



FEDBANK
FINANCIAL SERVICES LIMITED

Fedbank Financial Services Limited

ANNUAL REPORT

For the year ended March 2022

BUSINESS HIGHLIGHTS

(Rs. in crore)

Particulars	Ind AS 2021-22	Ind AS 2020-21	Ind AS 2019-20	Ind AS 2018-19	IGAAP 2017-18
Branch Network (Nos)	516	360	300	152	123
Loan Disbursements	7,469	5,893	4,379	1,968	1,558
Loan Assets Under Management ²	6187	4862	3838	2,019	1,422
Net worth	1,154	835	691	459	260
Borrowing ³	5,017	4,328	3,218	1,600	1,155
Total Revenue	884	698	466	256	198
Net Interest Income	463	334	215	114	94
Profit Before Tax	139	77	56	51	49
Profit After Tax	103	62	39	36	31

Key Ratios					
Gross NPA (%)	2.23	1.04	1.47	2.28	0.92
Net NPA (%)	1.75	0.71	1.08	1.93	0.80
Capital Adequacy Ratio (%)	23.04	23.52	17.89	21.61	17.22
Return on Total Asset (ROTA) (%)	1.72	1.29	1.26	1.99	2.48
Return on Equity (ROE) (%)	10.41	8.08	6.81	10.12	12.57
Basic Earnings Per Share (Rs.)	3.32	2.19	1.61	1.76	1.62
Diluted Earnings Per Share (Rs.)	3.31	2.18	1.60	1.76	1.62

1. Figures and ratios from FY 2018-19 onwards are as per Ind AS.
2. Loan Asset Under Management represents total gross loan book and assignee's share outstanding as on last day of reporting period.
3. Borrowings represent the total borrowings outstanding on last day of reporting period.
4. Previous period figures have been regrouped/ reclassified, wherever necessary to conform to current classification

CHAIRMAN'S LETTER

Dear Shareholders,

The year began with one of the toughest times we all had seen in the recent history, the outbreak of the second wave of Covid, affected all of us in some or another way, we all had someone known to us getting impacted by it. Taking this difficult situation head-on, the government started the vaccination across the country on a mission mode. The business activity, impacted by the lockdowns across the country, started picking-up as the impact of the second wave started fading by the end of the first quarter. The nation witnessed a strong revival of the business activities, as the demand in the economy started picking up, taking the GDP to the pre-pandemic levels.

Our company, driven by the "Twin-Engine Business Model", was strongly paced to cater to the demand of the borrowers. As a result of this strategy, we registered a 27% growth in the assets under management to above Rs 6,000 Cr.

We have a "Phygital Distribution Model", serving the customers both physically and digitally. We added more than 150 branches during the year, taking the toll of branches to 516, covering 15 states and UTs. Digital remains part of our core strategy, as we plan to expand our offerings, we started "Door Step Gold Loans", a fully digital offering of gold loans, at their doorstep. Further, we added "Digi Locker" to our kitty, a fully digital product, where the customer can utilise their credit limits, basis the stock of gold stored with us.

Despite rapid expansion, we enhanced our profitability scenario as we clocked a profit after tax of Rs 103 Cr, registering a growth of 70% year on year. However, it would be an understatement to measure profitability only through the reported numbers. As our company has ventured into the build phase, where we have expanded our infrastructure, branches and employee base, we have gone through elevated expenses. However, as these expansion plans materialise and we start extracting operating leverage from these branches, our profitability will improve substantially. Despite sectorial headwinds and the shift to the new regime of NPA recognition, our asset quality remained largely intact.

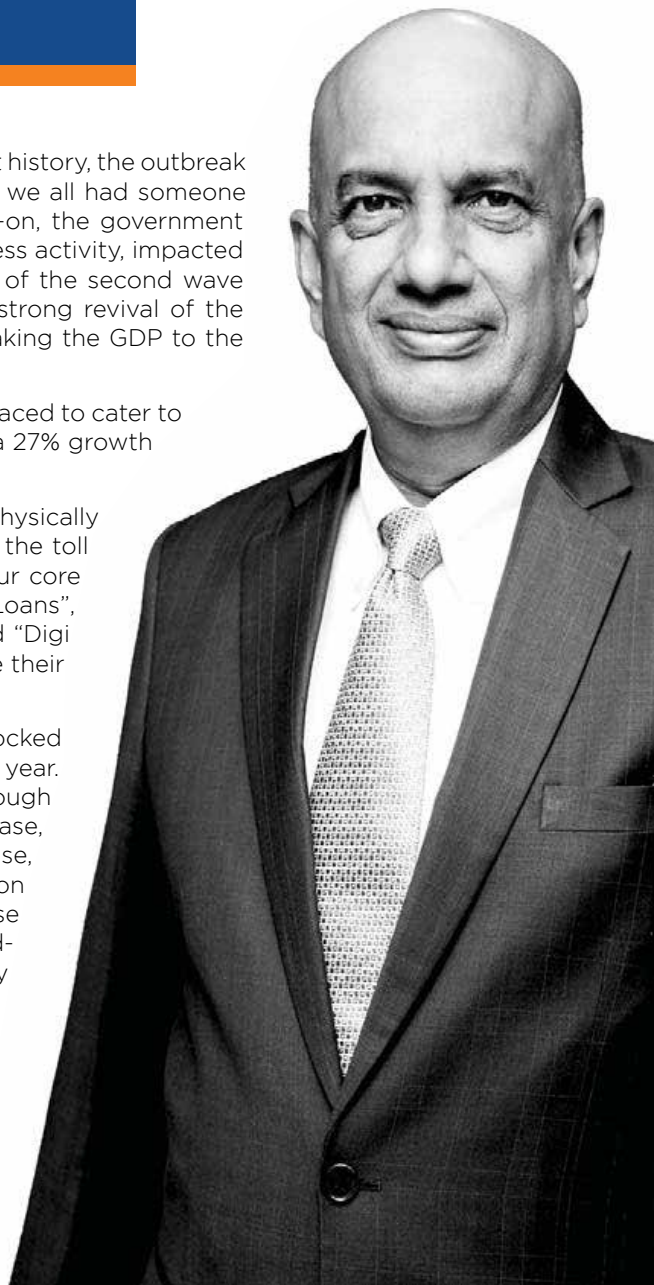
As we are growing and becoming sizeable in the geographies and products we are in, we have ensured our commitment to the key Environmental, Societal and Governance related policies. We have formed a board approved ESG policy, to ensure the business growth is both sustainable and stable. Keeping in mind, the issue of climate change, we have formed an in-house climate change committee.

During the year, we began our journey of Initial Public offering, with an aim to widen our investor base and strengthen our capital position. We filed our Draft Red Herring Prospectus, in Feb-22 and we plan to get our company listed as soon as the market situation becomes conducive.

To conclude, I am extremely grateful to all our customers, employees, investors, lenders, rating agencies, service providers and all the other stakeholders, who have continued their support during these challenging times.

We continue to be committed towards our vision of "Empowering emerging India with an Easy access to credit".

- Mr. K. Balakrishnan,
Chairman and Independent Director



MESSAGE FROM MD & CEO

Dear All,

The year gone by was marked by uncertainty. It started with Wave 2 of the COVID pandemic, which saw widespread disruption and distress. The recovery and revival began subsequently and kept gaining momentum through the year. The Omicron variant induced Wave 3 in January was a minor blip in an otherwise linear story of growth and consolidation.

Like the rest of the world, Fedfina was also tested and challenged by the pandemic. We have had the opportunity to examine, validate and strengthen various facets of our business model.

Our Operating Performance

Fedfina's Balance Sheet grew from Rs 5,466.3 Cr to Rs 6,555.7 Cr, growing 20% YoY on the back of a growth in disbursements from Rs 5,893.7 Cr to Rs 7,469.8 Cr, growing 27% YoY. We opened 156 branches during the course of the year to increase our presence to 516 branches across 15 States and UTs. All these initiatives helped us increase our profit from Rs 61.7 Cr Last year to Rs 103.5 Cr this year, growth of 68%. Our Return on Equity improved from 8.1% to 10.4%.

Our GNPA's increased from 1.04% to 2.23% during the course of the year.

Our Twin Engine Business Model

Fedfina operates a 'Twin Engine' business model - the two engines are Instalment Loans to SMEs and Gold Loans. This approach gives us growth in different environments. The two years of the pandemic were muted as far as working capital loans to SMEs are concerned. The Gold Loan Business, however, doubled in size during this period. The strength and suitability of this model were, hence, underscored.

Capital and Borrowings

During the year, we strengthened our capital position, raising Rs 200 Cr through a rights issue. Further, we now borrow from 27 lending institutions in India. Our cost of borrowing has continued to decline over the



past three years.

The coming year will see interest rates increase significantly. While the timing and extent of increase are uncertain, we are well poised to weather this, given our strong suite of lenders and our conservative Asset Liability management.

People and Purpose

At Fedfina, our vision is to Empower Emerging India through Easy Access to Loans. The design of our organization, our cultural values, product programs and delivery practices are all aligned towards fulfilling this vision. We were certified as a Great Place to Work for the third year in a row

Products and Innovation

Fedfina launched the 'Doorstep Gold Loans' facility where the customer has the opportunity to avail of a Gold Loan in the privacy and comfort of his home. This initiative is expected to contribute towards acquiring new customers.

We also launched 'Digilocker', a loan on demand product against the security of gold loans. This gives the customer the option to store his gold with Fedfina and get a pre-approved loan amount against it. He can draw down at any time using the Fedfina Loan app.

Environment, Social and Governance (ESG)

We have embarked upon our ESG journey this year. We have formulated a policy and implementation plan and have identified milestones for the coming years.

Way Forward

Given the rate of growth of the Balance Sheet at Fedfina (4.4 times over the past 4 years), we will require large and repeated injections of capital. With a view to broadening our investor base and tapping diverse sources of capital, the Board of Directors approved the filing of a Draft Red Herring Prospectus (DRHP) for raising funds through an Initial Public Offering (IPO). We are in the process of finalizing the contours of the IPO. We should be accessing the capital markets in the near future, subject to the environment improving from hereon.

On the business front, we have seen a significant recovery in terms of demand, after the two years ravaged by the pandemic. Fedfina is well poised to take advantage of this recovery, given that we have already made investments in branches, people and technology.

Finally, I would like to thank all the employees of Fedfina who have hunkered down and delivered in an exceedingly tough environment. Thanks are also due to our shareholders for their continuing trust and support.

- Mr. Anil Kothuri,
Managing Director & CEO

CORPORATE INFORMATION

Board of Directors of our Company

Chairman and Independent Director

Mr. Balakrishnan Krishnamurthy

Managing Director & CEO

Mr. Anil Kothuri

Independent Director

Ms. Gauri Rushabh Shah

Non-Executive Director

Mr. Shyam Srinivasan

Nominee Non-Executive Director (Nominee Director)

Mr. Maninder Singh Juneja

Nominee Non Executive Director (Nominee Director)

Mr. Ashutosh Khajuria

Committees of Board

Audit Committee

Nomination and Remuneration Committee

Risk Management Committee

Corporate Social Responsibility Committee

IT Strategy Committee

Stakeholders Relationship Committee

Capital Raising Committee

Committee of Directors (Operations)

Holding Company

The Federal Bank Limited

Statutory Auditors of our Company

BSR & Co. LLP

Chartered Accountants

14th Floor, Central Wing B Wing and North C Wing
Nesco IT Park 4, Nesco Center,

Western Express Highway

Goregaon (East) Maharashtra, India

Tel: +91 22 6257 1000

Email: asuvarna@bsraffiliates.com

Firm Registration Number: 101248W/W-100022

Peer Review Certificate Number: 011748

Secretarial Auditors of our Company

DM & Associates Company Secretaries LLP

Company Secretaries

205, Nadiadwala Market, Poddar Road,
Malad (East), Mumbai-400097

Tel No. 022-28443641

Email: dmassociatesllp@gmail.com

Firm Registration No: L2017MH003500

Peer Review Certificate: 758/2020

Corporate Information

Debenture Trustees of our Company

IDBI Trusteeship Services Limited

Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard
Estate, Mumbai - 400 001

Email: compliance@idbitrustee.com

Tel no.: 02240807000

Registrar & Share Transfer Agents

Link Intime India Private Limited

C 101, 247 Park, Lal Bahadur Shastri Marg , Vikhroli
(West), Mumbai - 400 083

Tel: 02249186200 Email: mumbai@linkintime.co.in

Registered and Corporate Office

Kanakia Wall Street, A Wing, 5th Floor, Unit No.511,
Andheri Kurla Road, Andheri (East)

Mumbai -400093, Maharashtra. Tel: 022 68520601

Email: customercare@fedfina.com

Website: www.fedfina.com

PROFILE OF BOARD MEMBERS

Mr. Balakrishnan Krishnamurthy

Balakrishnan Krishnamurthy is the Chairman and an Independent Director of our Company. He holds a bachelor's degree in commerce (honours) from Faculty of Commerce, Osmania University. He is a qualified chartered accountant and company secretary. He has experience in the financial services sector. Currently, he serves as the chairman of Kriscore Financial Advisors Private Limited and director of Kriscore Ventures Private Limited. Previously, he has been associated with Lazard India Private Limited as Managing Director.



Anil Kothuri

Anil Kothuri is the Managing Director and Chief Executive Officer of our Company. He holds a bachelor's degree of technology in computer science and engineering from Andhra University and a post-graduate diploma in management from the Indian Institute of Management, Ahmedabad. He has 25 years of experience across various asset businesses including mortgage, SME financing, auto loans, housing finance and unsecured lending. Prior to joining our Company, he has served at Edelweiss Housing Finance Limited as President, and at Citibank N.A.

Shyam Srinivasan

Shyam Srinivasan is a Non-Executive Director of our Company. He holds a bachelor's degree in engineering from the Faculty of Engineering, University of Madras and post-graduate diploma in management from the Indian Institute of Management, Calcutta. He currently serves as director of Ageas Federal Life Insurance Company Limited and managing director and chief executive officer of The Federal Bank Limited.



Maninder Singh Juneja

Maninder Singh Juneja is a Non-Executive Nominee Director of our Company. He holds a bachelor's degree in civil engineering from Maharaja Sayajirao University of Baroda and a post graduate diploma in management from Indian Institute of Management Society, Lucknow. He has over 25 years of experience in the banking and finance industry. He has previously been associated with Godrej GE Appliances Limited, SRF Finance Limited as business manager of corporate finance, Whirlpool of India Limited as business manager, ICICI Bank Limited as group executive and National Bulk Handling Corporation Private Limited as managing director and chief executive officer. Currently, he is associated with True North Managers LLP as a partner.



Ashutosh Khajuria

Ashutosh Khajuria is a Non-Executive Nominee Director of our Company. He holds a bachelor's degree in law from Jiwaji University, Gwalior and a master's degree in arts from Doctor Harisingh Gour Vishwavidyalaya Sagar. He is the executive director and was the chief financial officer of The Federal Bank Limited. Previously, he has served as the director of Ageas Federal Life Insurance Company.



Gauri Rushabh Shah

Gauri Rushabh Shah is an Independent Director of our Company. She holds a bachelor's degree in commerce from University of Bombay. She has passed the final examination held by the Institute of Chartered Accountants of India. She secured the 44th rank in the intermediary examination held by the Institute of Chartered Accountants of India. She was associated with CC Choksi Advisors Private Limited



HR INITIATIVES FY 2022 - 2022

Fedfina continues to be a very vibrant, confident, friendly and a driven organization. Our endeavour to root our vision “Empowering Emerging India with easy access to Credit”, to our customer requirements is what differentiates us from the others and makes us unique.

All Fedfinites are proud about our vision and believe to be a strong foundation for a great culture.

In addition to our higher purpose vision, our well-articulated ambition have paved the road map for attaining our goals and our sharply defined values “EPIC” have shaped the personality of our organization.

All of us at Fedfina are proud of our culture and this is one thing which binds us together as a close knit family. We keenly promote an open culture, encouraging feedback and an open door policy. We have always believed in bringing out the best in our employees by identifying their true potential, recognizing their efforts and celebrating their successes and opportunities of fun workplace. We empower them to be their best versions of themselves every day.

All in all it’s all about our people..... PEOPLE FIRST

New Initiatives

FEDBANK

FINANCIAL SERVICES LIMITED

<p style="text-align: center;"><u>Friendly Friday</u></p>	<p style="text-align: center;"><u>Professional Development</u></p>	<p style="text-align: center;"><u>Employee Volunteering Program</u></p>
<p style="text-align: center;"><u>Wellness Leave</u></p>	<p style="text-align: center;"><u>Restart with Fedfina</u></p>	<p style="text-align: center;"><u>Motherhood Guide</u></p>



DIRECTORS' REPORT

Dear Stakeholders,

Your Directors present to you their Twenty-Seventh Annual Report along with IND AS audited financial statements of the Company for the Financial Year ended 31st March 2022.

FINANCIAL PERFORMANCE:

(INR In Cr.)

Financial Highlights	FY 2021- 2022	FY 2020- 2021
Total Revenue	883.64	697.72
Net Interest Income (NII)	474.24	353.44
Fees and Other Income	61.75	46.46
Operating Expenses & Loan Loss Provisions	396.78	322.96
Profit Before Tax (PBT)	139.21	76.94
Net Profit	103.46	61.70
Appropriations:		
Transfer To Reserve Fund	20.69	12.34
Transfer To General Reserve	0	0
Transfer To Capital Reserve	0	0
Transfer to Impairment Reserve	0	0
Proposed Dividend	0	0
Balance Carried Over To Balance Sheet	82.77	49.34
Total Advances	5,644.81	4552.14
Total Borrowings	5,016.83	4,328.09
Total Assets (Balance Sheet Size)	6,556.00	5,466.30
Net Worth	1153.52	834.73
Ratios:		
Return on Average Assets (%)	1.72	1.29
Return on Equity (%)	10.41	8.08
Earnings per share (Rs.)	3.32	2.19
	3.31	2.18
Book Value per share (INR.)	35.91	28.79
Cost to Income ratio (%)	58.38	62.91
Capital Adequacy Ratio (%)	23.04	23.52

INTERPRETATION:

The past year has seen a disruption of the economy owing to the COVID 19 pandemic. The AUM of the company has increased by 27%, from Rs. 4,863 Crs to Rs. 6,187 Crs which was mainly contributed by growth in Housing Finance portfolio by 127%, Unsecured business loans by 81% and small ticket LAP by 61%. We have also grown our securitization partnerships during the year with other banks and NBFCs.

The portfolio of loans has grown by 25% over last year to INR 5,761 Crores.

Total revenue for your Company has grown from INR. 697.72 Crs. in FY21 to INR 883.64 Crs this year. Similarly, Net Interest Income (NII) grew by 34% from INR. 353.44 Crs. in FY21 to INR 474.24 Crs this year.

Operating expenses (including Impairment provision) grew from INR. 322.96 Crs. in FY21 to INR 396.78 Crs this year, and the Cost to Income ratio decreased Y-o-Y from 62.91% in FY21 to 58.38% this year.

DIRECTORS' REPORT

The Net Profit for the year ended 31st March 2022 increased by 68% to Rs 103.46 Crs from Rs 61.70 Crs for the year ended 31st March 2021. The Return on Average Assets for the year ended 31st March 2022 was 1.72% as against 1.29% for the year ended 31st March 2021, an improvement by 34%

The Net worth as at 31st March 2022 was Rs 1153.52 Crs as against Rs 834.73 Crs as at 31st March 2021, an increase of 38%

As at 31st March 2022, aggregate borrowings of your Company stood at INR 5,017 Crs. as compared to INR 4,328 Crs as at 31st March 2021.

NETWORK EXPANSION:

Your Company expanded its geographical presence by reaching out to different locations and increased its footprint by opening new branches and making it more accessible to its customers. With the opening of 156 branches in FY 21-22, the network has now increased to 516 branches as on March 31, 2022 across various states for different products as follows:

State/Union Territories	Gold Loan	MSME Hubs	Total
Andhra Pradesh	41	12	53
Chandigarh	0	1	1
Delhi NCR	31	2	33
Goa	3	0	3
Gujarat	60	27	87
Haryana	9	0	9
Karnataka	73	9	82
Madhya Pradesh	5	2	7
Maharashtra	66	23	89
Pondicherry	1	1	2
Punjab	7	0	7
Rajasthan	6	12	18
Tamilnadu	63	9	72
Telangana	35	11	46
Uttar Pradesh	7	0	7
Grand Total	407	109	516

OUTLOOK:

We have presence covering 15 states and union territories across India with a strong presence in southern and western geographies. Our wider presence across these states gives us the ability to meet the demand from these markets and customer categories. We intend to continue to focus on increasing our total number of customers and in-turn the AUMs.

We have done an investment in technology and plan to continue to invest in technology and digitization and to ensure our information technology systems continue to help us with across several functions, including loan origination, credit underwriting, risk management, collections, customer service and retention. We believe that such investments will help improve recoveries and reduce our operating expenses, cost of customer acquisition and credit costs over time.

Our strategies going ahead are listed below,

- Focus on performance of our large branch network and extracting operating leverage
- Continue to invest in technology and digitization initiatives
- Continue to deliver consistent and one of the industry leading return matrices building on past performance

DIVIDEND:

In view of the planned business growth, your Directors deem it proper to preserve the resources of the Company for its activities and therefore, do not propose any dividend for the financial year ended 31 March, 2022.

AMOUNT PROPOSED TO BE CARRIED TO RESERVES:

Your Board of Directors have proposed a transfer of INR. 20.69 crores to the Statutory Reserve maintained under Section 45IC of the RBI Act, 1934 and transfer of INR. 2 crores to Capital Redemption Reserve.

ASSET-LIABILITY MANAGEMENT:

Your Company follows a well-defined Asset Liability Management system, driven by Asset-Liability Committee (ALCO), to monitor efficiently and pursue appropriate policy initiatives.

Liquidity positions are examined regularly across the specified time- buckets to assess and manage mismatches. The ALM policy and practices of your Company are in line with the regulatory guidelines; designed to protect against liquidity as well as interest rate risk challenges and to optimize cost of funds at all times to fund growth requirements.

STATE OF COMPANY'S AFFAIRS:

Changes in Capital Structure: Authorized, Issued and Paid up Share Capital of the Company

Authorized Share Capital of the Company:

The Authorized Share Capital of the Company is Rs. 1000,00,00,000/- (Rupees One thousand crores only) consisting of 99,00,00,000 (Ninety nine crores) equity shares of Rs.10/- each and 10,000,000 0.01% non-cumulative redeemable preference shares of face value Rs.10 each.

Paid-up Share Capital of the Company:

The Paid up share capital of the Company as on March 31, 2021 was INR 289,92,34,250/- divided into 28,99,23,425 equity shares of INR 10 each and INR. 9,459,460/- divided into 4,729,730 0.01% Optionally Convertible Redeemable Preference Shares (OCRPS) of face value of INR. 10 each out of which INR. 2 was the paid up.

- Rights issue

The Board of Directors in its meeting on June 29, 2021 allotted 2,85,71,450 equity shares of face value of Rs.10/- each at a premium of Rs.60/- each aggregating to Rs. 200,00,01,500/- on Rights basis.

- Employee Stock Option

During the year under review, 2,93,000 ESOP's were issued pursuant to the Fedbank Financial Services Limited Employee Stock Option Plan 2018 as amended.

- Optionally Convertible Redeemable Preference Shares (OCRPS)

The Board of Directors in its meeting held on February 14, 2022 approved redemption of 20,00,000 0.01% Optionally Convertible Redeemable Preference Shares (OCRPS) at face value of Rs.10/- and at a premium of Rs. 32.10/- each and 27,29,730 OCRPS were converted into equity shares at face value of Rs.10/- and premium of Rs. 32.10/-each.

Consequently, as at 31st March, 2022, the Issued, Subscribed and Paid up share capital of the Company stood at INR. 321,51,76,050/- divided into 32,15,17,605 Equity shares of face value of INR 10 each.

Finance - Debentures

During the year under review, the Company has not issued fresh Non-convertible Debentures. The details of existing Non-convertible Debentures on private placement basis are mentioned below:

NCD Series	Date of Allotment	Date of redemption	Amount
9% Fedbank Financial Services Limited Tranche - 1 NCDs 2023	17th June 2020	18th June 2023	187,50,00,000
9.90% Fedbank Financial Services Limited Unsecured Subordinated NCD 2027	30th September 2020	30th September 2027	250,00,00,000
Total			437,50,00,000

DEBENTURE TRUSTEES:

The details of Debenture Trustee are mentioned below:

IDBI Trusteeship Services Limited
Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai - 400 001
Email: compliance@idbitrustee.com
Tel no.: 02240807000

DIRECTORS' REPORT

EMPLOYEE STOCK OPTION SCHEME:

With a view to appraise, motivate and reward the Employees for their past association and performance, your Company had formulated and implemented Fedbank Financial Services Limited-Employees Stock Option Plan 2018 (ESOP 2018) in accordance with the provisions of Companies Act, 2013 (the Act). The Nomination and Remuneration Committee of the Board, inter alia, administers and monitors the ESOP Plan in accordance with the applicable provisions of the Act. The Company in its Extra Ordinary general meeting ("EGM") held on February 14, 2022 has amended the Employee Stock Option Plan, 2018 (ESOP, 2018) to meet the regulatory requirements in terms of The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 in the said EGM.

Disclosures pertaining to ESOP Plan in terms of Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 are detailed below:

Detail of Stock options as on date i.e. 31st March 2022:

1.	Shareholders' approval for grant of stock options	: 1,54,05,405
2.	Options granted to employees as on date	: 82,11,351
3.	Options vested as on date	: 16,12,000
4.	Options Exercised	
	at INR 30/- grant price	: 1,82,000
	at INR 42.11/- grant price	: 91,000
	at INR 48/- grant price	: 20,000
5.	Total number of shares arising as a result of exercise of option	: 2,93,000
6.	Options lapsed as on date	: 1 08,000
7.	Exercise Price	: 30/-, 42.11/-, 48/-
8.	variation of terms of options;	

Sr. No.	Key Changes	ESOP, 2018- Amended	ESOP, 2018- Before amendment
1.	Vesting Period	Minimum one year and maximum 4 years	6 years
2.	Vesting Schedule	Equitable distribution for each year	Class A options: 20, 20, 20, 20, 10, 10 Class B options: 60% performance linked in the above ratio 15% time linked in the above ratio 25% exit linked (with applicable clauses)
3	Option Type	Single standard type	Class A & Class B options
4	Performance Linked	Vesting of options will be Performance linked. Performance parameters will be clearly defined and communicated	Vesting of options are performance linked

9.	Money realized by exercise of options- Rs. 1,02,52,010
10.	Total number of options in force;- 81,03,351
(i)	Stock options held by Key Management Personnel (KMP) as on March 31, 2022
	1. Mr. Anil Kothuri , M.D. & CEO : 13,51,351
	2. Mr. C.V. Ganesh, CFO : 12,00,000
(ii)	any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year.- Nil
(iii)	identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant;- Nil

Further Company has not made any bonus issue during the year. The Company has not issued shares with differential voting rights and sweat equity shares.

