date: 2023.05.26 20:21:34 +05'30'

ANIL KOTHURI
Digitally signed by ANIL KOTHURI Date: 2023.05.26 18:33:24 +05'30'

Krishnamurthy Balakrishnan
Digitally signed by Krishnamurthy Balakrishnan Date: 2023.05.26 18:19:50 +05'30'

GAURI RUSHABH SHAH
Digitally signed by GAURI RUSHABH SHAH Date: 2023.05.26 19:03:52 +05'30'

Ashwin Suvarna
Partner
Membership No. 109503

Anil Kothuri
MD & CEO
DIN:00177945

Balakrishnan Krishnamurthy
Non Executive Chairman
DIN:00034031

Gauri Rushabh Shah
Independent Director
DIN:06625227

Place: Mumbai
Date: May 26, 2023

Place: Mumbai
Date: May 26, 2023

Fedbank Financial Services Limited
CIN : U65910MH1995PLC364635
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2023

(INR in Lakhs)

	For the year ended 31 March 2023	For the year ended 31 March 2022
A CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	**24,302**	**13,921**
Adjustments for :		
Finance cost	47,215	34,765
Share based payment to employee	796	249
Depreciation	4,187	3,670
Interest income from Investment	(954)	(89)
Liability no longer required, written back	-	(3)
Interest on Fixed Deposit	(457)	(818)
Loss on sale of tangible assets	2	75
Profit on Sale Of Mutual Fund units (Net) - realised	(1,272)	(444)
Gain/(Loss) on fair valuation of mutual fund - unrealised	9	(9)
Security deposit - Fair Valuation	29	13
EIR impact on Loans	552	232
Excess interest spread on Direct Assignment Transaction (net)	(3,481)	(704)
Impairment on financial instrument	4,890	8,388
Operating profit before working capital changes	**75,818**	**59,246**
Adjustments for working capital:		
- (Increase)/decrease in loans	(2,35,682)	(1,17,039)
- (Increase)/decrease in financial asset and non financial asset	(596)	(840)
- (Increase)/decrease in trade and other receivables	(443)	(1,280)
- Increase/(decrease) in trade payables	1,966	(353)
- Increase/(decrease) in provisions	322	103
- Increase/(decrease) in financial liabilities and non financial liabilities	16,958	7,290
Cash generated from / (used in) operating activities	**(1,41,657)**	**(52,873)**
Direct taxes paid (net of refund)	(5,743)	(4,916)
Net cash generated from / (used in) operating activities	**(1,47,400)**	**(57,789)**
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of tangible assets	(1,339)	(2,461)
Sale of tangible assets	3	5
Purchase of intangible assets	(170)	(228)
Investment in Government securities	(1,07,209)	(41,874)
Redemption of Government securities	82,532	1,500
Investment in Mutual Fund	(8,37,958)	(3,93,380)
Sale of Mutual Fund	8,47,527	3,86,026
Redemption of fixed deposit	76,465	1,22,205
Investment in fixed deposit	(74,037)	(1,14,555)
Interest on fixed deposits	619	981
Interest income from Investment	615	89
Net cash generated from / (used in) investing activities	**(12,952)**	**(41,692)**
C CASH FLOW FROM FINANCING ACTIVITIES		
Debt Securities availed	83,500	40,000
Debt Securities repaid	(77,500)	(45,000)
Borrowings availed	26,41,980	1,85,000
Borrowings repaid	(24,38,302)	(1,10,010)
Finance Cost	(43,568)	(34,919)
Lease Payment (principal)	(2,186)	(1,850)
Lease Payment (interest)	(943)	(900)
Share application money pending allotment	-	(4)
Equity Shares Issued	40	2,886
Money received on partly paid Optionally convertible reedemable preference shares (OCRPS) (being fully paid)	-	1,897
Redemption of OCRPS	-	(842)
Share Premium net of Share Issue Expenses	131	17,216
Net cash generated from / (used in) financing activities	**1,63,152**	**53,474**
Net increase / (decrease) in cash and cash equivalents	**2,800**	**(46,007)**
Cash and cash equivalents as at the beginning of the year	**6,596**	**52,603**
Closing balance of cash and cash equivalents (A+B+C)	**9,396**	**6,596**
Components of cash and cash equivalents:		
Cash on hand	1,339	1,684
Balances with banks		
- in current accounts	8,057	4,912
- in fixed deposit with maturity less than 3 months	-	-
Cash and cash equivalents	**9,396**	**6,596**

Note:
The above cash flow statement has been prepared under the indirect method set out in Ind-AS 7 - Statement of Cash Flow.
Refer note 35 for cash flow related disclosure as per Ind AS 7

Significant accounting policies and notes to the Financial Statements 3 - 60
The notes referred to above forms integral part of Financial Statements.
As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
FRN: 101248W/W-100022

For and on behalf of Board of Directors of Fedbank Financial Services Limited

CHATTAPURAM VENKATRAMAN GANESH Digitally signed by CHATTAPURAM VENKATRAMAN GANESH Date: 2023.05.26 18:36:18 +05'30'

RAJARAMAN SUNDARESAN Digitally signed by RAJARAMAN SUNDARESAN Date: 2023.05.26 18:37:25 +05'30'

C. V. Ganesh
Chief Financial Officer

S. Rajaraman
Company Secretary
M.No.F3514

ASHWIN SOMA SUVARNA Digitally signed by ASHWIN SOMA SUVARNA Date: 2023.05.26 20:22:31 +05'30'

ANIL KOTHURI Digitally signed by ANIL KOTHURI Date: 2023.05.26 18:38:34 +05'30'

Krishnamurthy Balakrishnan Digitally signed by Krishnamurthy Balakrishnan Date: 2023.05.26 18:20:19 +05'30'

GAURI RUSHABH SHAH Digitally signed by GAURI RUSHABH SHAH Date: 2023.05.26 19:06:50 +05'30'

Ashwin Suvarna
Partner
Membership No. 109503

Anil Kothuri
MD & CEO
DIN:00177945

Balakrishnan Krishnamurthy
Non Executive Chairman
DIN:00034031

Gauri Rushabh Shah
Independent Director
DIN:06625227

Place: Mumbai
Date: May 26, 2023

Fedbank Financial Services Limited
CIN : U65910MH1995PLC364635
STATEMENT OF CHANGE IN EQUITY AS AT 31 MARCH 2023

Equity share capital

(INR in Lakhs)

Particular	As at 31 March 2023		As at 31 March 2022	
	Number of shares	Amount	Number of shares	Amount
Balance at the beginning of the reporting year	32,15,17,605	32,152	28,99,23,425	28,992
Changes in Equity Share Capital due to prior year errors	-	-	-	-
Changes in equity share capital during the current year	3,94,000	39	3,15,94,180	3,160
Balance at the end of the reporting year	**32,19,11,605**	**32,191**	**32,15,17,605**	**32,152**

Other Equity

Particulars	Share application money pending allotment	Debt instruments through OCI	Equity component of compound financial instruments	Reserves and Surplus						Total
				Securities Premium Account	Employee Stock Option Outstanding	Capital Redemption Reserve	Special Reserve under section 45-IC of the Reserve Bank of India Act, 1934	General reserve	Retained earnings	
Balance at 1 April 2022	**-**	**-**	**-**	**52,326**	**727**	**200**	**6,593**	**10**	**23,344**	**83,200**
Addition	-	-	-	131	795	-	-	-	-	**926**
Utilised (share issue expense)	-	-	-	-	-	-	-	-	-	**-**
Transferred from retained earnings	-	-	-	-	-	-	3,602	-	(3,602)	**-**
Transferred to securities premium	-	-	-	40	(40)	-	-	-	-	**-**
Impact of OCPRS due to redemption	-	-	-	-	-	-	-	-		**-**
Profit for the year	-	-	-	-	-	-	-	-	18,013	**18,013**
Remeasurement gain/(loss) on defined benefit plans	-	-	-	-	-	-	-	-	11	**11**
Fair value gain/(loss) on financial assets	-	1,227	-	-	-	-	-	-	-	**1,227**
Closing Balance as on 31 March 2023	**-**	**1,227**	**-**	**52,497**	**1,482**	**200**	**10,195**	**10**	**37,767**	**1,03,377**

Particulars	Share application money pending allotment	Debt instruments through OCI	Equity component of compound financial instruments	Reserves and Surplus						Total
				Securities Premium Account	Employee Stock Option Outstanding	Capital Redemption Reserve	Special Reserve under section 45-IC of the Reserve Bank of India Act, 1934	General reserve	Retained earnings	
Balance at 1 April 2021	**4**	**-**	**33**	**33,554**	**515**	**-**	**4,524**	**10**	**15,840**	**54,479**
Addition	-	-	-	18,735	249	-	-	-	-	**18,984**
Utilised (share issue expense)	(4)	-	-	-	-	-	-	-	-	**(4)**
Transferred from retained earnings	-	-	-	-	-	200	2,069	-	(2,269)	**-**
Transferred to securities premium	-	-	-	37	(37)	-	-	-	-	**-**
Impact of OCPRS due to redemption	-	-	**(33)**	-	-	-	-	-	(642)	**(675)**
Profit for the year	-	-	-	-	-	-	-	-	10,346	**10,346**
Remeasurement gain / (loss) on defined benefit plans	-	-	-	-	-	-	-	-	69	**69**
Fair value gain/(loss) on financial assets	-	-	-	-	-	-	-	-	-	**-**
Closing Balance as on 31 March 2022	**-**	**-**	**-**	**52,326**	**727**	**200**	**6,593**	**10**	**23,344**	**83,200**

Significant accounting policies and notes to the Financial Statements 3 - 60
The notes referred to above forms integral part of Financial Statements.
As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
FRN: 101248W/W-100022

ASHWIN SOMA SUVARNA
Digitally signed by ASHWIN SOMA SUVARNA
Date: 2023.05.26 20:23:27 +05'30'

Ashwin Suvarna
Partner
Membership No. 109503

Place: Mumbai
Date: May 26, 2023

For and on behalf of Board of Directors of Fedbank Financial Services Limited

CHATTAPURAM VENKATRAMAN GANESH
Digitally signed by CHATTAPURAM VENKATRAMAN GANESH
Date: 2023.05.26 18:39:45 +05'30'

C. V. Ganesh
Chief Financial Officer

RAJARAMAN SUNDARESAN
Digitally signed by RAJARAMAN SUNDARESAN
Date: 2023.05.26 18:40:57 +05'30'

S. Rajaraman
Company Secretary
M.No.F3514

ANIL KOTHURI
Digitally signed by ANIL KOTHURI
Date: 2023.05.26 18:42:25 +05'30'

Anil Kothuri
MD & CEO
DIN:00177945

Krishnamurthy Balakrishnan
Digitally signed by Krishnamurthy Balakrishnan
Date: 2023.05.26 18:20:53 +05'30'

Balakrishnan Krishnamurthy
Non Executive Chairman
DIN:00034031

GAURI RUSHABH SHAH
Digitally signed by GAURI RUSHABH SHAH
Date: 2023.05.26 19:07:36 +05'30'

Gauri Rushabh Shah
Independent Director
DIN:06625227

Place: Mumbai
Date: May 26, 2023

1. Corporate information

Fedbank Financial Services Limited ('the Company') is a Public Limited Company incorporated on 17 April, 1995 in India and is a subsidiary of The Federal Bank Limited. Its registered office is located in Mumbai. The Company is in the business of lending and has a diversified lending portfolio consisting of Gold Loans, Loan against Property, Home Loans, SME Loans and Wholesale Finance. The Company also extends Micro Loans through tie ups with sourcing and servicing agents. The Company is registered with the Reserve Bank of India as a Non-Banking Finance Company (NBFC) vide Registration N- 16.00187 and is presently categorized as a Systemically Important Non-Deposit taking Non-Banking Financial Company (NBFC-ND-SI) in accordance with the guidelines of Reserve Bank of India.

2. Basis of preparation and presentation of Financial Statements

2.1 Basis of preparation of Financial Statements

The financial statements of the Company have been prepared in accordance with Indian Accounting Standard ('Ind AS') prescribed under section 133 of the Companies Act, 2013 (the 'Act'), read with relevant rules issued thereunder and the other accounting principles generally accepted in India. Any application guidance/ clarifications/ directions issued by the Reserve Bank of India or other regulators are implemented as and when they are issued/ applicable.

The preparation of financial statements requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosed amount of contingent liabilities. Areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the Company are discussed in Note 3 - Significant accounting judgements, estimates and assumptions.

The financial statements have been approved by the Board of Directors on May 26, 2023.

2.2 Presentation of Financial Statements

The financial statements of the Company are presented as per Schedule III (Division III) of the Companies Act, 2013 applicable to NBFCs, as notified by the Ministry of Corporate Affairs (MCA). The Statement of Cash Flows has been presented using indirect method as per the requirements of Ind AS 7 Statement of Cash Flows.

2.3 Functional and presentation currency

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

2.4 Basis of measurement

These financial statements have been prepared under the historical cost convention and on an accrual basis, except for certain financial instruments which are measured at fair values as required by relevant Ind AS basis.

3. Critical accounting estimates and judgments

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

Effective Interest Rate (EIR) Method:
The Company recognizes interest income /expense using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loans given / taken. This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well as expected changes to other fee income/expense that are integral parts of the instrument.

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

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

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

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

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

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

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

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

4. Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements.

4.1 Measurement of fair values

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

The management regularly reviews significant unobservable inputs and valuation adjustments.

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

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

4.2 Revenue Recognition

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

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

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

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

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

Fee, commission and distribution income
The Company recognizes revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial Instruments' is applicable) based on a assessment model as set out in Ind AS 115 'Revenue from contracts with customers. Revenue from contract with customer for rendering services is recognized at a point in time when performance obligation is satisfied.

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

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

Dividend and interest income on investments:
Dividends are recognized in Statement of Profit and Loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

Interest income from investments is recognized when it is certain that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Net gain on fair value changes

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

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

Income from direct assignment

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

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

4.3 Property plant and equipments

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

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

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

Depreciation

Depreciation on property, plant and equipment is provided on straight-line method in case of Computer Equipment & Server and on Written Down Value (WDV) method in case of Office Equipment, Furniture & fixtures & Vehicles. Depreciation is charged over the useful lives of assets as prescribed under Schedule II of the Companies Act 2013.

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

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

Leasehold improvements are amortized over the period of the lease.

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

PPE is derecognized on disposal or when no future economic benefits are expected from 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 period the asset is derecognized. Assets held for sale or disposals are stated at the lower of their net book value and net realisable value.

4.4 Intangible Assets

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

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

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

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

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

4.5 Foreign exchange transactions & translations

a) Initial recognition

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

b) Conversion

Transactions in foreign currencies are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at period 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.

4.6 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. The Company follows trade date method of accounting for purchase and sale of investments. 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.F

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. The legally enforceable right is not contingent on future events and enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterparty.

h) Derivatives and hedging activity:

The Company uses derivative contracts like cross currency interest rate swaps, forward contracts, options 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 resulting gain/loss is recognized in the Statement of Profit and Loss immediately unless the derivative is designated and is effective as a hedging instrument, in which event the timing of the recognition in the Statement of Profit and Loss depends on nature and type of the hedge relationship designated.

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 recognized 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 nonfinancial liability.

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

Fair value hedges that qualify for hedge accounting

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

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

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

i) Restructured, rescheduled and modified loans

Restructured loans (other than OTR) where repayment terms are renegotiated as compared to the original contracted terms due to significant credit distress of the borrower are classified as credit impaired. Such loans continue to be in stage 3 until they exhibit regular payment of renegotiated principal and interest over a minimum observation of period, typically 12 months- post renegotiation, and there are no other indicators of impairment. Having satisfied the conditions of timely payment over the observation period, these loans could be transferred to stage 1 or 2 and a fresh assessment of the risk of default be done for such loans.

Rollovers/repledges in case of gold loans are not considered as restructured provided no concession are allowed and the LTV is maintained at less than or equal to prescribed regulatory guidelines.

For loans restructured under the RBI Resolution Framework (OTR), the Company, basis credit assessment, the terms of restructuring, repayment behavior of borrowers and other qualitative factors, has considered all loans restructured as an early indicator of significant increase in credit risk and accordingly classified such loans as Stage 2.

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 months ECL is calculated to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the Company reverts to recognizing impairment loss allowance based on 12 months ECL.

The Company performs an assessment, at the end of each reporting period, of whether a financial assets credit risk has increased significantly since initial recognition. When determining whether credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, including on historical experience and forward-looking information.

Estimation of Expected Credit Loss (ECL):

The Company calculates ECLs based on a probability-weighted scenarios and historical data to measure the expected cash shortfalls. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

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

Probability of default (PD): The Probability of Default is an estimate of the likelihood of default over a given time horizon. The Company uses historical information where available to determine PD.

Exposure at default (EAD): The Exposure at Default is an estimate of the exposure at a default date taking into account the repayment of principal and interest until the reporting date.

Loss Given default (LGD): The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral.

Forward looking information: While estimating the expected credit losses, the Company reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Company analyses if there is any relationship between key economic trends like GDP, inflation etc. with the estimate of PD, LGD determined by the Company based on its internal data. While the internal estimates of PD, LGD rates by the Company may not be always reflective of such relationships, temporary overlays, if any, are embedded in the methodology to reflect such macro-economic trends reasonably.

Based on the above process, the Company categorizes its loans into three stages as described below:

Stage 1: When loans are first recognised, the Company recognises an allowance based on 12 months ECL. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date. These expected 12-month default probabilities are applied to an EAD and multiplied by the expected LGD. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2 or Stage 3.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the life time ECL. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument.

Stage 3: Financial assets are classified as stage 3 when there is objective evidence of impairment as result of one or more loss events that have occurred after the initial recognition. The Company records an allowance for the life time ECL. The method is similar to that for Stage 2 assets, with the PD set at 100%.

For gold loans, when a loan remains overdue for 90 days or more and does not fulfil the conditions for minimum collateral cover, such loans are classified as Stage 3.

The Company has considered additional ECL provision by applying management overlays to model derived PDs and LGDs for certain pool of loans where it believes that there is a need for further adjustments given the uncertainty on forward looking risks.

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.

4.7 Impairment of assets other than financial assets

The Company reviews the carrying amounts of its tangible and intangible assets at the end of each reporting period, to determine whether there is any indication that those assets have impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is determined for an individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets or group of assets.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) is increased to the revised estimate of its recoverable amount such that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised for the asset (or cash-generating unit) in prior years. The reversal of an impairment loss is recognised in Statement of Profit and Loss.

4.8 Employee benefits

a) Short-term employee benefits

All short-term employee benefits are accounted on undiscounted basis during the accounting period based on services rendered by employees and recognized as expenses in the Statement of Profit and Loss. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

b) Defined contribution plan (provident fund and ESIC)

Retirement benefits in the form of provident fund and superannuation are defined contribution schemes. The Company has no obligation, other than the contribution payable to the respective funds. The Company recognizes contribution payable to the respective funds as expenditure, when an employee renders the related service.

c) Defined benefit plan (Gratuity)

Payment of gratuity to employees is covered by the defined benefit scheme and the Company makes contribution under the said scheme.

The Company's liability towards gratuity scheme is determined by independent actuaries, using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. Past services are recognised at the earlier of the plan amendment / curtailment and recognition of related restructuring costs/termination benefits.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss.

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

d) Compensated Absences

The Company has a scheme for compensated absences for employees, the liability of which is determined on the basis of an independent actuarial valuation carried out at the end of the period, 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.

4.9 Share-based payments

Equity-settled share-based payments to employees are recognized as an expense at the fair value of equity stock options at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the graded vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding adjustment in equity.