Board of Directors:

i) Composition:

Your Company's Board consists of Six Directors as follows:

- Mr. Balakrishnan Krishnamurthy (DIN: 00034031), Chairman & Independent Director
- Mr. Anil Kothuri (DIN: 00177945), MD & CEO
- Mr. Shyam Srinivasan (DIN: 02274773), Non Executive Director
- Mrs. Gauri Rushabh Shah (DIN: 06625227), Independent Director
- Mr. Maninder Juneja (DIN: 02680016), Nominee Director
- Mr. Ashutosh Khajuria (DIN: 05154975), Nominee Director

ii) No. of Meetings held during the year:

During the FY 2021-22, your Board of Directors met 14 times and the gap between any two meetings was less than one hundred and twenty days.

The dates on which the meetings were held are 20th April, 2021, 12th May, 2021, 15th July, 2021, 15th September, 2021, 20th October, 2021, 13th November, 2021, 22nd November, 2021, 11th January, 2022, 21st January, 2022, 07th February, 2022, 11th February, 2022, 14th February, 2022, 18th February, 2022 and 28th March, 2022.

iii) Attendance record of each Director and other details for FY 2021-22:

The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year are given hereunder.

Name of the Director	Category	Meetings held	Meetings attended
Mr. Balakrishnan Krishnamurthy	Chairman & Independent Director	14	12
Mrs. Gauri Rushabh Shah	Independent Director	14	14
Mr. Anil Kothuri	MD & CEO	14	14
Mr. Shyam Srinivasan	Non-Executive Director	14	14
Mr. Maninder Singh Juneja	Nominee Director	14	13
Mr. Ashutosh Khajuria	Nominee Director	14	13

Based on the confirmations received, none of the Directors are disqualified for appointment under Section 164(2) of the Companies Act, 2013.

Audit Committee:

i) Composition:

The Audit Committee of the Board consists of three Members as follows:

- Mrs. Gauri Rushabh Shah (DIN: 06625227)—Chairperson
- Mr. Balakrishnan Krishnamurthy (DIN: 00034031)- Member
- Mr. Ashutosh Khajuria (DIN: 05154975)- Member

The constitution of the Committee is in compliance with the regulatory requirements.

The Committee members are financially literate and have the necessary accounting and relevant financial technical management experience. During the year, all the recommendations of the Audit Committee were accepted by the Board.

Terms of reference and role of the audit committee includes the matters specified under the Companies Act 2013. Broad terms of reference includes the following:

1. To oversee the financial reporting process;
2. to review financial results and related information and disclosure of its financial information to ensure that its financial statements are correct, sufficient and credible;

DIRECTORS' REPORT

3. to approve or modify any related party transactions, to review internal financial controls and risk management system,
4. to review and evaluate with the management performance of statutory and internal auditors, effectiveness of audit process and adequacy of the internal control systems;
5. to review and monitor the statutory auditor's independence and performance, and effectiveness of audit process;
6. approval of payment to statutory auditors for any other services rendered by the statutory auditors of the Company;
7. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - (i) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act as amended from time to time;
 - (ii) Changes, if any, in accounting policies and practices and reasons for the same;
 - (iii) Major accounting entries involving estimates based on the exercise of judgment by management;
 - (iv) Significant adjustments made in the financial statements arising out of audit findings;
 - (v) Compliance with listing and other legal requirements relating to financial statements;
 - (vi) Disclosure of any related party transactions; and
 - (vii) Modified opinion(s) in the draft audit report.
8. Reviewing, with the management, the quarterly, half-yearly before submission to the Board for approval;
9. Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter. This also includes monitoring the use/application of the funds raised through the proposed initial public offer by the Company;
10. Approval or any subsequent modifications of transactions of the Company with related parties and omnibus approval for subject to the conditions as may be prescribed, by the independent directors who are members of the Audit Committee;
11. Scrutinising of inter-corporate loans and investments;
12. Valuation of undertakings or assets of the Company, wherever it is necessary;
13. Evaluation of internal financial controls and risk management systems;
14. Establishing a vigil mechanism for directors and employees to report their genuine concerns or grievances
15. Reviewing the adequacy of internal audit function if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
16. Discussing with internal auditors on any significant findings and follow up thereon;
17. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
18. Discussing with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
19. Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors;
20. Reviewing the functioning of the whistle blower mechanism;
21. Approving the appointment of the chief financial officer or any other person heading the finance function or discharging that function after assessing the qualifications, experience and background, etc. of the candidate; and
22. Carrying out any other function as may be decided by the Board and/or specified/provided under the Companies Act, the SEBI Listing Regulations or by any other regulatory authority.
23. Reviewing the utilization of loans and/ or advances from/investment by the holding company in any subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as per applicable law.

24. Considering and commenting on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders.
25. To ensure that an Information System Audit of the internal systems and processes is conducted at least once in two years to assess operational risks faced by the Company

ii) No. of Meetings held during the year:

During the FY 2021-2022, the Audit Committee of the Board met 11 times on 12th May, 2021, 15th July, 2021, 20th October, 2021, 13th November, 2021, 22nd November, 2021, 11th January 2022, 21st January, 2022, 07th February, 2022, 14th February, 2022, 18th February, 2022 and 28th March, 2022.

iii) Attendance record of Audit Committee for FY 2021-22:

The names, designation and categories of the Members of the Audit Committee, their attendance at the Meetings held during the year are given hereunder.

Name of the Director	Designation in the Committee	Category	Meetings held	Meetings attended
Mrs. Gauri Rushabh Shah	Chairperson	Independent Director	11	11
Mr. Balakrishnan Krishnamurthy	Member	Independent Director	11	9
Mr. Ashutosh Khajuria	Member	Nominee Director	11	11

Nomination & Remuneration Committee:

i) Composition:

The Nomination & Remuneration Committee of the Board consists of Four Members as follows:

- Mrs. Gauri Rushabh Shah (DIN: 06625227) - Chairperson
- Mr. Balakrishnan Krishnamurthy (DIN: 00034031)- Member
- Mr. Shyam Srinivasan (DIN: 02274773)- Member
- Mr. Maninder Singh Juneja (DIN: 02680016) - Member

The constitution of the Committee is in compliance with the regulatory requirements.

Terms of reference of the Nomination & Remuneration Committee includes the matters specified under the Companies Act 2013. Broad terms of reference includes the following:

1. To formulate the Nomination and Remuneration policy,
2. Identifying persons who qualify to become directors and ensure their fit and proper status, scrutinize the fit and proper declarations made and who may be appointed in senior management in accordance with the criteria laid down, and recommending to the Board their appointment and removal,
3. Carrying out evaluations of every director's performance and ensuring the fit and proper status of proposed and existing directors and recommending to the Board a policy, relating to the remuneration of the directors, key managerial personnel, senior management and other employee as may deem fit;
4. To set criteria for determining qualifications, positive attributes and independence of a director,
5. To formulate criteria for evaluation of performance of the independent directors and the Board.
6. To evaluate for every appointment of an independent director, the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description.

For the purpose of identifying suitable candidates, the Committee may:

- (i) use the services of an external agencies, if required;
 - (ii) consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - (iii) consider the time commitments of the candidates.
7. Determining whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;

DIRECTORS' REPORT

8. Devising a policy on Board diversity;
9. Analysing, monitoring and reviewing various human resource and compensation matters;
10. Performing such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as amended;
11. Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including:
 - (i) the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended; or
 - (ii) the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003, as amended.
12. Performing such other activities as may be delegated by the Board and/or specified/provided under the Companies Act, the SEBI Listing Regulations or by any other regulatory authority; and
13. Recommend to the Board, all remuneration, in whatever form, payable to senior management

ii) No. of Meetings held during the year:

During the FY 2021-2022, the Nomination & Remuneration Committee of the Board met 3 times on 20th April, 2021, 13th December, 2021 and 28th March 2022.

iii) Attendance record of Nomination & Remuneration Committee for FY 2021-22:

The names, designation and categories of the Members of the Nomination & Remuneration Committee, their attendance at the Meetings held during the year are given hereunder.

Name of Director	Designation in the Committee	Category	Meetings held	Meetings attended
Mrs. Gauri Rushabh Shah	Chairperson	Independent Director	3	3
Mr. Shyam Srinivasan	Member	Non Executive Director	3	3
Mr. Maninder Singh Juneja	Member	Nominee Director	3	3
Mr. Balakrishnan Krishnamurthy	Member	Independent Director	3	3

iv) Policy on Directors, KMPs & Other Employees Appointment & Remuneration including Criteria as per Section 178 of the Companies Act 2013:

The Nomination & Remuneration policy of your Company is to ensure an appropriate mix of executive and independent directors; so as to maintain the independence of the Board, and separate its functions of governance and management.

As on March 31, 2022, the Board comprised of 6 members.

The Nomination and Remuneration Policy of the Company reflects a good focus on enhancing value and attracting and retaining quality staff members with requisite knowledge and excellence - both as Executive and Non-Executive Directors or KMP / Senior Management for achieving overall objectives of the Company.

Pursuant to the provisions of the Companies Act, 2013, a Policy on Appointment & Remuneration of Directors, Key Managerial Personnel, Senior Management and other employees has been formulated; including criteria for determining qualifications, positive attributes, independence of a Director and other matters as required under the said Act. The Nomination and Remuneration Committee also takes into account the fit and proper criteria for appointment of directors as stipulated by Reserve Bank of India.

The detailed Nomination and Remuneration Policy of the Company is placed on the website of the Company: <https://www.fedfina.com/corporate-governance/>

Corporate Social Responsibility (CSR) Committee:

In accordance with the provisions of Section 135 of the Companies Act, 2013 (the Act), the Board of Directors of the Company have constituted the Corporate Social Responsibility (CSR) Committee.

i) Composition:

The CSR Committee of the Board consists of Three Members as follows:

- Mrs. Gauri Rushabh Shah (DIN: 06625227)- Chairperson
- Mr. Shyam Srinivasan (DIN: 02274773)- Member

- Mr. Anil Kothuri (DIN: 00177945)- Member

The constitution of the Committee is in compliance with the regulatory requirements.

Terms of reference of the CSR Committee includes the matters specified under the Companies Act 2013. Broad terms of reference includes:

1. to formulate and recommend to the Board a Corporate Social Responsibility (“CSR”) Policy which shall indicate the activities to be undertaken by the Company in areas or subject specified in Schedule VII of the Companies Act 2013;
2. to recommend the amount of expenditure to be incurred on the CSR Activities in line with the Schedule VII of the Companies Act, 2013;
3. to monitor CSR policy of the Company from time to time;
4. to institute a transparent monitoring mechanism for implementation of the CSR activities or projects or programs of the Company;
5. To perform such other duties and functions as the Board may require the CSR committee to undertake to promote the CSR activities of the Company or as may be required under applicable laws

ii) No. of Meetings held during the year:

During the FY 2021-2022, the CSR Committee of the Board met once on 12th May, 2021.

iii) Attendance record of Corporate Social Responsibility Committee for FY 2021-22:

The names, designation and categories of the Members of the Corporate Social Responsibility Committee, their attendance at the Meetings held during the year are given hereunder.

Name of Director	Designation in the Committee	Category	Meetings held	Meetings attended
Mrs. Gauri Rushabh Shah	Chairperson	Independent Director	1	1
Mr. Shyam Srinivasan	Member	Non - Executive Director	1	1
Mr. Anil Kothuri	Member	MD & CEO	1	1

iv) CSR Activities & Its Reporting:

The Company’s CSR Activities are guided and monitored by its CSR committee. The CSR policy of the Company provides a broad set of guidelines including intervention areas.

The Company believes that CSR is a way of creating shared value and contributing to social and environmental good.

Further Annual Report on Corporate Social Responsibility (CSR) Activities pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014 is set out in Annexure-I.

Risk Management Committee:

i) Composition:

Present Risk Management Committee of the Board consists of Eight Members as follows:

- Mr. Balakrishnan Krishnamurthy (DIN: 00034031)—Chairman
- Mr. Maninder Singh Juneja (DIN: 02680016)- Member
- Mr. Ashutosh Khajuria (DIN: 05154975)- Member
- Ms. Gauri Rushabh Shah- Member
- Mr. Anil Kothuri- Member
- Mr. Shardul Kadam- Member
- Mr. C.V. Ganesh- Member
- Mr. K. Siddharth- Member

The re-constitution of the Committee is in compliance with the regulatory requirements.

Broad terms of reference of the Committee includes the following:

1. To formulate and approve Company’s Risk Management Policy and procedures which shall include:
 - a) a framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may

DIRECTORS' REPORT

be determined by the Committee.

- b) measures for risk mitigation including systems and processes for internal control of identified risks.
 - c) business continuity plan.
2. To ensure and monitor appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
 3. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
 4. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
 5. To review portfolio and its delinquency at a product level and NPA Management
 6. To evaluate the overall risks faced by the Company.
 7. To monitor and evaluate liquidity risk faced by the Company.
 8. To ensure adherence to liquidity risk management policies and procedure
 9. To consider and review the Liquidity Risk Analysis and Monitoring measures.
 10. To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
 11. To recommend to the Board for the appointment of the Chief Risk Officer on such terms as may be approved by the Board.
 12. To carry out such other functions as may be specified by the Board from time to time or specified/provided the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, each as amended and/ or by any other regulatory authority.

ii) No. of Meetings held during the year:

During the FY 2021-2022, the Risk Management Committee of the Board met three times on 12th May, 2021, 13th November, 2021 and 21st January, 2022.

iii) Attendance record of Risk Management Committee for FY 2021-22:

Names, designations and categories of the Directors on the Risk Management Committee, their attendance at the Meeting held during the year are given below.

Name of Director	Designation in the committee	Category	Meetings held	Meetings attended
Mr. Balakrishnan Krishnamurthy	Chairman	Independent Director	3	3
Mrs. Gauri Rushabh Shah	Member	Nominee Director	3	3
Mr. Anil Kothuri	Member	MD & CEO	3	3
Mr. Ashutosh Khajuria	Member	Nominee Director	3	3
Mr. Maninder Singh Juneja	Member	Nominee Director	3	1
Mr. Shardul Kadam	Member	CRO	3	3
Mr. C.V. Ganesh	Member	CFO	3	3
Mr. K Siddharth	Member	COO	3	3

IT Strategy Committee:

i) Composition:

Present IT Strategy Committee of the Board consists of Four Members as follows:

- Ms. Gauri Rushabh Shah (DIN: 06625227) - Chairperson
- Mr. Maninder Singh Juneja (DIN: 02680016) - Member
- Mr. Anil Kothuri- Member (DIN : 00177945) - Member
- Mr. Krishnaswamy Siddharth- Member
- Mr. Dhrumil Dalal - Member
- Mr. Dinesh Singh - Member

During the year under review, The Board of Directors of the Company vide its Board Meeting held on 13th November, 2021 appointed Mr. Dhrumil Dalal, CTO/CIO of the Company and Mr. Dinesh Singh, IT- Head as Members of the Committee. Further the re-constitution of the Committee is in compliance with the regulatory requirements.

Broad terms of reference of the Committee includes: to formulate, approve and implement various IT polices as required by the regulators of the Company.

ii) No. of Meetings held during the year:

During the FY 2021-2022, the IT Strategy Committee of the Board met two times on 12th May, 2021 and 13th November, 2021.

iii) Attendance record of IT Strategy Committee for FY 2021-22:

Names, designations and categories of the Directors on the IT Strategy Committee, their attendance at the Meeting held during the year are given below.

Name of Director	Designation in the committee	Category	Meetings held	Meetings attended
Ms. Gauri Rushabh Shah	Chairperson	Independent Director	2	2
Mr. Maninder Singh Juneja	Member	Nominee Director	2	1
Mr. Anil Kothuri	Member	MD & CEO	2	2
Mr. Krishnaswamy Siddharth	Member	COO	2	2

Stakeholders Relationship Committee:

The Stakeholders' Relationship Committee was constituted by our Board at their meeting held on January 11, 2022. The scope and functions of the Stakeholder Relationship Committee are in accordance with Section 178 of the Companies Act, 2013 and the SEBI Listing Regulations.

Broad terms of reference of the Committee includes:

- To consider and resolve the grievances of the security holders of the Company including complaints related to transfer/transmission of shares/securities, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc. and assisting with quarterly reporting of such complaints;
- To review measures taken for effective exercise of voting rights by shareholders;
- Giving effect to all transfer/transmission of shares and debentures, dematerialisation of shares and re-materialisation of shares, split and issue of duplicate/consolidated share certificates, compliance with all the requirements related to shares, debentures and other securities from time to time;
- To review adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent;
- To review the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company: and
- Carrying out such other functions as may be specified by the Board from time to time or specified/provided under the Companies Act, 2013 or the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, each as amended or by any other regulatory authority.

i) Composition:

Present Stakeholders Relationship Committee of the Board consists of three members as follows:

- Mr. Balakrishnan Krishnamurthy (DIN: 00034031) - Member
- Ms. Gauri Rushabh Shah (DIN: 06625227) - Member
- Mr. Anil Kothuri- Member (DIN : 00177945) - Member

ii) No. of Meetings held during the year:

There were no meetings held during the year under review.

Capital Raising Committee:

The Capital Raising Committee of the Board consists of five members as follows:

- Mr. Balakrishnan Krishnamurthy (DIN: 00034031)- Chairman

DIRECTORS' REPORT

- Ms. Gauri Rushabh Shah (DIN: 06625227) - Member
- Mr. Ashutosh Khajuria (DIN: 05154975) - Member
- Mr. Maninder Singh Juneja (DIN: 02680016)- Member
- Mr. Anil Kothuri- Member (DIN : 00177945) - Member

The constitution of the Committee is in compliance with the regulatory requirements.

Broad terms of reference of the Committee includes:

1. to decide, in consultation with various advisors, various terms and conditions of the Offer, including size, timing, listing jurisdictions and securities to be offered in the Offer, and to make any amendments, modifications, variations or alterations thereto;
2. to consider and invite existing holders of securities of the Company to offer their securities for sale through the Offer and take all steps in connection with such offer for sale;
3. to appoint and enter into arrangements with various advisors or intermediaries to the Offer and to negotiate and finalise the terms of their appointment;
4. to make applications to, seek clarifications and obtain approvals from, if necessary, from various statutory or governmental authorities in connection with the Offer and accept on behalf of the Board such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions as may be required and wherever necessary;
5. to do all such deeds and acts as may be required to dematerialize the securities of the Company and to sign and/or modify, as the case may be, agreements and/or such other documents as may be required in connection thereof;
6. to authorise and approve the incurring of expenditure and payment of fees and expenses in connection with the Offer.
7. to finalize, settle, approve, adopt and file in consultation with the book running lead manager (BRLM) where applicable, the draft red herring prospectus, the red herring prospectus, the prospectus, the preliminary and final international wrap and any amendments, supplements, notices, addenda or corrigenda thereto, and take all such actions as may be necessary for the submission and filing of these documents including incorporating such alterations/corrections/ modifications as may be required by SEBI, RoC or any other relevant governmental and statutory authorities or in accordance with applicable laws;
8. to appoint and enter into and terminate arrangements with the BRLM(s), underwriters to the Offer, syndicate members to the Offer, brokers to the Offer, escrow collection bankers to the Offer, refund bankers to the Offer, registrars, legal advisors, auditors, and any other agencies or persons or intermediaries to the Offer and to negotiate, finalise and amend the terms of their appointment, including but not limited to the execution of the mandate letter with the BRLM(s) and negotiation, finalization, execution and, if required, amendment of the offer agreement with the BRLM(s);
9. to negotiate, finalise and settle and to execute and deliver or arrange the delivery of the draft red herring prospectus, the red herring prospectus, the prospectus, offer agreement, syndicate agreement, underwriting agreement, share escrow agreement, cash escrow agreement, agreements with the registrar to the offer and all other documents, deeds, agreements and instruments whatsoever with the registrar to the Offer, legal advisors, auditors, stock exchange(s), BRLM(s) and any other agencies/intermediaries in connection with the Offer with the power to authorise one or more officers of the Company to execute all or any of the aforesaid documents or any amendments thereto as may be required or desirable in relation to the Offer;
10. To seek, if required, the consent and/or waiver of the lenders of the Company, customers, parties with whom the Company has entered into various commercial and other agreements, all concerned government and regulatory authorities in India or outside India, and any other consents and/or waivers that may be required in relation to the Offer or any actions connected therewith;
11. to open and operate bank accounts in terms of the escrow agreement and to authorize one or more officers of the Company to execute all documents/deeds as may be necessary in this regard;
12. to open and operate bank accounts of the Company in terms of Section 40(3) of the Companies Act, 2013, as amended, and to authorize one or more officers of the Company to execute all documents/deeds as may be necessary in this regard;
13. to accept and appropriate the proceeds of the Offer in accordance with the applicable laws;
14. to approve code of conduct as may be considered necessary by the Capital Raising Committee or as required under applicable laws, regulations or guidelines for the Board, officers of the Company and other employees of the Company;
15. to approve the implementation of any corporate governance requirements that may be considered necessary by the Board or the Capital Raising Committee or as may be required under the applicable laws or the SEBI Listing Regulations and listing agreements to be entered into by the Company with the relevant stock exchanges, to the extent allowed under law;
16. To issue receipts/allotment letters/confirmation of allotment notes either in physical or electronic mode representing the underlying Equity Shares in the capital of the Company with such features and attributes as may be required and to provide for the tradability and free transferability thereof as per market practices and regulations, including listing on one or more stock exchange(s), with power to authorize

one or more officers of the Company to sign all or any of the afore stated documents;

17. To authorize and approve notices, advertisements in relation to the Offer in consultation with the relevant intermediaries appointed for the Offer;
18. to do all such acts, deeds, matters and things and execute all such other documents, etc., as may be deemed necessary or desirable for such purpose, including without limitation, to finalise the basis of allocation and to allot the shares to the successful allottees as permissible in law, issue of allotment letters/confirmation of allotment notes, share certificates in accordance with the relevant rules, in consultation with the BRLM(s);
19. to make applications for listing of the Equity Shares in one or more stock exchange(s) for listing of the Equity Shares and to execute and to deliver or arrange the delivery of necessary documentation to the concerned stock exchange(s) in connection with obtaining such listing including without limitation, entering into listing agreements and affixing the common seal of the Company where necessary;
20. to settle all questions, difficulties or doubts that may arise in regard to the Offer, including such issues or allotment, terms of the IPO, utilisation of the IPO proceeds and matters incidental thereto as it may deem fit;
21. to submit undertaking/certificates or provide clarifications to the SEBI, Registrar of Companies, and the relevant stock exchange(s) where the Equity Shares are to be listed;
22. to negotiate, finalize, settle, execute and deliver any and all other documents or instruments and to do or cause to be done any and all acts or things as the Capital Raising Committee may deem necessary, appropriate or advisable in order to carry out the purposes and intent of this resolution or in connection with the Offer and any documents or instruments so executed and delivered or acts and things done or caused to be done by the said Capital Raising Committee shall be conclusive evidence of the authority of the said Capital Raising Committee in so doing;
23. To delegate any of its powers set out under 1 to 22 hereinabove, as may be deemed necessary and permissible under applicable laws to the officials of the Company;
24. To approve suitable policies on insider trading, whistle-blowing, risk management, and any other policies as may be required under the SEBI Listing Regulations or any other applicable laws;
25. deciding, negotiating and finalizing the pricing and all other related matters regarding the Pre-IPO Placement, including the execution of the relevant documents with the investors in consultation with the BRLM(s) and in accordance with applicable laws;
26. Taking on record the approval of the Selling Shareholders for offering their Equity Shares in the Offer for Sale;
27. To withdraw the draft red herring prospectus or the red herring prospectus or to decide not to proceed with the Offer at any stage in accordance with applicable laws and in consultation with the BRLM(s);
28. To appoint, in consultation with the BRLM(s), the registrar and other intermediaries to the Offer, in accordance with the provisions of the SEBI regulations and other Applicable Laws including legal counsels, banks or agencies concerned and entering into any agreements or other instruments for such purpose, to remunerate all such intermediaries/agencies including the payments of commissions, brokerages, etc. and to terminate any agreements or arrangements with such intermediaries/ agents.
29. To fix date and time to convene the general meetings of the Shareholders of the Company as and when required.

ii) No. of Meetings held during the year:

During the FY 2021-2022, the Capital Raising Committee of the Board met eleven (11) times on 11th August, 2021, 20th August, 2021, 24th August, 2021, 25th August, 2021, 26th August, 2021, 27th August, 2021, 21st September, 2021, 24th September, 2021, 22nd November, 2021, 13th December, 2021 and 17th February, 2022.

iii) Attendance record of Capital Raising Committee for FY 2021-22:

Names, designations and categories of the Directors on the Capital Raising Committee, their attendance at the Meeting held during the year are given below.

Name of Director	Designation in the committee	Category	Meetings held	Meetings attended
Mr. Balakrishnan Krishnamurthy	Chairman	Independent Director	11	10
Ms. Gauri Rushabh Shah	Member	Independent Director	11	10
Mr. Ashutosh Khajuria	Member	Nominee Director	11	11
Mr. Maninder Singh Juneja	Member	Nominee Director	11	11
Mr. Anil Kothuri	Member	MD & CEO	11	11

POST MEETING MECHANISM:

The important decisions taken at the Board/Board Committee Meetings are communicated to the concerned department/division.

DIRECTORS' REPORT

DIRECTORS AND KEY MANAGERIAL PERSONNEL:

In accordance with the provisions of section 152(6) of the Act and the Articles of Association of the Company, Mr. Anil Kothuri, Managing Director & CEO (DIN: 00177945) is proposed to retire by rotation at the forthcoming Annual General Meeting (AGM), and being eligible, offers himself for re-appointment. Necessary resolution for this purpose is being proposed in the Notice of the ensuing Annual General Meeting for approval by the members.

There were no changes in the composition of the Board of Directors and Key Managerial Personnel of the Company during the year under review.

SEPARATE MEETING OF THE INDEPENDENT DIRECTORS:

During the year under review, the Independent Directors met once on 28th March, 2022. The said Meeting was conducted without the presence of the Non-Executive Non-Independent Directors or the members of the management.

DECLARATION FROM INDEPENDENT DIRECTORS:

Both the Independent Directors have given declarations that they meet the criteria of independence laid down under Section 149 of the Companies Act, 2013 and complied with the Code for Independent Directors prescribed in Schedule IV to the Act.

As on 31st March, 2022, the following Non-Executive Directors are Independent in terms of Section 149(6) of the Companies Act, 2013:-

1. Mr. Balakrishnan Krishnamurthy (DIN: 00034031)
2. Mrs. Gauri Rushabh Shah (DIN:06625227)

In the opinion of the Board, the Independent Directors are persons with integrity, expertise and experience in the relevant functional areas.

Requirements of online proficiency self-assessment test in terms of Rule 6(4) of The Companies (Appointment and Qualifications of Directors) Rules, 2014 has been fulfilled by the Independent Directors.

THE CHANGE IN THE NATURE OF BUSINESS, IF ANY:

There was no change in the nature of business of the Company during the financial year ended 31st March, 2022.

BOARD EVALUATION:

Pursuant to the provisions of the Companies Act, 2013, evaluation of the performance of individual Directors (including the Chairman of the Board) were conducted on parameters such as level of engagement and contribution and independence of judgment - thereby safeguarding the interests of the Company. Evaluation sheet in form of questionnaire were circulated for undertaking performance evaluation.

The performance evaluation of the Independent Directors were carried out by the entire Board, excluding the director being evaluated. The performance evaluation of the Chairman, the Non-Independent Directors and Board as a whole were carried out by the Independent Directors. The Board also carried out annual performance evaluation of the working of its Committees.

Your Company has received undertaking and declaration from each Director on fit and proper criteria in terms of the provisions of RBI Master Directions. The Board of Directors has confirmed that all existing Directors are fit and proper to continue to hold the appointment as Directors on the Board, as reviewed and recommended by the Nomination and Remuneration Committee on fit and proper criteria under RBI Master Directions.

The Directors have expressed their satisfaction with the evaluation process. The Board opined that the Board Committees' composition, structure, processes and working procedures are well laid down and that the Board Committees members have adequate expertise drawn from diverse functions, industries and business and bring specific competencies relevant to the Company's business and operations.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES:

The Company does not have any subsidiary, joint venture or associate Company.

HUMAN RESOURCE – TALENT POOL – PERFORMANCE MANAGEMENT:

Fedfina has always prided itself in being a people first organization. Our concentration revolves around continuous growth, culture and a learning experience.

Our evolved digitized onboarding assisted us in seamless joining for new joiners in different geographies where we have expanded our foot prints. Our employee strength has grown 34% from the previous year.

Keeping in mind the delivery of our plan in these volatile and dynamic environment we continue to tap and nurture our internal talent pool and enable them in all means which could help them become future ready in these times of dynamic and volatile environment. In line with this, we

introduced the 2nd batch of “Leadership Excellence and Acceleration Program” (LEAP) which aims at development of identified High Potential Employees through focused interventions and thus help build a talent pipeline.

In continuation to our endeavor to promote Gender Diversity at workplace, we launched **Restart with Fedfina-** To help women with career breaks; restart their career.

Employee Benevolent Fund (“EBF”) was introduced last year as part of our commitment to People. EBF aims at providing financial support to employees in times of unusual need.

We bagged the Great Place to Work certification for 3rd year in a row. Ranked 16th in Best Places to Work in India 2021 Employee Choice Awards by Ambition Box.

PARTICULARS OF EMPLOYEES:

The provisions specified in section 197 of the Companies Act 2013 read with Rule 5(2) and rule 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to us.

CAPITAL ADEQUACY:

Your Company’s capital adequacy ratio stood at 23.04% as on March 31, 2022 which is well above the threshold limit of 15% prescribed by the Reserve Bank of India. Tier-I Capital ratio alone stood at a healthy 17.10%.

CREDIT RATING:

Rating Agency	Type of Instrument	Rating*
India Ratings & Research Private Limited	Long Term Bank Facilities	IND AA-/Stable
India Ratings & Research Private Limited	Non-Convertible Debenture issue	IND AA-/Stable
CARE Ratings Limited (Formerly Known Credit Analysis & Research Limited)	Non-Convertible Debenture issue	CARE AA-/Stable
CRISIL Limited	Commercial Paper Program	CRISIL A1+’
Acuite Ratings & Research Limited	Commercial Paper Program	Acuite A1+’
ICRA Limited	Commercial Paper Program	ICRA A1+’

PUBLIC DEPOSITS:

Your Company is Non- Deposit taking Systematically Important NBFC and has not accepted public deposits during the year under review in terms of Chapter-V of the Companies Act, 2013.

RISK MANAGEMENT POLICY:

Your Company has a Board-approved Risk Management Policy that lays down the overall framework for identifying, assessing, measuring and monitoring various elements of risk involved in the businesses and for formulation of procedures and systems for mitigating such risks. The main objective of this policy is to ensure sustainable and prudent business growth.

The function is supervised by a Board constituted Risk Committee which reviews the asset quality and portfolio composition on a regular basis. Any product policy programs are duly approved by this Committee.

Your Company has adopted and laid down operating procedures and guidelines to mitigate operational and fraud risks in its business lines.

Your Company continues to invest in people, processes, training and technology; so as to strengthen its overall Risk Management Framework.

AUDITORS:

1. STATUTORY AUDITORS & THEIR REPORT

M/s BSR & Co. LLP, Chartered Accountants (Firm Registration No. 101248W / W- 100022) were appointed as Statutory Auditors of your Company at the Twenty sixth Annual General Meeting (AGM) held on September 24, 2021 for a tenure of three years till the conclusion of the Twenty ninth Annual General Meeting to be held for the year 2024. The Audit Report submitted by M/s BSR & Co. LLP, Chartered Accountants, for FY 2021- 2022 does not contain any qualification, reservation or adverse remark.

2. SECRETARIAL AUDITORS & THEIR REPORT

M/s. DM Associates Company Secretaries LLP were appointed as the Secretarial Auditors to conduct the Secretarial Audit for the financial year ended March 31, 2022. The Report of the secretarial auditors in the prescribed Form MR-3 is set out in Annexure-II to this Report. The Secretarial Audit Report does not contain any qualifications, reservation or adverse remark.

DIRECTORS' REPORT

COMPLIANCE WITH THE PROVISIONS OF SECRETARIAL STANDARD - 1 AND SECRETARIAL STANDARD - 2:

The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards issued by the Institute of Company Secretaries of India and that such systems are adequate and operating effectively.

The applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively, have been duly complied by your Company.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

Your Company believes that strong internal control system and processes play a critical role in the health of the Company. Your Company has instituted adequate internal control systems commensurate with the nature of its business & size of operations. Your Company's well-defined organizational structure, documented policy guidelines, defined authority matrix and internal controls ensure efficiency of operations, compliance with internal policies and applicable laws and regulations as well as protection of resources. The internal control system is supplemented by internal audits, regular reviews by the management and standard policies and guidelines which ensure reliability of financial and all other records. Your Company's Internal Audit department performed regular reviews of business processes to assess the effectiveness & adequacy of the internal control systems, compliance with policies and procedures.

All significant audit observations of the internal auditors and follow up actions were duly reported and discussed at the Audit Committee.

INTERNAL FINANCIAL CONTROLS AND THEIR ADEQUACY:

During the year, your Company had engaged a firm of Chartered Accountants to evaluate the internal financial control framework and to test its effectiveness.

Based on the testing conducted by the firm, the Company has laid down adequate internal financial controls commensurate with the nature and size of its business operations which is adequate and operating efficiently and effectively and no material weaknesses exist.

The deficiencies reported to the Management do not constitute material weaknesses.

Your Company has a process in place to continuously monitor internal controls and identify deficiencies, if any, and implement new and/or improved controls to limit any adverse effects on the Company's operations.

The said evaluation and testing was carried out in line with the general guidelines of the Institute of Chartered Accountants of India.

RELATED PARTY TRANSACTIONS:

All related party transactions are placed before the Audit Committee and the Board on quarterly basis. Transaction with related parties, as per the requirements of Accounting Standards, are disclosed in the notes to accounts annexed to the financial statements.

All the related party transactions that were entered into during the financial year were on arm's length basis and in ordinary course of business.

Particulars of contracts or arrangements with related parties referred to in sub-section (1) of section 188 in the prescribed form are provided in the form AOC-2 in accordance with the rule 8 (2) of the Companies (Accounts), 2014 Rules. Form AOC-2 is set out in Annexure-III.

FRAUD REPORTING:

Pursuant to the Board approved 'Fraud Risk Management and Fraud Investigation Policy' of the Company, information relating to all frauds of INR. 1 Lakh and above are reported promptly to the Board and quarterly reviews are placed before the Board for their information.

During the year under review, Twenty Eight (28) instances of fraud total amounting to INR.1051.79 lakhs were detected and the same has been timely reported to the Audit Committee/ Board as well as to the Reserve Bank of India (RBI). Subsequently INR. 32.10lakhs was recovered by the Company.

Pursuant to the provisions of the Companies Act, 2013, no fraud was reported by the Auditors of the Company to the Audit Committee during the year under review.

MAJOR EVENTS DURING THE YEAR AND MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY AND THE DATE OF THE REPORT:

The Company at its Extra-ordinary General Meeting("EGM") held on February 14, 2022 has passed special resolution approving the fresh issue of Equity Shares through Initial Public Offer (IPO) upto Rs. 1,000 crores.

The Company has filed a draft red herring prospectus dated February 18, 2022 with SEBI on February 19, 2022 for proposed IPO for a fresh issue of upto Rs. 900 crores and Offer for Sale of upto 45,714,286 equity shares. The Company has received in-principle approvals from National Stock Exchange of India Limited and BSE Limited on draft offer document filed by the Company on May 6, 2022. Further, the final observation letter from SEBI on the draft red herring prospectus filed by the Company was received on May 13, 2022.

The Company at its EGM held on February 14, 2022 has also passed special resolution for adoption of amended the Employee Stock Option Plan, 2018 (ESOP, 2018) to meet the regulatory requirements in terms of The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

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

Pursuant to Section 186(11) of the Companies Act, 2013 (“the Act”), the provisions of Section 186(4) of the Act requiring disclosure in the Financial Statements of the full particulars of the loans made and guarantees given or securities provided by a Non-Banking Financial Company in the ordinary course of its business and the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient of the loan or guarantee or security are exempted from disclosure in the Annual Report.

Further, pursuant to the provisions of Section 186 (4) of the Act, the details of investments made by the Company are given in the Notes to the Financial Statements.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS:

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

DISCLOSURES UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT 2013 READ WITH RULES:

The Company has an Anti-Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. Your Company is in compliance with the constitution of Internal Complaints Committee (ICC) to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

The following is a summary of sexual harassment complaints received and dealt with during the year 2021-22:

- No. of complaints received: Nil
- No. of complaints disposed of: Not Applicable.

RBI GUIDELINES:

The Reserve Bank of India (RBI) granted the Certificate of Registration to the Company in August 2010 vide Registration No. N-16.00187, to commence the business of a non-banking financial institution without accepting public deposits. Your Company has complied with and continues to comply with all the applicable regulations and directions of the RBI. Details of auctions conducted during the year under review are set out below:

Year	No. of Loan Accounts	Principal Amount outstanding at the dates of auctions (A)	Interest Amount outstanding at the dates of auctions (B)	Total (A+B)	Total value fetched
2021-22	15258	1,45,53,20,080	24,32,16,313	1,69,85,36,393	1,82,34,94,939

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.

VIGIL MECHANISM:

As per the provisions of Section 177(9) of the Companies Act, 2013, the Company is required to establish an effective Vigil Mechanism for Directors and employees to report genuine concerns. The Company as part of this has in place a Board approved “Policy on Vigil Mechanism” to deal with the instances of fraud and mismanagement, if any. The said policy is available on the website of your Company at <https://www.fedfina.com>

This Vigil mechanism of the Company is overseen by the Audit Committee and provides adequate safeguard against victimisation of employees and

DIRECTORS' REPORT

also provide direct access to the Chairman of the Audit Committee in exceptional circumstances.

Your Company affirms that no personnel has been denied access to the Audit Committee.

No complaints were received by the Company during the year under review.

ANNUAL RETURN:

Pursuant to section 92 (1) of the Companies Act 2013, the Annual Return for the year 2021 - 22 is also uploaded on the website of the Company (<https://www.fedfina.com>)

PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE INFLOW/OUTFLOW, ETC.:

The requirements of disclosure with regard to Conservation of Energy and technology absorption in terms of Section 134 of the Companies Act, 2013, read with the Companies (Accounts) Rules 2014, are not applicable to the Company; as it does not own any manufacturing facility.

However, the Company makes all efforts towards conservation of energy, protection of environment and ensuring safety as follows:

- 1) Installation of LED (Light emitting diode) in branches / offices.
- 2) Creating environmental education / awareness for employees through electronic / digital form on ways & means conserve electricity & other natural resources.
- 3) Minimizing Air Condition usage
- 4) Shutting of lights when not in use.

Further, the Company has been integrating and using new age technology into our entire operations focussed towards customer experience and enhancing productivity. Our projects are aimed at improving business processes, increasing consumer uptake, driving efficiency, and providing the good experience for our stakeholders.

We have adopted IT projects that have assisted us in managing and monitoring risks, efficiently targeting customers, and providing a consistent experience to all of our clients.

A few IT initiatives undertaken are given below:

- Multi-lingual customer portal
- System driven risk monitoring engines
- Collaboration tool for internal stakeholders
- State of the art surveillance tools
- NLP driven customer service
- Integrated lead, loan origination and loan / Portfolio management systems
- Secular growth across Social media

The Company has been employing Information technology as a key differentiator when comparing itself with its competitors. Several awards and recognition stands testimony to our technology investments. We are always in the lookout for utilization of information technology to achieve excellence and provide differentiation to all stakeholders - internally and externally.

No foreign exchange was earned or spent in terms of actual inflows or outflows during the year under review.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 134 of the Companies Act, 2013, the Directors confirm that:

- I. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- II. such accounting policies have been selected and applied consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2022 and the profits of the Company for the financial year ended on that date;
- III. proper and sufficient care had been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- IV. the annual accounts have been prepared on going concern basis; and
- V. proper systems had been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

ACKNOWLEDGEMENT:

Your Directors would like to place on record, their gratitude for the cooperation and guidance received from all the statutory bodies, especially the RBI. The Directors also thank the shareholders, clients, vendors, investors, banks and other stakeholders in placing their faith in the Company and contributing to its growth.

EMPLOYEES RELATIONSHIP:

The employees at all grades of the Company have extended their whole-hearted cooperation to the Company for the smooth conduct of the affairs of the Company and the employee relations of the Company have been cordial. Your Directors wish to place on record their deep sense of appreciation for all the employees whose commitment, cooperation, active participation, dedication and professionalism has made the organization's significant growth possible.

CAUTIONARY NOTE:

Certain statements in this Report may be forward-looking and are stated as may be required by applicable laws and regulations. Actual results may vary from those expressed or implied, depending upon economic conditions, Government policies and other incidental/related factors.

Fedbank Financial Services Limited is proposing, subject to receipt of requisite approvals, market conditions and other considerations, to make an initial public offer of its equity shares and has filed a draft red herring prospectus ("DRHP") with the Securities and Exchange Board of India ("SEBI"). The DRHP is available on the website of the SEBI at www.sebi.gov.in as well as on the websites of the book running lead managers, ICICI Securities Limited, IIFL Securities Limited, JM Financial Limited and Equirus Capital Private Limited, at www.icicisecurities.com, www.iiflcap.com, www.jmfl.com and www.equirus.com respectively, and the websites of the stock exchange(s) at www.nseindia.com and www.bseindia.com, respectively. Any potential investor should note that investment in equity shares involves a high degree of risk and for details relating to such risk, see "Risk Factors" of the RHP, when available. Potential investors should not rely on the DRHP for any investment decision.

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

Place: Mumbai
Date: July 13th, 2022

Balakrishnan Krishnamurthy
Chairman
DIN: 00034031

CSR REPORT

Annexure – I

1. Brief outline on CSR Policy of the Company:

Kindly refer the Corporate Social Responsibility policy as stated herein below at the Company's website.

The Weblink is: <http://www.fedfina.com/corporate-governance.php>

2. Composition of CSR Committee:

SI No.	Name of Director	Designation / Nature of Directorship	Number of Meetings of CSR Committee held during the year	Number of Meetings of CSR Committee attended during the year
1	Mrs. Gauri Rushabh Shah	Independent Director & Chairperson	1	1
2	Mr. Shyam Srinivasan	Non-Executive Director	1	1
3	Mr. Anil Kothuri	MD & CEO	1	1

3. Provide the web-link where Composition of CSR Committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company:

The Weblink is: <http://www.fedfina.com/corporate-governance.php>

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report). Not Applicable

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any: Not Applicable

SI No.	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be setoff for the financial year, if any (in Rs)
		-	-

6. Average net profit of the company as per section 135(5). : INR 57,17,19,305

7. (a) Two percent of average net profit of the company as per section 135(5): INR 114,34,386

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years.: Not Applicable

(c) Amount required to be set off for the financial year, if any: Not Applicable

(d) Total CSR obligation for the financial year (7a+7b-7c).- INR 114,34,386

8. (a) CSR amount spent or unspent for the financial year: INR 46 lakhs

Total amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount	Date of transfer	Name of the Fund	Amount	Date of Transfer
68 lakhs	46 lakhs	29/04/2022	Not applicable	Not applicable	Not applicable

DIRECTORS' REPORT

(b) Details of CSR amount spent against ongoing projects for the financial year:

(1) Sl. No.	(2) Name of the project	(3) Item from the list of activities in Schedule VII of the Act.	(4) Local area (Yes/ No)	(5) Location of the project		(6) Project duration	(7) Amount allocated for the project (in Rs.)	(8) Amount spent in the current financial Year (in Rs.).	(9) Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.).	(10) Mode of Implementation - Direct (Yes/No).	(11) Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration No.
1.	Nutritional Outreach Program	Item no (i)	Yes	Bangalore	Bangalore	2 years	114,34,386	68 lakhs	46 lakhs	No	Cuddles Foundation	CSR00001473
TOTAL							114,34,386	68 lakhs	46 lakhs			

(c) Details of CSR amount spent against other than ongoing projects for the financial year: Not applicable

(1) SI No.	(2) Name of the project	(3) Item from the list of activities in schedule VII to the Act.	(4) Local area (Yes/ No).	(5) Location of the project		(6) Amount spent for the Project (in Rs.).	(7) Mode of implementation - Direct (Yes/No).	(8) Mode of implementation - Through implementing agency.	
				State	District			Name	CSR Registration No.
1.	-	-	-	-	-	-	-	-	-
TOTAL									

(d) Amount spent in Administrative Overheads: Not Applicable

(e) Amount spent on Impact Assessment, if applicable: Not Applicable

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): 68 lakhs

(g) Excess amount for set off, if any: Not Applicable

SI No.	Particulars	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	-
(ii)	Total amount spent for the Financial Year	-
(iii)	Excess amount spent for the financial year [(ii)-(i)]	-
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	-

9. (a) Details of Unspent CSR amount for the preceding three financial years: Not Applicable

SI No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in Rs.)
				Name of the Fund	Amount (in Rs.).	Date of transfer.	
	-	-	-	-	-	-	-
TOTAL							

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): Not applicable

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
SI No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced.	Project duration.	Total amount Allocated for the project (in Rs.).	Amount spent on the project in the reporting Financial Year (in Rs.).	Cumulative amount spent at the end of reporting Financial Year. (in Rs.)	Status of the project – Completed / Ongoing.
1.								
	TOTAL							

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details): Not Applicable

- Date of creation or acquisition of the capital asset(s).
- Amount of CSR spent for creation or acquisition of capital asset.
- Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.
- Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).

The Company believes that CSR is a way of creating shared value and contributing to social and environmental good.

During the year under review, your Company has spent on corporate social responsibility (CSR) projects/programs of Nutritional Outreach Program for under-privileged children suffering from Cancer, Touching Lives Initiatives Impact for Under- privileged children through Cuddles Foundation which is a NGO to carry out such activities for the Company on an ongoing project. The Company has spent Rs. 68 lakhs against Rs. 114 lakhs for the financial year under review. The unspent CSR amount of Rs.46 lakhs is transferred to CSR Unspent account and will be fully spend towards the cause of eradication of malnutrition for underprivileged children suffering from cancer (as per Schedule VII of Sec 135).

The primary reasons for this partial utilisation is listed below:-

- Last year, being a covid year the demand was on the decline, there were not many children visiting the hospitals
- Additionally, we tried to explore other impactful project where this fund could be utilised but nothing could materialise during the period.

Mr. Anil Kothuri
MD & CEO
Din: 00177945

Ms. Gauri Rushabh Shah
Chairperson- CSR Committee
Din: 06625227

SECRETARIAL AUDIT REPORT

FORM NO. MR-3 SECRETARIAL AUDIT REPORT

For the Financial Year Ended March 31, 2022

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
FEDBANK FINANCIAL SERVICES LIMITED
Unit No.511, A Wing, 5th Floor,
Kanakia Wall Street,
Andheri East, Mumbai – 400093.

Dear Members,

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **FEDBANK FINANCIAL SERVICES LIMITED** (hereinafter called “the Company”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended March 31, 2022, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2022 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder;
4. The provisions of Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial borrowings **were not applicable** to the Company during the financial year;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’):-
 - a. The Securities and Exchange Board of India (Issue of Capital and Disclosure requirements) Regulations, 2009;
 - b. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - c. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - d. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
 - e. The SEBI (Prohibition of Insider Trading) Regulations, 2015;
6. Provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI’) **were not applicable** to the Company under the financial year under report: -
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - c. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
 - d. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client;

We have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company.

SECRETARIAL AUDIT REPORT

We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test check basis, the Company has complied with the following laws applicable specifically to the Company:

1. The Reserve Bank of India Act, 1934;
2. Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016;
3. Master Directions on Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016;
4. Reserve Bank of India (Know Your Customer-KYC) Directions, 2016;
5. Master Directions on Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016 and as amended time to time;
6. The Prevention of Money Laundering Act, 2002 and the Rules made there under;
7. The Reserve Bank - Integrated Ombudsman Scheme, 2021;
8. Master Direction - Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016;
9. Master Direction - Information Technology Framework for the NBFC Sector.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreement entered into by the Company with BSE Limited (For its listed NCD's) pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;

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

We further report that

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and for meeting convened under shorter notice were in compliance with section 173(3) of the Companies Act, 2013 and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes. None of the members of the Board have expressed dissenting views on any of the agenda items during the Audit period.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the following specific events took place:

1. Rights Issue:

The Board of Directors on June 29, 2021 allotted 2,85,71,450 (Two Crore Eighty Five Lakh Seventy One Thousand Four Hundred and Fifty) equity shares of face value of Rs.10/- each at a premium of Rs. 60/- each aggregating to Rs. 200,00,01,500/- (Rupees Two Hundred Crores One Thousand Five Hundred) on Rights basis.

2. Shifting of Registered Office from the state of Kerela to the state of Maharashtra:

The application by the Company to the Regional Director (RD), Southern region, Ministry of Corporate Affairs (MCA) seeking approval to shift the registered office from Aluva, state of Kerala to Mumbai, state of Maharashtra was approved vide order date June 22, 2021. The Registrar of Companies (ROC), Mumbai has issued fresh certificate of incorporation dated 26th July, 2021 confirming the same.

Consequently, the situation clause of Memorandum of Association as approved by the Members at their Extra Ordinary General Meeting held on February 14, 2022 was altered.

3. Enhancement of limits u/s 180(1)(a) and 180(1)(c):

The Company at its 26th Annual General Meeting held on September 24, 2021 has enhanced limits u/s 180(1)(c) from INR 7000/- crores to INR 10,000/- crores by passing special resolution.

4. Alteration of Articles of Association:

- a. The Company at its 26th Annual General Meeting held on September 24, 2021 altered clause 69(i) of the Articles of Association of the Company by passing special resolution.
- b. The Company at its Extra-ordinary General Meeting held on February 14, 2022 adopted new set of Articles of Association of the Company by passing special resolution.

5. Issue of Equity Shares through Initial Public Offer (IPO)

The Company at its Extra-ordinary General Meeting held on February 14, 2022 by passing special resolution approved the issue of Equity Shares through Initial Public Offer (IPO) aggregating up to INR 1,000 crores.

6. Amendment in Employee Stock Option Plan, 2018 (ESOP, 2018)

The Company by passing special resolution at its Extra-ordinary General Meeting held on February 14, 2022 has amended the Employee Stock Option Plan, 2018 (ESOP, 2018) to meet the regulatory requirements in terms of The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

7. Redemption of Preference shares

The Board of Directors on February 14, 2022 approved the redemption of 20,00,000 0.01% Optionally Convertible Redeemable Preference Shares (OCRPS) of Rs. 10/- each at a premium of Rs. 32.10/- per share.

For DM & Associates Company Secretaries LLP
Company Secretaries
ICSI Unique Code L2017MH003500

Dinesh Kumar Deora

Senior Partner

FCS NO 5683

C P NO 4119

UDIN: F005683D000502949

Place: Mumbai

Date: June 17th, 2022

Note: This report is to be read with our letter of even date that is annexed as Annexure - I and forms an integral part of this report.

SECRETARIAL AUDIT REPORT

ANNEXURE - I

To

The Members,

FEDBANK FINANCIAL SERVICES LIMITED

Unit No.511, A Wing, 5th Floor,

Kanakia Wall Street,

Andheri East,

Mumbai - 400093.