4.10 Finance costs

Finance costs include interest expense computed by applying the effective interest rate on respective financial instruments measured at amortized cost. Financial instruments include subordinated debts, term loans and working capital loans from Banks, Financial Institutions and NBFCs and Commercial Papers. Finance costs are charged to the Statement of Profit and Loss.

4.11 Income taxes

Income tax expense comprises of current tax and deferred tax. It is recognized in Statement of Profit and Loss except to the extent that it relates to an item recognized directly in equity or in other comprehensive income.

a) Current tax:
Current tax comprises amount of tax payable in respect of the taxable income or loss for the period determined in accordance with Income Tax Act, 1961 and any adjustment to the tax payable or receivable in respect of previous years. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. Current tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously

Current tax is recognised in statement of profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current tax is also recognised in other comprehensive income or directly in equity respectively. The management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

b) Deferred tax:
Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequence that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary difference could be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset if there i: a legally enforceable right to offset current tax. Liabilities and assets , and they relate to income taxes levied by the income tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

4.12 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash on hand, cheques and drafts on hand, balances with banks in current accounts, short term deposits with an original maturity of three months or less, which are subject to an insignificant risk of change in value.

4.13 Provisions, contingent liabilities and contingent assets

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events, whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation.. Contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably.

Contingent assets are not recognized in the financial statements. However, it is disclosed only when an inflow of economic benefits is probable.

4.14 Leases

Contracts/arrangements, or part of a contract/arrangement meeting the definition of "lease" and falling within the scope of Ind AS 116 "Leases" to follow accounting policies mentioned below

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company as a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the Statement of Profit and Loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using incremental borrowing rate (because the implicit rate in the lease contracts is not available). The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Company has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less, and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

The Company as a lessor

Leases where the Company does not transfer substantially all of the risk and benefits of ownership of the asset are classified as operating leases. Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in rental income in the Statement of Profit and Loss, unless the increase is in line with expected general inflation, in which case lease income is recognised based on contractual terms. When the Company is an intermediate lessor it accounts, for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

4.15 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.

4.16 Cash flow statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

4.17 Segment information

The Company is engaged in the business segment of Financing, whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated and to assess its performance, and for which discrete financial information is available. Operating segments of the Company are reported in a manner consistent with the internal reporting provided to the chief operating decision maker and accordingly the Company has classified its operations into three segments – Distribution (retail loan/insurance products), Retail Finance and 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.

(INR in Lakhs)

		As at 31 March 2023	As at 31 March 2022
4	**Cash and cash equivalents**		
	Cash on hand	1,339	1,684
	Balances with banks		
	- in current accounts	8,057	4,912
	- in fixed deposits with maturity less than 3 months	-	-
		9,396	**6,596**
5	**Bank balances other than cash and cash equivalents**		
	Fixed deposit with maturity of more than 3 months and less than 12 months		
	- Free	-	7,664
	- Under Lien*	66	-
		66	**7,664**

*Fixed deposit amounting to INR 66 lakhs (PY - Nil) is lein marked towards forward contract entered into to hedge against foreign currency denominated borrowing.

6 Derivative financial instruments

Part I	**As at 31 March 2023**			**As at 31 March 2022**		
	Notional amounts	**Fair Value - Assets**	**Fair Value-Liabilities**	**Notional amounts**	**Fair Value - Assets**	**Fair Value-Liabilities**
(i) Currency derivatives						
- Spot and forwards	30,040	-	482	-	-	-
- Currency futures	-	-	-	-	-	-
- Currency swaps	-	-	-	-	-	-
- Options purchased	-	-	-	-	-	-
- Options sold (written)	-	-	-	-	-	-
- Others	-	-	-	-	-	-
(ii) Interest Rate Derivatives						
- Forward rate agreements and interest rate swaps	-	-	-	-	-	-
- Options purchased	-	-	-	-	-	-
- Options sold (written)	-	-	-	-	-	-
- Futures	-	-	-	-	-	-
- Others	-	-	-	-	-	-
(iii) Credit Derivatives	-	-	-	-	-	-
(iv) Equity Linked Derivatives	-	-	-	-	-	-
(v) Other Derivatives	-	-	-	-	-	-
Total	**30,040**	**-**	**482**	**-**	**-**	**-**

Part II	**As at 31 March 2023**			**As at 31 March 2022**		
	Notional amounts	**Fair Value - Assets**	**Fair Value-Liabilities**	**Notional amounts**	**Fair Value - Assets**	**Fair Value-Liabilities**
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:						
(i) Fair value hedging						
- Currency derivatives	-	-	-	-	-	-
- Interest Rate Derivatives	-	-	-	-	-	-
- Credit Derivatives	-	-	-	-	-	-
- Equity Linked Derivatives	-	-	-	-	-	-
- Others	-	-	-	-	-	-
(ii) Cash flow hedging						
- Currency derivatives	-	-	-	-	-	-
- Interest Rate Derivatives	-	-	-	-	-	-
- Credit Derivatives	-	-	-	-	-	-
- Equity Linked Derivatives	-	-	-	-	-	-
- Others	-	-	-	-	-	-
(iii) Net investment hedging	-	-	-	-	-	-
(iv) Undesignated derivatives	30,040	-	482	-	-	-
Total	**30,040**	**-**	**482**	**-**	**-**	**-**

The Company uses forward exchange contracts to economically hedge its risks associated with currency risk arising from the foreign currency borrowing. These contracts are stated at fair value at each reporting date. (Refer note 48.03)

7	Receivables	As at 31 March 2023	As at 31 March 2022
	(i) Trade receivables		
	Receivables considered good - Unsecured*	1,542	1,332
	Trade Receivables which have significant increase in credit risk	123	-
		1,665	**1,332**
	Less: Loss allowance	180	148
		1,485	**1,184**
	(ii) Other receivables		
	Receivables considered good - Unsecured	496	386
		496	**386**
	Less: Loss allowance	20	-
		476	**386**
		1,961	**1,570**

-

*Includes unbilled revenue amounting to INR 817 Lakhs (at March 31, 2022: INR 4 Lakhs)

Outstanding as at 31 March 2023 from due date of payment

	Total	Less than 6 months	6 months - 1 year	1 -2 years	2 -3 years	More than 3 year
Undisputed trade & other receivable - Considered good	**1,221**	1,221	-	-	-	-
Undisputed trade & other receivable which have significant increase in credit risk	**123**	-	5	118	-	-
Undisputed trade receivables –credit impaired	-	-	-	-	-	-
Disputed trade receivables –considered good	-	-	-	-	-	-
Disputed trade receivables –which have significant increase in credit risk	-	-	-	-	-	-
Disputed trade receivables –credit impaired	-	-	-	-	-	-
Total	**1,344**	**1,221**	**5**	**118**	-	-
Less: Loss Allowance	**(200)**	(77)	(5)	(118)	-	-
	1,144	**1,144**	-	-	-	-
Unbilled receivable	**817**					
	1,961					

Outstanding as at 31 March 2022 from due date of payment

	Total	Less than 6 months	6 months - 1 year	1 -2 years	2 -3 years	More than 3 year
Undisputed trade & other receivable - Considered good	**1,714**	1,596	118	-	-	-
Undisputed trade & other receivable which have significant increase in credit risk	-	-	-	-	-	-
Undisputed trade receivables –credit impaired	-	-	-	-	-	-
Disputed trade receivables –considered good	-	-	-	-	-	-
Disputed trade receivables –which have significant increase in credit risk	-	-	-	-	-	-
Disputed trade receivables –credit impaired	-	-	-	-	-	-
Total	**1,714**	**1,596**	**118**	-	-	-
Less: Loss Allowance	**(148)**	(30)	(118)	-	-	-
	1,566	**1,566**	-	-	-	-
Unbilled receivable	**4**					
	1,570					

7.1 No trade receivables and other receivables are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

8 Loans

As at March 31, 2023 **(INR in Lakhs)**

	Amortised Cost	At Fair Value through other comprehensive income	Total
(i) Term Loans	**7,51,649**	**58,625**	**8,10,274**
Gross carrying amount of loans	7,51,649	58,625	8,10,274
Less: Impairment Loss Allowance	(10,304)	-	(10,304)
Total Net (A)	**7,41,345**	**58,625**	**7,99,970**
(i) Secured by tangible assets (Refer Note 44.1.2)	6,73,092	23,572	6,96,664
(ii) Secured by intangible assets	-	-	-
(iii) Covered by guarantees (Refer Note 44.1.2)	2,576	-	2,576
(iv) Unsecured	75,981	35,053	1,11,034
Total Gross (B)	**7,51,649**	**58,625**	**8,10,274**
Less: Impairment Loss Allowance	(10,304)	-	(10,304)
Total Net (B)	**7,41,345**	**58,625**	**7,99,970**
Loans in India			
(i) Public sector	-	-	-
(ii) Others *	7,51,649	58,625	8,10,274
Total Gross (C)	**7,51,649**	**58,625**	**8,10,274**
Less: Impairment Loss Allowance	(10,304)	-	(10,304)
Total Net (C)	**7,41,345**	**58,625**	**7,99,970**

* Includes loans given to private sector

As at 31 March, 2022

	Amortised Cost	At Fair Value through other comprehensive income	Total
(i) Term Loans	**5,76,094**	**-**	**5,76,094**
Gross carrying amount of loans	5,76,094	-	5,76,094
Less: Impairment Loss Allowance	(11,613)	-	(11,613)
Total Net (A)	**5,64,481**	**-**	**5,64,481**
(i) Secured by tangible assets (Refer Note 44.1.2)	4,82,736	-	4,82,736
(ii) Secured by intangible assets	-	-	-
(iii) Covered by guarantees (Refer Note 44.1.2)	4,861	-	4,861
(iv) Unsecured	88,497	-	88,497
Total Gross (B)	**5,76,094**	**-**	**5,76,094**
Less: Impairment Loss Allowance	(11,613)	-	(11,613)
Total Net (B)	**5,64,481**	**-**	**5,64,481**
Loans in India			
(i) Public sector	-	-	-
(ii) Others *	5,76,094	-	5,76,094
Total Gross (C)	**5,76,094**	**-**	**5,76,094**
Less: Impairment Loss Allowance	(11,613)	-	(11,613)
Total Net (C)	**5,64,481**	**-**	**5,64,481**

* Includes loans given to private sector

8.1 The Company has not advanced any loans to the promoters, directors, KMPs and the related parties either severally or jointly with any other person.

8.2 **Disclosure required as per Non-Banking Finanial Company - Systematically Important Non Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016**

	As at 45,016	As at 44,651
Loans against collateral of gold jewellery (Gross)	2,98,605	2,24,753
Total assets of the Company	9,07,099	6,55,571
Percentage of Loans against collateral of gold jewellery to Total assets of the Company	32.92%	34.28%

(INR in Lakhs)

8.3 The table below shows the credit quality and the maximum exposure to credit risk based on the Company's impairment assessment and stage classification. The amounts presented are gross of impairment allowances.

(a) Gross carrying amount of loan assets measured at amortised cost allocated to Stage 1, Stage 2 and Stage 3

Loans (at amortised cost)	As at Mar 31, 2023	As at Mar 31, 2022
Stage 1	6,97,757	5,13,114
Stage 2	37,461	50,122
Stage 3	16,431	12,858
Total	**7,51,649**	**5,76,094**

(b) Reconciliation of gross carrying amount of loan assets measured at amortised cost is given below:

	As at Mar 31, 2023				As at Mar 31, 2022			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount opening balance	5,13,114	50,122	12,858	5,76,094	4,45,141	12,881	4,681	4,62,703
Transfers to Stage 1	6,130	(4,639)	(1,491)	-	841	(764)	(77)	-
Transfers to Stage 2	(11,813)	12,339	(526)	-	(31,415)	31,442	(27)	-
Transfers to Stage 3	(5,380)	(5,234)	10,614	-	(6,623)	(4,362)	10,985	-
Assets derecognised (excluding write offs)	(2,52,545)	(23,252)	(1,325)	(2,77,122)	(2,29,281)	(4,507)	(742)	(2,34,530)
Asset written off	-	-	(5,818)	(5,818)			(3,950)	(3,950)
Loan Repaid*	(82,014)	(2,343)	(1,012)	(85,369)	(47,839)	997	514	(46,328)
New assets originated or purchased	5,30,265	10,468	3,131	5,43,864	3,82,290	14,435	1,474	3,98,199
Gross carrying amount closing balance	**6,97,757**	**37,461**	**16,431**	**7,51,649**	**5,13,114**	**50,122**	**12,858**	**5,76,094**

*Movement covers repayment of loan, change in exposure on account of restructuring, change in exposure for partly disbursed loans and change in staging

(c) Reconciliation of ECL balance of loan assets measured at amortised cost is given below:

	As at Mar 31, 2023				As at Mar 31, 2022			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL allowance - opening balance	2,524	6,251	2,838	11,613	4,536	1,555	1,399	7,490
Transfers to Stage 1	1,012	(754)	(258)	-	140	(122)	(18)	-
Transfers to Stage 2	(85)	174	(89)	-	(2,078)	2,084	(6)	0
Transfers to Stage 3	(370)	(642)	1,012	-	(566)	(809)	1,375	-
Assets derecognised (excluding write offs)	(607)	(2,539)	(784)	(3,930)	(614)	(108)	(91)	(813)
Assets written off	-	-	(2,892)	(2,892)			(1,192)	(1,192)
Loan Repaid*	(2,646)	(278)	(300)	(3,224)	(259)	2,839	1,305	3,885
New assets originated or purchased	2,637	1,978	4,122	8,737	1,365	812	66	2,243
ECL allowance - closing balance	**2,465**	**4,190**	**3,649**	**10,304**	**2,524**	**6,251**	**2,838**	**11,613**

*Movement covers release of provision on account of repayment, increase in provision on account of restructuring, increase in provision on account of disbursement of partly disbursed loans and change in staging.

(d) Gross carrying amount of loan assets measured at fair value through OCI allocated to Stage 1, Stage 2 and Stage 3

Loans (at FVOCI)	As at Mar 31, 2023	As at Mar 31, 2022
Stage 1	59,140	-
Stage 2	207	-
Stage 3	19	-
Total	**59,366**	**-**

(e) Reconciliation of gross carrying amount of loan assets measured at fair value through OCI allocated is given below:

	As at Mar 31, 2023				As at Mar 31, 2022			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount opening balance	-	-	-	-	-	-	-	-
Transfers to Stage 1	-	-	-	-	-	-	-	-
Transfers to Stage 2	-	-	-	-	-	-	-	-
Transfers to Stage 3	-	-	-	-	-	-	-	-
Assets derecognised (excluding write offs)	-	-	-	-	-	-	-	-
Asset written off	-	-	-	-	-	-	-	-
Loan Repaid*	-	-	-	-	-	-	-	-
New assets originated or purchased	59,140	207	19	59,366	-	-	-	-
Gross carrying amount closing balance	**59,140**	**207**	**19**	**59,366**	**-**	**-**	**-**	**-**

*Movement covers repayment of loan, change in exposure on account of restructuring, change in exposure for partly disbursed loans and change in staging

(f) Reconciliation of ECL balance of loan assets measured at fair value through OCI allocated is given below:

	As at Mar 31, 2023				As at Mar 31, 2022			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL allowance - opening balance	-	-	-	-	-	-	-	-
Transfers to Stage 1	-	-	-	-	-	-	-	-
Transfers to Stage 2	-	-	-	-	-	-	-	-
Transfers to Stage 3	-	-	-	-	-	-	-	-
Assets derecognised (excluding write offs)	-	-	-	-	-	-	-	-
Assets written off	-		-	-	-	-	-	-
Loan Repaid*	-	-	-	-	-	-	-	-
New assets originated or purchased	705	33	3	741	-	-	-	-
ECL allowance - closing balance	**705**	**33**	**3**	**741**	**-**	**-**	**-**	**-**

*Movement covers release of provision on account of repayment, increase in provision on account of restructuring, increase in provision on account of disbursement of partly disbursed loans and change in staging.

		As at 31 March 2023	As at 31 March 2022
			(INR in Lakhs)
9	**Investments**		
9.1	**At Amortised Cost**		
	Investment in Non Convertible Debentures (NCD)	833	833
	Less: Allowance for impairment loss	(167)	(83)
		666	**750**
9.2	**At Fair value through OCI**		
	Investments in Government Securities	65,396	-
		65,396	**-**
9.3	**At Fair Value Through Profit & Loss**		
	Mutual Funds		
	(March'23 - Units : No. 1,67,907 and Cost INR 2,000 Lakhs)		
	(March'22 - Units : No. 19,21,595 and Cost INR 10,299 Lakhs)	2,000	10,309
	Investments in Government Securities	-	40,374
		2,000	**50,683**
	Total Investments	**68,062**	**51,433**

Note: All the investments are held in India.

(INR in Lakhs)

		As at 31 March 2023	As at 31 March 2022
10	**Other financial assets**		
	Security Deposits	1,334	1,172
	Full & final recovery from employee	104	100
	Less: Impairment Loss Allowance	-	(95)
	Bank deposits with more than 12 months maturity	5,008	-
		6,446	**1,177**
11	**Current tax assets (net)**		
	Advance income taxes (net of provision for taxes)	1,197	1,192
		1,197	**1,192**
12	**Deferred tax assets (net)**		
	Deferred tax assets (net)	2,183	3,150
		2,183	**3,150**
13	**Other non-financial assets**		
	Input tax credit (Net)	854	477
	Prepaid expenses	1,449	2,186
	Advance to Suppliers	780	117
	Advances to employees (other than loans)	102	100
	Others	1	-
		3,186	**2,880**

14.1 Property, Plant and Equipment **(INR in Lakhs)**

Particulars	Computer Equipments	Office Equipments	Lease Hold improvements (Interior Furnishings)	Furniture & Fixtures	Vehicles - Cars	Server	Total Property, Plant and Equipment
Gross Block as at April 1, 2022	915	1,344	1,999	897	16	113	5,284
Gross Block as at April 1, 2021	(539)	(505)	(1,220)	(526)	(16)	(113)	(2,920)
Additions during year ended Mar 31, 2023	434	327	372	221	-	-	1,354
Additions during year ended Mar 31, 2022	(376)	(868)	(794)	(379)	-	-	(2,418)
	-	-	-	-	-	-	
Deductions during year ended Mar 31, 2023	18	7	37	3	-	-	65
Deductions during year ended Mar 31, 2022	-	(30)	(15)	(8)	-	-	(53)
Gross Block as at Mar 31, 2023	**1,331**	**1,664**	**2,334**	**1,115**	**16**	**113**	**6,573**
'Gross Block as at Mar 31, 2022	**(915)**	**(1,344)**	**(1,999)**	**(897)**	**(16)**	**(113)**	**(5,284)**
Accumulated depreciation as at April 1, 2022	451	573	754	349	12	60	2,199
Accumulated depreciation as at April 1, 2021	(221)	(215)	(390)	(156)	(10)	(43)	(1,035)
Additions during year ended Mar 31, 2023	291	454	407	198	1	17	1,368
Additions during year ended Mar 31, 2022	(230)	(385)	(379)	(197)	(3)	(17)	(1,211)
Deductions during year ended Mar 31, 2023	16	6	36	2	-	-	60
Deductions during year ended Mar 31, 2022	-	(27)	(15)	(4)	-	-	(46)
Accumulated depreciation at Mar 31, 2023	**726**	**1,021**	**1,125**	**545**	**13**	**77**	**3,507**
Accumulated depreciation at Mar 31, 2022	**(451)**	**(573)**	**(754)**	**(349)**	**(12)**	**(60)**	**(2,199)**
Net block as at Mar 31, 2023	**605**	**643**	**1,209**	**570**	**3**	**36**	**3,066**
Net block as at Mar 31, 2022	**(464)**	**(771)**	**(1,245)**	**(548)**	**(4)**	**(53)**	**(3,085)**