Our report of even date is to be read along with this letter:

1. Maintenance of secretarial records is the responsibility of management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of corporate and other applicable laws, rules and regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For DM & Associates Company Secretaries LLP
Company Secretaries
ICSI Unique Code L2017MH003500

Dinesh Kumar Deora
Senior Partner
FCS NO 5683
C P NO 4119
UDIN: F005683D000502949

Place: Mumbai

Date: June 17th, 2022

RELATED PARTY DISCLOSURE

RELATED PARTY DISCLOSURE

Annexure-III

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis: **NIL**
 - (a) Name(s) of the related party and nature of relationship: N.A.
 - (b) Nature of contracts /arrangements/transactions: N.A.
 - (c) Duration of the contracts/arrangements/transactions: N.A.
 - (d) Salient terms of the contracts or arrangements or transactions including the value, if any: N.A.
 - (e) Justification for entering into such contracts or arrangements or transactions: N.A.
 - (f) Date(s) of approval by the Board: N.A.
 - (g) Amount paid as advances, if any: N.A.
 - (h) Date on which the special resolution was passed in general meeting as required under the first proviso to section 188: N.A.
2. Details of material contracts or arrangement or transactions at arm's length basis:
 - (a) Name(s) of the related party and nature of relationship: Refer "Note 1"
 - (b) Nature of contracts /arrangements/transactions: Refer "Note 1"
 - (c) Duration of the contracts/arrangements/transactions: Refer "Note 1"
 - (d) Salient terms of the contracts or arrangements or transactions including the value, if any: Refer "Note 1"
 - (e) Justification for entering into such contracts or arrangements or transactions: Competitive pricing and value of services rendered.
 - (f) Date(s) of approval by the Board: N.A.
 - (g) Amount paid as advances, if any: Nil

Note 1:

Name of the related party	Nature of relationship	Nature of contracts/arrangements/transactions	Duration of the contracts/arrangements/transactions	Salient terms of the contracts or arrangements or transactions *	Value (INR In Lakhs)
The Federal Bank Ltd	Holding Company	Income from Distribution business	1 year	Recovery of expenses incurred on behalf of Bank for sourcing distribution verticals products	2603
The Federal Bank Ltd	Holding Company	Interest paid on PTC Transactions	As per sanction letter of Federal Bank	Interest expenses on PTC borrowings	55
The Federal Bank Ltd	Holding Company	Interest paid - cash Credit and term loan	1 year	Interest paid at contractual interest rate.	5,323
The Federal Bank Ltd	Holding Company	Processing Fees	As per sanction letter of Federal Bank	Processing Fees	101
The Federal Bank Ltd	Holding Company	Interest on Non Convertible Debentures	As per sanction letter of Federal Bank	Interest on Non convertible debentures	2,335
The Federal Bank Ltd	Holding Company	Interest income on fixed deposit	Na	Interest received on fixed deposits	59
The Federal Bank Ltd	Holding Company	Investment in Equity by The Federal Bank Limited	Na	Investment by Federal Bank	14,799

RELATED PARTY DISCLOSURE

Name of the related party	Nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions *	Value (INR In Lakhs)
True North Fund VI LLP	Enterprises controlling voting power / significant influence	Investment in Equity Shares	Na	Investment by True North	5200
Mr. Anil Kothuri	MD & CEO	Investment in Preference Shares by Mr. Anil Kothuri	Na	Issue of 47,29,730 Optionally Convertible Redeemable Preference shares of Face Value Rs.10 each and called up value of Rs.8 each	1897
Mr. Anil Kothuri	MD & CEO	Redemption amount paid up on Optionally Convertible Redeemable Preference shares ("OCRPS")	Na	Redemption of 20,00,000 Optionally Convertible Redeemable Preference shares at Rs.42.10 each	842
Mr. Anil Kothuri	MD & CEO	Issuance of Equity shares	Na	Issue of 27,29,730 equity shares	1149
Employee Stock option	Key Managerial Personnel	No of options outstanding	Na	Number of options- 25,51,351 As per Board Approval	255.13
Chief Financial Officer	Key Managerial Personnel	Remuneration	Na	Remuneration paid for F.Y 2021-22	134.4 lakhs
Company Secretary	Key Managerial Personnel	Remuneration	Na	Remuneration paid for F.Y 2021-22	27.8 lakhs
Managing Director	Key Managerial Personnel	Remuneration	Na	Remuneration paid for F.Y 2021-22	230 lakhs

* Maintained at arm's length similar to third party contracts.

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

**Date: July 13th, 2022
Place: Mumbai**

**Balakrishnan Krishnamurthy
Chairman
DIN: 00034031**

INDEPENDENT AUDITORS' REPORT

Independent Auditor's Report

To the Members of Fedbank Financial Services Limited

Report on the Audit of the Financial Statements Opinion

We have audited the financial statements of Fedbank Financial Services Limited (the "Company"), which comprise the balance sheet as at 31 March 2022, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, and its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

Description of Key Audit Matters
Loss allowance for Expected Credit Loss (ECL) on loans and advances
Refer to the accounting policies in "Note 3.6 (i)" to the Financial Statements Charge to the Statement of Profit and Loss: Rs. 4,124 Lakhs
Loss allowance for Expected Credit Loss (ECL) as at 31 March 2022: Rs. 11,613 Lakhs

Key audit matters	How the matter was addressed in our audit
<p>Subjective estimate</p> <p>Loans represent significant portion of the Company's assets.</p> <p>Recognition and measurement of loss allowance for ECL on loans and advances involves significant management judgement.</p> <p>Under Ind AS 109, Financial Instruments, loss allowance on loans are determined using ECL model. The Company's loss allowance is derived from estimates including consideration of the historical default and loss ratios and forward looking risk variables. The Company exercises judgements in determining the quantum of loss based on a range of other factors.</p> <p>The most significant factors are:</p> <ul style="list-style-type: none"> - Segmentation of loan book - Determination of exposure at default - Loan staging criteria 	<p>In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:</p> <p>Design I controls</p> <ul style="list-style-type: none"> • Performed walkthroughs and assessed the design and implementation of controls in respect or the Company's loss allowance process such as the timely recognition of impairment loss, the completeness and accuracy of reports used in the impairment allowance process and management review processes over the measurement of loss allowance and the related disclosures on credit risk management. • Evaluation of the impairment principles used by management based on the requirements of Ind AS 109, business understanding and industry practice. including an assessment of management's rationale for rebutting staging principles as per Ind AS 109 for its gold loan portfolio. • Understanding and testing the processes, systems and controls implemented in relation to impairment allowance process, particularly in view of loans restructured as part of COVID-19 regulatory package. • Evaluating key controls over collation of relevant information used for determining estimates for management overlays on account of COVID-19. • Testing the controls over 'Governance Framework' in line with the RBI guidance and with Company's laid down policy • Assessing the design and implementation of key internal financial controls over identification, classification and measurement of impairment charge, including for loans which were restructured.

FEDBANK FINANCIAL SERVICES LIMITED

Key audit matters	How the matter was addressed in our audit
<p>- Calculation of probability of default / loss given default</p> <p>- Consideration of probability weighted scenarios and forward looking macro economic factors</p> <p>- Qualitative adjustments / management overlays - adjustments to the model driven ECL results as overlays are recorded by management to address known impairment model limitations or emerging trends as well as risks not captured by models. As at 31 March 2022, overlays represent approximately Rs. 1,767 lakhs of the ECL provision. These adjustments are inherently uncertain and management judgement is involved in estimating these amounts especially in relation to continuing economic uncertainty, albeit at a less level compared to the past year, as a result of COVID-19.</p> <p>The application of ECL model requires several data inputs, including estimation of 12-month ECL for a pool of loans and life time for other pool of loans. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model.</p> <p>Further, basis the nature and characteristics of its gold loan portfolio, the Company has elected to rebut the 90 days past due criteria for classification of an exposure as Stage 3, basis the manner in which the Company subsequently monitors default and potential loss as per its credit risk management policy.</p> <p>The underlying forecasts and assumptions used in the estimates of impairment loss allowance are subject to uncertainties which are often outside the control of the Company. The extent to which the COVID-19 pandemic will impact the Company's current estimate of impairment loss allowances is dependent on future developments, which are uncertain at this point. Given the size of loan portfolio relative to the balance sheet and the impact of impairment allowance on the financial statements, we have considered this as a key audit matter.</p> <p>The Company has also restructured borrower accounts in accordance with the Resolution Framework for COVID-19 related stress announced by the RBI vide notifications dated 6 August 2020 and 5 May 2021. Based on the terms of restructuring and management's credit evaluation, the Company has continued to classify such restructured borrower accounts as non impaired (under Ind AS 109, Financial Instruments) at 31 March 2022.</p>	<ul style="list-style-type: none"> • Testing of key review controls over measurement of loss allowances and disclosures in financial statements. • Assessed sufficiency of the disclosures on key judgements, assumptions and quantitative data with respect to loss allowance in the financial statements. <p>Involvement of specialists</p> <p>We involved financial risk modelling specialists for the following:</p> <ul style="list-style-type: none"> • Evaluating the appropriateness of the Company's Ind AS 109 impairment methodologies and reasonableness of assumptions used (including those used for management overlays). • The reasonableness of the Company's considerations of the impact of the current economic environment due to COVID-19 on the loss allowance determination. <p>Substantive tests</p> <ul style="list-style-type: none"> • Assessing management rationale for determination of criteria for SICR considering both: adverse effects of COVID 19 and mitigants in the form of the RBI / Government financial relief package. • Reviewing management's assessment of rebuttal of 90 days past due norm on classification of exposure as Stage 3 in its gold loan portfolio, including reviewing management's basis of conclusion of not considering a loan as restructured when facilities are rolled over or collaterals are replugged. • Assessing the changes made in macroeconomic factors and management overlays to calibrate the risks that are not yet fully captured by the existing model. • Tested through independent check, Company's assessment of COVID-19 impact on segments of its loan portfolio and the resultant loss allowance. • Verifying application of accounting principles, validating completeness and accuracy of the data and reasonableness of assumptions used in the model.
<p>Disclosures</p> <p>The disclosures regarding the Company's application of Ind AS 109 are important in explaining the key judgements and material inputs to the Ind AS 109 ECL results.</p>	<ul style="list-style-type: none"> • Test of details over of calculation of loss allowance for assessing the completeness, accuracy and relevance of data. • For model derived outputs, verifying the calculations through re-computation where practicable. • Challenged judgments made in respect of calculation methodologies, segmentation, economic factors, the period of historical loss rates used and the valuation of recovery assets and collateral. • Assessing the factual accuracy of the financial statements disclosures made by the Company.

Key audit matters	How the matter was addressed in our audit
<p>Information Technology (IT) systems and controls</p> <p>The Company’s key financial accounting and reporting processes are highly dependent on information systems including automated controls, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being misstated. The Company uses multiple systems for its overall financial reporting process.</p> <p>Further, the prevailing COVID-19 situation, has caused the required IT applications to be made accessible on a remote basis.</p> <p>We have identified ‘Information Technology systems’ as key audit matter because of the significant level of automation, the various layers and elements of the IT architecture and the risks associated with remote access of key applications by staff during the year.</p>	<p>Our audit procedures to assess the IT system management included the following:</p> <p>We involved our IT Specialist to:</p> <ul style="list-style-type: none"> • Understand General IT Controls (GITC) i.e., Access Controls, Program/ System Change, Computer Operations (i.e., Job Processing, Data/System Backup) over key financial accounting and reporting systems and supporting control systems (referred to as in scope systems). • Understand IT infrastructure i.e., operating systems and databases supporting the in scope systems. • Test the General IT Controls for design and operating effectiveness for the audit period over the in-scope systems. • Understand IT application controls covering: <ul style="list-style-type: none"> - user access and roles, segregation of duties; and - reports and system configuration. • Test the IT application controls for design and operating effectiveness for the audit period. • Test the automated controls supporting financial reporting process to determine whether these controls remained unchanged during the audit period or were changed following the standard change management process. • Test the controls over the IT infrastructure covering user access (including privilege users), and system changes; and • Enquiry on data security controls in the context of staff working from remote location during the year. <p>Based on procedures performed above, wherever required, we extended our audit procedures over other IT application controls, periodic reconciliations, manual approval processes, tests on identified key changes and additional substantive testing.</p>

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard .

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

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

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

FEDBANK FINANCIAL SERVICES LIMITED

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Other Matter

The financial statements of the Company for the year ended 31 March 2021 were audited by the predecessor auditor who had expressed an unmodified opinion vide their report dated 12 May 2021.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143 (II) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

- c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account
- d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors as on 31 March 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”.
- (B) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule II of the Companies (Audit and Auditor’s) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- a) The Company has disclosed the impact of pending litigations as at 31 March 2022 on its financial position in its financial statements- Refer Note 53 to the financial statements.
- b) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- c) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- d) (i) The management has represented that, to the best of its knowledge and belief, as disclosed in Note 56(1) to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever (“Ultimate Beneficiaries”) by or on behalf of the Company or
 - provide any guarantee, security or the like to or from behalf of the Ultimate Beneficiaries.
- (ii) The management has represented, that, to the best of its knowledge and belief, as disclosed in Note 56(2) to the financial statements, no funds have been received by the Company from any persons or entities, including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall:
- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever (“Ultimate Beneficiaries”) by or on behalf of the Funding Party or
 - provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries
- (iii) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (d) (i) and (d) (ii) contain any material mis-statement.
- e) The Company has neither declared nor paid any dividend during the year. Refer Note 56(3) to the financial statements.
- (C) With respect to the matter to be included in the Auditor’s Report under Section 197(16) of the Act: In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director or 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 Suvarna
Partner
Membership No. 109503
UDIN: 22109503AJEFZN2578

Place: Mumbai
Date: 18 May 2022

FEDBANK FINANCIAL SERVICES LIMITED

Annexure A to the Independent Auditor's Report- 31 March 2022

(Referred to in our report of even date)

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (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 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 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 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#
22,484	21,860	1-29 days
19,032	16,044	30-59 days
10,526	10,164	60-89 days
4,592	3,456	90 days and above

(B) In case of other than Gold Loans

Amount in Lakhs	Number of Delays#	Extent of Delay#
674	5,253	1-29 days
1,202	7,197	30-59 days
1,359	9,048	60-89 days
8,022	12,992	90 days and above

the number and extent of delays are computed basis loan wise Days Past Due (DPD) position as at each quarter end during FY 2021-22. Further, if a loan is in DPD in multiple quarters continuously, same is considered only once in number of delays and highest DPD is considered for extent of delay.

- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans (and advance in the nature of loan) given except an amount of Rs. 7,141 lakhs (principal amount) and Rs. 873 lakhs (interest) overdue for more than ninety days as at 31 March 2022. In our opinion, reasonable steps have been taken by the Company for recovery of the principal and interest.
- (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 records of the Company, the Company has neither made any investments nor has it given loans or provided guarantee or security and therefore the relevant provisions of Sections 185 of the Companies Act, 2013 ("the Act") are not applicable to the Company. In respect of the investments made by the Company, in our opinion the provisions of Section 186 (1) of the Act have been complied with. Accordingly, clause 3(iv) of the Order is not applicable. The remaining provisions related to section 186 of the Act do not apply to the Company as it is an NBFC registered with the Reserve Bank of India ('RBI').
- (v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.
- (vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for the services provided by it. Accordingly, clause 3(vi) of the Order is not applicable.
- (vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into Goods and Services Tax ("GST").
According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including GST, Provident fund, Employees' State Insurance, Income Tax, and Cess and other statutory dues have generally been regularly deposited with the appropriate authorities, though there have been slight delays in a few cases of provident fund.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no statutory dues relating to GST, Provident Fund, Employees State Insurance, Income-Tax Cess and other statutory dues, which have not been deposited with the appropriate authorities on account of any dispute.
- (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 willful 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) (t) The Company does not hold any investment in any subsidiary, associate or joint venture (as defined under the Act) during the year ended 31 March 2022. Accordingly, clause 3(ix)(e) and clause 3(ix)(t) are not applicable.
- (x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) Accordingly, clause 3(x)(a) of the Order is not applicable.
- (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.

FEDBANK FINANCIAL SERVICES LIMITED

- (xi) (a) During the course of our examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the year except for 28 cases of fraud aggregating to Rs. 1051.79 lakhs on the Company were noticed or reported during the year as disclosed in note 47.13 to the financial statements. The fraud mainly pertains to customer induced fraud involving pledge of spurious gold/ theft gold and property mortgaged in favour of Company sold to third party by customer without prior consent of the Company and employee fraud involving replacement of customer fold with spurious gold and inflating the gold weights.
- (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.
- (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 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, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) (a) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project other than ongoing projects. Accordingly, clause 3(xx)(a) of the Order is not applicable.
- (b) In respect of ongoing projects, the Company has transferred the unspent amount to a Special Account within a period of 30 days from the end of the financial year in compliance with Section 135(6) of the said Act.
- (xxi) According to the information and explanations given to us during the course of audit, the requirements of preparing the consolidated financial statements is not applicable to the Company. Accordingly, clauses 3(xxi), of the Order is not applicable.

For B S R & Co. LLP

Chartered Accountants

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

Ashwin Suvarna

Partner

Membership No. 109503

UDIN: 22109503AJEFZN2578

Place: Mumbai
Date: 18 May 2022

Annexure B to the Independent Auditor's Report- 31 March 2022

(Referred to in our report of even date)

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

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

Opinion

We have audited the internal financial controls with reference to financial statements of Fedbank Financial Services Limited ("the Company") as of 31 March 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2022, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

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

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

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

Meaning of Internal Financial controls with Reference to Financial Statements

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

FEDBANK FINANCIAL SERVICES LIMITED

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.

Place: Mumbai
Date: 18 May 2022

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Ashwin Suvarna
Partner
Membership No. 109503
UDIN: 22109503AJEFZN2578

FINANCIAL STATEMENT

FEDBANK FINANCIAL SERVICES LIMITED

BALANCE SHEET AS AT 31ST MARCH 2022

(INR in Lakhs)

Particulars	Note	As at Mar 31, 2022	As at Mar 31, 2021
I. ASSETS			
(1) Financial assets			
(a) Cash and cash equivalents	4	6,596	52,603
(b) Bank balances other than cash and cash equivalents	5	7,664	15,476
(c) Receivables			
(i) Trade receivables	6(i)	1,184	117
(ii) Other receivables	6(ii)	386	320
(d) Loans	7	5,64,481	4,55,214
(e) Investments	8	51,433	3,249
(f) Other financial assets	9	1,177	1,353
Total Financial assets		6,32,921	5,28,332
(2) Non-financial assets			
(a) Current tax assets (net)	10	1,192	986
(b) Deferred tax assets (net)	11	3,150	2,038
(c) Property, Plant and Equipment	13 (1)	3,086	1,886
(d) Right Of Use Assets	13 (4)	11,970	11,185
(e) Capital work in progress	13 (3)	66	96
(f) Other Intangible assets	13 (2)	306	231
(g) Other non-financial assets	12	2,880	1,876
Total Non-financial assets		22,650	18,298
TOTAL ASSETS		6,55,571	5,46,630
II. LIABILITIES			
(1) Financial liabilities			
(a) Payables			
Trade payables	14		
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		643	433
Other payables	14.1		
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
(b) Debt securities	15	53,342	59,370
(c) Borrowings (other than debt securities)	16	4,22,435	3,47,593
(d) Subordinated Liabilities	17	25,907	25,846
(e) Lease Liability	18	13,704	12,462
(f) Other financial liabilities	19	21,097	15,812
Total Financial liabilities		5,37,128	4,61,516
(2) Non-financial liabilities			
(a) Provisions	20	313	302
(b) Other non-financial liabilities	21	2,778	1,339
Total Non-financial liabilities		3,091	1,641
Equity			
(a) Equity share capital	22	32,152	28,992
(b) Other equity	23	83,200	54,481
TOTAL LIABILITIES AND EQUITY		6,55,571	5,46,630
Significant accounting policies and notes to the Financial Statements	3 - 57		
The notes referred to above forms integral part of Financial Statements.			

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

As per our report of even date attached

Anil Kothuri
MD & CEO
DIN: 00177945

Balakrishnan Krishnamurthy
Non Executive Chairman
DIN: 00034031

Gauri Rushabh Shah
Independent Director
DIN: 06625227

For **BSR & Co. LLP**
Chartered Accountants
FRN: 101248W/W-100022

Ashwin Suvarna
Partner
Membership No. 109503

C. V. Ganesh
Chief Financial Officer

S. Rajaraman
Company Secretary
M.No.F3514

Place: Mumbai
Date: May 18th, 2022

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st March 2022

(INR in Lakhs)

Particulars	Note	For the year ended Mar 31, 2022	For the year ended Mar 31, 2021
I. Revenue from operations			
(a) Interest income	24	82,189	65,810
(b) Fee and commission income	25	4,289	3,174
(c) Net gain on fair value changes	26	454	198
Total Revenue from operations		86,932	69,182
II. Other income	27	1,432	575
III. Total Revenue		88,364	69,757
IV. Expenses			
(a) Finance costs	28	34,765	31,319
(b) Fees and commission expenses	29	1,470	1,204
(c) Impairment on financial instruments	30	8,388	7,121
(d) Employee benefits expense	31	17,541	13,159
(e) Depreciation, amortisation and impairment	13	3,670	2,727
(f) Other expenses	32	8,609	6,534
Total expenses		74,443	62,064
V. Profit before tax (III - IV)		13,921	7,693
VI. Tax expenses:			
(1) Current tax	33.1	4,710	2,924
(2) Deferred tax (net)	33.3	(1,135)	(899)
Tax expenses - Prior Period		-	(500)
VII. Profit/(loss) for the period/year		10,346	6,168
Other Comprehensive Income/(Loss)			
Items that will not be reclassified to profit or loss			
(i) Remeasurement gain / (loss) on defined benefit plans (OCI)		92	44
(ii) Tax effect on Remeasurement gain / (loss) on defined benefit plans (OCI)		(24)	(11)
Other Comprehensive Income/(Loss)		68	33
Total Comprehensive Income/(Loss)		10,414	6,201
Earnings per equity share (EPS)			
(1) Basic (INR)	35	3.32	2.19
(2) Diluted INR	35	3.31	2.18
Face value per share (in ₹)		10.00	10.00
	3 - 57		

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

As per our report of even date attached

Anil Kothuri
MD & CEO
DIN: 00177945

Balakrishnan Krishnamurthy
Non Executive Chairman
DIN: 00034031

Gauri Rushabh Shah
Independent Director
DIN: 06625227

For **BSR & Co. LLP**
Chartered Accountants
FRN: 101248W/W-100022

Ashwin Suvarna
Partner
Membership No. 109503

C. V. Ganesh
Chief Financial Officer

S. Rajaraman
Company Secretary
M.No.F3514

Place: Mumbai
Date: May 18th, 2022

FEDBANK FINANCIAL SERVICES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2022

	For the year ended Mar 31, 2022	For the year ended Mar 31, 2021
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	13,921	7,693
Adjustments for :		
Finance cost	34,765	31,319
Share based payment to employee	249	262
Depreciation	3,670	2,727
Interest income from Investment	(89)	(158)
Liability no longer required, written back	(3)	(11)
Interest on Fixed Deposit	(818)	(879)
Loss on sale of tangible assets	75	13
Profit on Sale Of Mutual Fund units (Net) - realised	(444)	(198)
Gain/(Loss) on fair valuation of mutual fund - unrealised	(9)	0
Security deposit - Fair Valuation	13	17
EIR impact on Loans	232	(309)
Excess interest spread on Direct Assignment Transaction (net)	(704)	(759)
Impairment on financial instrument	8,388	7,175
Provision for Doubtful Interest	-	86
CWIP written off	-	6
Operating profit before working capital changes	59,246	46,984
Adjustments for working capital:		
- (Increase)/decrease in loans	(1,17,039)	(88,533)
- (Increase)/decrease in financial asset and non financial asset	(840)	(3,101)
- (Increase)/decrease in trade and other receivables	(1,280)	(66)
- Increase/(decrease) in trade payables	(353)	114
- Increase/(decrease) in provisions	103	111
- Increase/(decrease) in financial liabilities and non financial liabilities	7,290	8,903
Cash generated from / (used in) operating activities	(52,873)	(35,588)
Direct taxes paid (net)	(4,916)	(1,535)
Net cash generated from / (used in) operating activities	(57,789)	(37,123)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of tangible assets	(2,461)	(1,115)
Sale of tangible assets	5	4
Purchase of intangible assets	(228)	-
Investment in Government securities	(41,874)	-
Redemption of Government securities	1,500	-
Redemption / (Investment) of NCD	(0)	297
Investment in Mutual Fund	(3,93,380)	(2,69,128)
Sale of Mutual Fund	3,86,026	2,69,827
Redemption of fixed deposit	1,22,205	92,413
Investment in fixed deposit	(1,14,555)	(1,00,387)
Interest on fixed deposits	981	879
Interest income from Investment	89	158
Net cash generated from / (used in) investing activities	(41,692)	(7,052)

	For the year ended Mar 31, 2022	For the year ended Mar 31, 2021
C. CASH FLOW FROM FINANCING ACTIVITIES		
Debt Securities availed	40,000	1,89,487
Debt Securities repaid	(45,000)	(1,44,090)
Borrowings availed	1,85,000	1,42,971
Borrowings repaid	(1,10,010)	(1,06,223)
Subordinate borrowing availed	-	24,999
Finance Cost	(34,919)	(30,216)
Lease Payment (principal)	(1,850)	(1,277)
Lease Payment (interest)	(900)	(1,003)
Share application money pending allotment	(4)	4
Equity Shares Issued	2,886	1,650
Money received on partly paid OCRPS (being fully paid)	1,897	-
Redemption of OCRPS	(842)	-
Share Premium net of Share Issue Expenses	17,216	6,247
Net cash generated from / (used in) financing activities	53,474	82,549
Net increase / (decrease) in cash and cash equivalents	(46,007)	38,374
Cash and cash equivalents as at the beginning of the period	52,603	14,229
Closing balance of cash and cash equivalents (A+B+C)	6,596	52,603
Components of cash and cash equivalents:		
Cash on hand	1,684	747
Balances with banks		
- in current accounts	4,912	10,856
- in fixed deposit with maturity less than 3 months	-	41,000
Cash and cash equivalents	6,596	52,603

Note:

The above cash flow statement has been prepared under the indirect method set out in Ind-AS 7 - Statement of Cash Flow.

Refer note 34 for cash flow related disclosure as per Ind AS 7

Significant accounting policies and notes to the Financial Statements

3 - 57

The notes referred to above forms integral part of Financial Statements.

As per our report of even date attached

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

As per our report of even date attached

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

Chartered Accountants

FRN: 101248W/W-100022

Anil Kothuri
MD & CEO
DIN: 00177945

Balakrishnan Krishnamurthy
Non Executive Chairman
DIN: 00034031

Gauri Rushabh Shah
Independent Director
DIN: 06625227

Ashwin Suvarna
Partner
Membership No. 109503

C. V. Ganesh
Chief Financial Officer

S. Rajaraman
Company Secretary
M.No.F3514

Place: Mumbai
Date: May 18th, 2022

FEDBANK FINANCIAL SERVICES LIMITED

STATEMENT OF CHANGE IN EQUITY AS AT MARCH 31, 2022

Equity share capital

(INR in Lakhs)

Particular	As at Mar 31, 2022		As at Mar 31, 2021	
	Number of shares	Amount	Number of shares	Amount
Balance at the beginning of the reporting period	28,99,23,425	28,992	27,34,23,425	27,342
Changes in Equity Share Capital due to prior period errors	-	-	-	-
Changes in equity share capital during the current year	3,13,01,180	3,130	1,65,00,000	1,650
Balance at the end of the reporting period	32,12,24,605	32,121	28,99,23,425	28,992

Other Equity

(INR in Lakhs)

Particulars	Share application money pending allotment	Equity component of compound financial instruments	Reserves and Surplus					Retained earnings	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		
Balance at 1 April, 2021	4	33	33,554	515	-	4,524	10	15,841	54,481
Addition	-	-	18,735	249	-	-	-	-	18,984
Utilised	(4)	-	-	-	-	-	-	-	(4)
Transferred from retained earnings	-	-	-	-	200	2,069	-	(2,269)	-
Transferred to securities premium	-	-	37	(37)	-	-	-	-	-
Impact of OCPRS due to redemption	-	(33)	-	-	-	-	-	(642)	(675)
Profit for the year	-	-	-	-	-	-	-	10,346	10,346
Remeasurement gain / (loss) on defined benefit plans	-	-	-	-	-	-	-	69	69
Balance at 31 March, 2022	-	-	52,326	727	200	6,593	10	23,344	83,200

(INR in Lakhs)

Particulars	Share application money pending allotment	Equity component of compound financial instruments	Reserves and Surplus					Retained earnings	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		
Balance at 1 April 2020	-	40	27,307	253	-	3,290	10	10,873	41,774
Addition	4	(7)	6,270	262	-	-	-	-	6,529
Utilised (share issue expense)	-	-	(23)	-	-	-	-	-	(23)
Transferred from retained earnings	-	-	-	-	-	1,234	-	(1,234)	-
Profit for the year	-	-	-	-	-	-	-	6,168	6,168
Other comprehensive income/ (loss) for the year	-	-	-	-	-	-	-	33	33
Balance at 31 March, 2021	4	33	33,555	515	-	4,524	10	15,840	54,481

Significant accounting policies and notes to the Financial Statements

3 - 57

The notes referred to above forms integral part of Financial Statements.