14.2 Intangible Assets

Particulars	Computer Software
Gross Block as at April 1, 2022	602
Gross Block as at April 1, 2021	(375)
Additions during year ended Mar 31, 2023	171
Additions during year ended Mar 31, 2022	(228)
Deductions during year ended Mar 31, 2023	-
Deductions during year ended Mar 31, 2022	-
Gross Block as at Mar 31, 2023	**773**
Gross Block as at Mar 31, 2022	(602)
Accumulated depreciation as at April 1, 2022	296
Accumulated depreciation as at April 1, 2021	(143)
	-
Additions during year ended Mar 31, 2023	157
Additions during year ended Mar 31, 2022	(152)
	-
Deductions during year ended Mar 31, 2023	-
Deductions during year ended Mar 31, 2022	-
Accumulated depreciation at Mar 31, 2023	**453**
Accumulated depreciation at Mar 31, 2022	**(296)**
Net block as at Mar 31, 2023	**320**
Net block as at Mar 31, 2022	**(306)**

14.3 Capital Work in progress (CWIP)

Particulars	CWIP
Gross Block as at April 1, 2022	66
Gross Block as at April 1, 2021	(96)
	-
Additions during year ended Mar 31, 2023	293
Additions during year ended Mar 31, 2022	(1,273)
Deductions during year ended Mar 31, 2023	306
Deductions during year ended Mar 31, 2022	(1,303)
Gross Block as at Mar 31, 2023	**53**
Gross Block as at Mar 31, 2022	**(66)**

14.4 Right-Of-Use (ROU) Asset	**ROU**
ROU as at Apr 01, 2022	**11,970**
ROU as at Apr 01, 2021	(11,185)
Additions during year ended Mar 31, 2023	1,886
Additions during year ended Mar 31, 2022	(3,092)
Deductions during year ended Mar 31, 2023	-
Deductions during year ended Mar 31, 2022	-
Amortisation during year ended Mar 31, 2023	2,663
Amortisation during year ended Mar 31, 2022	(2,306)
ROU as at Mar 31, 2023	**11,193**
ROU as at Mar 31, 2022	**(11,970)**

14.3.1 Ageing of Capital Work in progress (CWIP)

CWIP	Amount in CWIP - March 31, 2023				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	35	13	5	-	**53**

CWIP	Amount in CWIP - March 31, 2022				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	44	22	-	-	**66**

(INR in Lakhs)

		As at 31 March 2023	As at 31 March 2022
15	**Trade Payables**		
	(i) Total outstanding dues of micro enterprises and small enterprises	-	-
	(ii) Total outstanding dues to creditors other than micro enterprises and small enterprises	2,609	643
		2,609	**643**
15.1	**Other payables**		
	(i) Total outstanding dues of micro enterprises and small enterprises	-	-
	(ii) Total outstanding dues to creditors other than micro enterprises and small enterprises	-	-
		-	-

Outstanding as at 31 Mar'23 from due date of payment					
Particulars	**Total**	**Less than 1 year**	**1 -2 years**	**2 -3 years**	**More than 3 year**
MSME	-	-	-	-	-
Others	**2,609**	2,404	60	74	71
Disputed dues - MSME	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-

Outstanding as at 31 Mar'22 from due date of payment					
Particulars	**Total**	**Less than 1 year**	**1 -2 years**	**2 -3 years**	**More than 3 year**
MSME	-	-	-	-	-
Others	**643**	540	83	20	
Disputed dues - MSME	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-

15.2 The Company has taken steps to identify the suppliers who qualify under the definition of micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006. The aforementioned is based on responses received by the Company to its 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 31 March 2023**	**As at 31 March 2022**
Principal amount remaining unpaid as at the end of the year	-	-
Interest due on above and remaining unpaid as at the end of the year	-	-
Amount of interest paid along terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, with amount of payment made to supplier beyond the appointed day	-	-
Interest due and payable on principal amounts for the year of delay in making the payment paid beyond the due date during the year but without the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006 amounts under this Act	-	-
Interest accrued and remaining unpaid at the end of each year	-	-
Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

		As at 31 March 2023	As at 31 March 2022
16	**Debt securities**		
	At amortised cost		
	Secured		
	Non-convertible redeemable debentures **(refer note 16.1, 16.2, 17.2 & 17.3)**	40,459	20,068
	Unsecured		
	Commercial paper **(refer note 16.1, 16.3, 17.2 & 17.3)**	21,000	35,000
	Less : Unamortised discount	(336)	(1,726)
		61,123	**53,342**
	Debt Securities in India	61,123	53,342
	Debt Securities outside India	-	-
		61,123	**53,342**

16.1 Details of security cover provided for debt securities

Security Clause	**31 March 2023**	**31 March 2022**
Secured by First Pari Passu Charge by way of hypothecation of all book debt receivables, Current Assets and Investments	38,750	18,750
First Pari Passu Charge on all present and future standard business receivables (except receivables hypothecated by way of exclusive charge, if any, to any of the Identified Lenders) and current assets including investments to the extent of security cover of each lender	-	35,000
Subtotal	**38,750**	**53,750**
Unamortised Cost	**(2)**	**(1,735)**
Interest Accrued	**1,711**	**1,327**
Total		**53,342**

16.2 Contractual Terms of repayment of Debt Securities

Particulars	**Interest Rate Range**	**31 March 2023**	**31 March 2022**
Issued on Private Placement Basis			
I. Secured			
Repayable on Maturity			
Maturing within 1 year	9.00%	18,750	-
Maturing Between 1 year to 3 Years	9.00%	-	18,750
Maturing Between 3 year to 5 Years	8.30%	20,000	-
Maturing more than 5 Years		-	-
Total Payable on Maturity		**38,750**	**18,750**
Unamortised Cost		(2)	-
Interest Accrued		1,711	1,327
Total Carrying amount		**40,459**	**20,077**
II. Unsecured			
Repayable on Maturity			
Maturing within 1 year	8.14%	21,000	35,000
Maturing Between 1 year to 3 Years		-	-
Maturing Between 3 year to 5 Years		-	-
Maturing more than 5 Years		-	-
Total Payable on Maturity		**21,000**	**35,000**
Unamortised Discount		(336)	(1,735)
Interest Accrued		-	-
Total Carrying amount		**20,664**	**33,265**

16.3 The commercial papers issued by the Company have maturity less than a year with carrying interest rate @ 8.14% p.a (March 2022: 6.04 % to 6.25 % p.a) and maximum amount outstanding during the year ended March 31, 2023 was INR 21,000 Lakhs (March 31, 2022 - INR 35,000 Lakhs)

(INR in Lakhs)

		As at 31 March 2023	As at 31 March 2022
17	**Borrowings (other than debt securities)**		
	Term Loan At amortised cost		
	Secured		
	Term loans from Bank	5,48,532	3,49,250
	Term loan from Related Party	24,881	51,041
	Term loans from other Parties	19,622	3,124
		5,93,035	**4,03,415**
	Unsecured		
	Term loans from Bank	-	5,028
	Term loans from other Parties	2,501	2,492
		2,501	**7,520**
	Loans repayable on demand		
	Secured		
	From Bank	22,532	5,501
	From Related Party	8,425	5,999
	From other parties	-	-
		6,26,493	**4,22,435**
	Borrowings in India	6,26,493	4,22,435
	Borrowings outside India	-	-
		6,26,493	**4,22,435**

17.1 Contractual terms of repayment of borrowings

Particulars	**Interest Rate Range**	**31 March 2023**	**31 March 2022**
I. Secured			
1. Repayable in Installments			
i. on monthly basis			
Maturing within 1 year	8.10% to 8.23%	5,500	3,000
Maturing Between 1 year to 3 Years	8.10% to 8.23%	11,000	6,000
Maturing Between 3 year to 5 Years	8.10% to 8.23%	4,667	6,000
Maturing more than 5 Years			-
Subtotal (A)		**21,167**	**15,000**
ii. on quarterly basis			
Maturing within 1 year	7.65% to 9.60%	1,64,288	1,32,372
Maturing Between 1 year to 3 Years	7.65% to 9.60%	2,73,563	1,90,883
Maturing Between 3 year to 5 Years	7.65% to 9.20%	96,375	44,961
Maturing more than 5 Years	8.25% to 8.55%	13,000	4,250
Subtotal (B)		**5,47,226**	**3,72,466**
iii. On half-yearly basis			
Maturing within 1 year	8.30%	833	-
Maturing Between 1 year to 3 Years	8.30%	4,167	-
Subtotal (C)		**5,000**	-
iv. on Yearly basis			
Maturing within 1 year	7.82% to 9.08%	6,033	5,167
Maturing Between 1 year to 3 Years	7.82% to 8.65%	10,399	8,833
Maturing Between 3 year to 5 Years	7.82%	3,364	2,500
Subtotal (D)		**19,796**	**16,500**
2. Repayable on Maturity			
Maturing within 1 year	7.70% to 9.65%	30,954	11,500
Maturing Between 1 year to 3 Years		-	-
Maturing Between 3 year to 5 Years		-	-
Subtotal (C)		**30,954**	**11,500**
Unamortised Cost		(624)	(657)
Interest Accrued		473	106
Total Secured		**6,23,992**	**4,14,915**
II. Unsecured			
Repayable on Maturity			
Maturing within 1 year		-	5,000
Maturing Between 1 year to 3 Years	8.20%	2,500	-
Maturing Between 3 year to 5 Years		-	2,500
Maturing more than 5 Years		-	-
Unamortised Cost		-	(8)
Interest Accrued		1	28
Total Unsecured		**2,501**	**7,520**

17.2 During the year ended March 31, 2023, the Company had borrowed Rs. 334.83 crores as Foreign Currency (USD) denominated Term Loan. These borrowings are currently carried at Rs. 295.37 crores as at March 31, 2023.

The foreign currency exposure on these borrowings have been economically hedged through forward contracts. (Refer note 48.03)

17.3 There is no borrowing measured at FVTPL or designated as FVTPL.

17.4 No term loan, commercial paper or any other borrowing is guaranteed by promoter or directors of the company.

17.5 Details of security cover provided for borrowings

Security Clause	31 March 2023	31 March 2022
First Pari Passu Charge on all present and future standard business receivables (except receivables hypothecated by way of exclusive charge, if any, to any of the Identified Lenders) and current assets including investments to the extent of security cover of each lender	6,24,142	4,15,466
Subtotal	**6,24,142**	**4,15,466**
Adjustment to carrying value for unamortised cost and accrued interest	**(150)**	**(551)**
Total	**6,23,992**	**4,14,915**

18 Subordinated Liabilities

At amortised cost

Unsecured

Non-convertible redeemable debentures - Related Party	24,437	24,300
Non-convertible redeemable debentures - Others	1,530	1,607
	25,967	**25,907**

18.1 There is no subordinated liability measured at FVTPL or designated at FVTPL.

18.2 Contractual terms of repayment of subordinated liabilities

Particulars	**Interest Rate Range**	**31 March 2023**	**31 March 2022**
Issued on Private Placement Basis			
Repayable on Maturity			
Maturing within 1 year		-	-
Maturing Between 1 year to 3 Years		-	-
Maturing Between 3 year to 5 Years	9.90%	25,000	-
Maturing more than 5 Years		-	25,000
Total Payable on Maturity		**25,000**	**25,000**
Unamortised Cost		(274)	(335)
Interest Accrued		1,241	1,242
Total Carrying amount		**25,967**	**25,907**

19 Lease Liability

Lease Liability *	13,404	13,704
	13,404	**13,704**

*Refer note 47 for the contractual maturities of lease liabilities

20 Other financial liabilities

Book overdraft	27,397	14,621
Assignee related payable	552	1,046
Employee related payable	2,784	1,675
Auction Related Payables	2	70
Commission Payable	1,981	1,512
Account Payable - Stale Cheque	312	191
Provision for expense	1,972	1,853
Interest accrued but not due	-	
Other payables*	78	130
	35,078	**21,097**

* Includes auction deposit payable

(INR in Lakhs)

		As at 31 March 2023	As at 31 March 2022
21	**Provisions**		
	Provision for Gratuity	175	4
	Provision for Compensated leave absences	336	307
	Provision for others	109	2
		620	**313**
22	**Other non-financial liabilities**		
	Advances from customers	5,313	2,510
	Statutory dues payable	442	268
		5,755	**2,778**

		(INR in Lakhs)
	As at 31 March 2023	**As at 31 March 2022**
23 Equity share capital		
Authorised :		
99,00,00,000 Equity Shares of INR. 10 each	99,000	99,000
1,00,00,000 Optionally Cummulative Redeemable Preference Shares ('OCRPS') of INR.10 each	1,000	1,000
	1,00,000	**1,00,000**
Issued, Subscribed and Paid up:		
32,19,11,605 (Previous year 32,15,17,605) Equity Shares of INR. 10 each fully paid up	32,191	32,152
	32,191	**32,152**

(a) Reconciliation of the number of shares outstanding and amount of share capital at the beginning and at the end of the year

(i) Reconciliation of the number of equity shares outstanding and amount of share capital at the beginning and at the end of the year

Particulars	**As at Mar 31, 2023**		**As at Mar 31, 2022**	
	Number of Shares	**Rupees in Lakhs**	**Number of Shares**	**Rupees in Lakhs**
Balance at the beginning of the year	32,15,17,605	32,152	28,99,23,425	28,992
Add: Additional equity shares Issued to existing shareholders - Right issue	-	-	2,85,71,450	2,857
Add: ESOP exercised	3,94,000	39	2,93,000	29
Add: Conversion of OCPRS to equity shares	-	-	27,29,730	273
Balance at the end of the year	**32,19,11,605**	**32,191**	**32,15,17,605**	**32,152**

Reconciliation of equity component of compound financial instrument outstanding at the beginning and at the end of the year

Particulars	**As at Mar 31, 2023**		**As at Mar 31, 2022**	
	Number of Shares	**Rupees in Lakhs**	**Number of Shares**	**Rupees in Lakhs**
Balance at the beginning of the year	-	-	47,29,730	33
Less: Shares converted during the year	-	-	27,29,730	19
Less: Shares redeemed during the year	-	-	20,00,000	14
Less: Transferred to Financial Liability	-	-	-	-
Balance at the end of the year	**-**	**-**	**-**	**-**

(b) Rights, preferences and restrictions attached to equity shares

For Equity shares :The Company has only one class of Equity shares having face value of INR 10/- each per share. Each holder of Equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of Equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts if any. The distribution will be in proportion to the number of shares held.

(c) Details of equity shares held by shareholders holding more than 5% shares of the aggregate shares in the Company

Particulars	**As at Mar 31, 2023**		**As at March 31, 2022**	
	Percentage Of Holding	**Rupees in Lakhs**	**Percentage Of Holding**	**Rupees in Lakhs**
Equity Shares				
Equity Shares Held by holding company - The Federal Bank Limited (Including 405 shares held by nominees)	73.21%	23,569	73.30%	23,569
- True North Fund VI LLP	25.72%	8,281	25.76%	8,281

(d) Details of equity shares held by Promoters in the company

As at March 31, 2023

Promoters Name	**No. of Shares**	**Percentage Of Holding**	**% of changes during year ended March 31, 2023**
Federal Bank Limited	23,56,85,927	73.21%	0.00%

As at March 31, 2022

Promoters Name	**No. of Shares**	**Percentage Of Holding**	**% of changes during year ended March 31, 2022**
Federal Bank Limited	23,56,85,927	73.30%	0.00%

(e) Number of shares reserved for ESOPs

Particulars	**As at Mar 31, 2023**	**As at Mar 31, 2022**
Equity Shares of Rs. 10 fully paid up		
Number of shares reserved for ESOPs	1,34,76,351	78,70,351

24 Other Components of Equity

	As at 31 March 2023	As at 31 March 2022
Securities Premium	52,497	52,326
Employee stock option outstanding	1,482	727
Debt instruments through OCI	1,227	-
Statutory Reserve	10,195	6,593
General Reserve	10	10
Capital Redemption Reserve	200	200
Surplus in the Statement of Profit and Loss	37,766	23,344
	1,03,377	**83,200**

24.1 Nature and purpose of reserves

a) **Securities Premium**
Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

b) **Employee Stock Option outstanding**
The Employee Stock Options outstanding represents amount of reserve created by recognition of compensation cost at grant date fair value on stock options vested but not exercised by employees and unvested stock options in the Statement of Profit and Loss in respect of share options granted to the eligible employees of the Company in pursuance of the Employee Stock Option Plan.

c) **Other Comprehensive Income**
It represents the fair value gains/(losses) on loans and investments.

d) **Special Reserve**
Special reserve represents the Reserve fund created under Section 45-IC of the Reserve Bank of India Act, 1934.

e) **Equity component of Compound Financial Instrument**
This is equity component of compound financial instruments as per Ind AS 32 Financial Instruments: Presentation (refer to note 23(a) for details).

f) **General Reserve**
The reserve is a distributable reserve maintained by the Company out of transfers made from annual profits.

g) **Impairment Reserve**
Impairment Reserve is appropriated from net profit after tax when charge of impairment allowance is lower than the provisioning required under Income Recognition, Asset Classification and Provisioning norms prescribed by Reserve Bank of India (RBI)

h) **Capital Redemption Reserve**
Capital Redemption Reserve represents the reserve created for a sum equal to nominal value of the preference share redeemed.

i) **Surplus in the statement of profit and loss**
Surplus in the Statement of Profit and Loss pertain to the Company's undistributed earnings after taxes.

24.2 Details of movement in other equity

(INR in Lakhs)

		As at 31 March 2023	As at 31 March 2022
a)	**Securities Premium Account**	52,326	33,554
	Add : Additions during the year on issue of Equity Shares	171	18,772
	Less : Share issue expenses	-	-
		52,497	**52,326**
b)	**Share Application Money Pending Allotment**	-	4
	Add : Additions during the year	-	(4)
		-	-
c)	**Employee Stock Option Outstanding**	727	515
	Add : Additions during the year	755	212
		1,482	**727**
d)	**Other Comprehensive Income**	95	27
	Add : Additions during the year	1,238	69
		1,333	**95**
e)	**Special Reserve under section 45-IC of the Reserve Bank of India Act, 1934**	6,592	4,523
	Add : Additions during the year	3,603	2,069
		10,195	**6,592**
f)	**Compound Financial Instrument**	-	33
	Less : Transferred (to)/from Financial Liability	-	(33)
		-	-
g)	**General Reserve**	10	10
	Add : Additions during the year	-	-
		10	**10**
h)	**Capital Redemption Reserve**	200	-
	Add : Additions during the year	-	200
		200	**200**
i)	**Retained Earning - Opening Balance**	23,250	15,815
	Add: Profit for the year	18,013	10,346
	Less : Redemption of OCRPS	-	(642)
	Less : Transfer to CRR on redemption of OCRPS	-	(200)
	Less: Transaferred to Statutory Reserve	(3,603)	(2,069)
		37,660	**23,250**
	Other Equity	**1,03,377**	**83,200**

(INR in Lakhs)

		For the year ended 31 March 2023	For the year ended 31 March 2022
	Revenue from operations		
25	**Interest Income**		
	Interest on loans	1,03,463	79,497
	Interest on fixed deposits	457	818
	Income on direct assignment	6,059	1,608
	Interest income from investments	954	173
	Interest income on security deposit	83	93
		1,11,016	**82,189**

Note: No loans have been measured at FVTPL.