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

As per our report of even date attached

Anil Kothuri
MD & CEO
DIN: 00177945

Balakrishnan Krishnamurthy
Non Executive Chairman
DIN: 00034031

Gauri Rushabh Shah
Independent Director
DIN: 06625227

For **BSR & Co. LLP**
Chartered Accountants
FRN: 101248W/W-100022
Ashwin Suvarna
Partner
Membership No. 109503

C. V. Ganesh
Chief Financial Officer

S. Rajaraman
Company Secretary
M.No.F3514

Place: Mumbai
Date: May 18th, 2022

Notes Forming Part of the Financial Statements FOR THE YEAR ENDED MARCH 31, 2022

1. Corporate information

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

2. Basis of preparation and presentation of Financial Statements

2.1 Basis of preparation of Financial Statements

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

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

The financial statements have been approved by the Board of Directors on May 18, 2022.

2.2 Presentation of Financial Statements

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

2.3 Functional and presentation currency

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

2.4 Basis of measurement

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

2.5 Critical accounting estimates and judgments

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

Effective Interest Rate (EIR) Method:

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

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.

FEDBANK FINANCIAL SERVICES LIMITED

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.

Estimation of impairment allowance on financial assets affected by COVID-19 pandemic

The Covid-19 pandemic has impacted most countries including India. The nationwide lockdown initiated by the Government of India in April-May 2020 substantially impacted economic activity. The easing of lockdown measures subsequently led to gradual improvement in economic activity and progress towards normalcy. RBI took various regulatory measures like moratorium on payment of dues, relief towards "Interest on interest" charged during March-August 2020 and allowing onetime restructuring to eligible borrowers (OTR).

Further the second wave of COVID-19 pandemic in April-May 2021 led to re- imposition of localised /regional lockdown in various parts of the country, which led to substantial impact on economic activities. The second wave subsided from June 2021 onwards and there has been gradual lifting of lock downs and increase in economic activities. However the uncertainty around the third wave of Covid-19 pandemic in future and its impact on the economic activities are not known. Accordingly, the Company's results remain uncertain and dependent on future developments and actuals may differ from the estimates used in the preparation of financial statements on the reporting date.

Estimates and associated assumptions used for determining the impairment allowance on the Company's financial assets, are based on historical experience and other emerging factors emanating from the COVID-19 pandemic which may also influence the expected credit loss. The Company has used One Time Restructuring (OTR) scheme under the RBI resolution frame-work 1.0 and 2.0 and repayment moratorium on loans as early indicators suggesting higher flow rates and probability of default and accordingly accounted for commensurate expected credit loss. The Company believes that the factors considered are reasonable under the current circumstances and information available. However, the uncertainty caused by COVID-19 pandemic and related events could further influence the estimate of credit losses.

Leases

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

reassesses the option when significant events or changes in circumstances occur that are within the control of the lessee.

3. Summary of significant accounting policies

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

3.1 Measurement of fair values

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

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

The management regularly reviews significant unobservable inputs and valuation adjustments.

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

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

3.2 Revenue Recognition

Interest income

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

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

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

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

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

Fee, commission and distribution income

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

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

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

Dividend and interest income on investments:

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

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

FEDBANK FINANCIAL SERVICES LIMITED

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.

3.3 Property plant and equipments

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

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

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

Depreciation

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

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

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

Leasehold improvements are amortized over the period of the lease.

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

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

3.4 Intangible Assets

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

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

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

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

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

3.5 Foreign exchange transactions & translations

a) Initial recognition

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

b) Conversion

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

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

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

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

3.6 Financial instruments

a) Initial recognition and measurement:

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

b) Initial classification and subsequent measurement of financial assets:

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

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

Amortised cost

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

Debt instruments measured at amortized cost where they have:

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

FEDBANK FINANCIAL SERVICES LIMITED

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

FVOCI - debt instruments

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

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

FVOCI - equity instruments

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

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

FVTPL

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

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

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

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

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

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

- d) **Reclassification of financial assets and liabilities:**

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets. Financial liabilities are never reclassified.

- e) **Derecognition of financial assets and liabilities:**

Financial assets

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

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

Financial liabilities

A financial liability is derecognised when the obligation in respect of the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as de-recognition of the original liability and the recognition of a new liability. The difference between the carrying value of the financial liability and the consideration paid is recognised in Statement of profit and loss.

f) Write-offs

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

g) Offsetting:

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

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

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

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

i) Impairment of financial assets

Overview of the Expected Credit Loss (ECL) allowance principles:

The Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on loans measured at amortised cost and FVOCI and other debt financial assets not held at FVTPL.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 months ECL is calculated to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the Company reverts to recognizing impairment loss allowance based on 12 months ECL.

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

Estimation of Expected Credit Loss (ECL):

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

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

FEDBANK FINANCIAL SERVICES LIMITED

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

Exposure of default (ED): The Exposure at Default is an estimate of the exposure at a default date.

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

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

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

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

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

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

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

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

j) **Financial guarantee contracts**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a Company are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109 - Financial Instruments; and
- the amount initially recognized less, when appropriate, the cumulative amount of income recognized in accordance with the principles of Ind AS 115 - Revenue from contracts with customers.

3.7 **Impairment of assets other than financial assets**

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

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

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

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

3.8 Employee benefits

a) Short-term employee benefits

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

b) Defined contribution plan (provident fund and ESIC)

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

c) Defined benefit plan (Gratuity)

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

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

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

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

d) Compensated Absences

The company has a scheme for compensated absences for employees, the liability of which is determined on the basis of an independent actuarial valuation carried out at the end of the year, using the projected unit credit method. Actuarial gains and losses are recognized in full in the Statement of profit and loss for the period in which they occur.

3.9 Share-based payments

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

3.10 Finance costs

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

3.11 Income taxes

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

a) Current tax:

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

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

b) Deferred tax:

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

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

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

3.12 Cash and cash equivalents

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

3.13 Provisions, contingent liabilities and contingent assets

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

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

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

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

3.14 Leases

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

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

The Company as a lessee

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

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

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

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

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

The company as a lessor

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

3.15 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Earnings considered in ascertaining the Company's earnings per share is the net profit for the year after deducting preference dividends and any attributable tax thereto for the year. The weighted average number of equity shares outstanding during the year and for all periods presented is adjusted for events, such as bonus shares, sub-division of shares etc. that have changed the number of 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 year attributable to equity shareholders is divided by the weighted average number of equity shares outstanding during the year, considered for deriving basic earnings per share and weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

3.16 Cash flow statement

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

3.17 Segment information

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

FEDBANK FINANCIAL SERVICES LIMITED

4 Cash and cash equivalents

(INR in Lakhs)

	As at Mar 31, 2022	As at Mar 31, 2021
Cash in hand	1,684	747
Balances with banks		
- in current accounts	4,912	10,856
- in fixed deposits with maturity less than 3 months	-	41,000
	6,596	52,603

5 Bank balances other than cash and cash equivalents

INR in Lakhs

	As at Mar 31, 2022	As at Mar 31, 2021
Fixed deposit with maturity of more than 3 months and less than 12 months		
- Free	7,664	15,325
- Under Lien #	-	151
	7,664	15,476

#Pledged against Securitised pool(PTC) facility from Federal Bank

6 Receivables

INR in Lakhs

	As at Mar 31, 2022	As at Mar 31, 2021
(i) Trade receivables		
Receivables considered good - Unsecured*	1,332	118
	1,332	118
Less: Impairment Loss Allowance	148	1
	1,184	117
(ii) Other receivables		
Receivables considered good - Unsecured	386	320
	386	320
Less: Impairment Loss Allowance	-	-
	386	320
	1,570	437

*Includes unbilled revenue amounting to INR 4 Lakhs (at March 31, 2021: INR 41 Lakhs)

INR in Lakhs

Outstanding as at March 31, 2022 from due date of payment						
	Total	Less than 6 months	6 months - 1 year	1 -2 years	2 -3 years	More than 3 year
Undisputed trade & other receivable - Considered good	1,718	1,600	118	-	-	-
Less: Impairment Loss Allowance	(148)	(30)	(118)	-	-	-
Undisputed trade & other receivable - Considered good (net of allowance)	1,570	1,570	-	-	-	-

INR in Lakhs

Outstanding as at March 31, 2021 from due date of payment						
	Total	Less than 6 months	6 months - 1 year	1 -2 years	2 -3 years	More than 3 year
Undisputed trade & other receivable - Considered good	438	438	-	-	-	-
Less: Impairment Loss Allowance	(1)	(1)	-	-	-	-
Undisputed trade & other receivable - Considered good (net of allowance)	437	437	-	-	-	-

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

7 Loans

INR in Lakhs

	As at Mar 31, 2022	As at Mar 31, 2021
Measured at amortised cost		
(i) Term Loans	5,76,094	4,62,703
Gross carrying amount of loans	5,76,094	4,62,703
Less: Impairment Loss Allowance	(11,613)	(7,489)
Total Net (A)	5,64,481	4,55,214
(i) Secured by tangible assets (Refer Note 39.1.2)	4,82,736	3,99,073
(ii) Secured by intangible assets	-	-
(iii) Covered by bank/Government guarantees (Refer Note 39.1.2)	4,861	6,117
(iv) Unsecured	88,497	57,513
Total Gross (B)	5,76,094	4,62,703
Less: Impairment Loss Allowance	(11,613)	(7,489)
Total Net (B)	5,64,481	4,55,214
Loans in India		
(i) Public sector	-	-
(ii) Others *	5,76,094	4,62,703
Total Gross (C)	5,76,094	4,62,703
Less: Impairment Loss Allowance	(11,613)	(7,489)
Total Net (C)	5,64,481	4,55,214

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

FEDBANK FINANCIAL SERVICES LIMITED

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

INR in Lakhs

	As at Mar 31, 2022	As at Mar 31, 2021
Loans against collateral of gold jewellery (Gross)	2,24,753	1,91,779
Total assets of the Company	6,55,571	5,46,630
Percentage of Loans against collateral of gold jewellery to Total assets of the Company	34.28%	35.08%

7.3 The table below shows the credit quality and the maximum exposure to credit risk based on the Company's impairment assessment and stage classification.

The amounts presented are gross of impairment allowances. Policy on ECL allowances are set out in Note 3.6.

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

INR in Lakhs

Loans (at amortised cost)	As at Mar 31, 2022	As at Mar 31, 2021
Stage 1	5,13,114	4,45,141
Stage 2	50,122	12,881
Stage 3	12,858	4,681
Total	5,76,094	4,62,703

(b) Reconciliation of gross carrying amount is given below:

INR in Lakhs

	As at Mar 31, 2022				As at Mar 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	4,45,141	12,881	4,681	4,62,703	3,54,909	11,762	5,354	3,72,025
Transfers to Stage 1	841	(764)	(77)	-	4,959	(4,890)	(68)	(0)
Transfers to Stage 2	(31,415)	31,442	(27)	-	(8,363)	8,364	(1)	(0)
Transfers to Stage 3	(6,623)	(4,362)	10,985	-	(1,600)	(807)	2,407	(0)
Assets derecognised (excluding write offs)	(2,29,281)	(4,507)	(742)	(2,34,530)	(1,40,764)	(5,621)	(803)	(1,47,188)
Asset written off			(3,950)	(3,950)	-	-	(2,904)	(2,904)
Loan Repaid*	(47,839)	997	514	(46,328)	(33,913)	505	285	(33,125)
New assets originated or purchased	3,82,290	14,435	1,474	3,98,199	2,69,914	3,571	410	2,73,895
Gross carrying amount closing balance	5,13,114	50,122	12,858	5,76,094	4,45,141	12,881	4,681	4,62,703

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

(c) Reconciliation of ECL balance is given below:

INR in Lakhs

	As at Mar 31, 2022				As at Mar 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	4,536	1,555	1,399	7,490	1,365	641	1,367	3,374
Transfers to Stage 1	140	(122)	(18)	-	466	(449)	(17)	(0)
Transfers to Stage 2	(2,078)	2,084	(6)	-	(111)	111	-	-
Transfers to Stage 3	(566)	(809)	1,375	-	(9)	(83)	91	-
Assets derecognised (excluding write offs)	(614)	(108)	(91)	(813)	(224)	(41)	(8)	(274)
Assets written off			(1,192)	(1,192)	-	-	(768)	(768)
Loan Repaid*	(259)	2,839	1,305	3,885	2,169	1,351	702	4,222
New assets originated or purchased	1,365	812	66	2,243	880	25	30	935
ECL allowance - closing balance	2,524	6,251	2,838	11,613	4,536	1,555	1,399	7,489

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

8 Investment

8.1 At Amortised Cost

INR in Lakhs

	As at Mar 31, 2022	As at Mar 31, 2021
Investment in Non Convertible Debentures (NCD)	833	833
Less: Allowance for impairment loss	(83)	(85)
	750	748

8.2 At Fair Value Through Profit & Loss

INR in Lakhs

	As at Mar 31, 2022	As at Mar 31, 2021
Mutual Funds (March'22 - Units : No. 19,21,595 and Cost INR 10,299 Lakhs) (March'21 - Units : No. 2,27,739 and Cost INR 2,500 Lakhs)	10,309	2,501
Investments in Government Securities	40,374	-
	50,683	2,501
Total Investment	51,433	3,249

Note: All the investments are held in India.

9 Other financial assets

INR in Lakhs

	As at Mar 31, 2022	As at Mar 31, 2021
Security Deposits	1,172	951
Full & final recovery from employee	100	8
Ex-Gratia Receivable	-	402
Less: Impairment Loss Allowance	(95)	(8)
	1,177	1,353

FEDBANK FINANCIAL SERVICES LIMITED

10 Current tax assets (net)

INR in Lakhs

	As at Mar 31, 2022	As at Mar 31, 2021
Advance income taxes (net of provision for taxes)	1,192	986
	1,192	986

11 Deferred tax assets (net)

INR in Lakhs

	As at Mar 31, 2022	As at Mar 31, 2021
Deferred tax assets (net)	3,150	2,038
	3,150	2,038

12 Other non-financial assets

INR in Lakhs

	As at Mar 31, 2022	As at Mar 31, 2021
Input tax credit (Net)	477	701
Prepaid expenses	2,186	689
Advance to Suppliers	117	386
Advances to employees (other than loans)	100	58
Others	-	42
	2,880	1,876

13 Property, Plant & Equipment

13.1 Tangible Assets

INR in Lakhs

Particulars	Computer Equipments	Office Equipments	Lease Hold improvements (Interior Furnishings)	Furniture & Fixtures	Vehicles - Cars	Server	Total Tangible Assets
Gross Block as at April 1, 2021	539	505	1,220	526	16	113	2,920
Gross Block as at April 1, 2020 *	(448)	(343)	(954)	(388)	(11)	(109)	(2,253)
Additions during year ended Mar 31, 2022	376	868	794	379	-	-	2,418
Additions during year ended Mar 31, 2021	(138)	(220)	(342)	(204)	(5)	(5)	(914)
	-	-	-	-	-	-	
Deductions during year ended Mar 31, 2022	-	30	15	8	-	-	53
Deductions during year ended Mar 31, 2021	(48)	(58)	(76)	(66)	-	-	(247)
Gross Block as at Mar 31, 2022	915	1,344	1,999	897	16	113	5,285
Gross Block as at Mar 31, 2021	(539)	(505)	(1,220)	(526)	(16)	(113)	(2,920)

INR in Lakhs

Particulars	Computer Equipments	Office Equipments	Lease Hold improvements (Interior Furnishings)	Furniture & Fixtures	Vehicles - Cars	Server	Total Tangible Assets
Accumulated depreciation as at April 1, 2021	221	215	390	156	10	43	1,034
Accumulated depreciation as at April 1, 2020	(109)	(107)	(197)	(94)	(6)	(25)	(539)
Additions during year ended Mar 31, 2022	230	385	379	197	3	17	1,211
Additions during year ended Mar 31, 2021	(158)	(161)	(265)	(122)	(3)	(17)	(727)
Deductions during year ended Mar 31, 2022	-	27	15	4	-	-	46
Deductions during year ended Mar 31, 2021	(46)	(54)	(72)	(60)	-	-	(232)
Accumulated depreciation at Mar 31, 2022	451	573	754	349	12	60	2,199
Accumulated depreciation at Mar 31, 2021	(221)	(215)	(390)	(156)	(10)	(43)	(1,033)
Net block as at Mar 31, 2022	463	771	1,246	548	4	54	3,086
Net block as at Mar 31, 2021	(317)	(290)	(831)	(370)	(6)	(71)	(1,887)

13.2 Intangible Assets

INR in Lakhs

Net block as at Mar 31, 2022	306
Net block as at Mar 31, 2021	(231)
Gross Block as at April 1, 2020 *	(285)
Additions during year ended Mar 31, 2022	228
Additions during year ended Mar 31, 2021	(138)
Deductions during year ended Mar 31, 2022	-
Deductions during year ended Mar 31, 2021	(49)
Gross Block as at Mar 31, 2022	602
Gross Block as at Mar 31, 2021	(375)
Accumulated depreciation as at April 1, 2021	143
Accumulated depreciation as at April 1, 2020	(87)
Additions during year ended Mar 31, 2022	152
Additions during year ended Mar 31, 2021	(103)
Deductions during year ended Mar 31, 2022	-
Deductions during year ended Mar 31, 2021	(47)
Accumulated depreciation as at Mar 31, 2022	296
Accumulated depreciation as at Mar 31, 2021	(143)
Net block as at Mar 31, 2022	306
Net block as at Mar 31, 2021	(231)

FEDBANK FINANCIAL SERVICES LIMITED

13.3 Capital Work in progress

INR in Lakhs

Particulars	CWIP
Gross Block as at April 1, 2021	96
Gross Block as at April 1, 2020 *	(42)
Additions/Adjustments during year ended Mar 31, 2022	1,273
Additions/Adjustments during year ended Mar 31, 2021	(359)
Deductions during year ended Mar 31, 2022	1,303
Deductions during year ended Mar 31, 2021	(305)
Gross Block as at Mar 31, 2022	66
Gross Block as at Mar 31, 2021	(96)

13.3.1 Ageing of Capital Work in progress (CWIP)

INR in Lakhs

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

CWIP	Amount in CWIP - March 31, 2021				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	82	14	-	-	96
Projects temporarily suspended	-	-	-	-	-

* As per the options available under the transition provision to Ind AS, the Company had chosen to consider the carrying value of PPE under previous GAAP as the deemed cost of PPE for its opening balance sheet under Ind AS. Accordingly the same is reflected in previous year balances in Note 13.1 and 13.2.

13.4 ROU Asset

INR in Lakhs

Particulars	ROU
ROU as at Apr 01, 2021	11,185
ROU as at Apr 01, 2020	(8,753)
Additions during year ended Mar 31, 2022	3,092
Additions during year ended Mar 31, 2021	(4,329)
Deductions during year ended Mar 31, 2022	-
Deductions during year ended Mar 31, 2021	-
Amortisation during year ended Mar 31, 2022	2,306
Amortisation during year ended Mar 31, 2021	(1,897)
ROU as at Mar 31, 2022	11,970
ROU as at Mar 31, 2021	(11,185)

14 Trade Payables

INR in Lakhs

	As at Mar 31, 2022	As at Mar 31, 2021
(i) Total outstanding dues of micro enterprises and small enterprises	-	-
(ii) Total outstanding dues to creditors other than micro enterprises and small enterprises	643	433
	643	433

14.1 Other payables

INR in Lakhs

	As at Mar 31, 2022	As at Mar 31, 2021
(i) Total outstanding dues of micro enterprises and small enterprises	-	-
(ii) Total outstanding dues to creditors other than micro enterprises and small enterprises	-	-
	-	-

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

Outstanding as at 31 Mar'21 from due date of payment					
Account Name	Total	Less than 1 year	1 -2 years	2 -3 years	More than 3 year
MSME	0	0	-	-	-
Others	433	360	46	27	-
Disputed dues - MSME	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-

14.2 The Company has taken steps to identify the suppliers who qualify under the definition of micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006. The aforementioned is based on responses received by the Company to its enquiries with the suppliers with regard to applicability under the said Act. The details of amounts outstanding to Micro, Small and Medium Enterprises based on information available with the Company is as under:

INR in Lakhs

	As at Mar 31, 2022	As at Mar 31, 2021
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 period of delay in making the payment paid beyond the due date during the year but without the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006 amounts under this Act	-	-
Interest accrued and remaining unpaid at the end of each year	-	-
the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

FEDBANK FINANCIAL SERVICES LIMITED

15 Debt securities

INR in Lakhs

	As at Mar 31, 2022	As at Mar 31, 2021
At amortised cost		
Secured		
Non-convertible redeemable debentures - Others (refer note 15.1, 15.2, 16.2 & 16.3)	20,068	30,545
Unsecured		
Commercial paper (refer note 15.1, 15.3, 16.2 & 16.3)	33,274	28,825
	53,342	59,370
Debt Securities in India	53,342	59,370
Debt Securities outside India	-	-
	53,342	59,370

15.1 Details of security cover provided for borrowings

INR in Lakhs

	As at Mar 31, 2022	As at Mar 31, 2021
Secured by First Pari Passu Charge by way of hypothecation of all book debt receivables, Current Assets and Investments	18,750	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	10,000
Subtotal	53,750	28,750
Adjustment to carrying value	(408)	1,795
Total	53,342	30,545

15.2 Contractual Terms of repayment of Debt Securities (secured)

INR in Lakhs

Particulars	Interest Rate Range	As at Mar 31, 2022	As at Mar 31, 2021
Issued on Private Placement Basis			
Repayable on Maturity			
Maturing within 1 year	6.04% to 6.20%	35,000	-
Maturing Between 1 year to 3 Years	8.10% to 9.00%	18,750	28,750
Maturing Between 3 year to 5 Years		-	-
Maturing more than 5 Years		-	-
Total Payable on Maturity		53,750	28,750
Unamortised Cost		(1,735)	(31)
Interest Accrued		1,327	1,826
Total Carrying amount		53,342	30,545

15.3 The commercial papers issued by the Company have maturity less than a year with carrying interest rate range @ 6.04 % to 6.20 % p.a (March 2021: 5.50 % to 6.25 % p.a) and maximum amount outstanding during the year ended March 31, 2022 was INR 35,000 Lakhs (March 31, 2021 - INR 30,000 Lakhs)

16 Borrowings (other than debt securities)

INR in Lakhs

	As at Mar 31, 2022	As at Mar 31, 2021
Term Loan At amortised cost		
Secured		
Term loans from Bank (refer note 2.43)	3,49,250	2,38,142
Term loan from Related Party	51,041	78,613
Term loans from other Parties (refer note 2.43)	3,124	4,995
	4,03,415	3,21,750
Unsecured		
Term loans from Bank (refer note 2.43)	5,028	5,000
Term loans from other Parties (refer note 2.43)	2,492	2,490
	7,520	7,490
Loans repayable on demand		
Secured		
From Bank	5,501	9,634
From Related Party	5,999	5,999
From other parties	-	1,000
Others		
Liability component of compound financial instrument	-	62
Collateralized Borrowing	-	1,658
	4,22,435	3,47,593
Borrowings in India	4,22,435	3,47,593
Borrowings outside India	-	-
	4,22,435	3,47,593

16.1 Contractual terms of repayment of borrowings

INR in Lakhs

Particulars	Interest Rate Range	As at Mar 31, 2022	As at Mar 31, 2021
I. Secured			
1. Repayable in Installments			
i. on monthly basis			
Maturing within 1 year	6.70%	3,000	580
Maturing Between 1 year to 3 Years	6.70%	6,000	-
Maturing Between 3 year to 5 Years	6.70%	6,000	-
Maturing more than 5 Years			-
Subtotal (A)		15,000	580
ii. on quarterly basis			
Maturing within 1 year	6.60% to 9.45%	1,32,372	94,564
Maturing Between 1 year to 3 Years	6.60% to 9.45%	1,90,885	1,63,653
Maturing Between 3 year to 5 Years	6.60% to 8.75%	44,961	54,892
Maturing more than 5 Years	7.60% to 8.20%	4,250	3,500
Subtotal (B)		3,72,465	3,16,609

FEDBANK FINANCIAL SERVICES LIMITED

INR in Lakhs

Particulars	Interest Rate Range	As at Mar 31, 2022	As at Mar 31, 2021
iii. on Yearly basis			
Maturing within 1 year	6.50% to 8.50%	5,167	1,000
Maturing Between 1 year to 3 Years	6.50% to 8.50%	8,833	2,000
Maturing Between 3 year to 5 Years	7.60% to 8.50%	2,500	2,000
Subtotal (C)		16,500	5,000
2. Repayable on Maturity			
Maturing within 1 year	5.25% to 8.20%	11,500	16,630
Maturing Between 1 year to 3 Years		-	-
Maturing Between 3 year to 5 Years		-	-
Subtotal (C)		11,500	16,630
Unamortised Cost		(657)	(808)
Interest Accrued		106	372
Total Secured		4,14,915	3,38,384
II. Unsecured			
Repayable on Maturity			
Maturing within 1 year	6.25% to 8.25%	5,000	5,000
Maturing Between 1 year to 3 Years		-	-
Maturing Between 3 year to 5 Years	7.90% to 9.80%	2,500	2,500
Maturing more than 5 Years			-
Unamortised Cost		(8)	(10)
Interest Accrued		28	-
Total Unsecured		7,520	7,490