		For the year ended 31 March 2023	For the year ended 31 March 2022
26	**Fee and commission income**		
	Income From Distribution	3,407	2,603
	Loan Servicing Fee	58	26
	Other fee and charges (cheque bouncing charges, foreclosure charges, auction charges, etc)	2,136	1,660
		5,601	**4,289**
27	**Net gain on fair value changes**		
	a) Net gain on financial instrument at fair value through profit or loss	1,262	454
		1,262	**454**
	b) Fair value changes:		
	- Realised	1,272	445
	- Unrealised	(9)	9
	Total Net gain on fair value changes	**1,262**	**454**
28	**Other income**		
	Income from Provision of Facilities / Services	3,315	1,375
	Liability no longer required, written back	0	3
	Interest On Income Tax Refunds	120	-
	Miscellaneous Income*	153	54
		3,588	**1,432**

* Includes notice pay recoveries from employees

(INR in Lakhs)

		For the year ended 31 March 2023	For the year ended 31 March 2022
29	**Finance costs**		
	Interest on borrowings (other than debt securities)	37,744	27,098
	Foreign currency translation loss *	715	-
	Interest on debt securities	6,302	5,333
	Interest on subordinated liabilities	1,241	1,241
	Interest on lease liability	943	900
	Other interest expense	270	193
		47,215	**34,765**

* It represents net fair value changes on foreign currency borrowings Rs. 233 lakhs and derivative instruments Rs. 482 lakhs.

		For the year ended 31 March 2023	For the year ended 31 March 2022
30	**Fees and commission expenses**		
	Commission and brokerage	2,328	1,470
		2,328	**1,470**
31	**Impairment on financial instruments**		
	Bad debts (net of recovery)	5,324	4,204
	ECL Provision -		
	On Loans	(569)	4,124
	On Investment	83	(2)
	On Trade receivable and others	52	62
		4,890	**8,388**

Note: Other than financial instuments measured at amortized cost and FVOCI, there are no other financial instrument measured at FVTPL.

		For the year ended 31 March 2023	For the year ended 31 March 2022
32	**Employee benefit expenses**		
	Salaries and wages	22,108	15,885
	Contribution to provident and other funds	1,097	850
	Share based payments to employees (Refer note 46)	796	249
	Staff welfare expenses	759	557
		24,760	**17,541**

(INR in Lakhs)

		For the year ended 31 March 2023	For the year ended 31 March 2022
33	**Other expenses**		
	Advertisement and business promotion	175	80
	Auditors' remuneration (refer note below 33.1)	101	74
	Directors' sitting fees	31	28
	Insurance	219	125
	Legal and professional fees	3,324	1,927
	Printing and stationery	261	189
	Rates and taxes	76	111
	Rent	279	150
	Repairs and maintenance - Machinery	4	3
	Technology cost	2,348	1,097
	Electricity charges	295	202
	Corporate social responsibility ('CSR') (refer note 33.2)	136	68
	Sourcing expenses	275	154
	Office expenses	360	265
	Postage and courier	487	411
	Goods & service tax expenses	1,705	1,276
	Travelling and conveyance	1,283	658
	Recruitment charges	186	70
	Servicing fees - Micro finance loans	(731)	361
	Valuation charges	189	160
	Housekeeping and security charges	822	899
	Loss on sale of assets	2	75
	Operational Loss	218	-
	Securitisation expenses	121	108
	Miscellaneous expenses	82	118
		12,248	**8,609**
33.1	**Auditors' remuneration:**		
	For Statutory Audit	50	42
	For Limited Review	39	26
	For Other Matters *	100	119
	For Out of pocket expenses*	9	3
		198	**190**
	Less: Amount expensed and disclosed as exceptional item in Statement of Profit and Loss for the year ended 31 March, 2023 (cummulative for the year ended 31 March 2022 and 31 March 2023- refer note 60)	**(97)**	**(116)**
	Total	**101**	**74**

* Includes amount of INR 97 lakhs (previous year INR 116 Lakhs) pertaining to Initial Public Offer (IPO) related work relating to public issuance , both of which has been expensed in current year as Exceptional Item in the Statement of Profit and Loss (refer note 60). During the previous year, the Company had filed the Draft Red Herring Prospectus dated 18 February 2022, with SEBI, for the purpose of raising equity capital. However, due to various internal and external considerations, the IPO plan to issue equity shares to public has been currently put on hold.

33.2	**Corporate Social Responsibility Expenditure**		
	Amount required to be spent	136	114
	Amount spent during the year		
	(a) Construction / acquisition of asset	-	-
	(b) On purpose other than (a) above	136	68
	Excess / (shortfall)	-	(46)
	Amount required to be contributed to specified fund u/s 135(6)	**-**	**46**

Note: CSR projects undertaken by the Company falls under definition of 'Ongoing-Project'.

(INR in Lakhs)

		For the year ended 31 March 2023	For the year ended 31 March 2022
34	**Income Taxes**		
34.1	**Tax Expense**		
	Current Tax Expense		
	Current Tax for the year	5,846	4,710
	Current tax expense / (benefit) pertaining to prior years	(108)	-
		5,738	**4,710**
34.2	**Deferred Taxes**		
	Change in deferred tax assets	551	(1,111)
	Net deferred tax expense	**551**	**(1,111)**
	Total income tax expense recognised in the year	**6,289**	**3,599**
34.3	**Reconciliation of tax charge**		
	Profit before income tax expense	24,302	13,921
	Enacted tax rate in India	25.17%	25.17%
	Income tax expense/ (benefitts) calculated on above rate	6,117	3,504
	Tax effect of amounts not deductible/not taxable in calculating taxable income		
	Adjustment related to tax of prior years	(108)	-
	Effect of Non-deductible expenses	280	95
	Income tax expense	**6,289**	**3,599**

The effective income tax rate for the year ended March 31, 2023 is 25.88% (March 31, 2022 is 25.85%).

Notes to the financial statements (Continued) (INR in Lakhs)

34.4 Movement of Deferred tax assets / Liabilities

For the year ended Mar 31, 2023	Deferred tax asset/ liability Opening	In Profit or Loss	In OCI	Directly in Equity	Total Movement	Deferred tax asset/ liability Closing
Deferred taxes in relation to :						
Deferred Tax Assets						
Depreciation and Amortisation	391	128	-	-	128	519
Provision for Employee benefits	65	50	(4)	-	47	112
Provision for Expected Credit Loss	2,730	(162)	-	-	(162)	2,568
Lease	427	87	-	-	87	514
Effective interest rate on Financial assets	259	110		-	110	368
Fair Valuation of financial assets measured at FVOCI	-	-	(412)		(412)	(412)
Effective interest rate on Financial liabilities	120	110			110	230
Fair valuation of security deposit	12	7	-	-	7	19
Foreign currency translation gain/(loss)	-	78	-	-	78	78
Other timing differences	24	-	-	-	-	24
Total Deferred Tax Assets	**4,028**	**408**	**(416)**	**-**	**(7)**	**4,021**
Deferred Tax Liabilities						
Interest income on NPA	47	-	-	-	-	47
Gain/(Loss) on fair valuation of mutual fund	2	-	-	-	-	2
Effective interest rate on Financial Liabilities	202	83	-	-	83	285
Interest/Other Charges on Direct Assignment Transaction	628	876	-	-	876	1,504
Total Deferred Tax Liabilities	**879**	**959**	**-**	**-**	**959**	**1,838**
Total	**3,149**	**(551)**	**(416)**	**-**	**(965)**	**2,183**

For the year ended Mar 31, 2022	Deferred tax asset/ liability Opening	In Profit or Loss	In OCI	Directly in Equity	Total Movement	Deferred tax asset/ liability Closing
Deferred Assets						
Depreciation and Amortisation	267	124	-	-	124	391
Provision for Employee benefits	60	29	(24)	-	5	65
Provision for Expected Credit Loss	1,925	805	-	-	805	2,730
Lease	314	113	-	-	113	427
Effective interest rate on Financial assets	140	119	-	-	119	259
Effective interest rate on Financial liabilities	-	120	-	-	120	120
Fair valuation of security deposit	9	3	-	-	3	12
Other timing differences	23	1	-	-	1	24
Total Deferred Assets	**2,738**	**1,313**	**(24)**	**-**	**1,290**	**4,029**
Deferred Liabilities						
Interest income on NPA	47	-	-	-	-	47
Gain/(Loss) on fair valuation of mutual fund	-	2	-	-	2	2
Effective interest rate on Financial Liabilities	202	-	-	-	-	202
Interest/Other Charges on Direct Assignment Transaction	451	177	-	-	177	628
Total Deferred Liabilities	**700**	**179**	**-**	**-**	**179**	**879**
Total	**2,038**	**1,134**	**(24)**	**-**	**1,111**	**3,150**

Notes to the financial statements (Continued) (INR in Lakhs)

35 Change in Liabilities arising from Financing activities

Particulars	As at April 01, 2022	As represented in Cash Flow Statement	Others #	As at Mar 31, 2023
Debt securities	53,342	6,000	1,781	61,123
Borrowings (other than debt securities)	4,22,435	2,03,678	380	6,26,493
Deposits	-	-	-	-
Sub ordinated liabilites	25,907	-	60	25,967
Lease Liabilties	13,704	(3,129)	2,829	13,404
	5,15,388	**2,06,549**	**5,050**	**7,26,987**

Particulars	As at April 01, 2021	As represented in Cash Flow Statement	Others #	As at Mar 31, 2022
Debt securities	59,370	(5,000)	(1,028)	53,342
Borrowings (other than debt securities)	3,47,593	74,990	(148)	4,22,435
Deposits	-	-	-	-
Sub ordinated liabilites	25,846	-	61	25,907
Lease Liabilties	12,462	(2,750)	3,992	13,704
	4,45,271	**67,240**	**2,877**	**5,15,388**

Others includes effect of interest accrued but not paid, amortisation of processing fees, fair value changes on foreign currency denominated term loan and interest on lease liabilities.

36 Earnings Per Share ('EPS')

Particulars	Year ended Mar 31, 2023	Year ended Mar 31, 2022
Net Profit from operations attributable to equity holders	**18,013**	**10,346**
Weighted average number of equity shares outstanding	32,17,93,337	31,18,87,141
Add: Effect arising from further equity shares issued during the year	-	-
Weighted average number of equity shares for Basic Earnings per share	**32,17,93,337**	**31,18,87,141**
Basic EPS	**5.60**	**3.32**
Number of shares for ESOP dilution	3,03,397	3,82,482
Weighted average number of equity shares for Diluted Earnings per share	**32,20,96,734**	**31,22,69,623**
Dilution effect on EPS after ESOP and Preference Shares	**5.59**	**3.31**
Earnings per share		
Basic Earnings per share	**5.60**	**3.32**
Diluted Earnings per share	**5.59**	**3.31**

[Nominal value of shares Rs. 10 each]

37 Retirement benefit plans **(INR in Lakhs)**

Defined Contribution Plan

Particulars	**Year ended Mar 31, 2023**	**Year ended Mar 31, 2022**
Provident Fund	1,041	797
Employee State Insurance	56	54
	1,097	**850**

The Company has contributed INR Nil (March 31,2022 is INR 70 Lakhs) towards Gratuity trust during the year ended March 31, 2023.

Defined Benefit Obligation and Compensated Absences

(1) Contribution to Gratuity fund (funded scheme)
The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Gratuity Act, an employee who has completed five years of service is entitled to specific benefits. The level of benefits provided depends on the member's length of service, managerial grade and salary at retirement age. In accordance with Indian Accounting Standard 19, actuarial valuation was done in respect of the aforesaid defined benefit plan of gratuity based on the following assumptions:-

	Particulars	**GRATUITY**		**COMPENSATED ABSENCE**	
		31 Mar 2023	**31 Mar 2022**	**31 Mar 2023**	**31 Mar 2022**
(i)	**Actuarial assumptions**				
	Mortality	IALM (2012-14) Ult.	IALM (2012-14) Ult.	IALM (2012-14) Ult.	IALM (2012-14) Ult.
	Interest/ Discount rate	7.13%	6.03%	7.13%	6.03%
	Rate of increase in compensation	6.50%	6.50%	6.50%	6.50%
	Expected average remaining service	4.24	4.27	4.25	4.27
	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	319	249	307	236
	Interest expense	18	14	15	11
	Current service cost	218	162	83	77
	Past service cost	-	-	-	-
	Actuarial (gain) /loss	(33)	(94)	23	(17)
	Benefits paid	(29)	(12)	-	-
	Benefits paid by the company	(31)	-	(92)	-
	Present Value of obligation at the end of the year	**462**	**319**	**336**	**307**
(iii)	**Changes in the Fair value of Plan Assets**				
	Fair value of plan assets at beginning of the year	307	233	-	-
	Adjustment to Opening Fair Value of Plan Asset	9	-	-	-
	Return on Plan Assets excl. interest income	(18)	(1)	-	-
	Interest income	18	17	-	-
	Contributions by Employer	-	70	92	-
	Contributions by Employee	-	-	-	-
	Benefits Paid	(29)	(12)	-	-
	Fair Value of Plan Assets at the end of the year	**287**	**307**	**92**	**-**
(iv)	**Assets and liabilities recognised in the balance sheet**				
	Present value of the obligation at the end of the year	462	319	336	307
	Less: Fair value of plan assets at the end of the year	287	307	-	-
	Net liability recognised	**(175)**	**(12)**	**(336)**	**(307)**
	Recognised under provisions				
	Current provisions	34	16	125	167
	Non-current provisions	428	303	211	198

(v)	**Expenses recognised in the Statement of Profit and Loss**	**GRATUITY**		**COMPENSATED ABSENCE**	
	Particulars	**31 Mar 2023**	**31 Mar 2022**	**31 Mar 2023**	**31 Mar 2022**
	Current Service Cost	218	163	83	77
	Past service cost	-	-	-	-
	Net interest (income)/ expense	1	(4)	15	11
	Return on Plan Assets excluding net interest	-	-	-	-
	Actuarial gain/ loss on post employment benefit obligation	-	-	23	(17)
	Net cost recognised in the current year	**219**	**159**	**121**	**71**
	Included in note 32 'Employee benefits expense'				

(vi)	**Expenses recognised in the Statement of Other comprehensive income (OCI)**	**GRATUITY**		**COMPENSATED ABSENCE**	
	Particulars	**31 Mar 2023**	**31 Mar 2022**	**31 Mar 2023**	**31 Mar 2022**
	Actuarial gain/ loss on post employment benefit obligation	(33)	(93)	-	-
	Return on Plan Assets excluding net interest	18	1	-	-
	Total measurement cost / (credit) for the year recognised in OCI	**(15)**	**(92)**	**-**	**-**

(vii) Reconciliation of Net asset / (liability) recognised:

Particulars	GRATUITY		COMPENSATED ABSENCE	
	31 Mar 2023	31 Mar 2022	31 Mar 2023	31 Mar 2022
Net asset / (liability) recognised at the beginning of the year	11	16	307	236
Adjustment to opening balance	(9)			
Contributions paid	-	(71)	(92)	-
Benefits paid directly by company	(31)	-	-	-
Amount recognised in other comprehensive income	(15)	(92)		
Expenses recognised at the end of year	219	159	121	71
Mortality charges and taxes				
Net asset / (liability) recognised at the end of the year	**175**	**12**	**336**	**307**

(viii) Sensitivity Analysis: (GRATUITY)

Particulars	DR: Discount Rate		ER: Salary Escalation Rate	
	PVO DR +1%	PVO DR -1%	PVO ER +1%	PVO ER -1%
PVO as at 31 March 2023	415	518	513	417
PVO as at 31 March 2022	281	364	362	282

(ix) Category of planned assets

Particulars	31 Mar 2023	% Allocation	31 Mar 2022	% Allocation
Gratuity Fund (Subscription to HDFC Life Insurance Company Limited)	287	100%	307	100%
Net asset / (liability) recognised at the end of the year	**287**	**100%**	**307**	**100%**

(x)

Weighted average duration of defined obligation plan	31 Mar 2023	31 Mar 2022
Weighted average duration of plan (in years)	9.37	10.42

(xi) Future commitments and pay-outs (GRATUITY)

Year	Pay-outs March 31, 2023	Pay-outs March 31, 2022
First	34.36	16.07
Second	60.65	17.94
Third	34.49	30.07
Fourth	20.63	17.96
Fifth	24.99	10.35
Six to Ten	76.73	37.08

38 Related Party Disclosures

Related party disclosures as required under Indian Accounting Standard 24, " Related party disclosure" are given below.

38.1 List of related parties

Nature of Relationship	Name of Related Party
Holding Company	The Federal Bank Limited
Enterprises having significant influence	True North Fund VI LLP
Enterprises over which related party has significant influence	True North Managers LLP
	True North Enterprise Private Limited
Key Management Personnel	Anil Kothuri, Managing Director
	C V Ganesh, Chief Financial Officer
	S Rajaraman, Company Secretary

38.2 Transactions during the year with related parties :

(INR in Lakhs)

Nature of Transactions	For year ended Mar 31, 2023	For year ended Mar 31, 2022
The Federal Bank Limited		
Income from distribution business	3,407	2,603
Interest paid on PTC Transactions	-	55
Interest paid on Cash Credit Facility & Term Loan	3,678	5,323
Processing Fees	-	101
Interest on NCD	2,324	2,335
Bank Charges	4	-
Interest income on fixed deposits	-	59
Term Loan repaid	26,203	-
Cash Credit availed	2,426	-
Cash Credit repaid	3,132	-
Investment in Equity Shares by The Federal Bank	-	14,799
Enterprises controlling voting power / significant influence		
Investment in Equity Shares	-	5,200
Enterprises over which related party has significant influence/control		
Re-imbursements of Expenses	30	-
Transaction with Key Management Personnel*		
Investment in Preference Shares	-	1,897
Redemption of Optionally Convertible Redeemable Preference Shares "OCRPS"	-	842
Issuance of Equity shares	-	1,149
Employee Stock Option Scheme - Key Management Personnel		
No.of Options granted under ESOS (in numbers)	20,00,000	-
No.of Options outstanding under ESOS (in numbers)	43,21,351	25,51,351

*Reimbursement made to Key Management Personnel during the course of official duties is not given in above disclosure

For transactions related to KMPs refer note 38.4

38.3 Amount due (to) / from related parties:

(INR in Lakhs)

Balance outstanding as at the year end	As at Mar 31, 2023	As at Mar 31, 2022
The Federal Bank Limited		
Current Account – Receivable/(Payable)	3,005	1,518
Borrowings		
Term Loan	24,892	51,094
Cash credit facility	2,426	-
WCDL	6,000	6,000
Account Receivable & Reimbursements	496	386
Advance to Suppliers	18	-
Long Term Borrowings	23,470	23,470

(INR in Lakhs)

Maximum outstanding during the year	For year ended Mar 31, 2023	For year ended Mar 31, 2022
The Federal Bank Limited		
Current Account – Receivable/(Payable)	21,214	44,143
Borrowings		
Term Loan	51,094	78,734
Cash credit facility	3,405	2,858
WCDL	6,000	6,000
Account Receivable & Reimbursements	834	770
Account Payable	-	209
Advance to Suppliers	18	-
Long Term Borrowings	23,470	23,470
Fixed Deposit	-	41,150

38.4 Details of salary and other emoluments to KMPs of the Company

(INR in Lakhs)

Key Management Personnel	For year ended Mar 31, 2023	For year ended Mar 31, 2022
Salary and employee benefits (Refer note below)	793	505

Note -

1. Includes sitting fees paid to independent directors INR 31.10 lakhs and INR 26.30 lakhs for the year ended March 31, 2023 and March 31, 2022 respectively.
2. Expenses towards provision for gratuity and leave encashment which are determined on actuarial basis at an overall Company level are not included in the above information.

39 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

The Company has complied in full with all its externally imposed capital requirements over the reported year

The primary objectives of the Company'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.

39.1 Regulatory Capital

Particulars	As at March 31, 2023	As at March 31, 2022
CRAR (%)	17.94	23.04
CRAR - Tier I Capital (%)	15.09	18.38
CRAR - Tier II Capital (%)	2.85	4.65
Amount of subordinated debts considered as Tier II capital	20,774	25,907

40 Fair value measurement

40.1 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 is given below.

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. For example, listed equity instruments that have quoted market price.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the- counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data

40.2 Fair value of financial assets and liabilities

(INR in Lakhs)

	As at Mar 31, 2023				
	Carrying Value	**Fair Value**	**Level 1**	**Fair value Level 2**	**Level 3**
Financial assets measured at amortised cost					
Cash and cash equivalent [refer note 40.4(i)]	9,396	9,396	-	-	-
Bank balances other than cash and cash equivalent [refer note 40.4(i)]	66	66	-	-	-
Trade Receivables [refer note 40.4(i)]	1,485	1,485	-	-	-
Other receivables [refer note 40.4(i)]	476	476	-	-	-
Loans and advances to customers	7,41,345	7,64,373	-	-	7,64,373
Financial investments	666	666	-	-	666
Other financial assets	6,446	6,446	-	1,439	-
Total	**7,59,880**	**7,82,908**	**-**	**1,439**	**7,65,039**
Financial assets measured at FVOCI					
Loans and advances to customers	58,625	58,625	-	-	58,625
Financial investments	65,396	65,396	65,396	-	-
Total	**1,24,021**	**1,24,021**	**65,396**	**-**	**58,625**
Financial assets measured at FVTPL					
Financial investments	2,000	2,000	2,000	-	-
Total	**2,000**	**2,000**	**2,000**	**-**	**-**
Financial liabilities measured at amortised cost					
Trade Payables [refer note 40.4(i)]	2,609	2,609	-	-	-
Debt Securities	61,123	60,494	-	60,494	-
Borrowing other than debt securities	6,26,493	6,09,552	-	-	6,09,552
Subordinated Liabilities	25,967	18,786	-	18,786	-
Other financial liabilities	35,078	35,078	-	35,078	-
Total	**7,51,270**	**7,26,519**	**-**	**1,14,358**	**6,09,552**
Financial liabilities measured at FVTPL					
Derivative financial instruments	482	482		482	
Total	**482**	**482**	**-**	**482**	**-**

	As at Mar 31, 2022				
	Carrying Value	**Fair Value**	**Level 1**	**Fair value Level 2**	**Level 3**
Financial assets measured at amortised cost					
Cash and cash equivalent [refer note 40.4(i)]	6,596	6,596	-	-	-
Bank balances other than cash and cash equivalent [refer note 40.4(i)]	7,664	7,664	-	-	-
Trade Receivables [refer note 40.4(i)]	1,184	1,184	-	-	-
Other receivables [refer note 40.4(i)]	386	386	-	-	-
Loans and advances to customers	5,64,481	5,88,758	-	-	5,88,758
Financial investments	750	750	-	-	750
Other financial assets	1,177	1,177	-	1,177	-
Total	**5,82,238**	**6,06,515**	**-**	**1,177**	**5,89,508**
Financial assets measured at FVTPL					
Financial investments	50,683	50,683	50,683	-	-
Total	**50,683**	**50,683**	**50,683**	**-**	**-**
Financial liabilities measured at amortised cost					
Trade Payables [refer note 40.4(i)]	643	643	-	-	-
Debt Securities	53,342	49,790	-	49,790	-
Borrowing other than debt securities	4,22,435	4,21,653	-	-	4,21,653
Subordinated Liabilities	25,907	17,961	-	17,961	-
Other financial liabilities	21,097	21,097	-	21,097	-
Total	**5,23,424**	**5,11,144**	**-**	**88,848**	**4,21,653**

40.3 Valuation Techniques

Each class of financial assets/ liabilities	Techniques
Debt Securities	Fair value is estimated by a discounted cash flow model incorporating market interest rates and the Company's own credit risk or based on market-observable data.
Security deposit	Fair values of security deposits are based on discounted cash flows using a discount rate determined considering Company's incremental borrowing rate.
Loans and advances (FVOCI)	Fair values of loans are based on discounted cash flows using a discount rate determined considering Company's incremental lending rate.
Financial investments (FVOCI)	Fair value is quoted market price.
Derivative financial instruments	Fair value of forward foreign exchange contracts is determined by computing present value of payoff between contractual rate (Strike) and forward exchange rates at the testing date.
Loans and advances (Amortised Cost)	These have been valued at amortised cost (refer note 40.4 for methodologies used for valuation).
Other financial assets	These have been valued at amortised cost (refer note 40.4 for methodologies used for valuation)
Borrowings	These have been valued at amortised cost (refer note 40.4 for methodologies used for valuation). Foreign currency denominated term loan borrowing is remeasured at closing exchange rate as on reporting date.
Subordinated Liabilities	These have been valued at amortised cost (refer note 40.4 for methodologies used for valuation)
Other financial liabilities	These have been valued at amortised cost (refer note 40.4 for methodologies used for valuation)

40.4 Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Company's financial statements. These fair values were calculated for disclosure purpose only. The below methodologies and assumptions relate only to instruments in the above tables and as such may differ from the techniques and assumptions explained in the notes.

(i) Short term and other financial assets and liabilities

For financial assets and financial liabilities that have a short-term maturity (less than twelve months) and for other financial assets and other financial liabilities, the carrying amounts, net of impairment, if any, are a reasonable approximation of their fair value. Such instruments include cash and cash equivalents, bank balances other than cash and cash equivalents, trade receivables, other receivables and trade payables.

(ii) Financial assets meaured at amortised cost and fair value through other comprehensive income (FVOCI)

Valuation technique: Fair values of loans are based on discounted cash flows using a discount rate determined considering the Company's incremental lending rate.
Sensitivity: There is an inverse correlation. Higher the discount rate i.e average lending rate for the disbursed loans, lower the fair value of the assets.

(iii) Debt securities, borrowings and subordinated liabilities

Fair value is estimated by a discounted cash flow model incorporating incremental borrowing rate and the Company's own credit risk. The fair value of the long term borrowings carrying floating-rate of interest is not impacted due to interest rate changes and will not be significantly different from their carrying amounts. The significant unobservable inputs are incremental borrowing rate incorporating the counterparties' credit risk.

Reconciliation of level 3 fair value measurement is as below :

(INR in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Balance at the beginning of the year	-	-
Additions during the year	57,733	-
MTM gain recognized in OCI	892	-
MTM gain recognized in P&L	-	-
Realised during the year	-	-
Balance at the end of the year	58,625	-

41 Maturity Analysis of Assets and Liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. With regard to loans and advances to customers, the Company uses the same basis of repayment as used for contractual maturity analysis.

(INR in Lakhs)

Assets	As at Mar 31, 2023			As at Mar 31, 2022		
	Within 1 year	After 1 year	Total	Within 1 year	After 1 year	Total
Financial Assets						
Cash and cash equivalents	9,396	-	9,396	6,596	-	6,596
Bank balance other than cash and cash equivalents	66	-	66	7,664	-	7,664
Trade receivables	1,485	-	1,485	1,184	-	1,184
Other receivables	476	-	476	386	-	386
Loans	3,97,062	4,02,908	7,99,970	2,94,862	2,69,619	5,64,481
Investments	67,397	665	68,062	51,433	-	51,433
Other financial assets	5,457	989	6,446	42	1,135	1,177
(2) Non-financial Assets						
Current tax assets (net)	-	1,197	1,197	-	1,192	1,192
Deferred tax Asset (net)	-	2,183	2,183	-	3,150	3,150
Property, Plant and Equipment	-	3,066	3,066	-	3,086	3,086
Capital work-in-progress	-	53	53	-	66	66
Other Intangibles assets	-	320	320	-	306	306
Right of Use Assets	-	11,193	11,193	-	11,970	11,970
Other non-financial assets	2,435	751	3,186	2,001	879	2,880
				-	-	
Total Assets	**4,83,774**	**4,23,325**	**9,07,099**	**3,64,168**	**2,91,403**	**6,55,571**
Liabilities						
Financial liabilities						
Derivative financial instruments	482	-	482	-	-	-
Trade Payables	2,404	205	2,609	643	-	643
Other Payables	-	-	-	-	-	-
Debt Securities	39,414	21,709	61,123	33,274	20,068	53,342
Borrowings (other than Debt securities)	2,22,295	4,04,198	6,26,493	1,57,039	2,65,396	4,22,435
Subordinated Liabilities	-	25,967	25,967	-	25,907	25,907
Lease Liability	2,526	10,878	13,404	2,157	11,547	13,704
Other financial liabilities	35,078	(0)	35,078	21,096	1	21,097
Non-Financial liabilities						
Provisions	160	460	620	183	130	313
Other non-financial liabilities	5,755	-	5,755	2,778	-	2,778
Total liabilities	**3,08,114**	**4,63,417**	**7,71,531**	**2,17,170**	**3,23,049**	**5,40,219**
Net	**1,75,659**	**(40,092)**	**1,35,568**	**1,46,998**	**(31,646)**	**1,15,352**

42 Segment Information

42.1 Business segment

In terms of the Indian Accounting Standards specified under Section 133 of the Companies Act,2013 read with rule 7 of the Companies (Accounts) Rules, 2014, the company's operations are classified into three business segments as described in the accounting policy and the information on the same is as under:

(INR in Lakhs)

Business Segments	Distribution		Retail Finance		Wholesale Finance		Total	
	Year ended Mar 31, 2023	Year ended Mar 31, 2022	Year ended Mar 31, 2023	Year ended Mar 31, 2022	Year ended Mar 31, 2023	Year ended Mar 31, 2022	Year ended Mar 31, 2023	Year ended Mar 31, 2022
Segment Revenue	3,407	2,603	1,11,479	81,582	319	1,303	1,15,205	85,488
Segment Expenditure	3,256	2,480	80,832	63,393	1,266	2,279	85,353	68,152
Allocated Expenditure (Net)	-	-	7,365	3,429	58	93	7,424	3,522
Results	**151**	**123**	**23,282**	**14,760**	**(1,005)**	**(1,069)**	**22,428**	**13,814**
Unallocated Income (net of unallocated Expenditure)							2,953	(880)
Interest Income on Investment							457	987
Profit before Tax							**25,839**	**13,921**
Exceptional Items							**1,537**	**-**
Income Taxes							6,289	3,575
Net Profit							**18,013**	**10,346**
Other Information								
Segment Assets	476	401	8,96,543	6,45,861	6,700	4,967	9,03,719	6,51,229
Unallocated Assets	-	-	-	-	-	-	3,380	4,342
Total Assets	**476**	**401**	**8,96,543**	**6,45,861**	**6,700**	**4,967**	**9,07,099**	**6,55,571**
Segment Liabilities	484	364	7,65,755	5,33,368	5,293	6,487	7,71,531	5,40,219
Equity & Reserves	-	-	-	-	-	-	1,35,568	1,15,352
Total Liabilities & Equity	**484**	**364**	**7,65,755**	**5,33,368**	**5,293**	**6,487**	**9,07,099**	**6,55,571**
Capital Expenditure	-	5	1,259	2,641	-	-	1,259	2,646
Unallocated Capital Expenditure	-	-	-	-	-	-	549	-
Depreciation/ Amortisation	7	11	4,158	1,352	23	0	4,188	1,363
Impairment of Fixed Assets	-	-	-	-	-	-	-	-
Unallocated Depreciation	-	-	-	-	-	-	-	-

The Company has only Domestic Geographic Segment and hence no secondary segment disclosures are made.

Segment Composition

Distribution Segment comprises of Sourcing Business of Home Loans, Auto Loans, Personal Loans & SME Loans for Holding Company.
Retail Finance Segment comprises of Gold Loans, Loan Against Property, MSE Loan against property, Business Loans, Personal Loans & Housing Finance.
WholeSale Finance Segment comprises of Construction Finance and Loans to Other NBFCs.

Note:

Unallocated Income comprises of Other Income earned by the business.
Unallocated Expenses comprises of Tax Expense.

43 Revenue from contracts with customers

(INR in Lakhs)

Particulars	Year ended Mar 31, 2023	Year ended Mar 31, 2022
Type of Service		
Fees and commission income (refer note 26)	5,601	4,289
Other income	3,315	1,432
Total	**8,916**	**5,721**
Geographical market		
In India	8,916	5,721
Outside India	-	-
Total	**8,916**	**5,721**
Timing of recognition of revenue		
Performance obligation satisfied at a point in time	8,916	5,721
Performance obligation satisfied over a period in time	-	-
Total	**8,916**	**5,721**
Contract receivables		
Trade receivables	1,288	892
Other receivable	496	386
Total	**1,784**	**1,278**

44 Risk Management

The Company has a Board-approved Risk Management Policy that defines the Risk Management Framework, Risk Monitoring Mechanism and Enterprise level Key Risk Areas. The main objective of this policy is to ensure sustainable and prudent business growth. The Risk Management Framework comprises of Risk Management Committee of Board (RMC), Credit Committee of Board, Asset Liability Management Committee (ALCO) and Credit Risk Management Committee (CRMC). The Risk Management Committee (RMC) reviews the overall asset quality and portfolio composition on a periodic basis. Overseeing liquidity risk position of the Company are also part of terms of reference of this committee. Any product policy programs are approved by this Committee. The Credit Risk Management Committee oversees the Operational Risks and any Operating Risk level decisions are approved by this committee. The Company has adopted and laid down operating procedures and guidelines to mitigate Credit, Reputation, Operational, Market and Fraud risks in its business lines where the Risk Function works very closely with the Independent Internal Audit Department (Risk Based Internal Audit). The Company continues to invest in people, processes, training and technology so as to strengthen its overall Risk Management Framework.

Types of Risks

The Company’s risk are generally categorised in the following risk types:

(i) **Credit Risk**

The RMC & CRMC oversee the following:

- Detailed review of portfolio quality and triggers to ascertain underlying stress levels in portfolio, in light of micro and macro factors
- Approve necessary amendments or new product & policy programs in light of portfolio behaviour, environmental factors and business opportunities.
- Set-up concentration limits & portfolio caps to ensure prudent diversification.
- Account level review of high value accounts & NPAs and provide necessary guidelines.
- Audit Committee of the Board (ACB) oversees the effective implementation of the Lending Policies approved by the Board.

(ii) **Liquidity Risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due, as a result of mismatches in the timing of cash flows.

RBI vide Circular No. RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 has issued with guidelines on Liquidity Risk Management (LRM) Framework for NBFCs. It covers various aspects of LRM in NBFCs such as granular level classification of buckets in structural liquidity statement and tolerance limits thereupon, Liquidity risk management tools and principles. The Company has integrated the LRM framework into its Asset Liability Management (ALM) Policy to manage liquidity risk by use of various tools such as Stuctural Liquidity Statement to assess the bucket wise mismatches between inflows and outflows, stress testing of bucket wise mismatches between inflows and outflows in the short term buckets (up to 30 days) by discounting inflows under various stress scenarios, Review of Unencumbered Assets available for future secured borrowing, Review of current & projected (for next 3 months) liquidity position, review of varous financials ratios under the stock approach of LRM, Liquidity Coverage Ratio (LCR), Review of Liqudity in the Banking System. These tools are reviewed by the ALCO every month. To mitigate the liquidity risk further, the Company also has a Contingency Funding Plan which is reviewed by the ALCO at periodic interval.

The Company maintains Liquidity buffers sufficient to meet all its near term obligations. The Liquidity buffers are maintained by a combination of liquid assets (such as Cash & Cash Equivalent, Liquid Investments in callable FDs and Overnight/Liquid Mutual Funds) and Undrawn Committed Credit Lines.

(iii) **Market Risk**

Market Risk is the Risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as Gold prices (relevant to Lending against Gold business of the Company), interest rates, foreign currency rates. Refer note 44.3 for details.

44.1 Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counter party for financial instrument fails to meet its contractual obligation, and arises principally from the company's placements and balances with other banks, loans to customers, government securities and other financial assets.

The RMC reviews and approves Loan Product programs on an on-going basis. These product programs outline the framework of any Credit Financial Product being offered by the Company. Within this framework, credit policies are incorporated to manage the sourcing of proposals, channels of business acquisition, process of underwriting, information systems involved, verification, documentation, disbursement procedures, portfolio quality triggers, recovery mechanism, NPA management etc.

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

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

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

(a) Impairment Assessment

The Company applies the expected credit loss model for recognising impairment loss. The expected credit loss allowance is computed taking into account historical credit loss experience and/or external benchmarks on loss rates and further adjusted for forward looking information.
The expected credit loss is a product of Exposure at Default (EAD), Probability of Default (PD) and Loss Given Default (LGD). The Company uses an internal model to compute the PD & LGD based on parameters set out in Ind AS. Accordingly, loans are classified into various stage as follows:

Stages	**Internal Rating Description**
Stage 1	0 DPD* and 1-29 DPD*
Stage 2	30-59 DPD*, 60-89 DPD* and all loans restructured under One Time Restructuring which are stage 2 or below post restructuring
Stage 3	90 DPD* or more, all linked loans of 90 DPD* or more, all restructured loans other than those restructured under One Time Restructuring #

*DPD means Days Past Due
Also refer accounting policy 4.6 (j), 4.6 (i) and note 49.02

(b) Probability of Default
The probability of default is the estimation of the likelihood of a loan defaulting over a time horizon. A rebuttable presumption is that a default event cannot be later than 90 days past due. The probability of default analysis should consider not only past history but also current economic conditions and forecasts about the future. Incorporating such economic factors is sometimes done using scientific modelling techniques.
Historical DPD data is utilized to calculate Through the Cycle Probability of Default (TTC PD). PD analysis tracks the migration behaviour of a static pool of loans active at the end of each month across different buckets- Stage 1, Stage 2 and Stage 3 over the 12 month and lifetime period. Transition matrix method is used wherein the historical defaults are mapped in monthly intervals for each of cohort months and then the TTC PD is calculated as the weighted average of default rates with number of loans outstanding as the weights.
Vasicek model is one of the accepted models globally for converting the TTC PD into Point in Time PD (PIT PD). The model calculates an AC (Asset Correlation) factor and converts the probability using the macro-economic variable selected. The basic premise of the model is that the higher the TTC probability the lower the correlation with the macro variable and vice versa. Once the asset correlation is determined, the historical PD is calibrated using the readings of the macro-economic variable for a number of years up to the balance sheet date and for a number of years after the balance sheet date. This calibration reflects the relative macro-economic performance in the respective years with reference to the historical mean.

(c) Loss Given Default
LGD is defined as the percentage risk of exposure that is not expected to be recovered in the event of default.
LGD is one of the key components of the credit risk parameters based ECL model. In the context of lifetime ECL calculation, an LGD estimate has to be available for all periods that are part of the lifetime horizon (and not only for the case of a default within the next 12 months).
Wherever possible, workout LGD model is applied to estimate LGD based on past data. The LGD component of ECL is independent of deterioration of asset quality, and thus applied uniformly across various stages with the applicable PD for stage 1, 2 and 3.

(d) Exposure at Default
EAD is one of the key components for ECL computation. The Exposure at Default is an estimate of the exposure at a default date taking into account the repayment of principal and interest until the reporting date.

(e) Significant Increase in Credit Risk

The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12 month ECL or life time ECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition. In line with Ind AS 109, the Company considers an exposure to have significantly increased in credit risk when the DPD is 30 or more. Besides this quantitave factor, the company also assesses Significant Increase in Credit Risk (SICR) based on qualitative factors e.g. One Time Restructuring (OTR) of loans, LTV threshold/margin for gold loan facilities.