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

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

16.4 Details of security cover provided for borrowings

INR in Lakhs

	As at Mar 31, 2022	As at Mar 31, 2021
First Pari Passu Charge on all present and future standard business receivables (except receivables hypothecated by way of exclusive charge, if any, to any of the Identified Lenders) and current assets including investments to the extent of security cover of each lender	4,15,466	-
Secured by First Pari Passu charge by way of hypothecation of book debt receivables (Except Gold Loan receivable)	-	95,371
Secured by First Pari Passu charge by way of hypothecation of book debt receivables of Loan Against Property & Construction Finance products	-	2,338
Secured by First Pari Passu charge by way of hypothecation of all book debt receivables	-	1,83,270
Secured by First Pari Passu charge by way of hypothecation of all book debt receivables, Current Assets & Investments	-	10,000
Secured by First Pari Passu charge by way of hypothecation of all book debt receivables, Current Assets	-	36,500
Secured by First Pari Passu charge by way of hypothecation of book debt receivables of Secured Loans to MSME borrowers	-	11,340
Subtotal	4,15,466	3,38,819
Adjustment to carrying value	(551)	(435)
Total	4,14,915	3,38,384

17 Subordinated Debt

INR in Lakhs

	As at Mar 31, 2022	As at Mar 31, 2021
At amortised cost		
Unsecured		
Non-convertible redeemable debentures - Related Party	24,300	24,764
Non-convertible redeemable debentures - Others	1,606	1,082
	25,907	25,846

17.1 There is no borrowing measured at FVTPL or designated at FVTPL

17.2 Contractual terms of repayment of subordinated liabilities

INR in Lakhs

Particulars	Interest Rate Range	As at Mar 31, 2022	As at Mar 31, 2021
Issued on Private Placement Basis			
Repayable on Maturity			
Maturing within 1 year		-	-
Maturing Between 1 year to 3 Years		-	-
Maturing Between 3 year to 5 Years		-	-
Maturing more than 5 Years	9.90%	25,000	25,000
Total Payable on Maturity		25,000	25,000
Unamortised Cost		(335)	(395)
Interest Accrued		1,242	1,241
Total Carrying amount		25,907	25,846

18 Lease Liability

INR in Lakhs

Particulars	As at Mar 31, 2022	As at Mar 31, 2021
Lease Liability *	13,704	12,462
	13,704	12,462

*Refer note 46 for the contractual maturities of lease liabilities

19 Other financial liabilities

INR in Lakhs

	As at Mar 31, 2022	As at Mar 31, 2021
Book overdraft	14,621	11,131
Assignee related payable	1,046	564
Employee related payable	1,675	1,363
Auction Related Payables	70	119
Commission Payable	1,512	1,009
Account Payable - Stale Cheque	191	92
Provision for expense	1,853	1,436
Other payables*	130	98
	21,097	15,812

* Includes auction deposit payable

FEDBANK FINANCIAL SERVICES LIMITED

20 Provisions

INR in Lakhs

	As at Mar 31, 2022	As at Mar 31, 2021
Provision for Gratuity	4	16
Provision for Compensated leave absences	307	285
Provision for others	2	1
	313	302

21 Other non-financial liabilities

INR in Lakhs

	As at Mar 31, 2022	As at Mar 31, 2021
Advances from customers	2,510	1,165
Statutory dues payable	268	174
	2,778	1,339

22 Equity share capital

INR in Lakhs

	As at Mar 31, 2022	As at Mar 31, 2021
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:		
32,15,17,605 (Previous Year 28,99,23,425) Equity Shares of INR. 10 each fully paid up	32,152	28,992
	32,152	28,992
Equity component of compound financial instruments		
Issued, subscribed and partly paid up		
Nil (Previous year 47,29,730) 0.01% Non -Cumulative Optionally Convertible Redeemable Preference Shares of Rs.10 each paid up of Rs. 10 each (Previous Year partly paid up of Rs. 2 each)	-	33
	-	33

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

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

INR in Lakhs

	As at Mar 31, 2022		As at Mar 31, 2021	
	Number of Shares	Rupees in Lakhs	Number of Shares	Rupees in Lakhs
Balance at the beginning of the year	28,99,23,425	28,992	27,34,23,425	27,342
Add: Additional equity shares Issued to existing shareholders - Right issue	2,85,71,450	2,857	1,65,00,000	1,650
Add: ESOP exercised	2,93,000	29	-	-
Add: Conversion of OCPRS to equity shares	27,29,730	273	-	-
Balance at the end of the year	32,15,17,605	32,152	28,99,23,425	28,992

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

INR in Lakhs

	As at Mar 31, 2022		As at Mar 31, 2021	
	Number of Shares	Rupees in Lakhs	Number of Shares	Rupees in Lakhs
Balance at the beginning of the year	47,29,730	33	47,29,730	40
Less: Shares converted during the year	27,29,730	19	-	-
Less: Shares redeemed during the year	20,00,000	14	-	-
Less: Transferred to Financial Liability	-	-	-	(7)
Balance at the end of the year	-	-	47,29,730	33

(ii) During the year ended March 31, 2022 the Company issued 2,85,71,450 number of equity share of face value of Rs 10/- each vide rights issue to existing shareholders in their holding proportion for a consideration of INR 20,000 lakhs.

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

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

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

	As at Mar 31, 2022		As at Mar 31, 2021	
	Percentage Of Holding	Rupees in Lakhs	Percentage Of Holding	Rupees in Lakhs
Equity Shares				
Equity Shares Held by holding company - The Federal Bank Limited (Including 405 shares held by nominees)	73.30%	23,569	74.00%	21,454
- True North Fund VI LLP	25.76%	8,281	26.00%	7,538

(d) **Number of shares reserved for ESOPs**

INR in Lakhs

	As at Mar 31, 2022	As at Mar 31, 2021
Equity Shares of Rs. 10 fully paid up		
Number of shares reserved for ESOPs	78,70,351	81,51,351

(e) **Terms of any securities convertible into equity/preference shares issued along with the earliest date of conversion in descending order starting from the farthest such date**

During the year 47,29,730 OCRPS held by the Managing Director of the Company were converted into 27,29,730 Equity Shares vide Board Approval dated February 14, 2022.

Further, 20,00,000 OCRPS were redeemed vide Board Approval dated February 14, 2022.

23 Other Components of Equity

INR in Lakhs

	As at Mar 31, 2022	As at Mar 31, 2021
Securities Premium	52,326	33,554
Share Application Money Pending Allotment	-	4
Employee stock option outstanding	727	515
Other Comprehensive Income	95	27
Statutory Reserve	6,592	4,523
Equity component of Compound Financial Instrument	-	33
General Reserve	10	10
Capital Redemption Reserve	200	-
Surplus in the statement of profit and loss	23,250	15,815
	83,200	54,481

FEDBANK FINANCIAL SERVICES LIMITED

23.1 Nature and purpose of reserves

a) Securities Premium

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

b) Employee Stock Option outstanding

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

c) Other Comprehensive Income

Re-measurements of net defined benefit plan - It represents the cumulative actuarial gains/(losses) defined employee benefit plans.

d) Statutory Reserve

Statutory Reserve represents the Reserve fund created under Section 45-IC of the Reserve Bank of India Act, 1934.

e) Equity component of Compound Financial Instrument

This is equity component of compound financial instruments as per Ind AS 32 Financial Instruments: Presentation (refer to note 22(a) for details).

f) General Reserve

The reserve is a distributable reserve maintained by the Company out of transfers made from annual profits.

g) Impairment Reserve

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

h) Capital Redemption Reserve

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

i) Surplus in the statement of profit and loss

Surplus in the statement of profit and loss pertain to the Company's undistributed earnings after taxes.

23.2 Details of movement in other equity

		INR in Lakhs	
		As at Mar 31, 2022	As at Mar 31, 2021
a)	Securities Premium Account	33,554	27,307
	Add : Additions during the year on issue of Equity Shares	18,772	6,270
	Less : Share issue expenses	-	(23)
		52,326	33,554
b)	Share Application Money Pending Allotment	4	-
	Add : Additions during the year	(4)	4
		-	4
c)	Employee Stock Option Outstanding	515	253
	Add : Additions during the year	212	262
		727	515
d)	Other Comprehensive Income	27	(6)
	Add : Additions during the year	69	33
		95	27

INR in Lakhs

		As at Mar 31, 2022	As at Mar 31, 2021
e)	Statutory Reserve under Section 45-IC of the Reserve Bank of India Act, 1934 *	4,523	3,289
	Add : Additions during the year	2,069	1,234
		6,592	4,523
f)	Compound Financial Instrument	33	40
	Less : Transferred (to)/from Financial Liability	(33)	(7)
		-	33
g)	General Reserve	10	10
	Add : Additions during the year	-	-
		10	10
h)	Capital Redemption Reserve	-	-
	Add : Additions during the year	200	-
		200	-
i)	Retained Earning - Opening Balance	15,815	10,880
	Add: Profit for the year	10,346	6,168
	Less : Redemption of OCRPS	(642)	-
	Less : Transfer to CRR on redemption of OCRPS	(200)	-
	Less: Transferred to Statutory Reserve	(2,069)	(1,234)
		23,250	15,815
	Other Equity	83,200	54,481

Revenue from operations

24 Interest Income (at Amortised Cost)

INR in Lakhs

	For the year ended Mar 31 2022	For the year ended Mar 31 2021
Interest on loans	79,497	63,719
Interest on fixed deposits	818	879
Income on direct assignment	1,608	982
Interest income from investments	173	158
Interest income on security deposit	93	72
	82,189	65,810

25 Fee and commission income

INR in Lakhs

	For the year ended Mar 31 2022	For the year ended Mar 31 2021
Income From Distribution	2,603	2,376
Loan Servicing Fee	26	16
Other fee and charges	1,660	781
	4,289	3,174

FEDBANK FINANCIAL SERVICES LIMITED

26 Net gain on fair value changes

INR in Lakhs

	For the year ended Mar 31 2022	For the year ended Mar 31 2021
a) Net gain on financial instrument at fair value through profit or loss	454	198
	454	198
b) Fair value changes:		
- Realised	445	198
- Unrealised	9	0
Total Net gain/loss on fair value changes	454	198

27 Other income

INR in Lakhs

	For the year ended Mar 31 2022	For the year ended Mar 31 2021
Income from Provision of Facilities / Services	1,375	444
Liability no longer required, written back	3	11
Sublease Income	-	109
Miscellaneous Income	54	11
	1,432	575

28 Finance costs

INR in Lakhs

	For the year ended Mar 31 2022	For the year ended Mar 31 2021
Interest on borrowings (other than debt securities)	27,098	25,649
Interest on debt securities	5,333	3,288
Interest on subordinated liabilities	1,241	1,241
Interest on lease liability	900	1,005
Other interest expense	193	138
	34,765	31,319

Note: Other than financial liabilities measured at amortized cost, there are no other financial liabilities measured at FVTPL or FVOCI

29 Fees and commission expenses

INR in Lakhs

	For the year ended Mar 31 2022	For the year ended Mar 31 2021
Commission and brokerage	1,470	1,204
	1,470	1,204

30 Impairment on financial instruments

INR in Lakhs

	For the year ended Mar 31 2022	For the year ended Mar 31 2021
Bad debts and write off		
Bad debts - Loans written off	3,950	2,904
Other write off	-	43
Settlement write off	254	22
ECL Provision -		
On Loans	4,124	4,116
On Investment	(2)	75
On Trade receivable and others	62	(38)
	8,388	7,121

Note:

Other than financial instruments measured at amortized cost, there are no other financial instrument measured at FVTPL or FVOCI

31 Employee benefit expenses

INR in Lakhs

	For the year ended Mar 31 2022	For the year ended Mar 31 2021
Salaries and wages		
Salaries and wages	15,885	11,908
Contribution to provident and other funds (refer note 2.31)	850	630
Share based payments to employees	249	262
Staff welfare expenses	557	359
	17,541	13,159

32 Other expenses

INR in Lakhs

	For the year ended Mar 31 2022	For the year ended Mar 31 2021
Advertisement and business promotion	80	88
Auditors' remuneration (refer note below)	74	29
Directors' sitting fees	28	16
Insurance	125	141
Legal and professional fees	1,927	775
Printing and stationery	189	157
Rates and taxes	111	65
Rent	150	16
Repairs and maintenance - Machinery	3	0
Repairs and maintenance - Other	1,097	362
Electricity charges (refer note 2.40)	202	113
Corporate social responsibility ('CSR') (refer note 32.2)	68	106
Sourcing Expenses	154	93
Office expenses	265	192
Postage and courier	411	253
Goods & Service tax expenses	1,276	954
CWIP written off	-	6
Travelling and conveyance	658	228
Recruitment Charges	70	72
Servicing Fees - Micro Finance Loans	361	1,510
Valuation Charges	160	44
Housekeeping and security charges	899	1,007
Loss On Sale Of Assets	75	13
Miscellaneous Expenses	118	110
Securitisation Expenses	108	83
Provision for doubtful interest	-	86
Penalty and Fines	-	15
	8,609	6,534

FEDBANK FINANCIAL SERVICES LIMITED

32.1 Auditors' remuneration:

INR in Lakhs

	For the year ended Mar 31 2022	For the year ended Mar 31 2021
For Statutory Audit	42	20
For Limited Review	26	6
For Other Matters *	111	2
For Out of pocket expenses *	11	1
	190	29

* Includes amount of INR 116 Lakhs (INR 8 lakhs pertains to Out of pocket expenses) relating to public issuance which has not been recognised in the Statement of Profit and Loss.

32.2 Corporate Social Responsibility Expenditure

INR in Lakhs

	For the year ended Mar 31 2022	For the year ended Mar 31 2021
Amount required to be spent	114	103
Amount spent during the year		
(a) Construction / acquisition of asset	-	0
(b) On purpose other than (a) above	68	106
Excess / (shortfall)	(46)	3
Amount required to be contributed to specified fund u/s 135(6)	46	(3)

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

33 Income Taxes

33.1 Tax Expense

INR in Lakhs

	For the year ended Mar 31 2022	For the year ended Mar 31 2021
Current Tax Expense		
Current Tax for the year	4,710	2,924
	4,710	2,924

33.2 Deferred Taxes

INR in Lakhs

	For the year ended Mar 31 2022	For the year ended Mar 31 2021
Change in deferred tax assets	(1,111)	(1,399)
Net deferred tax expense	(1,111)	(1,399)
Total Income Tax Expense	3,599	1,524

33.2 Reconciliation of tax charge

INR in Lakhs

	For the year ended Mar 31 2022	For the year ended Mar 31 2021
Profit before income tax expense	13,921	7,693
Enacted tax rate in India	25.17%	25.17%
Income tax expense calculated on above rate	3,504	1,936
Adjustment in respect of current income tax of previous years	-	-
Tax effect of amounts not deductible/not taxable in calculating taxable income		
Deferred tax relating to previously unrecognised item	-	(500)
Tax on expense not tax deductible	95	114
Tax on income not subject to tax	-	(26)
Income tax expense	3,599	1,524

The effective income tax rate for the year ended March 31, 2022 is 25.85% (PY 19.96%).

33.3 Movement of Deferred tax assets / Liabilities

INR in Lakhs

For the year ended Mar 31, 2022	Deferred tax asset/ liability Opening	In Profit or Loss	In OCI	Directly in Equity	Total Movement	Deferred tax asset/ liability Closing
Deferred taxes in relation to :						
Deferred Tax Assets						
Depreciation and Amortisation	267	124	-	-	124	391
Provision for Employee benefits	60	29	(24)	-	6	66
Provision for Expected Credit Loss	1,925	805	-	-	805	2,730
Lease	314	113	-	-	113	427
Effective interest rate on Financial assets	140	119	-	-	119	259
Effective interest rate on Financial liabilities		120			120	120
Fair valuation of security deposit	9	3	-	-	3	12
Other timing differences	23		-	-	-	24
Total Deferred Tax Assets	2,738	1,313	(24)	-	1,290	4,029
Deferred Tax Liabilities						
Interest income on NPA	47	-	-	-	-	47
Gain/(Loss) on fair valuation of mutual fund	-	2	-	-	2	2
Effective interest rate on Financial Liabilities	202	-	-	-	-	202
Interest/Other Charges on Direct Assignment Transaction	451	177	-	-	177	628
Total Deferred Tax Liabilities	700	179	-	-	179	879
Total	2,038	1,134	(24)	-	1,111	3,150

INR in Lakhs

For the year ended Mar 31, 2021	Deferred tax asset/ (liability) Opening	In Profit or Loss	In OCI	Directly in Equity	Total Movement	Deferred tax asset/ (liability) Closing
Deferred Assets						
Depreciation and Amortisation	178	89	-	-	89	267
Provision for Employee benefits	43	29	(11)	-	18	60

FEDBANK FINANCIAL SERVICES LIMITED

INR in Lakhs

For the year ended Mar 31, 2021	Deferred tax asset/ (liability) Opening	In Profit or Loss	In OCI	Directly in Equity	Total Movement	Deferred tax asset/ (liability) Closing
Provision for Expected Credit Loss	345	1,580	-	-	1,580	1,925
Lease Equalisation Credit	156	159	-	-	159	314
Effective interest rate on Financial assets	218	(78)	-	-	(78)	140
Fair valuation of security deposit	5	4	-	-	4	9
Gain/(Loss) on fair valuation of mutual fund	-	-	-	-	-	-
Other timing differences	27	(4)	-	-	(4)	23
Total Deferred Assets	971	1,779	(11)	-	1,768	2,738
Deferred Liabilities						
Interest income on NPA	47	-	-	-	-	47
Effective interest rate on Financial Liabilities	15	188	-	-	188	202
Interest/Other Charges on Direct Assignment Transaction	260	191	-	-	191	451
Gain/(Loss) on fair valuation of mutual fund	-	-	-	-	-	-
Impact due to tax rate change	-	-	-	-	-	-
Total Deferred Liabilities	321	379	-	-	379	700
Total	650	1,400	(11)	-	1,389	2,038

34 Change in Liabilities arising from Financing activities

INR in Lakhs

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

	As at April 01, 2020	As represented in Cash Flow Statement	Others #	As at Mar 31, 2021
Debt securities	12,178	45,397	1,795	59,370
Borrowings (other than debt securities)	3,09,581	36,748	1,264	3,47,593
Deposits	-	-	-	-
Subordinated liabilities	-	24,999	847	25,846
Lease Liabilities	8,977	(2,280)	5,765	12,462
	3,30,736	1,04,864	9,671	4,45,271

Others includes effect of interest accrued but not paid on borrowing, amortisation of processing fees, and interest on lease liabilities.

35 Earnings Per Share ('EPS')

INR in Lakhs

	As at Mar 31, 2022	As at Mar 31, 2021
Net Profit from operations attributable to equity holders	10,346	6,168
Weighted average number of equity shares outstanding	31,18,87,141	27,34,23,425
Add: Effect arising from further equity shares issued during the year	-	77,30,137
Weighted average number of equity shares for Basic Earnings per share	31,18,87,141	28,11,53,562
Basic EPS	3.32	2.19
Number of shares for Preference dilution	-	9,45,946
Number of shares for ESOP dilution	3,82,482	5,06,141
Weighted average number of equity shares for Diluted Earnings per share	31,22,69,623	28,26,05,649
Dilution effect on EPS after ESOP and Preference Shares	3.31	2.18
Earnings per share		
Basic Earnings per share	3.32	2.19
Diluted Earnings per share	3.31	2.18

[Nominal value of shares Rs. 10 each]

36 Employee benefit plans

Defined Contribution Plan

INR in Lakhs

	As at Mar 31, 2022	As at Mar 31, 2021
Provident Fund	797	585
Employee State Insurance	54	45
	850	630

The company has contributed INR 70 Lakhs (PY INR 69 Lakhs) towards Gratuity trust during the year ended March 31, 2022.

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:-

INR in Lakhs

	GRATUITY		COMPENSATED ABSENCE	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
(i) Actuarial assumptions				
Mortality	IALM (2012-14) Ult.	IALM (2012-14) Ult.	IALM (2012-14) Ult.	IALM (2012-14) Ult.
Interest/ Discount rate	6.03%	5.60%	6.03%	5.60%
Rate of increase in compensation	6.50%	6.50%	6.50%	6.50%
Expected average remaining service	4.27	4.33	4.27	4.33
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				

FEDBANK FINANCIAL SERVICES LIMITED

INR in Lakhs

		GRATUITY		COMPENSATED ABSENCE	
		31 March 2022	31 March 2021	31 March 2022	31 March 2021
	Present value of obligation at the beginning of the year	249	181	236	120
	Interest expense	14	10	11	6
	Current service cost	162	99	77	152
	Past service cost	-	-	-	-
	Actuarial (gain) /loss	(94)	(30)	(17)	(41)
	Benefits paid	(12)	(11)	-	-
	Present Value of obligation at the end of the year	319	249	307	236
(iii)	Changes in the Fair value of Plan Assets				
	Fair value of plan assets at beginning of the year	233	149	-	-
	Adjustment to Opening Fair Value of Plan Asset	-	-	-	-
	Return on Plan Assets excl. interest income	(1)	14	-	-
	Interest income	17	11	-	-
	Contributions by Employer	70	69	-	-
	Contributions by Employee	-	-	-	-
	Benefits Paid	(12)	(11)	-	-
	Fair Value of Plan Assets at the end of the year	307	233	-	-
(iv)	Assets and liabilities recognised in the balance sheet				
	Present value of the obligation at the end of the year	319	249	307	236
	Less: Fair value of plan assets at the end of the year	307	233	-	-
	Net liability recognised	(13)	(16)	(307)	(236)
	Recognised under provisions				
	Current provisions	16	14	167	131
	Non-current provisions	303	235	198	154
	Short Term Compensated Absence Liability*	-	-	-	(49)
	(*Not included in Net Liability recognised in the Balance sheet.)				
(v)	Expenses recognised in the Statement of Profit and Loss				
	Current Service Cost	162	99	77	152
	Past service cost	-	-	-	-
	Net interest (income)/ expense	(4)	(1)	11	6
	Return on Plan Assets excluding net interest	-	-	-	-
	Actuarial gain/ loss on post employment benefit obligation	-	-	(17)	(41)
	Net cost recognised in the current year	159	98	71	117
	Included in note 31 'Employee benefits expense'				

INR in Lakhs

		GRATUITY		COMPENSATED ABSENCE	
		31 March 2022	31 March 2021	31 March 2022	31 March 2021
(vi)	Expenses recognised in the Statement of Other comprehensive income (OCI)				
	Actuarial gain/ loss on post employment benefit obligation	(94)	(30)	-	-
	Return on Plan Assets excluding net interest	1	(14)	-	-
	Total measurement cost / (credit) for the year recognised in OCI	(92)	(44)	-	-
(vii)	Reconciliation of Net asset/ (liability) recognised:				
	Net asset / (liability) recognised at the beginning of the period	16	31	236	120
	Contributions paid	(70)	(69)	-	-
	Benefits paid directly by company	-	-	-	-
	Amount recognised in other comprehensive income	(92)	(44)		
	Expenses recognised at the end of period	159	98	71	117
	Mortality charges and taxes				
	Net asset / (liability) recognised at the end of the period	12	16	307	236
(viii)	Sensitivity Analysis: (GRATUITY)				
		DR: Discount Rate		ER: Salary Escalation Rate	
		PVO DR +1%	PVO DR -1%	PVO ER +1%	PVO ER -1%
	PVO as at 31st March 2022	281	364	362	280
	PVO as at 31st March 2021	217	288	285	218
(ix)	Category of planed assets				
		31 March 2022	% Allocation	31 March 2021	% Allocation
	Gratuity Fund (Exide Life Insurance)	307	100%	233	100%
	Net asset / (liability) recognised at the end of the period	307	100%	233	100%
(x)	Weighted average duration of defined obligation plan				
				31 Mar 2022	31 Mar 2021
	Weighted average duration of plan (in years)			10.42	11.34
(xi)	Future commitments and pay-outs				
	Year			Pay-outs March 31, 2022	Pay-outs March 31, 2021
	First			16.07	13.51
	Second			17.94	10.89
	Third			30.07	12.62
	Fourth			17.96	17.51
	Fifth			10.35	10.67
	Six to Ten			37.08	25.27

FEDBANK FINANCIAL SERVICES LIMITED

37 Related Party Disclosures

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

37.1 List of related parties

Nature of Relationship	Name of Related Party
Holding Company	The Federal Bank Limited
Enterprises having significant influence	True North Fund VI LLP
Enterprises over which related party has significant influence	True North Managers LLP
	Niva Bupa Health Insurance Company Limited (Formerly known as Max Bupa Health Insurance Company Limited)
	Anil Kothuri, Managing Director
	Sudeep Agrawal, Chief Financial Officer (till 13th Oct, 2020)
	C V Ganesh, Chief Financial Officer (w.e.f 14th Oct, 2020)
	Ankit Kawa, Company Secretary (till 14th April, 2020)
	S Rajaraman, Company Secretary (w.e.f 18th May, 2020)
Key Management Personnel	

37.2 Transactions during the year with related parties :

INR in Lakhs

Nature of Transactions	March 31, 2022	March 31, 2021
The Federal Bank Limited		
Income from distribution business	2,603	2,376
Interest paid on PTC Transactions	55	8
Sale consideration received on PTC transactions	-	2,040
Interest paid on Cash Credit Facility & Term Loan	5,323	7,908
Issuing & Paying Agent Charges	-	1
Rent paid	-	1
Processing Fees	101	537
Interest on NCD	2,335	1,209
Rent for Sub leased premises	-	108
Servicing Fee Income on Securitisation	-	5
Interest income on fixed deposits	59	13
Investment in Equity Shares by The Federal Bank	14,799	30,781
Enterprises controlling voting power / significant influence		
Investment in Equity Shares	5,200	15,387
Enterprises over which related party has significant influence/control		
Re-imbursements of Expenses	0	-
Other Income	-	39
Transaction with Key Management Personnel*		
Investment in Preference Shares by Mr. Anil Kothuri	1,897	95
Redemption of Optionally Convertible Redeemable Preference Shares "OCRPS"	842	
Issuance of Equity shares	1,149	
Employee Stock Option Scheme - Key Management Personnel		
No.of Options granted under ESOS (in numbers)	-	12,00,000
No.of Options outstanding under ESOS (in numbers)	25,51,351	25,51,351

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

For transactions related to KMPs refer note 37.4

37.3 Amount due (to) / from related parties:

INR in Lakhs

Balance outstanding as at the year end	March 31, 2022	March 31, 2021
The Federal Bank Limited		
Current Account - Receivable/(Payable)	1,518	6,668
Borrowings		
Term Loan	51,094	78,734
WCDL	6,000	6,000
Account Receivable & Reimbursements	386	320
PTC (under Trust name Levine Feb 21)	-	1,839
Interest payable on PTC transaction	-	6
Long Term Borrowings	23,470	23,950
Fixed Deposit	-	38,650
Payable under Securitization transaction	-	203
Max Bupa Health		
Other Income Receivable	-	39

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

INR in Lakhs

Key Management Personnel	March 31, 2022	March 31, 2021
Salary and employee benefits (Refer note below)	505	585
		-

Note -

- Includes sitting fees paid to independent directors 26.30 lakhs and 15.70 lakhs for the year ended March 31, 2022 and March 31, 2021 respectively.
- Expenses towards provision for gratuity and leave encashment which are determined on actuarial basis at an overall Company level are not included in the above information.