44.1.1 Analysis of Risk Concentration

The following table shows the risk by industry for the components of the balance sheet

(INR in Lakhs)

	As at Mar 31, 2023			
Industry Analysis	**Retail**	**Structured Finance and corporate finance (Real Estate and Non Real Estate)**	**Financial Services**	**Total**
Financial assets				
Cash and cash equivalent	-	-	9,396	9,396
Bank balances other than cash and cash equivalent	-	-	66	66
Trade Receivables	-	-	1,485	1,485
Other receivables	-	-	476	476
Loans and advances to customers	7,96,415	3,555	-	7,99,970
Financial investments	-	-	68,062	68,062
Other Financial Assets	-	-	6,446	6,446
Total	**7,96,415**	**3,555**	**85,932**	**8,85,901**

(INR in Lakhs)

	As at Mar 31, 2022			
Industry Analysis	**Retail**	**Structured Finance and corporate finance (Real Estate and Non Real Estate)**	**Financial Services**	**Total**
Financial assets				
Cash and cash equivalent	-	-	6,596	6,596
Bank balances other than cash and cash equivalent	-	-	7,664	7,664
Trade Receivables	-	-	1,184	1,184
Other receivables	-	-	386	386
Loans and advances to customers	5,59,514	4,967	-	5,64,481
Financial investments	-	-	51,433	51,433
Other Financial Assets	-	-	1,177	1,177
Total	**5,59,514**	**4,967**	**68,440**	**6,32,921**

44.1.2 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

(INR in Lakhs)

Financial assets - Loans	Maximum exposure to credit risk (carrying amount before ECL)		Principal type of collateral
	As at Mar 31, 2023	As at Mar 31, 2022	
Loans (at amortised cost)	6,75,668	4,87,598	Property; book receivables, Gold jewellery and covered by guarantees
Loans (at FVOCI)	23,572	-	
Total (A)	**6,99,240**	**4,87,598**	

b) Financial assets that are stage 3 and related collateral held in order to mitigate potential losses are given below:

(INR in Lakhs)

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, 2023	16,415	3,646	12,769	36,387
As at Mar 31, 2022	12,858	2,838	10,020	20,644

Financial assets measured at FVOCI	Maximum exposure to credit risk (carrying amount before ECL)	Associated ECL	Carrying Amount	Fair Value of Collateral
As at Mar 31, 2023	16	3	13	26
As at Mar 31, 2022	-	-	-	-

44.2 Liquidity Management

Liquidity risk arises because of the possibility that the Company might be unable to meet its payment.

44.2.1 Maturity pattern of certain items of assets and liabilities as at 31 March, 2023

(INR in Lakhs)

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	14,569	7,708	34,244	53,602	1,12,172	2,86,768	1,04,576	13,004	**6,26,643**
Market borrowings	-	-	39,414	-	-	-	45,000	-	**84,414**
Trade payables	2,338	2	17	-	47	133	72	-	**2,609**
Lease Liability	204	203	206	626	1,287	3,981	3,822	3,075	**13,404**
Other financial liabilities	-	35,078	-	-	-	-	-	-	**35,078**
Assets									
Advances	24,597	31,284	39,813	1,39,084	1,49,042	1,90,710	1,26,706	87,200	**7,88,436**
Investments	23,420	10,898	10,948	16,025	5,680	-	-	-	**66,971**

Maturity pattern of certain items of assets and liabilities as at 31 March, 2022

(INR in Lakhs)

Particulars	1 day to 30/31 days (one month)	1 month to 2 months	2 months to 3 months	3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 Years to 5 years	Over 5 years	Total
Liabilities									
Borrowings from banks	9,804	11,609	25,429	21,393	88,803	2,05,716	55,961	4,250	**4,22,965**
Market borrowings	-	-	-	-	33,274	18,750	-	25,000	**77,024**
Trade payables	-	643	-	-	-	-	-	-	**643**
Lease Liability	174	173	176	529	1,105	4,197	3,299	4,051	**13,704**
Other financial liabilities	-	21,097	-	-	-	-	-	-	**21,097**
Assets									
Advances	15,765	36,019	48,445	66,970	1,17,022	1,16,084	78,898	83,446	**5,62,649**
Investments	17,720	-	-	32,873	-	-	750	-	**51,343**

Note: Above maturity pattern are based on Contractual Maturity.

44.2.2 Financial assets available to support future funding

Following table sets out availability of Company's financial assets to support funding

(INR in Lakhs)

As at Mar 31, 2023	Encumbered			Unencumbered		Total carrying amount
	Pledged as collateral	Contractually/ Legally restricted assets *	Others $	Available as collateral	Others #	
Cash and cash equivalent	-	-	1,884	7,512	-	9,396
Bank balances other than cash and cash equivalent	66	-	-	-	-	66
Trade Receivables	-	-	-	1,485	-	1,485
Other Receivables	-	-	-	476	-	476
Loans and advances to customers	-	-	7,55,950	44,020	-	7,99,970
Financial investments	-	-	31,343	36,719	-	68,062
Other Financial Assets	-	-	-	6,446	-	6,446
	66	**-**	**7,89,176**	**96,659**	**-**	**8,85,901**

As at Mar 31, 2022	Encumbered			Unencumbered		Total carrying amount
	Pledged as collateral	Contractually/ Legally restricted assets *	Others $	Available as collateral	Others #	
Cash and cash equivalent	-	-	3,692	2,904	-	6,596
Bank balances other than cash and cash equivalent	-	-	-	7,664	-	7,664
Trade Receivables	-	-	-	1,184	-	1,184
Other Receivables	-	-	-	386	-	386
Loans and advances to customers	-	-	5,02,886	61,595	-	5,64,481
Financial investments	-	-	5,188	46,245	-	51,433
Other Financial Assets	-	-	-	1,177	-	1,177
	-	**-**	**5,11,766**	**1,21,155**	**-**	**6,32,921**

* Represents assets which are not pledged and Company believes it is restricted from using to secure funding for legal or other.

Represents assets which are not restricted for use a collateral, but that the Company would not consider readily available to secure funding in normal course of business

$ Represents assets which are given as security cover against the secured bank borrowings and non-convertible debentures.

44.3 Market Risk

Market Risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as Gold prices (relevant to lending against gold business of the Company), interest rates, Foreign Currency Rates.
a) Gold Price Fluctuation Risk :- The Risk Management Committee of the Board does a periodic review of the Gold price movement and trends & its impact on the gold loan margins in present condition as well as under stress scenarios.
b) Interest Rate Risk :- Interest Rate Risk is the risk of change in market interest rates which might adversely affect the Company's profitability.
c) Foreign Currency rate Fluctuation Risk :- The Company is exposed to risk in fluctuation of Foreign Currency Rates as the Company has borrowings in foreign currency.

44.3.1 Gold Price Fluctuation Risk

Sudden fall in the gold price and fall in the value of the pledged gold ornaments can result in some of the customers to default if the loan amount and interest exceeds the market value of gold. This risk is in part mitigated by a minimum 25% margin retained on the value of gold jewellery for the purpose of calculation of the eligible loan amount. Further, the Company appraises the gold jewellery collateral solely based on the weight of its gold content, excluding weight and value of the stone studded in the jewellery. In addition, the sentimental value of the gold jewellery to the customers may induce repayment and redemption of the collateral even if the value of gold ornaments falls below the value of the repayment amount. An occasional decrease in gold prices will not increase price risk significantly on account of our adequate collateral security margins. However, a sustained decrease in the market price of gold can additionally cause a decrease in the size of the loan portfolio and interest income.

44.3.2 Interest Rate Risk

The immediate impact of changes in interest rates is on the Company's earnings by impacting the Net Interest Income. The Company has set up an Earnings at Risk limit for monitoring and controlling the Interest Rate Risk which is monitored by the Asset Liability Management Committee (ALCO) of the Company.

The following table demonstrates the sensitivity to reasonably possible change in interest rates (all other variables being constant) of the Company's Statement of Profit and Loss

(INR in Lakhs)

For the year ended Mar 31, 2023	Increase / (Decrease) in basis points	Increase in profit after tax	Decrease in profit after tax
Loans			
Mar 31, 2023	25/(25)	408	(408)
Mar 31, 2022	25/(25)	315	(315)
Borrowings			
Mar 31, 2023	25/(25)	(1,089)	1,089
Mar 31, 2022	25/(25)	(758)	758

44.3.3 Exposure to Currency Risks

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign currency rates. The Company’s exposure to the risk of changes in foreign exchange rates relates primarily to the foreign currency borrowings taken from Banks.
The Company has hedged its foreign currency exposure through Forwards in such a manner that it has fixed determinate outflows in its functional currency and as such there would be no significant impact of movement in foreign currency rates on the Company’s profit before tax (PBT).

44.3.3 Total Market Risk Exposure

(INR in Lakhs)

Particulars	As at Mar 31, 2023			As at Mar 31, 2022		
	Carrying Amount	Traded Risk	Non-traded Risk	Carrying Amount	Traded Risk	Non-traded Risk
Financial Assets						
Cash and cash equivalent	9,396	-	9,396	6,596	-	6,596
Bank balances other than cash and cash equivalent	66	-	66	7,664	-	7,664
Trade Receivables	1,485	-	1,485	1,184	-	1,184
Other Receivables	476	-	476	386	-	386
Loans and advances to customers	7,99,970	-	7,99,970	5,64,481	-	5,64,481
Financial investments (other than investments in subsidiaries)	68,062	67,396	666	51,433	50,683	750
Other Financial Assets	6,446	-	6,446	1,177	-	1,177
Total	**8,85,901**	**67,396**	**8,18,505**	**6,32,921**	**50,683**	**5,82,238**

Particulars	As at Mar 31, 2023			As at Mar 31, 2022		
	Carrying Amount	Traded Risk	Non-traded Risk	Carrying Amount	Traded Risk	Non-traded Risk
Financial Liabilities						
Derivative financial instruments	482	-	482	-	-	-
Trade payables	2,609	-	2,609	643	-	643
Other payables	-	-	-	-	-	-
Debt Securities	61,123	61,123	-	53,342	53,342	-
Borrowings other than debt securities	6,26,493	-	6,26,493	4,22,435	-	4,22,435
Subordinated liabilities	25,967	25,967	-	25,907	25,907	-
Lease Liability	13,404	-	13,404	13,704	-	13,704
Other Financial liabilities	35,078	-	35,078	21,097	-	21,097
Total	**7,65,156**	**87,090**	**6,78,066**	**5,37,128**	**79,249**	**4,57,879**

45 Trade & Other Receivables

Provision matrix for Trade & Other Receivable

Particulars	Trade & Other receivable days past due	0-90 days	91-180 days	181-360 days	more than 360 days	Total
ECL rate		**1.89%**	**10.03%**	**100.00%**	**100.00%**	**9.24%**
As at Mar 31, 2023	Estimated total gross carrying amount at default	1,569	469	5	118	2,161
	ECL Provision	(30)	(47)	(5)	(118)	(200)
	Net Carrying Amount	**1,539**	**422**	**-**	**-**	**1,961**
ECL rate		**1.86%**	**0.00%**	**100.00%**	**0.00%**	**8.62%**
As at Mar 31, 2022	Estimated total gross carrying amount at default	1,599	1	118	-	1,718
	ECL Provision	(30)	-	(118)	-	(148)
	Net Carrying Amount	**1,569**	**1**	**-**	**-**	**1,570**

46 Accounting for Employee Share based Payments

Shareholders of the Company had approved "Fedbank Financial Services Limited Employee Stock Option Plan 2018" ("ESOP Plan"), the result of which was announced on November 13, 2018, enabling the Board and/or the “Nomination and Remuneration Committee” (NRC) to grant such number of equity shares, including options, to eligible employee(s) of the Company each of which is convertible into one equity share, not exceeding 6% of the aggregate number of paid up equity shares of the Company.

Such options vest at definitive date, save for specific incidents, prescribed in scheme as framed/approved by NRC. Such options are exercisable for period following vesting at the discretion of the NRC, subject to maximum of 10 years from the date of Vesting of Options

Method used for accounting for shared based payment plan.

The Company uses fair value to account for the compensation cost of stock options to employees of the Company.

Movement in options outstanding under the Employee Stock Option Plan for the year ended Mar 31, 2023

Particulars	**Options**	**Weighted Average Exercise Price**
Options outstanding as at April 1, 2022	78,70,351	42.07
Granted during the year	62,81,250	72.37
Exercised during the year	3,94,000	43.23
Forfeited /lapsed during the year	2,81,250	72.37
Options outstanding as at March 31, 2023	1,34,76,351	55.53
Options exercisable	21,10,000	40.81

Movement in options outstanding under the Employee Stock Option Plan for the year ended Mar 31, 2022

Particulars	**Options**	**Weighted Average Exercise Price**
Options outstanding as at April 1, 2021	81,51,351	41.83
Granted during the year	Nil	NA
Exercised during the year	2,81,000	35.20
Forfeited /lapsed during the year	Nil	NA
Options outstanding as at March 31, 2022	78,70,351	42.07
Options exercisable	14,39,000	40.93

Following summarises the information about stock options outstanding as at Mar 31, 2023

Category	**Weighted Average Exercise Price**	**Number of shares arising out of options**	**Weighted average remaining contractual life (in years)**
Class A*	69.00	45,00,000	2.99
Class B#	42.52	56,25,000	2.55
Options granted to Managing Director	60.17	33,51,351	1.83

Following summarises the information about stock options outstanding as at 31 March 2022

Category	**Weighted Average Exercise Price**	**Number of shares arising out of options**	**Weighted average remaining contractual life (in years)**
Class A*	36.42	6,19,000	3.35
Class B#	42.65	59,00,000	3.58
Options granted to Managing Director	42.11	13,51,351	3.09

*Time based vesting
#Time and event based vesting

Fair Valuation Methodology

The fair value of options have been estimated on the dates of each grant using the Modified Black-Scholes model (MBS). The shares of Company are not listed on any stock exchange. Accordingly, the Company had considered the volatility of the Company's stock price based on historical volatility of similar listed enterprises. The various assumptions considered in the pricing model for the stock options granted by the Company are:

Particulars	**Unit**	**As at Mar 31, 2023**	**As at Mar 31, 2022**
Fair Value of Options at grant date	Rs	6.50-27.76	6.50-24.60
Fair Value of Equity Shares at grant date	Rs	42.11-72.37	42.11-48.00
Exercise Price	Rs	30.00-72.37	30.00-48.00
Dividend Yield	%	0.00%	0.00%
Expected volatility	%	29.19%	31.36%
Risk free interest rate *	%	6.30%	6.38%
Expected life of the option *	Years	3.19	3.84

* The values in the above items are weighted average

The Company has recorded an employee compensation expense of INR 796 Lakhs in the Statement of Profit and Loss (INR 249 Lakhs during the financial year ended March 31, 2022, in the Statement of Profit and Loss). Refer note 32.

The Company carried Employee Stock Option reserve amounting to INR 1,482 Lakhs (INR 727 Lakhs as at March 31, 2022) in the Balance Sheet.

The total intrinsic value amounting to INR 114 Lakhs (INR 133 Lakhs as at March 31, 2022) at the end of the year of liabilities for which the counterparty's right to cash or other assets had vested by the end of the year.

47 Leases

a) The changes in the carrying value of Right Of Use ('ROU') assets - building or premises for the year ended -

(INR in Lakhs)

Particular	**As at Mar 31, 2023**	**As at Mar 31, 2022**
Opening Balance of ROU - Building or Premises	11,880	10,840
Addition during the year	1,886	3,272
Depreciation charges for the year	(2,586)	(2,232)
Total balance of ROU - Building or Premises	**11,180**	**11,880**

b) The changes in the carrying value of right of use assets - furniture for the year ended -

Particular	**As at Mar 31, 2023**	**As at Mar 31, 2022**
Opening Balance of ROU - Furniture	90	345
Reduction during the year	-	(181)
Depreciation charges for the year	(77)	(74)
Total balance of ROU - Furniture	**13**	**90**

c) The following is the movement in lease liabilities during the year ended -

Particular	**As at Mar 31, 2023**	**As at Mar 31, 2022**
Opening Balance of Lease Liabilities	13,704	12,463
Addition during the year	1,886	3,036
Finance cost accrued during the year	943	900
Payment made during the year	(3,129)	(2,695)
Closing balance of lease liabilities	**13,404**	**13,704**

d) The table below provides details of amount recognised in the Statement of Profit and Loss for the year ended -

Particular	**As at Mar 31, 2023**	**As at Mar 31, 2022**
Depreciation charge for right of use asset	2,663	2,308
Interest expense (included in finance cost)	943	900
Expense relating to short term lease	-	-
Total	**3,606**	**3,208**

e) The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis as of -

Particular	**As at Mar 31, 2023**	**As at Mar 31, 2022**
Less than one year	3,370	3,010
One to five years	9,730	9,530
More than five years	3,327	4,432
Total	**16,427**	**16,972**

f) Rental expense recorded for leases of low-value assets was Nil for the year ended March 31, 2023. (For the year ended March 31, 2022 : NIL)

48 Disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

These disclosures are made pursuant to Reserve Bank of India Master Direction DNBR. PD.008/03.10.119/2016-17 dated September 01, 2016 (as amended), to the extent applicable to the Company.

The Reserve Bank of India, vide its circular reference RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020 outlined the regulatory guidance in relation to Ind AS financial statements from financial year 2019-20 onwards. This included guidance for computation of ‘owned funds’ , ‘net owned funds’ and ‘regulatory capital’.
Accordingly, CRAR has been computed in accordance with these requirements read with the requirements of the Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 (as amended).

48.01 Foreign Currency

The Company has entered into a foreign currency transaction during the year ended March 31, 2023. The Company does not have any outstanding unhedged foreign currency exposure as at March 31, 2023.

48.02 Investments

(INR in Lakhs)

Particulars	As at Mar 31, 2023	As at Mar 31, 2022
(1) Value of investments		
(i) Gross value of investments		
(a) In India	68,229	51,516
(b) Outside India,	Nil	Nil
(ii) Provisions for depreciation		
(a) In India	167	83
(b) Outside India,	Nil	Nil
(iii) Net value of investments		
(a) In India	68,062	51,433
(b) Outside India,	Nil	Nil
(2) Movement of provisions held towards depreciation on investments		
(i) Opening balance	83	85
(ii) Add : Provisions made during the year	83	(2)
(iii) Less : Write-off/write-back of excess provisions during the year	-	-
(iv) Closing balance	167	83

48.03 Derivatives

a) Forward rate agreement/Interest rate swap

(INR in Lakhs)

	Particulars	As at Mar 31, 2023	As at Mar 31, 2022
(i)	The notional principal of swap agreements	30,040	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 swap book	(482)	Nil

b) Exchange traded interest rate (IR) derivatives

S.N.	Particulars	As at Mar 31, 2023	As at Mar 31, 2022
(i)	Notional principal amount of exchange traded IR derivatives undertaken during the year (instrument-wise)	Nil	Nil
(ii)	Notional principal amount of exchange traded IR derivatives outstanding	Nil	Nil
(iii)	Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	Nil	Nil
(iv)	Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	Nil	Nil

c) Qualitative disclosures

The Company uses forward exchange contracts to economically hedge its risks associated with currency risk arising from the foreign currency borrowings. These contracts are stated at fair value at each reporting date.
There is an economic relationship between the hedged item and the hedging instrument as the terms of the Forward contracts match that of the foreign currency borrowings (notional amount, interest payment dates, principal repayment date, etc.). The Company has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the Forward contracts are identical to the hedged risk components.

d) Quantitative Disclosures

(INR in Lakhs)

Particulars		As at Mar 31, 2023	As at Mar 31, 2022
(i)	**Derivatives (Notional Principal Amount)**		
	For Hedging *	30,040	Nil
(ii)	**Marked to Market Positions (1)**		
	a) Assets (+)	Nil	Nil
	b) Liability (-)	482	Nil
(iii)	Credit Exposure	Nil	Nil
(iv)	Unhedged Exposures	Nil	Nil

* The foreign currency exposure on foreign currency borrowings have been economically hedged through forward contracts.