38 Capital Management

The Company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders.

The Company maintains its capital base to cover the risks inherent in the business and in meeting the capital adequacy requirements of the Reserve Bank of India (RBI) of India. The adequacy of the company's capital is monitored using, among other measures, the regulations issued by RBI.

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

The primary objectives of the Company's capital management policy are to ensure that the Group complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value. The Group manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

38.1 Regulatory Capital

INR in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
CRAR (%)	23.04	23.52
CRAR - Tier I Capital (%)	18.38	17.10
CRAR - Tier II Capital (%)	4.65	6.42
Amount of subordinated debts raised as Tier II capital	25,907	25,846

FEDBANK FINANCIAL SERVICES LIMITED

39 Fair value measurement

39.1 Fair value hierarchy

The fair values of the financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its financial instruments into the three levels prescribed under the Indian Accounting standard. An explanation of each level follows underneath the table.

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

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

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

39.2 Fair value of financial assets and liabilities measured at amortised cost

INR in Lakhs

	Carrying Value	Fair Value	As at Mar 31, 2022		
			Fair value		
			Level 1	Level 2	Level 3
Financial assets measured at amortised cost					
Cash and cash equivalent [refer note 39.4(i)]	6,596	6,596	-	-	-
Bank balances other than cash and cash equivalent [refer note 39.4(i)]	7,664	7,664	-	-	-
Trade Receivables [refer note 39.4(i)]	1,184	1,184	-	-	-
Other receivables [refer note 39.4(i)]	386	386	-	-	-
Loans and advances to customers	5,64,481	5,88,758	-	-	5,88,758
Financial investments	51,433	51,433	50,683	-	750
Other financial assets	1,177	1,177	-	1,177	-
Total	6,32,921	6,57,198	50,683	1,177	5,89,508
Financial liabilities measured at amortised cost					
Trade Payables [refer note 39.4(i)]	643	643	-	-	-
Debt Securities	53,342	49,790	-	49,790	-
Borrowing other than debt securities	4,22,435	4,21,653	-	-	4,21,653
Subordinated Liabilities	25,907	17,961	-	17,961	-
Other financial liabilities	21,097	21,097	-	21,097	-
Total	5,23,424	5,11,144	-	88,848	4,21,653

INR in Lakhs

	Carrying Value	Fair Value	As at Mar 31, 2021		
			Fair value		
			Level 1	Level 2	Level 3
Financial assets measured at amortised cost					
Cash and cash equivalent [refer note 39.4(i)]	52,603	52,603	-	-	-
Bank balances other than cash and cash equivalent [refer note 39.4(i)]	15,476	15,476	-	-	-
Trade Receivables [refer note 39.4(i)]	117	117	-	-	-
Other receivables [refer note 39.4(i)]	320	320	-	-	-
Loans and advances to customers	4,55,214	4,55,214	-	-	4,55,214
Financial investments	3,249	3,249	2,501	-	748
Other financial assets	1,353	1,353	-	1,353	-
Total	5,28,332	5,28,332	2,501	1,353	4,55,962
Financial liabilities measured at amortised cost					
Trade Payables [refer note 39.4(i)]	433	433	-	-	-

INR in Lakhs

	Carrying Value	Fair Value	As at Mar 31, 2021		
			Fair value		
			Level 1	Level 2	Level 3
Debt Securities	59,370	59,370	-	59,370	-
Borrowing other than debt securities	3,47,593	3,47,593	-	-	3,47,593
Subordinated Liabilities	25,846	25,846	-	25,846	-
Other financial liabilities	15,812	15,811	-	15,811	-
Total	4,49,053	4,49,052	-	1,01,027	3,47,593

39.3 Valuation Techniques

Each class of financial assets/ liabilities	Techniques
Debt Securities	Fair value is estimated by a discounted cash flow model incorporating market interest rates and the company's own credit risk or based on market-observable data.
Security deposit	Fair values of security deposits are based on discounted cash flows using a discount rate determined considering Company's incremental borrowing rate.
Loans and advances	These have been valued at amortised cost (refer note 39.4 for methodologies used for valuation)
Other financial assets	These have been valued at amortised cost (refer note 39.4 for methodologies used for valuation)
Borrowings	These have been valued at amortised cost (refer note 39.4 for methodologies used for valuation)
Subordinated Liabilities	These have been valued at amortised cost (refer note 39.4 for methodologies used for valuation)
Other financial liabilities	These have been valued at amortised cost (refer note 39.4 for methodologies used for valuation)

39.4 Valuation methodologies of financial instruments not measured at fair value

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

(i) Short term and other financial assets and liabilities

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

(ii) Financial assets at amortised cost

The fair values of financial assets measured at amortised cost, estimated using discounted cash flow model based on contractual cash flows. The significant unobservable inputs are incremental borrowing rate incorporating the counterparties' credit risk

(iii) Debt securities, borrowings and subordinated liabilities

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

FEDBANK FINANCIAL SERVICES LIMITED

40 Maturity Analysis of Assets and Liabilities

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

INR in Lakhs

Assets	31 March 2022			31 March 2021		
	Within 1 year	After 1 year	Total	Within 1 year	After 1 year	Total
Financial Assets						
Cash and cash equivalents	6,596	-	6,596	52,603	-	52,603
Bank balance other than cash and cash equivalents	7,664	-	7,664	15,476	-	15,476
Trade receivables	1,184	-	1,184	117	-	117
Other receivables	386	-	386	320	-	320
Loans	2,94,862	2,69,619	5,64,481	2,37,483	2,17,731	4,55,214
Investments	51,433	-	51,433	3,249	-	3,249
Other financial assets	42	1,135	1,177	578	775	1,353
(2) Non-financial Assets						
Current tax assets (net)	-	1,192	1,192	-	986	986
Deferred tax Asset (net)	-	3,150	3,150	-	2,038	2,038
Property, Plant and Equipment	-	3,086	3,086	-	1,886	1,886
Capital work-in-progress	-	66	66	-	96	96
Other Intangibles assets	-	306	306	-	231	231
Right of Use Assets	-	11,970	11,970	-	11,185	11,185
Other non-financial assets	2,001	879	2,880	940	936	1,876
Total Assets	3,64,168	2,91,403	6,55,571	3,10,766	2,35,865	5,46,630
Liabilities						
Financial liabilities						
Derivative financial instruments	-	-	-	-	-	-
Trade Payables	643	-	643	433	-	433
Other Payables	-	-	-	-	-	-
Debt Securities	33,274	20,068	53,342	38,825	20,545	59,370
Borrowings (other than Debt securities)	1,57,039	2,65,396	4,22,435	1,18,146	2,29,447	3,47,593
Subordinated Liabilities	-	25,907	25,907	-	25,846	25,846
Lease Liability	2,157	11,547	13,704	-	12,463	12,463
Other financial liabilities	21,096	1	21,097	15,811	-	15,811
Non-Financial liabilities						
Current tax liabilities (net)	-	-	-	-	-	-
Provisions	183	130	313	149	154	303
Other non-financial liabilities	2,778	-	2,778	1,339	-	1,339
Total liabilities	2,17,170	3,23,049	5,40,219	1,74,703	2,88,455	4,63,157
Net	1,46,998	(31,646)	1,15,352	1,36,063	(52,590)	83,473

41 Segment Information

41.1 Business segment

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

INR in Lakhs

Business Segments	Distribution		Retail Finance		Wholesale Finance		Total	
	Year ended Mar 31, 2022	Year ended Mar 31, 2021	Year ended Mar 31, 2022	Year ended Mar 31, 2021	Year ended Mar 31, 2022	Year ended Mar 31, 2021	Year ended Mar 31, 2022	Year ended Mar 31, 2021
Segment Revenue	2,603	2,376	81,582	63,618	1,303	3,962	85,488	69,955
Segment Expenditure	2,480	2,246	63,393	52,073	2,279	3,776	68,152	58,095
Allocated Expenditure (Net)	-	-	3,429	5,388	95	432	3,522	5,820
Results	123	130	14,760	6,156	(1,069)	(246)	13,814	6,041
Unallocated Expenditure (net of unallocated Income)							(880)	773
Interest Income on Investment							987	879
Profit before Tax							13,921	7,693
Income Taxes							3,575	1,524
Net Profit							10,346	6,168
Other Information								
Segment Assets	401	329	6,45,861	5,16,743	4,967	26,534	6,51,229	5,43,606
Unallocated Assets	-	-	-	-	-	-	4,342	3,024
Total Assets	401	329	6,45,861	5,16,743	4,967	26,534	6,55,571	5,46,630
Segment Liabilities	364	117	5,33,368	4,31,331	6,487	31,709	5,40,219	4,63,157
Equity & Reserves	-	-	-	-	-	-	1,15,352	83,473
Total Liabilities & Equity	364	117	5,33,368	4,31,331	6,487	31,709	6,55,571	5,46,630
Capital Expenditure	5	32	2,641	1,010	-	12	2,646	1,054
Unallocated Capital Expenditure	-	-	-	-	-	-	-	510
Depreciation/ Amortisation	11	4	1,352	812	0	14	1,363	830
Impairment of Fixed Assets	-	-	-	-	-	-	-	-
Unallocated Depreciation	-	-	-	-	-	-	-	-

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

Segment Composition

Distribution Segment comprises of Sourcing Business of Home Loans, Auto Loans, Personal Loans & SME Loans for Holding Company.

Retail Finance Segment comprises of Gold Loans, Loan Against Property, MSE Loan against property, Business Loans, Personal Loans & Housing Finance.

WholeSale Finance Segment comprises of Construction Finance and Loans to Other NBFCs.

Note:

Unallocated Income comprises of Other Income earned by the business.

Unallocated Expenses comprises of Tax Expense.

FEDBANK FINANCIAL SERVICES LIMITED

42 Revenue from contracts with customers

INR in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Type of Service		
Fees and commission income (refer note 25)	4,289	3,174
Other income (refer note 27)	1,432	575
Total	5,721	3,749
Geographical market		
In India	5,721	3,749
Outside India	-	-
Total	5,721	3,749
Timing of recognition of revenue		
Performance obligation satisfied at a point in time	5,721	3,749
Performance obligation satisfied over a period in time	-	-
Total	5,721	3,749
Contract receivables		
Trade receivables	892	2
Other receivable	386	320
Total	1,278	322

43 Risk Management

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

Types of Risks

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

(i) Credit Risk

The RMC & CRMC oversee the following:

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

(ii) Liquidity Risk

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

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

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

(iii) Market Risk

Market Risk is the Risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as Gold prices (relevant to Lending against Gold business of the Company), interest rates, Foreign Currency Rates. (refer note 43.3 for details)

43.1 Credit Risk

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

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

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

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

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

(a) Impairment Assessment

The Company applies the expected credit loss model for recognising impairment loss. The expected credit loss allowance is computed taking into account historical credit loss experience and/or external benchmarks on loss rates and further adjusted for forward looking information

The expected credit loss is a product of Exposure at Default (EAD), Probability of Default (PD) and Loss Given Default (LGD). The Company uses an internal model to compute the PD & LGD based on parameters set out in Ind AS. Accordingly, loans are classified into various stage as follows:

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

*DPD means Days Past Due

Also refer accounting policy 3.6 (h), 3.6 (i) and note 48.02

FEDBANK FINANCIAL SERVICES LIMITED

(b) Probability of Default

The probability of default is the estimation of the likelihood of a loan defaulting over a time horizon. A rebuttable presumption is that a default event cannot be later than 90 days past due. The probability of default analysis should consider not only past history but also current economic conditions and forecasts about the future. Incorporating such economic factors is sometimes done using scientific modelling techniques.

Historical DPD data is utilized to calculate Through the Cycle Probability of Default (TTC PD). PD analysis tracks the migration behaviour of a static pool of loans active at the end of each month across different buckets- Stage 1, Stage 2 and Stage 3 over the 12 month and lifetime period. Transition matrix method is used wherein the historical defaults are mapped in monthly intervals for each of cohort months and then the TTC PD is calculated as the weighted average of default rates with number of loans outstanding as the weights.

Vasicek model is one of the accepted models globally for converting the TTC PD into Point in Time PD (PIT PD). The model calculates an AC (Asset Correlation) factor and converts the probability using the macro-economic variable selected. The basic premise of the model is that the higher the TTC probability the lower the correlation with the macro variable and vice versa. Once the asset correlation is determined, the historical PD is calibrated using the readings of the macro-economic variable for a number of years up to the balance sheet date and for a number of years after the balance sheet date. This calibration reflects the relative macro-economic performance in the respective years with reference to the historical mean.

(c) Loss Given Default

LGD is defined as the percentage risk of exposure that is not expected to be recovered in the event of default.

LGD is one of the key components of the credit risk parameters based ECL model. In the context of lifetime ECL calculation, an LGD estimate has to be available for all periods that are part of the lifetime horizon (and not only for the case of a default within the next 12 months).

Wherever possible, workout LGD model is applied to estimate LGD based on past data. The LGD component of ECL is independent of deterioration of asset quality, and thus applied uniformly across various stages with the applicable PD for stage 1, 2 and 3.

(d) Exposure at Default

EAD is one of the key components for ECL computation. EAD is the company's exposure at the time of when a borrower defaults which comprises of principal outstanding and principal overdue plus interest accrued at the date of default.

The EAD for funded/single drawdown facilities shall be the actual outstanding of the loan. Also, the maturity of the loan shall be fixed as per the contractual terms or behavioural pattern (based on established past trends).

EAD is considered as the principal outstanding and accrued interest as at the reporting date.

(e) Significant Increase in Credit Risk

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

43.1.1 Analysis of Risk Concentration

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

INR in Lakhs

Industry Analysis	As at 31 March 2022			
	Retail	Structured Finance (Real Estate and Non Real Estate)	Financial Services	Total
Financial assets measured at amortised cost				
Cash and cash equivalent	-	-	6,596	6,596
Bank balances other than cash and cash equivalent	-	-	7,664	7,664
Trade Receivables	-	-	1,184	1,184
Other receivables	-	-	386	386
Loans and advances to customers	5,59,514	4,967	-	5,64,481
"Financial investments (other than investment in subsidiaries)"	-	-	51,433	51,433
Other Financial Assets	-	-	1,177	1,177
Total	5,59,514	4,967	68,438	6,32,921

INR in Lakhs

Industry Analysis	As at 31 March 2021			
	Retail	Structured Finance (RE and NON RE)	Financial Services	Total
Financial assets measured at amortised cost				
Cash and cash equivalent	-	-	52,603	52,603
Bank balances other than cash and cash equivalent	-	-	15,476	15,476
Trade Receivables	-	-	117	117
Other receivables	-	-	320	320
Loans and advances to customers	4,37,452	17,762	-	4,55,214
Financial investments (other than investment in subsidiaries)	-	-	3,249	3,249
Other Financial Assets	-	-	1,353	1,353
Total	4,37,452	17,762	73,118	5,28,332

43.1.2 Collateral Held and Other Credit Enhancements

- a) The following table shows the maximum exposure to credit risk by class of financial asset along with details of principal type of collateral

INR in Lakhs

Financial assets measured at amortised cost	Maximum exposure to credit risk (carrying amount before ECL)		Principal type of collateral
	As at Mar 31, 2022	As at Mar 31, 2021	
Loans (at amortised cost)	4,87,598	4,05,190	Property; book receivables, Gold jewellery
Total (A)	4,87,598	4,05,190	

- 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 March 31, 2022	12,858	2,838	10,020	20,644
As at March 31, 2021	4,681	1,399	3,282	8,520

43.2 Liquidity Management

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

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

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

FEDBANK FINANCIAL SERVICES LIMITED

Maturity pattern of certain items of assets and liabilities as at 31 March, 2021

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	16,975	5,589	16,448	23,922	54,839	1,65,653	60,892	2,000	3,46,319
Market borrowings	-	-	4,935	-	33,890	18,750	-	25,000	82,575
Trade payables	-	433	-	-	-	-	-	-	433
Lease Liability	148	153	151	468	966	4,096	2,927	3,555	12,462
Other financial liabilities	-	15,812	-	-	-	-	-	-	15,812
Assets									
Advances	9,741	13,309	19,884	62,298	1,21,622	55,047	25,823	1,41,449	4,49,173
Investments	2,500	209	-	418	206	-	-	-	3,333

Note: Above maturity pattern are based on Contractual Maturity.

43.2.2 Financial assets available to support future funding

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

INR in Lakhs

As at Mar 31, 2022	Encumbered					Total carrying amount
	Pledged as collateral	Contractually/ Legally restricted assets*	Others \$	Available as collateral	Others #	
Cash and cash equivalent	-	-	3,692	2,904	-	6,596
Bank balances other than cash and cash equivalent	-	-	-	7,664	-	7,664
Trade Receivables	-	-	-	1,184	-	1,184
Other Receivables	-	-	-	386	-	386
Loans and advances to customers	-	-	5,02,886	61,595	-	5,64,481
Financial investments (other than investments in subsidiaries)	-	-	5,188	46,245	-	51,433
Other Financial Assets	-	-	-	1,177	-	1,177
	-	-	5,11,766	1,21,154	-	6,32,921

As at Mar 31, 2021	Unencumbered					Total carrying amount
	Pledged as collateral	Contractually/ Legally restricted assets *	Available as collateral	Available as collateral	Others #	
Cash and cash equivalent	150	-	-	52,453	-	52,603
Bank balances other than cash and cash equivalent	-	-	-	15,476	-	15,476
Trade Receivables	-	-	-	117	-	117
Other Receivables	-	-	-	320	-	320
Loans and advances to customers	4,55,214	-	-	-	-	4,55,214
Financial investments (other than investments in subsidiaries)	-	-	-	3,249	-	3,249
Other Financial Assets	-	-	-	1,353	-	1,353
	4,55,364	-	-	72,968	-	5,28,332

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

Represents assets which are not restricted for use 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.

43.3 Market Risk

Market Risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as Gold prices (relevant to lending against gold business of the Company), interest rates, Foreign Currency Rates.

- 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.
- Interest Rate Risk :- Interest Rate Risk is the risk of change in market interest rates which might adversely affect the Company's profitability.
- Foreign Currency rate Fluctuation Risk :- The Company is not exposed to risk in fluctuation of Foreign Currency Rates as the Company's Cash flows are in INR.

43.3.1 Gold Price Fluctuation Risk

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

43.3.2 Interest Rate Risk

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

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

		INR in Lakhs	
For the Year ended March 31, 2022	Increase / (Decrease) in basis points	Increase in profit after tax	Decrease in profit after tax
Loans			
Mar 31, 2022	25/(25)	315	(315)
Mar 31, 2021	25/(25)	389	(389)
Borrowings			
Mar 31, 2022	25/(25)	(758)	758
Mar 31, 2021	25/(25)	(603)	603

FEDBANK FINANCIAL SERVICES LIMITED

43.3.3 Total Market Risk Exposure

INR in Lakhs

Particulars	As at Mar 31, 2022			As at Mar 31, 2021		
	Carrying Amount	Traded Risk	Non-traded Risk	Carrying Amount	Traded Risk	Non-traded Risk
Financial Assets						
Cash and cash equivalent	6,596	-	6,596	52,603	-	52,603
Bank balances other than cash and cash equivalent	7,664	-	7,664	15,476	-	15,476
Trade Receivables	1,184	-	1,184	117	-	117
Other Receivables	386	-	386	320	-	320
Loans and advances to customers	5,64,481	-	5,64,481	4,55,214	-	4,55,214
Financial investments (other than investments in subsidiaries)	51,433	50,683	750	3,249	2,501	748
Other Financial Assets	1,177	-	1,177	1,353	-	1,353
Total	6,32,921	50,683	5,82,238	5,28,332	2,501	5,25,831

Particulars	As at March 31, 2022			As at March 31, 2021		
	Carrying Amount	Traded Risk	Non-traded Risk	Carrying Amount	Traded Risk	Non-traded Risk
Financial Liabilities						
Trade payables	643	-	643	433	-	433
Other payables	-	-	-	-	-	-
Debt Securities	53,342	53,342	-	59,370	59,370	-
Borrowings other than debt securities	4,22,435	-	4,22,435	3,47,593	-	3,47,593
Subordinated liabilities	25,907	25,907	-	25,846	25,846	-
Lease Liability	13,704	-	13,704	12,462	-	12,462
Other Financial liabilities	21,097	-	21,097	15,812	-	15,812
Total	5,37,128	79,249	4,57,878	4,61,515	85,216	3,76,300

44 Trade & Other Receivables

Provision matrix for Trade & Other Receivable

INR in Lakhs

Particulars	Trade & Other receivable days past due	0-90 days	91-180 days	181-360 days	more than 360 days	Total
ECL rate		1.86%	0.00%	100.00%	0.00%	8.62%
As at Mar 31, 2022	Estimated total gross carrying amount at default	1,599	1	118	-	1,718
	ECL Provision	(30)	-	(118)	-	(148)
	Net Carrying Amount	1,569	1	-	-	1,570
ECL rate		0.21%	0.27%	0.00%	0.00%	0.21%
As at Mar 31, 2021	Estimated total gross carrying amount at default	438	-	-	-	438
	ECL Provision	(1)	-	-	-	(1)
	Net Carrying Amount	437	-	-	-	437

45 Accounting for Employee Share based Payments

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

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

Method used for accounting for shared based payment plan.

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

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

Particulars	Options	INR in Lakhs
		Weighted Average Exercise Price
Options outstanding as at April 1, 2021	8,151,351	41.83
Granted during the year	Nil	NA
Exercised during the year	281,000	35.20
Forfeited /lapsed during the year	Nil	NA
Options outstanding as at March 31, 2022	7,870,351	42.07
Options exercisable	1,439,000	40.93

Movement in options outstanding under the Employee Stock Option Plan for the year ended Mar 31, 2021

Particulars	Options	INR in Lakhs
		Weighted Average Exercise Price
Options outstanding as at April 1, 2020	5,511,351	38.68
Granted during the year	2,700,000	48.00
Exercised during the year	12,000	30.00
Forfeited /lapsed during the year	48,000	30.00
Options outstanding as at March 31, 2021	8,151,351	41.83
Options exercisable	655,000	37.49

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

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

Following summarises the information about stock options outstanding as at 31 March 2021

Category	Weighted Average Exercise Price	Number of shares arising out of options	INR in Lakhs
			Weighted average remaining contractual life (in years)
Class A*	36.04	9,00,000	4.32
Class B#	42.65	59,00,000	4.58
Managing Director	42.11	13,51,351	4.09

*Time based vesting

#Time and event based vesting

FEDBANK FINANCIAL SERVICES LIMITED

Fair Valuation Methodology

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

Particulars	Unit	As at Mar 31, 2022	As at Mar 31, 2021
Fair Value of Options at grant date	Rs	6.50-24.60	
Fair Value of Equity Shares at grant date	Rs	42.11-48.00	
Exercise Price	Rs	30.00-48.00	
Dividend Yield	%	0.00%	0.00%
Expected volatility	%	31.36%	31.36%
Risk free interest rate *	%	6.38%	6.38%
Expected life of the option *	Years	3.84	3.84

* The values in the above items are weighted average

The Company has recorded an employee compensation expense of INR 249 Lakhs in the statement of Profit and Loss (INR 262 Lakhs during the financial year ended March 31, 2021, in the statement of Profit and Loss)

The Company carried Employee Stock Option reserve amounting to INR 727 Lakhs (INR 515 Lakhs as at March 31, 2021) in the Balance Sheet.

The total intrinsic value amounting to INR 133 lakhs (INR 117 Lakhs as at March 31, 2021) at the end of the period of liabilities for which the counterparty's right to cash or other assets had vested by the end of the period.

46 Leases

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

INR in Lakhs

Particular	31 March 2022	31 March 2021
Opening Balance of ROU - Building or Premises	10,840	8,359
Addition during the year	3,272	4,329
Depreciation charges for the year	(2,232)	(1,848)
Total balance of ROU - Building or Premises	11,880	10,840

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

INR in Lakhs

Particular	31 March 2022	31 March 2021
Opening Balance of ROU - Furniture	345	394
Reduction during the year	(181)	-
Depreciation charges for the year	(74)	(49)
Total balance of ROU - Furniture	90	345

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

INR in Lakhs

Particular	31 March 2022	31 March 2021
Opening Balance of Lease Liabilities	12,463	8,978
Addition during the year	3,036	4,752
Finance cost accrued during the year	900	1,002
Payment made during the year	(2,695)	(2,269)
Closing balance of lease liabilities	13,704	12,462

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

INR in Lakhs

Particular	31 March 2022	31 March 2021
Depreciation charge for right of use asset	2,307	1,897
Interest expense (included in finance cost)	900	1,002
Expense relating to short term lease	-	-
Total	3,208	2,899

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

INR in Lakhs

Particular	31 March 2022	31 March 2021
Less than one year	3,010	2,144
One to five years	9,530	8,882
More than five years	4,432	2,937
Total	16,972	13,963

f) Rental expense recorded for leases of low-value assets was Nil for the year ended March 31, 2022. (For the year ended March 31, 2021 : NIL)

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

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

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

47.01 Foreign Currency

The Company has not entered into any foreign currency transaction during the year ended March 31, 2022. The Company does not have any outstanding unhedged foreign currency exposure as at March 31, 2022.