48.04 Direct Assignment and Securitisation

Part A - Disclosure in the notes to the accounts in respect of securitisation transaction

(INR in Lakhs)

Particulars	**As at Mar 31, 2023**	**As at Mar 31, 2022**
No of SPVs sponsored by the applicable NBFC for securitisation transactions	-	-
Total amount of securitised assets as per books of the SPVs sponsored	-	-
Total Amount Oustanding	-	-
Total amount of exposure retained by the NBFC to comply with MRR as on date of balance sheet	-	-
a) Off balance sheet exposures		
First Loss	-	-
Others	-	-
b) On balance sheet exposure		
First Loss	-	-
Others	-	-
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	-	-
Others	-	-
iv) Exposure to third party securitisation		
First Loss	-	-
Others	-	-

Part B - Details of Direct Assignment

Details of loans transferred / acquired during the year ended March 31, 2023 under the RBI Master Direction RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22 on Transfer of Loan Exposures dated September 24, 2021 are given below:

(i) The Company has not transferred any non-performing assets (NPAs).
(ii) The Company has not transferred any Special Mention Account (SMA) and loan in default.
(iii) Details of loans not in default transferred through Assignment are given below:

Particulars	**Amount**
Aggregate amount of Loan transferred (Rs. In lakhs)	87,050
Weighted average residual maurity (in months)	79
Weighted average holding period by originator (in months)	16
Retention of beneficial economic interest	10%/20%
Coverage of tangible security coverage (in %)	46%
Rating-wise distribution of rated loans	NA

(iv) The Company has not acquired any loans through assignment.
(v) The Company has not acquired any stressed loan.

During the year ended March 31, 2023, the Company has executed thirteen Direct Assignment transaction. The de-recognition criteria as per Ind AS 109 has been met in respect of all the direct assignment transactions. The management has evaluated the impact of all the Direct Assignment transactions de-recognised based on the future business plan, which is to hold these assets for collecting contractual cash flows.

48.05 Asset liability management maturity pattern of certain items of assets and liabilities

As at Mar 31, 2023 (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	10,095	8,350	11,409	32,474	40,760	1,41,946	1,52,028	1,88,304	1,24,726	89,878	**7,99,970**
Investments	6,996	-	16,427	11,274	10,948	16,048	5,703	-	-	666	**68,062**
Borrowings (includes foreign currency borrowings)	9,369	2,030	3,641	7,708	74,983	54,842	1,12,167	2,86,544	1,48,980	13,319	**7,13,583**

As at Mar 31, 2022 (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	15,104	3,838	7,464	36,019	48,445	66,970	1,17,022	1,16,084	78,898	74,637	**5,64,481**
Investments	10,309	7,490	-	-	-	32,884	-	-	750	-	**51,433**
Borrowings	4,203	780	7,524	11,609	25,429	21,393	1,22,077	2,24,466	55,961	28,241	**5,01,683**

Note: Above Asset liability maturity pattern are prepared based on the guidelines issued by RBI on Asset liability management framework.

48.06 Capital to Risk Asset Ratio

Particulars	As at Mar 31, 2023	As at Mar 31, 2022
CRAR (%)	17.94	23.04
CRAR - Tier I Capital (%)	15.09	18.38
CRAR - Tier II Capital (%)	2.85	4.65
Amount of subordinated debts raised as Tier II capital	20,774	25,907

48.07 Details of non-performing accounts purchased/ sold

(a) Details of non-performing accounts purchased **(INR in Lakhs)**

Sr. No	Particulars	As at Mar 31, 2023	As at Mar 31, 2022
(i)	No. of accounts purchased during the year	Nil	Nil
(ii)	Aggregate outstanding	Nil	Nil
(iii)	Of these, number of accounts restructured during the year	Nil	Nil
(iv)	Aggregate outstanding	Nil	Nil

(b) Details of non-performing accounts sold

Sr. No.	Particulars	As at Mar 31, 2023	As at Mar 31, 2022
(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

48.08 Exposure to real estate sector, both direct and indirect & exposure to capital market

a) Exposure to real estate sector, both direct and indirect

Particulars		As at Mar 31, 2023	As at Mar 31, 2022
I.	**Direct exposure**		
(i)	Residential Mortgages Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented. Exposure would also include non-fund based (NFB) limits.	3,33,576	2,10,496
(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	59,346	50,692
(iii)	Investments in Mortgage Backed Securities (MBS) and other securitised exposures		
	(a) Residential	-	-
	(b) Commercial Real Estate	-	-
II.	**Indirect Exposure**		
	Fund based and non-fund based exposures on National Housing Bank and Housing Finance Companies	-	-
	Total Exposure to Real Estate	**3,92,923**	**2,61,188**

b) Exposure to Capital Market

Particulars		As at Mar 31, 2023	As at Mar 31, 2022
(i)	direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt	Nil	Nil
(ii)	advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	Nil	Nil
(iii)	advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	Nil	Nil
(iv)	advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances	Nil	Nil
(v)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stock brokers and market makers;	Nil	Nil
(vi)	loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resource	Nil	Nil
(vii)	bridge loans to companies against expected equity flows / issue	Nil	Nil
(viii)	underwriting commitments taken up by the NBFCs in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	Nil	Nil
(ix)	financing to stockbrokers for margin trading	Nil	Nil

(x)	all exposures to Alternative Investment Funds: (i) Category I (ii) Category II (iii) Category III	Nil	Nil
	Total exposure to Capital Market	**Nil**	**Nil**

48.09 Movement of credit impaired loans under Ind AS

(INR in Lakhs)

Sr. No.	Particulars	As at Mar 31, 2023	As at Mar 31, 2022
(i)	Net impaired loss allowance to Net loans (%)	1.59%	1.75%
(ii)	Movement of credit impaired loans under Ind AS (Gross)		
	(a) Opening balance	12,858	4,681
	(b) Additions during the year	13,764	12,973
	(c) Reductions during the year	4,354	846
	(d) Written off	5,818	3,950
	(e) Closing balance	16,450	12,858
(iii)	Movement of Net impaired loans		
	(a) Opening balance	10,020	3,282
	(b) Additions during the year	8,627	10,227
	(c) Reductions during the year	2,923	731
	(d) Written off	2,926	2,758
	(e) Closing balance	12,798	10,020
(iv)	Movement of impairment loss allowance on credit impaired loans		
	(a) Opening balance	2,838	1,399
	(b) Additions during the year	5,137	2,746
	(c) Reductions during the year	1,431	115
	(d) Written off	2,892	1,192
	(e) Closing balance	3,652	2,838

48.10 Concentration of Loan, Exposure & Credit Impaired loans

(a) Concentration of Loan

Sr. No.	Particulars	As at Mar 31, 2023	As at Mar 31, 2022
(i)	Total advances to twenty largest borrowers	13,109	14,054
(ii)	Percentage of Twenty largest borrowers to Total advances	1.62%	2.44%

(b) Concentration of Exposure

Sr. No.	Particulars	As at Mar 31, 2023	As at Mar 31, 2022
(i)	Total exposure to twenty largest borrowers	13,171	14,054
(ii)	Percentage of exposure to twenty largest borrowers to Total Exposure	1.61%	2.44%

(c) Concentration of credit impaired

Sr. No.	Particulars	As at Mar 31, 2023	As at Mar 31, 2022
(i)	Total exposure of top four credit impaired accounts	5,472	3,351

(d) Sector wise distribution of credit impaired loss

Sectors	Total Exposure	Gross NPA	% of gross NPA to exposure in that sector
As at March 31, 2023			
Agriculture and allied activities	0.00	0.00	0.00%
MSME	0.00	0.00	0.00%
Corporate borrowers	0.00	0.00	0.00%
Services	0.00	0.00	0.00%
Unsecured personal loans	0.00	0.00	0.00%
Auto Loans	0.00	0.00	0.00%
Other personal loans	0.00	0.00	0.00%
Others	8,10,274	16,450	2.03%
As at March 31, 2022			
Agriculture and allied activities	0.00	0.00	0.00%
MSME	0.00	0.00	0.00%
Corporate borrowers	0.00	0.00	0.00%
Services	0.00	0.00	0.00%
Unsecured personal loans	0.00	0.00	0.00%
Auto Loans	0.00	0.00	0.00%
Other personal loans	0.00	0.00	0.00%
Others	5,76,094	12,858	2.23%

(e) Intragroup Exposure

Sr. No.	Particulars	As at Mar 31, 2023	As at Mar 31, 2022
(i)	Total amount of intra-group exposures	-	-
(ii)	Total amount of top 20 intra-group exposures	-	-
(iii)	Percentage of intra-group exposures to total exposure of the NBFC on borrowers/customers	-	-

48.11 Details of single borrower limit and group borrower limit exceeded by the Company

During the year ended March 31, 2023 and year ended March 31, 2022 , the Company’s credit exposure to single borrower and group borrowers were within the limits prescribed by the RBI.

48.12 Unsecured Advances

The Company has not taken any charge over the rights, licences, authorisation etc. against unsecured loan given to borrowers in the year ended March 31, 2023 and year ended March 31, 2022.

48.13 Fraud Reporting

The fraud detected and reported for the year ended March 31, 2023 amounted to INR 1,767.05 lakhs. (Year ended March 31, 2022: INR 1,051.79 Lakhs)

48.14 Net profit or loss for the year, prior period items and change in accounting policy

There are no prior period items and no changes in accounting policy.

48.15 Details of 'provision and contingencies'

(INR in Lakhs)

Sr. No.	Particulars	For the year ended Mar 31, 2023	For the year ended Mar 31, 2022
1	Provision for depreciation on investment	83	(2)
2	Provision towards credit impaired loans	814	1,439
3	Provision towards income tax	5,846	4,710
4	Provision for standard loans (Stage 1 & 2)	(1,382)	2,684

48.16 Draw down from reserves

The Company has not made any draw down from reserves during year ended March 31, 2023 (March 31, 2022 - Nil).

48.17 Disclosure of complaints

(I) Summary information on complaints received by the Company from customers and from the Office of Ombudsman:

Sr. No.	Particulars	For the year ended Mar 31, 2023	For the year ended Mar 31, 2022
Complaints from customers			
1	No. of complaints pending as at the beginning of the year	2	2
2	No. of complaints received during the year	6	18
3	No. of complaints disposed during the year	8	18
3.1	Of which, number of complaints rejected by the NBFC	3	12
4	No. of complaints pending as at the end of the year	-	2
Maintainable complaints from the Office of Ombudsman			
5*	Number of maintainable complaints received by the NBFC from Office of Ombudsman	67	56
5.1	Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman	65	52
5.2	Of 5, number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	2	4
5.3	Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	-	-
6*	Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

Note: Maintainable complaints refer to complaints on the grounds specifically mentioned in Integrated Ombudsman Scheme, 2021 (Previously The Ombudsman Scheme for Non-Banking Financial Companies, 2018) and covered within the ambit of the Scheme.

(II) Top five grounds of complaints received by the NBFCs from customers

For year ended March 31, 2023

Sr. No.	Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
	1	2	3	4	5	6
I	EMI recovery	-	2	100%	-	-
II	Issuance of Foreclosure Letter	-	2	100%	-	-
III	CIBIL Related	-	1	0%	-	-
IV	Rate of Interest Related	-	1	0%	-	-
V	Others	-	-	-	-	-

For year ended March 31, 2022

Sr. No.	Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
	1	2	3	4	5	6
I	Issuance of Foreclosure Letter	-	1	(86%)	-	-
II	Moratorium/Restructuring	-	1	(80%)	-	-
III	Interest on interest charged during moratorium & EMI recovery related.	-	1	(75%)	-	-
IV	Change in Interest Slab	-	1	(75%)	-	-
V	Non updation of CIBIL	-	1	(50%)	-	-

48.18 Registration obtained from Financial Sector Regulators

Regulator	Registration No.
Reserve Bank of India	Certificate of Registration No. N-16.00187 dt 24th August, 2010

48.19 Ratings assigned by the credit rating agencies and migration of ratings during the year

Sr. No.	Particulars	Name of the Instrument	For the year ended Mar 31, 2023	For the year ended Mar 31, 2022
1	Long Term	Bank Lines	India Rating and Research Pvt. Ltd. (IND AA-/Stable); CARE Ratings (CARE AA Stable / CARE A1+)	India Rating and Research Pvt. Ltd. AA- /Stable
2	Short Term	Commercial paper	CRISIL Ratings Limited (CRISIL A1+)	CRISIL A1+
3	Long Term	Non convertible debentures	CARE Ratings (CARE AA/Stable)	CARE AA- /Stable
4	Long Term	Non convertible debentures	India Rating and Research Pvt. Ltd. (IND AA-/Stable)	India Rating and Research Pvt. Ltd. AA-
5	Long Term	Non convertible debentures - Subordinat	India Rating and Research Pvt. Ltd. (IND AA-/Stable)	India Rating and Research Pvt. Ltd. AA- /Stable
6	Short Term	Commercial paper		Acuite Ratings & Research Limited A1+
7	Short Term	Commercial paper	ICRA Limited (ICRA	ICRA Ltd A1+

48.20 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, 2023 (March 31, 2022 - Nil).

48.21 Off Balance Sheet SPV sponsored - The Company does not have any SPVs sponsored (which are required to be consolidated as per Accounting Norms).

48.22 Penalties imposed by RBI

Penalty of INR Nil was imposed on Fedbank Financial Services Limited as on March 31, 2023.(March 31, 2022 -INR Nil)

48.23 Ownership Overseas Assets (for those with joint ventures and subsidiaries abroad)

There are no overseas assets owned by the Company.

48.24 Breach of Covenant

There are no instances of breach of covenant of loan availed or debt securities issued

48.25 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

Details of Gold auction conducted

Particulars	For the year ended Mar 31, 2023	For the year ended Mar 31, 2022
No. of loan accounts	10,295	4,536
Principal Amount outstanding at the date of auction (INR in lakhs)	5,786	4,383
Interest Amount outstanding at the date of auction (INR in lakhs)	1,096	705
Total value fetched (INR in lakhs)	8,103	5,307

Note: No entity within the Company's group including any holding or associate Company or any related party had participated in any of the above auctions.

48.26 Schedule to the Balance Sheet of a non deposit taking Non-Banking Financial Company (as required in terms of Paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016)

Sr. No.	Particulars	As at Mar 31, 2023	As at Mar 31, 2022
	Liabilities side		
1	Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:		
	(a) Debentures		
	-Secured	40,459	20,068
	-Unsecured	25,967	25,907
	(other than falling within the meaning of public deposits)		
	(b) Deferred Credits	Nil	Nil
	(c) Term Loans	5,95,536	4,10,935
	(d) Inter-corporate loans and borrowing	Nil	Nil
	(e) Commercial Paper	20,664	33,274
	(f) Other Loans (represents Working Capital Demand Loan, Cash credit, Bank Over draft and Liability component of Compound financial instrument)	30,957	11,500
	Asset side		
2	Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :		
	(a) Secured	6,99,240	4,87,597
	(b) Unsecured	1,11,034	88,497
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	2,000	10,309
	(iv) Government Securities	65,396	40,374
	(v) Others	Nil	Nil
	2 Unquoted		
	(i) Shares:		
	(a) Equity	Nil	Nil
	(b) Preference	Nil	Nil
	(ii) Debentures and bonds	666	750
	(iii) Units of mutual funds	Nil	Nil
	(iv) Government Securities	Nil	Nil
	(v) Others	Nil	Nil
	Long Term Investments:		
	1 Quoted		
	(i) Shares:		
	(a) Equity	Nil	Nil
	(b) Preference	Nil	Nil
	(ii) Debentures and bonds	Nil	Nil
	(iii) Units of mutual funds	Nil	Nil
	(iv) Government Securities	Nil	Nil
	(v) Others	Nil	Nil
	2 Unquoted		
	(i) Shares:		
	(a) Equity	Nil	Nil
	(b) Preference	Nil	Nil
	(ii) Debentures and bonds	Nil	Nil
	(iii) Units of mutual funds	Nil	Nil
	(iv) Government Securities	Nil	Nil
	(v) Others	Nil	Nil
5	Borrower group-wise classification of assets financed as in (2) and (3) above		
	1 Related Parties		
	(a) Subsidiaries	Nil	Nil
	(b) Companies in the same group	Nil	Nil
	(c) Other related parties-Holding Company	Nil	Nil
	Other than related parties	8,10,274	5,76,094
	Total		
6	Other Information:		
	(i) Gross Non-Performing Assets		
	(a) Related parties	Nil	Nil
	(b) Other than related parties	16,450	12,858
	(ii) Net Non-Performing Assets		
	(a) Related parties	Nil	Nil
	(b) Other than related parties	12,798	10,020
	(iii) Assets acquired in satisfaction of debt	Nil	Nil

48.27 Disclosure in term of notification no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20

(A) Comparison between provisions required under Income Recognition, Asset Classification and Provisioning and impairment allowances made under Ind AS 109

(INR in Lakhs)

Asset classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying amount as per Ind AS		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	
		31-03-2023	**31-03-2022**	**31-03-2023**	**31-03-2022**	**31-03-2023**	**31-03-2022**	**31-03-2023**	**31-03-2022**	**31-03-2023**	**31-03-2022**
(1)	(2)	(3)	(4)	(4)	(6)	(5) = (3) - (4)	(8) = (4) - (6)	(6)	(10)	(7) = (4) - (6)	(12) = (6) - (10)
Performing Assets											
Standard	Stage 1	7,56,190	5,13,113	2,465	2,524	7,53,725	5,10,589	3,047	2,121	(582)	403
	Stage 2	30,547	37,646	4,176	6,162	26,371	31,484	1,478	2,414	2,698	3,747
Sub Total		**7,86,737**	**5,50,759**	**6,640**	**8,686**	**7,80,096**	**5,42,073**	**4,525**	**4,535**	**2,116**	**4,151**
Non Performing Assets (NPA)											
Sub Standard	Stage 3	11,588	11,341	1,882	2,562	9,706	8,779	1,181	1,103	701	1,459
	Stage 2*	7,088	12,477	14	90	7,074	12,387	709	1,166	(695)	(1,076)
		-		-				-			
Doubtful (upto 1 year)	Stage 3	4,197	1,033	1,600	169	2,597	864	895	181	705	(12)
Doubtful (1 - 3 year)	Stage 3	615	440	118	64	497	376	180	102	(62)	(38)
Doubtful (more than 3 year)	Stage 3	0	0	0	0	0	(0)	0	-	(0)	0
Sub-total for Doubtful		**4,812**	**1,473**	**1,718**	**234**	**3,094**	**1,240**	**1,075**	**283**	**643**	**(49)**
Loss	Stage 3	49	44	49	42	(0)	2	49	44	-	(2)
Sub-total for NPA		**23,537**	**25,335**	**3,664**	**2,927**	**19,874**	**22,408**	**3,014**	**2,596**	**649**	**331**
Total	**Stage 1**	**7,56,190**	**5,13,113**	**2,465**	**2,524**	**7,53,725**	**5,10,589**	**3,047**	**2,121**	**(582)**	**403**
	Stage 2	**37,635**	**50,122**	**4,190**	**6,251**	**33,445**	**43,871**	**2,187**	**3,580**	**2,003**	**2,671**
	Stage 3	**16,449**	**12,858**	**3,649**	**2,838**	**12,800**	**10,021**	**2,305**	**1,430**	**1,344**	**1,408**
	Total	**8,10,274**	**5,76,094**	**10,304**	**11,613**	**7,99,970**	**5,64,481**	**7,539**	**7,131**	**2,765**	**4,482**

* These represent gold loan accounts which have been classified as Stage 2 based on the Credit Risk policy and assessment of the Company which lays down the definition of 'default', the Company considers for it's staging analysis. Further, the Company has also considered Loan to Value (LTV) margin, empirical evidence of realization from the liquidation of collateral and other information. These accounts are classifiable as Sub-standard under the extant regulatory provisions.

(B) Disclosure in term of RBI notification no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020 relating to classification of gold loan accounts that are past due beyond 90 days but not treated/classified as impaired (Stage 3) assets by virtue of the following:

- Gold loans are originated basis value of under-lying collateral rather than financial background of the borrower.
- The underlying collateral are highly liquid and as a consequence the credit impairment risk is primarily on account of insufficiency of margin/Loan to Value (LTV) if any.
- At the time of re-pledge/rollover of the gold loan facility, there is no concession granted/offered to the borrower by the Company and process followed is similar to that which would have been followed for any new borrower as there is a fresh-assessment of collateral (including additional margin/collateral brought-in by borrowers) and it is ensured that the collateral value is within the RBI prescribed LTV norms at origination.

- Past empirical evidence of realisation/recoveries from the liquidation of collateral i.e. immaterial/insignificant Loss Given Default (LGD) rates for the gold loan portfolio.

Particulars	Number of Accounts as at March 31, 2023	Total amount Outstanding as at March 31, 2023	Total amount Overdue as at March 31, 2023	Number of Accounts as at March 31, 2022	Total amount Outstanding as at March 31, 2022	Total amount Overdue as at March 31, 2022
		(in Lakhs)	**(in Lakhs)**		**(in Lakhs)**	**(in Lakhs)**
Accounts where 90 days rebuttal is done	2,653	3,289	3,289	5,198	6,281	6,281
Accounts linked to above	3,369	3,799	3,799	5,310	6,196	650
Total	**6,022**	**7,088**	**7,088**	**10,508**	**12,477**	**6,931**

48.28 Public Disclosures as mandated by LRM framework for NBFCs issued by the RBI on 4th November 2019.

a) Funding Concentration based on significant counterparty **(INR in Lakhs)**

		As at Mar 31, 2023	
Sr. No.	**Significant counterparty***	**Amount**	**% of total liabilities**
1	Bank of Baroda Ltd	75,793	9.82%
2	Canara Bank Ltd	69,875	9.06%
3	Indian Bank(Including Erst. Allahabad Bank)	68,898	8.93%
4	Federal Bank Ltd	57,684	7.48%
5	SIDBI Ltd	54,662	7.08%
6	HDFC Bank Ltd	39,738	5.15%
7	Axis Bank Ltd	38,418	4.98%
8	ICICI BANK Ltd	29,888	3.87%
9	State Bank of India Ltd	29,117	3.77%
10	IDBI Ltd	28,723	3.72%
11	Karnataka Bank Ltd	28,591	3.71%
12	Union bank of India Ltd	25,736	3.34%
13	Bank of Maharashtra Ltd	24,914	3.23%
14	Bajaj Finance Ltd	22,122	2.87%
15	Central Bank of India Ltd	15,719	2.04%
16	CITI Bank Ltd	15,004	1.94%
17	Indian Overseas Bank Ltd	14,423	1.87%
18	Bank of India Ltd	13,940	1.81%
19	DC (Corporate)	11,344	1.47%
20	Other Retailers	10,629	1.38%
21	KVB Bank Ltd	10,201	1.32%
22	DCB Bank Ltd	10,061	1.30%

*Significant counterparty has been defined as exposure greater than 1%

b) Top 10 borrowings

		As at Mar 31, 2023	
Sr. No.	**Significant counterparty**	**Amount**	**% of total Borrowing**
1	Bank of Baroda Ltd	75,793	10.62%
2	Canara Bank Ltd	69,875	9.79%
3	Indian Bank(Including Erst. Allahabad Bank)	68,898	9.66%
4	Federal Bank Ltd	57,684	8.08%
5	SIDBI Ltd	54,662	7.66%
6	HDFC Bank Ltd	39,738	5.57%
7	Axis Bank Ltd	38,418	5.38%
8	ICICI BANK Ltd	29,888	4.19%
9	State Bank of India Ltd	29,117	4.08%
10	IDBI Ltd	28,723	4.03%

c) Funding Concentration based on significant instrument/product

		As at Mar 31, 2023	
Sr. No.	**Significant counterparty**	**Amount**	**% of total liabilities**
1	Short Term working Capital	15,953	2.07%
2	Term Loan- Secured	6,08,038	78.81%
3	Term Loan- Unsecured	2,501	0.32%
4	Commercial paper	20,664	2.68%
5	NCD - Secured	40,459	5.24%
6	NCD - Unsecured	25,967	3.37%

d) Stock Ratio

		As at Mar 31, 2023
Sr No	**Particulars**	**%**
1	Commercial Paper as % of Total Liabilities	2.68%
2	Commercial Paper as % of Total Assets	2.28%
3	Other Short Term Liabilities as % of Total Liabilities	7.84%
4	Other Short Term Liabilities as % of Total Asset	6.67%

48.28 Public Disclosures as mandated by LRM framework for NBFCs issued by the RBI on 4th November 2019.

a) Funding Concentration based on significant counterparty

		As at Mar 31, 2022	
Sr. No.	**Significant counterparty***	**Amount**	**% of total liabilities**
1	Federal Bank Ltd	81,340	15.06%
2	Bank of Baroda	51,948	9.62%
3	Indian Bank	43,269	8.01%
4	ICICI BANK	40,935	7.58%
5	SIDBI	33,211	6.15%
6	HDFC Bank Ltd	26,062	4.82%
7	Axis Bank	21,490	3.98%
8		24,314	4.50%
9	Bank of Maharashtra	19,981	3.70%
10	Central Bank of India	19,706	3.65%
11	Indian Overseas Bank	18,846	3.49%
12	Bank of India	17,929	3.32%
13	Karnataka Bank	14,604	2.70%
14	State Bank of India	11,961	2.21%
15	IDBI Bank	10,736	1.99%
16	DCB Bank	10,634	1.97%
17	HDFC Mutual Fund	10,000	1.85%
18	DSP Mutual Fund	10,000	1.85%
19	Bajaj Finance	5,616	1.04%

*Significant counterparty has been defined as exposure greater than 1%

b) Top 10 borrowings

		As at Mar 31, 2022	
Sr. No.	**Significant counterparty**	**Amount**	**% of total borrowings**
1	Federal Bank Ltd	81,340	16.21%
2	Bank of Baroda	51,948	10.35%
3	Indian Bank	43,269	8.62%
4	ICICI BANK	40,935	8.16%
5	SIDBI	33,211	6.62%
6	HDFC Bank Ltd	26,062	5.19%
7	Axis Bank	21,490	4.28%
8	Canara Bank	24,314	4.85%
9	Bank of Maharashtra	19,981	3.98%
10	Central Bank of India	19,706	3.93%

c) Funding Concentration based on significant instrument/product

		As at Mar 31, 2022	
Sr. No.	**Significant counterparty**	**Amount**	**% of total liabilities**
1	Short Term working Capital	11,500	2.13%
2	Term Loan- Secured	4,03,416	74.68%
3	Term Loan- Unsecured	7,520	1.39%
4	Commercial paper	33,274	6.16%
5	NCD - Secured	20,068	3.71%
6	NCD - Unsecured	25,906	4.80%

d) Stock Ratio

		As at Mar 31, 2022
Sr No	**Particulars**	**%**
1	Commercial Paper as % of Total Liabilities	6.16%
2	Commercial Paper as % of Total Assets	5.08%
3	Other Short Term Liabilities as % of Total Liabilities	10.05%
4	Other Short Term Liabilities as % of Total Asset	8.29%

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

49 Disclosure of restructured advances

(INR in Lakhs)

Sr.No.	Type of restructuring		Under CDR Mechanism					Under SME Debt Restructuring 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, 2022 of the FY (opening figures)	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	20	-	-	20	-	20	-	-	20
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	995	-	-	995	-	995	-	-	995
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	326	-	-	326	-	326	-	-	326
2	Fresh restructuring during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Upgradations to restructured standard category during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Downgradations of restructured accounts during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Write-offs of restructured accounts during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	(14)	-	-	(14)	-	(14)	-	-	(14)
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	(636)	-	-	(636)	-	(636)	-	-	(636)
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	(255)	-	-	(255)	-	(255)	-	-	(255)
7	Restructured Accounts as on March 31, 2023 (closing figures)	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	6	-	-	6	-	6	-	-	6
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	360	-	-	360	-	360	-	-	360
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	71	-	-	71	-	71	-	-	71

Note:

1. Reduction in opening restructured POS has been shown in restructured standard advances which cease to attract higher provision, as no specific row was available to disclose this movement. Similarly provision has also been shown under higher provision/additional risk.
2. The figures disclosed above are for loans restructured under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 which excludes cases restructured loans under OTR 1.0 and 2.0

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

RBI vide its circular 2020-21/17 DOR.No.BP.BC/4/21.04.048/2020-21 dated August 6, 2020 and vide circular DOR.STR.REC.12/21.04.048/2021-22 dated May 5, 2021 has allowed a one-time restructuring of existing loans to MSMEs classified as 'standard' without any downgrade in the asset classification, subject to prescribed conditions

(INR in Lakhs)

As at	No. of accounts restructured	Amount outstanding
March 2023	71	3,026
March 2022	234	8,127

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

(INR in Lakhs)

Format-B **As at March 2023**

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year (A)	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half-year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year
Personal Loans	13516	-	128	311	13,077
Corporate persons*	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	-	-	-	-	-
* As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016					

Format-B **As at March 2022**

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year (A)	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half-year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year
Personal Loans	14584	79	276	9	14,220
Corporate persons*	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	-	-	-	-	-

* As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

During the year ended March 31, 2022, the Company has implemented resolution plan in accordance with the Resolution Framework for COVID-19 related stress announced by the RBI in 9042 loan account with a total outstanding INR 2023.8 millions as on March 31, 2022. Of these, total loan which were restructured during the year, for 3836 cases having an outstanding amount of INR 235.2 millions (as at March 31, 2022) basis their credit assessment and the terms of restructuring, the Company has classified such restructured borrower accounts as non impaired (under Ind AS 109, Financial Instruments) at March 31, 2022. The Company has evaluated the same basis repayment behaviour of borrowers and other qualitative factors which have been approved by Audit Committee of the Company

50 During the year ended March 31, 2023, based on assessment and approval of the Board, the Company has written off the loans and advances amounting to INR 5,813 Lakhs. (March 2022 - INR 3,950 Lakhs.)

51 LCR Disclosure **(INR in Lakhs)**

	Particulars	As at Mar 31, 2023		As at Mar 31, 2022	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
	High Quality Liquid Asset				
1	Total High Quality Liquid Assets (HQLA)	**27,258**	**27,258**	**46,888**	**46,888**
	Cash Outflows				
2	Deposits (for deposit taking companies)	-	-	-	-
3	Unsecured wholesale funding	-	-	-	-
4	Secured wholesale funding	36,830	42,355	12,338	14,189
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	7,911	9,098	4,874	5,605
6	Other contractual funding obligations	34,951	40,194	14,618	16,811
7	Any other contractual outflows	8,307	9,553	4,605	5,296
8	**TOTAL CASH OUTFLOWS**	**87,999**	**1,01,200**	**36,435**	**41,901**
8B	**75% of (Weighted Cash Outflow)**		**75,900**		**31,425**
	Cash Inflows				
9	Secured lending	21,730	16,298	14,017	10,513
10	Inflows from fully performing exposures		-	-	-
11	Other cash inflows	1,30,073	97,555	47,235	35,426
12	**TOTAL CASH INFLOWS**	**1,51,803**	**1,13,853**	**61,252**	**45,939**
13	**TOTAL HQLA**		**27,258**		**46,888**
14	**TOTAL NET CASH OUTFLOWS**		**25,300**		**10,475**
15	**LIQUIDITY COVERAGE RATIO (%)**		**108%**		**448%**

Note: The above ratio is computed in line with RBI Guideline.

52 On 12 November 2021, the Reserve Bank of India (RBI) had issued circular no. RBI/2021-2022/125 DOR.STR.REC.68/21.04.048/2021-22, requiring changes to and clarifying certain aspects of Income Recognition, Asset Classification and Provisioning norms (IRACP norms) pertaining to Advances. The Company has implemented the requirements pertaining to day-end-processing and allied matters as mentioned in the RBI circular dated November 12, 2021.

The RBI has also clarified that this circular does not, in any way, interfere with the extant guidelines on implementation of Ind-AS by NBFCs. Accordingly, the financial results for the year ended 31 March 2023 and previous year ended 31 March 2022 have been prepared in accordance with Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended, as the Company continues to follow the extant model provisioning norms, as per the Board approved Expected Credit Loss (ECL) policy.

53 Transfer of financial assets

The Company has transferred a pool of loans arising from financing activities through securitisation transaction. In this transaction, the Company has provided credit enhancements to the transferee. Because of the existence of credit enhancements in this transaction, the Company continues to have the obligation to pay to the transferee, limited to the extent of credit enhancement, even if it does not collect the equivalent amounts from the original asset and continues to retain substantially all risks and rewards associated with the receivables, and hence, such transfer does not meet the derecognition criteria resulting into the transfer not being recorded as sale. Consequently, the proceeds received from the transfer has been recorded as collateralized debt obligation.

The carrying amount of loans arising from financing activities along with the associated liabilities is as follows

Nature of Assets	As at Mar 31, 2023		As at Mar 31, 2022	
	Carrying amount of sold assets	Carrying amount of associated liabilities	Carrying amount of sold assets	Carrying amount of associated liabilities
Loans	-	-	-	-

54 Contingent Liabilities (to the extent not provided for)

(INR in Lakhs)

Sr. No.	Particulars	As at Mar 31, 2023	As at Mar 31, 2022
1	Disputed Income Taxes (1)	46	-
2	Other Sums contingently liable for (2)	23	23
	Total	**69**	**23**

1. The Assessing Officer has disagreed with the treatment of certain expenses in connection with the return of income tax return filed by the Company and accordingly raised a demand of INR 32.18 lakhs , INR 5.02 lakhs and INR 9.29 lakhs for AY 2011-12 , AY 2013-14 and AY 2017-18 respectively, this has been challenged by the Company before the Commissioner of Income Tax (Appeals).

2. The Payment of Bonus Act, 1979 was amended with retrospective effect during financial year 2020-21, the estimated probable additional cost to the Company on account of this to the extent it pertains to the earlier financial years has not been considered a liability by placing reliance on Kerala High Court judgement which has stayed this matter and accordingly this is disclosed as contingent liability.

3. In Line with industry practice, the Company auctions gold kept as security by borrowers whose loans are in default. Certain customers of the Company have filed suits in consumer/civil courts for auctioning of their gold ornaments or for obtaining of stay order against auction of their pledged gold. The management does not expect any material liability from such suits.

55 Capital and Other Commitments

(INR in Lakhs)

Sr. No.	Particulars	As at Mar 31, 2023	As at Mar 31, 2022
1	Estimated amount of contracts remaining to be executed on capital accounts not provided for (Net of advances)	205	569
2	Other Commitments towards partly disbursed loans	6,467	4,874

56

Sr. No.	Ratios	As at Mar 31, 2023			As at Mar 31, 2022	Variance	Reason for Variance (if above 25%)
		Numerator	Denominator	Ratio	Ratio		
1	Capital to risk weighted assset ratio (CRAR)	1,46,031	8,14,016	17.94%	23.04%	(5%)	-
2	Tier I CRAR	1,22,793	8,14,016	15.09%	18.38%	(3%)	-
3	Tier II CRAR	23,238	8,14,016	2.85%	4.65%	(2%)	-
4	Liquidity Coverage Ratio	27,258	25,300	108%	448%	(340%)	Significant decrease in HQLA on account of sale of government securities.

		As at Mar 31, 2022		
Sr. No.	Ratios	Numerator	Denominator	Ratio
1	Capital to risk weighted assset ratio (CRAR)	1,36,209	5,91,298	23.04%
2	Tier I CRAR	1,08,687	5,91,298	18.38%
3	Tier II CRAR	27,522	5,91,298	4.65%
4	Liquidity Coverage Ratio	46,888	10,475	448%

Notes:
1. Capital Adequacy Ratio has been computed as per relevant RBI Guidelines. (CRAR = [Tier I Capital + Tier II capital]/Total Risk weighted Assets)
2. Liquidity Coverage Ratio has been computed as per relevant RBI Guidelines. (LCR = Total High Quality Liquid Assets/Total Net Cash Outflows)

57 Disclosure as required under Rule 11(e) and Rule 11(f) of the Companies (Audit and Auditors) Rules, 2014

1. No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in a party identified by or on behalf of the Company (Ultimate Beneficiaries).

2. The Company has not received any fund from any party(s) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

3. There is no dividend declared or paid during the year by the Company.

58 INR 0 Lakhs indicates values are lower than INR 0.5 Lakhs, where applicable

59 Between May-July 2022, the Company experienced an information security incident involving a ransomware and consequent isolation of impacted IT services. In response to this, the Management initiated comprehensive containment efforts to address the incident. Restoration of all impacted applications has been done and business is continuing as usual. The Company appointed an expert to investigate the nature, event and causes of data breach and remediation efforts recommended to enhance safeguards and avoid breaches are in progress of being implemented. The Company believes that data integrity is maintained and not compromised. There has been no litigations and claims relating to this cyber security incident till date.

60

During the previous year, the Company had filed the Draft Red Herring Prospectus dated 18 February, 2022, with SEBI, for the purpose of raising equity capital. However, due to various internal and external considerations the plan to issue equity shares to public has been currently put on hold. Accordingly, the Company has expensed the following in the Statement of Profit and Loss.

(INR in Lakhs)

Sr. No.	Particulars	As at Mar 31, 2023	As at Mar 31, 2022
1	Legal and professional fees	1,065	-
2	Auditors' remuneration (Refer note 33.1)	213	-
3	Rates and taxes	223	-
4	Insurance	14	-
5	Miscellaneous Expenses	22	-
	Total	**1,537**	**-**

As per our report of even date attached

For and on behalf of Board of Directors of Fedbank Financial Services Limited

CHATTAPURAM VENKATRAMAN GANESH Digitally signed by CHATTAPURAM VENKATRAMAN GANESH Date: 2023.05.26 18:26:08 +05'30'

C. V. Ganesh
Chief Financial Officer

RAJARAMAN SUNDARESAN Digitally signed by RAJARAMAN SUNDARESAN Date: 2023.05.26 18:27:05 +05'30'

S. Rajaraman
Company Secretary
M.No.F3514

ANIL KOTHURI Digitally signed by ANIL KOTHURI Date: 2023.05.26 18:24:43 +05'30'

Anil Kothuri
MD & CEO
DIN:00177945

Krishnamurthy Balakrishnan Digitally signed by Krishnamurthy Balakrishnan Date: 2023.05.26 18:21:43 +05'30'

Balakrishnan Krishnamurthy
Non Executive Chairman
DIN:00034031

GAURI RUSHABH SHAH Digitally signed by GAURI RUSHABH SHAH Date: 2023.05.26 19:09:49 +05'30'

Gauri Rushabh Shah
Independent Director
DIN:06625227

Place: Mumbai
Date: May 26, 2023

For B S R & Co. LLP
Chartered Accountants
FRN: 101248W/W-100022

ASHWIN SOMA SUVARNA Digitally signed by ASHWIN SOMA SUVARNA Date: 2023.05.26 20:24:50 +05'30'

Ashwin Suvarna
Partner
Membership No. 109503
Place: Mumbai
Date: May 26, 2023