47.02 Investments

(INR in Lakhs)

Particulars		As at March 31, 2022	As at March 31, 2021
(1)	Value of investments		
	(i) Gross value of investments		
	(a) In India	51,516	3,334
	(b) Outside India,	Nil	Nil
	(ii) Provisions for depreciation		
	(a) In India	83	85
	(b) Outside India,	Nil	Nil
	(iii) Net value of investments		
	(a) In India	51,433	3,249
	(b) Outside India,	Nil	Nil
(2)	Movement of provisions held towards depreciation on investments		
	(i) Opening balance	85	10
	(ii) Add : Provisions made during the year	(2)	75
	(iii) Less : Write-off/write-back of excess provisions during the year	-	0
	(iv) Closing balance	83	85

FEDBANK FINANCIAL SERVICES LIMITED

47.03 Derivatives

a) Forward rate agreement/Interest rate swap

INR in Lakhs

Particulars		As at March 31, 2022	As at March 31, 2021
(i)	The notional principal of swap agreements	Nil	Nil
(ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	Nil	Nil
(iii)	Collateral required by the NBFC upon entering into swaps	Nil	Nil
(iv)	Concentration of credit risk arising from the swap	Nil	Nil
(v)	The fair value of the swap book	Nil	Nil

b) Exchange traded interest rate (IR) derivatives

INR in Lakhs

Particulars		As at March 31, 2022	As at March 31, 2021
(i)	Notional principal amount of exchange traded IR derivatives undertaken during the year (instrument-wise)	Nil	Nil
(ii)	Notional principal amount of exchange traded IR derivatives outstanding	Nil	Nil
(iii)	Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	Nil	Nil
(iv)	Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	Nil	Nil

c) Qualitative disclosures

The Company has not entered into any derivative contracts during the Year ended March 31, 2022.

d) Quantitative Disclosures

INR in Lakhs

Particulars		As at March 31, 2022	As at March 31, 2021
(i)	Derivatives (Notional Principal Amount)	Nil	Nil
	For Hedging	Nil	Nil
(ii)	Marked to Market Positions (1)		
	a) Assets (+)	Nil	Nil
	b) Liability (-)	Nil	Nil
(iii)	Credit Exposure	Nil	Nil
(iv)	Unhedged Exposures	Nil	Nil

47.04 Direct Assignment and Securitisation

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

INR in Lakhs

Particulars		As at March 31, 2022	As at March 31, 2021
No of SPVs sponsored by the applicable NBFC for securitisation transactions		-	1
Total amount of securitised assets as per books of the SPVs sponsored		-	2,039
Total Amount Outstanding		-	1,745
Total amount of exposure retained by the NBFC to comply with MRR as on date of balance sheet		-	
a)	Off balance sheet exposures		
	First Loss	-	-
	Others	-	-
b)	On balance sheet exposure		
	First Loss	-	-
	Others	-	87

INR in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Amount of exposures to securitisation transactions other than MRR		
a) Off balance sheet exposures		
i) Exposure to own securitisation		
First Loss	-	-
Others	-	-
ii) Exposure to third party securitisation		
First Loss	-	-
Others	-	-
b) On balance sheet exposures		
iii) Exposure to own securitisation		
First Loss	-	150
Others	-	-
iv) Exposure to third party securitisation		
First Loss	-	-
Others	-	-

Part B - Details of Direct Assignment

Details of loans transferred / acquired during the quarter ended March 31, 2022 under the RBI Master Direction RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22 on Transfer of Loan Exposures dated September 24, 2021 are given below:

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

Particulars	31-Mar-20
Aggregate amount of Loan transferred (Rs. In lakhs)	27,216
Weighted average residual maturity (in months)	116
Weighted average holding period by originator (in months)	27
Retention of beneficial economic interest	10% / 20%
Coverage of tangible security coverage	82%
Rating-wise distribution of rated loans	NA

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

During the year ended March 31, 2022, the company has executed one Direct Assignment transaction. The de-recognition criteria as per Ind AS 109 has been met in respect of all the direct assignment transactions. The management has evaluated the impact of all the Direct Assignment transactions de-recognised based on the future business plan, which is to hold these assets for collecting contractual cash flows.

FEDBANK FINANCIAL SERVICES LIMITED

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

As at March 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
Foreign currency assets	-	-	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-	-	-

As at March 31, 2021

INR in Lakhs

Particulars	1 to 7 days	8 to 14 days	15 to 30/31 days	Over 1 month & upto 2 months	Over 2 months & upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-	-	-
Advances	14,813.00	1,509.00	4,046.00	13,309.00	19,884.00	62,298.00	1,21,622.00	55,047.00	25,823.00	1,36,862.00	4,55,214.00
Investments	2,501.00	-	-	209.00	-	418.00	121.00	-	-	-	3,249.00
Borrowings	11,940.00	4,654.00	3,821.00	5,589.00	21,384.00	23,922.00	88,729.00	1,84,403.00	60,892.00	27,475.00	4,32,809.00
Foreign currency assets	-	-	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-	-	-

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

47.06 Capital to Risk Asset Ratio (CRAR)

INR in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
CRAR (%)	23.04	23.52
CRAR - Tier I Capital (%)	18.38	17.10
CRAR - Tier II Capital (%)	4.65	6.42
Amount of subordinated debts raised as Tier II capital	25,907	25,846
Amount raised by issue of perpetual debt instruments	-	-

47.07 Details of non-performing accounts purchased/ sold

(a) Details of non-performing accounts purchased

INR in Lakhs

Sr. No.	Particulars	As at March 31, 2022	As at March 31, 2021
(i)	No. of accounts purchased during the year	Nil	Nil
(ii)	Aggregate outstanding	Nil	Nil
(iii)	Of these, number of accounts restructured during the year	Nil	Nil
(iv)	Aggregate outstanding	Nil	Nil

(b) Details of non-performing accounts sold

INR in Lakhs

Sr. No.	Particulars	As at March 31, 2022	As at March 31, 2021
(i)	No. of accounts sold during the year	Nil	Nil
(ii)	Aggregate outstanding	Nil	Nil
(iii)	Of these, number of accounts restructured during the year	Nil	Nil
(iv)	Aggregate outstanding	Nil	Nil

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

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

INR in Lakhs

Sr. No.	Particulars	As at March 31, 2022	As at March 31, 2021
(i)	Residential Mortgages		
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	2,10,496	1,46,625
(ii)	Commercial Real Estate		
	Lending secured by mortgages on commercial real estate's (office buildings, retail space, multipurpose commercial premises, Multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits:	50,692	57,635
(iii)	Investments in Mortgage Backed Securities (MBS) and other securitised exposures		
	(a) Residential	-	-
	(b) Commercial Real Estate	-	-
	Total Exposure to Real Estate	2,61,188	2,04,260

b) Exposure to Capital Market

INR in Lakhs

Sr. No.	Particulars	As at March 31, 2022	As at March 31, 2021
(i)	direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt	Nil	Nil
(ii)	advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	Nil	Nil
(iii)	advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	Nil	Nil
(iv)	advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances	Nil	Nil
(v)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stock brokers and market makers;	Nil	Nil
(vi)	loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resource	Nil	Nil
(vii)	bridge loans to companies against expected equity flows / issue	Nil	Nil
(viii)	all exposures to Venture Capital Funds (both registered and unregistered)	Nil	Nil
	Total exposure to Capital Market	Nil	Nil

FEDBANK FINANCIAL SERVICES LIMITED

47.09 Movement of credit impaired loans under Ind AS

INR in Lakhs

Sr. No.	Particulars	As at March 31, 2022	As at March 31, 2021
(i)	Net impaired loss allowance to Net loans (%)	1.75%	0.71%
(ii)	Movement of credit impaired loans under Ind AS (Gross)		
(a)	Opening balance	4,681	5,354
(b)	Additions during the year	12,973	3,103
(c)	Reductions during the year	846	872
(d)	Written off	3,950	2,904
(e)	Closing balance	12,858	4,681
(iii)	Movement of Net impaired loans		
(a)	Opening balance	3,282	3,987
(b)	Additions during the year	10,227	2,279
(c)	Reductions during the year	731	847
(d)	Written off	2,758	2,136
(e)	Closing balance	10,020	3,282
(iv)	Movement of impairment loss allowance on credit impaired loans		
(a)	Opening balance	1,399	1,367
(b)	Additions during the year	2,746	824
(c)	Reductions during the year	115	25
(d)	Written off	1,192	768
(e)	Closing balance	2,838	1,399

47.10 Concentration of Loan, Exposure & Credit Impaired loans

(a) Concentration of Loan

INR in Lakhs

Sr. No.	Particulars	As at March 31, 2022	As at March 31, 2021
(i)	Total advances to twenty largest borrowers	14,054	18,804
(ii)	Percentage of Twenty largest borrowers to Total advances	2.44%	4.06%

(b) Concentration of Exposure

INR in Lakhs

Sr. No.	Particulars	As at March 31, 2022	As at March 31, 2021
(i)	Total exposure to twenty largest borrowers	14,054	18,804
(ii)	Percentage of exposure to twenty largest borrowers to Total Exposure	2.44%	4.06%

(c) Concentration of Exposure

INR in Lakhs

Sr. No.	Particulars	As at March 31, 2022	As at March 31, 2021
(i)	Total exposure of top four credit impaired accounts	3,351	1,845

(d) Sector wise distribution of credit impaired loss

INR in Lakhs

Sr. No.	Particulars	As at March 31, 2022	As at March 31, 2021
1	Agriculture and allied activities	0.00%	0.00%
2	MSME	0.00%	0.00%
3	Corporate borrowers	0.00%	0.00%
4	Services	0.00%	0.00%
5	Unsecured personal loans	0.00%	0.00%
6	Auto Loans	0.00%	0.00%
7	Other personal loans	0.00%	0.00%
8	Others	2.23%	1.03%

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

During the year ended March 31, 2022 and March 31, 2021, the Company's credit exposure to single borrower and group borrowers were within the limits prescribed by the RBI.

47.12 Unsecured Advances

The Company has not taken any charge over the rights, licences, authorisation etc. against unsecured loan given to borrowers in the year ended March 31, 2022 and March 31, 2021.

47.13 Fraud Reporting

The fraud detected and reported for the year ended March 31, 2022 amounted to INR 1,051.79 lakhs. (year ended March 31, 2021: INR 472 Lakhs)

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

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

47.15 Details of 'provision and contingencies'

INR in Lakhs

Sr. No.	Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
1	Provision for depreciation on investment	(2)	75
2	Provision towards credit impaired loans	1,439	47
3	Provision towards income tax	4,710	2,924
4	Provision for standard loans (Stage 1 & 2)	2,685	4,084

47.16 Draw down from reserves

The Company has not made any draw down from reserves during Year ended March 31, 2022 (March 31, 2021 - Nil).

47.17 Customer complaints

INR in Lakhs

Sr. No.	Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
1	No. of complaints pending as at the beginning of the year	2	1
2	No. of complaints received during the year	74	71
3	No. of complaints redressed during the year	72	70
4	No. of complaints pending as at the end of the year	4	2

FEDBANK FINANCIAL SERVICES LIMITED

47.18 Registration obtained from Financial Sector Regulators

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

47.19 Ratings assigned by the credit rating agencies and migration of ratings during the Financial Year

Sr. No.	Particulars		For the year ended March 31, 2022	For the year ended March 31, 2021
1	Long Term	Bank Lines	India Rating and Research Pvt. Ltd. AA- /Stable	India Rating and Research Pvt. Ltd. AA- /Stable
2	Short Term	Commercial paper	CRISIL A1+	CRISIL A1+
3	Long Term	Non convertible debentures	CARE AA- /Stable	CARE AA- /Stable
4	Long Term	Non convertible debentures	India Rating and Research Pvt. Ltd. AA- /Stable	India Rating and Research Pvt. Ltd. AA- /Stable
5	Long Term	Non convertible debentures - Subordinated Debt	India Rating and Research Pvt. Ltd. AA- /Stable	India Rating and Research Pvt. Ltd. AA- /Stable
6	Short Term	Commercial paper	Acuite Ratings & Research Limited A1+	Acuite Ratings & Research Limited A1+
7	Short Term	Commercial paper	ICRA Ltd A1+	ICRA Ltd A1+

47.20 Amounts due to Investor Education and Protection Fund

There is no amount due to be credited to Investor Education and Protection Fund as at March 31, 2022 (March 31, 2022 - Nil).

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

47.22 Penalties imposed by RBI

Penalty of INR Nil was imposed on Fedbank Financial Services Limited. (March 31, 2021 INR 15.00 lakh*)

* During the financial year ended 31st March 2021, RBI vide order ref EFD.CO.SO/372/02.14.148/2020-21 March 22,2021 in exercise of the powers conferred under clause (b) of sub-section (1) of section 58G read with clause (aa) of sub-section (5) of section 58B of the Act.

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

There are no overseas assets owned by the Company.

47.24 Disclosure pursuant to Reserve Bank of India notification DNBS.CC.PD.No.356/03.10.01/2013-14 dated 16 September 2013 pertaining to gold loans

Details of Gold auction conducted

Particulars	INR in Lakhs	
	As at March 31, 2022	As at March 31, 2021
No. of loan accounts	15,258	1,073
Principal Amount outstanding at the date of auction	14,553	893
Interest Amount outstanding at the date of auction	2,432	84
Total value fetched	18,235	1,095

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

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

INR in Lakhs

Sr. No.	Particulars	As at March 31, 2022	As at March 31, 2021
	Liabilities side		
1	Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:		
(a)	Debentures		
	- Secured	20,068	30,545
	- Unsecured	25,907	25,846
	(other than falling within the meaning of public deposits*)		
(b)	Deferred Credits	Nil	Nil
(c)	Term Loans	4,10,935	3,29,240
(d)	Inter-corporate loans and borrowing	Nil	Nil
(e)	Commercial Paper	33,274	28,825
(f)	Other Loans (represents Working Capital Demand Loan, Cash credit, Bank Over draft and Liability component of Compound financial instrument)	11,500	18,352
	Asset side		
2	Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :		
(a)	Secured	4,87,597	4,05,190
(b)	Unsecured	88,497	57,513
3	Break up of Leased Assets and stock on hire and other assets counting towards AFC activities		
(i)	Lease assets including lease rentals under sundry debtors		
	(a) Finance Lease	Nil	Nil
	(b) Operating Lease	Nil	Nil
(ii)	Stock on hire including hire charges under sundry debtors:		
	(a) Assets on hire	Nil	Nil
	(b) Repossessed Assets	Nil	Nil
(iii)	Other loans counting towards AFC activities		
	(a) Loans where assets have been repossessed	Nil	Nil
	(b) Loans other than (a) above	Nil	Nil
4	Break-up of Investments		
	Short Term Investments:		
1	Quoted		
	(i) Shares:		
	(a) Equity	Nil	Nil
	(b) Preference	Nil	Nil
	(ii) Debentures and bonds	Nil	Nil
	(iii) Units of mutual funds	10,309	2,501
	(iv) Government Securities	40,374	Nil
	(v) Others	Nil	Nil

FEDBANK FINANCIAL SERVICES LIMITED

INR in Lakhs

Sr. No.	Particulars	As at March 31, 2022	As at March 31, 2021
2	Unquoted		
	(i) Shares:		
	(a) Equity	Nil	Nil
	(b) Preference	Nil	Nil
	(ii) Debentures and bonds	750	748
	(iii) Units of mutual funds	Nil	Nil
	(iv) Government Securities	Nil	Nil
	(v) Others	Nil	Nil
	Long Term Investments:		
1	Quoted		
	(i) Shares:		
	(a) Equity	Nil	Nil
	(b) Preference	Nil	Nil
	(ii) Debentures and bonds	Nil	Nil
	(iii) Units of mutual funds	Nil	Nil
	(iv) Government Securities	Nil	Nil
	(v) Others	Nil	Nil
2	Unquoted		
	(i) Shares:		
	(a) Equity	Nil	Nil
	(b) Preference	Nil	Nil
	(ii) Debentures and bonds	Nil	Nil
	(iii) Units of mutual funds	Nil	Nil
	(iv) Government Securities	Nil	Nil
	(v) Others	Nil	Nil
5	Borrower group-wise classification of assets financed as in (2) and (3) above		
1	Related Parties		
	(a) Subsidiaries	Nil	Nil
	(b) Companies in the same group	Nil	Nil
	(c) Other related parties-Holding Company	Nil	Nil
2	Other than related parties	5,76,094	4,62,703
	Total		
6	Other Information:		
(i)	Gross Non-Performing Assets		
	(a) Related parties	Nil	Nil
	(b) Other than related parties	12,858	4,816
(ii)	Net Non-Performing Assets		
	(a) Related parties	Nil	Nil
	(b) Other than related parties	10,020	3,283
(iii)	Assets acquired in satisfaction of debt	Nil	Nil

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

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

INR in Lakhs

Asset classification as per RBI	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	
		31-03-2022	31-03-2021	31-03-2022	31-03-2021	31-03-2022	31-03-2021	31-03-2022	31-03-2021	31-03-2022	31-03-2021
(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	5,13,113	4,45,141	2,524	4,536	5,10,589	4,40,606	2,121	2,343	403	2,192
	Stage 2	37,646	12,881	6,162	1,556	31,484	11,325	2,414	49	3,747	1,506
Sub Total		5,50,759	4,58,022	8,686	6,091	5,42,073	4,51,931	4,535	2,393	4,151	3,699
Non Performing Assets (NPA)											
Sub Standard	Stage 3	11,341	4,100	2,562	1,277	8,779	2,823	1,103	402	1,459	875
	Stage 2*	12,477	-	90	-	12,387	-	1,166	-	-1,076	-
Doubtful (upto 1 year)	Stage 3	1,033	578	169	120	864	458	181	98	-12	21
Doubtful (1 - 3 year)	Stage 3	440	1	64	0	376	1	102	0	-38	-0
Doubtful (more than 3 year)	Stage 3	0	0	0	0	0		0	0	-0	
Sub-total for Doubtful		1,473	579	234	120	1,240	459	283	99	-49	21
Loss	Stage 3	44	2	42	2	2	0	44	21	-2	-20
Sub-total for NPA		25,335	4,681	2,927	1,399	22,408	3,282	2,596	522	331	876
Other items: Full and final recovery	Stage 1	-	-	-	-	-	-	-	-	-	-
	Stage 2	-	8	-	8	-	-	-	8	-	-
	Stage 3	-	-	-	-	-	-	-	-	-	-
Sub-total		-	8	-	8	-	-	-	8	-	-
Total	Stage 1	5,13,113	4,45,141	2,524	4,536	5,10,589	4,40,606	2,121	2,343	403	2,192
	Stage 2	50,123	12,889	6,251	1,564	43,872	11,325	3,580	57	2,671	1,506
	Stage 3	12,858	4,681	2,838	1,399	10,020	3,282	1,430	522	1,408	876
	Total	5,76,094	4,62,711	11,613	7,497	5,64,481	4,55,214	7,131	2,923	4,482	4,575

* These represent gold loan accounts which have been classified as Stage 2 based on the Credit Risk policy and assessment of the Company which lays down the definition of 'default', the Company considers for its 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.

FEDBANK FINANCIAL SERVICES LIMITED

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

INR in Lakhs

Particulars	Number of Accounts	Total amount Outstanding as at March 31, 2022	Total amount Overdue as at March 31, 2022
		(in Lakhs)	(in Lakhs)
Accounts where 90 days rebuttal is done during the year	5,198	6,281	6,281
Accounts linked to above	5,310	6,196	650
Total	10,508	12,477	6,931

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

a) Funding Concentration based on significant counterparty

INR in Lakhs

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

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

b) Top 10 borrowings

INR in Lakhs

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

c) Funding Concentration based on significant instrument/product

INR in Lakhs

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

d) Stock Ratio

Sr. No.	Significant counterparty	As at
		March 31, 2022
		%
1	Commercial Paper as % of Total Liabilities	6.16%
2	Commercial Paper as % of Total Assets	5.08%
3	Other Short Term Liabilities as % of Total Liabilities	10.05%
4	Other Short Term Liabilities as % of Total Asset	8.29%

a) Funding Concentration based on significant counterparty

INR in Lakhs

Sr. No.	Significant counterparty*	As at March 31, 2021	
		Amount	% of total liabilities
1	Federal Bank	1,08,162	25.29%
2	HDFC Bank Limited	44,927	10.51%
3	Indian Bank	37,934	8.87%
4	ICICI Bank	32,946	7.70%
5	Axis Bank	29,832	6.98%
6	Canara Bank	27,067	6.33%
7	State Bank of India	25,920	6.06%
8	Hdfc Mutual Fund	23,890	5.59%
9	Bank of Baroda	18,953	4.43%
10	SIDBI	12,833	3.00%
11	Bank of Maharashtra	9,988	2.34%
12	Bajaj Finance Limited	8,484	1.98%
13	DCB Bank	6,651	1.56%
14	IDBI Bank	6,493	1.52%
15	Karnataka Bank	6,462	1.51%
16	AU Small Finance Bank	5,000	1.17%
17	Punjab National Bank	5,000	1.17%
18	Bank of India	4,990	1.17%

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

b) Top 10 borrowings

INR in Lakhs

Sr. No.	Significant counterparty	As at March 31, 2021	
		Amount	% of total liabilities
1	Federal Bank	1,08,162	25.29%
2	HDFC Bank Limited	44,927	10.51%
3	Indian Bank	37,934	8.87%
4	ICICI Bank	32,946	7.70%
5	Axis Bank	29,832	6.98%
6	Canara Bank	27,067	6.33%
7	State Bank of India	25,920	6.06%
8	Hdfc Mutual Fund	23,890	5.59%
9	Bank of Baroda	18,953	4.43%
10	SIDBI	12,833	3.00%

Note:

- 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.
- The figures disclosed above are for loans restructured under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 which excludes cases restructured loans under OTR 1.0 and 2.0

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

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

(INR in Lakhs)

No. of accounts restructured	Amount outstanding as at 31st Mar 2022
234	8,127

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

(INR in Lakhs)

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year (A)	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half-year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year
Personal Loans	2146	79	276	9	1,782
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 20,238 Lakhs as on March 31, 2022. Of these, total loan which were restructured during the period, for 3836 cases having an outstanding amount of INR 2,352 Lakhs (as at March 31, 2022) basis their credit assessment and the terms of restructuring, the Company has classified such restructured borrower accounts as non-impaired (under Ind AS 109, Financial Instruments) at March 31, 2022. The Company has evaluated the same basis repayment behaviour of borrowers and other qualitative factors which have been approved by Audit Committee of the Company.

- During the Year ended March 31, 2022, based on assessment and approval of the Board, the Company has written off the loans and advances amounting to INR 3,950 Lakhs.

FEDBANK FINANCIAL SERVICES LIMITED

50 LCR Disclosure

(INR in Lakhs)

Particulars		As at Mar 31, 2022		As at Mar 31, 2021	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
	High Quality Liquid Asset				
1	Total High Quality Liquid Assets (HQLA)	46,888	46,888	11,603	11,603
	Cash Outflows				
2	Deposits (for deposit taking companies)	-	-	-	-
3	Unsecured wholesale funding	-	-	-	-
4	Secured wholesale funding	12,338	14,189	19,205	22,085
5	Additional requirements, of which				
	(i) Outflows related to derivative exposures and other collateral requirements				
	(ii) Outflows related to loss of funding on debt products				
	(iii) Credit and liquidity facilities				
6	Other contractual funding obligations				
7	Any other contractual outflows				
8	TOTAL CASH OUTFLOWS	36,435	41,900	42,858	49,286
8B	75% of (Weighted Cash Outflow)		31,425		36,965
	Cash Inflows				
9	Secured lending	14,017	10,513	9,997	7,498
10	Inflows from fully performing exposures	-	-	-	-
11	Other cash inflows	47,235	35,426	97,149	72,862
12	TOTAL CASH INFLOWS	61,253	45,940	1,07,146	80,360
13	TOTAL HQLA		46,888		11,603
14	TOTAL NET CASH OUTFLOWS		10,475		12,322
15	LIQUIDITY COVERAGE RATIO (%)		448%		94%

Note: The above ratio is computed basis the expected cash flows of one month from the reporting period

51.1 Impact of COVID-19

The Covid-19 pandemic has impacted most countries including India. The nationwide lockdown initiated by the Government of India in April-May 2020 substantially impacted economic activity. The easing of lockdown measures subsequently led to gradual improvement in economic activity and progress towards normalcy. RBI took various regulatory measures like moratorium on payment of dues, relief towards "Interest on interest" charged during March-August 2020 and allowing one time restructuring to eligible borrowers (OTR).

Further the second wave of COVID-19 pandemic in April-May 2021 led to re-imposition of localised /regional lockdown in various parts of the country, which led to substantial impact on economic activities. The second wave started to subside from June'21 onwards and there has been gradual lifting of lock downs and increase in economic activities. However the uncertainty which may emerge out of any possible new variants of the Corona Virus in future and its impact on the economic activities are not known. Accordingly, the Company's results remain uncertain and dependent on future developments and actuals may differ from the estimates used in the preparation of financial statements on the reporting date. The Company is carrying a management overlay, as part of its Expected Credit Loss (ECL) provision, of Rs 1,767 lakhs as on March 31, 2022 to cover any further deterioration in credit quality of its loans due to such uncertainties. The Company has been regular in servicing its debt obligations and has adequate capital and financial resources to run its business.

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

52 Transfer of financial assets

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

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

Nature of Assets	As at Mar 31, 2022		As at Mar 31, 2021	
	Carrying amount of sold assets	Carrying amount of associated liabilities	Carrying amount of sold assets	Carrying amount of associated liabilities
Loans	-	-	130	6,168

53 Contingent Liabilities (to the extent not provided for)

INR in Lakhs

Sr. No.	Particulars	As at Mar 31, 2022	As at Mar 31, 2021
1	Disputed Income Taxes	-	36
2	Other Sums contingently liable for (2)	23	23
	Total	23	59

- The Payment of Bonus Act, 1979 was amended with retrospective effect during the previous year, the estimated probable additional cost to the Company on account of this to the extent it pertains to the earlier financial years has not been considered a liability by placing reliance on Kerala High Court judgement which has stayed this matter and accordingly this is disclosed as contingent liability.
- In Line with industry practice, the Company auctions gold kept as security by borrowers whose loans are in default. Certain customers of the Company have filed suits in consumer/civil courts for auctioning of their gold ornaments or for obtaining of stay order against auction of their pledged gold. The management does not expect any material liability from such suits.

54 Capital and Other Commitments

INR in Lakhs

Sr. No.	Particulars	As at Mar 31, 2022	As at Mar 31, 2021
1	Estimated amount of contracts remaining to be executed on capital accounts not provided for (Net of advances)	569	909
2	Other Commitments towards partly disbursed loans	4,874	9,358

55

INR in Lakhs

Sr. No.	Particulars	As at Mar 31, 2022		As at Mar 31, 2021		Reason for Variance (if above 25%)
		Numerator	Denominator	Ratio	Ratio	
1	Capital to risk weighted asset ratio (CRAR)	1,36,209	5,91,298	23.04%	23.52%	-
2	Tier I CRAR	1,08,687	5,91,298	18.38%	17.10%	-
3	Tier II CRAR	27,522	5,91,298	4.65%	6.42%	-
3	Liquidity Coverage Ratio	46,888	10,475	448%	94%	Significant increase in HQLA on account of higher liquidity maintained.

Notes:

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

FEDBANK FINANCIAL SERVICES LIMITED

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

1. No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”) with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in a party identified by or on behalf of the Company (Ultimate Beneficiaries).
2. The Company has not received any fund from any party(s) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
3. There is no dividend declared or paid during the year by the Company.

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

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

As per our report of even date attached

Anil Kothuri
MD & CEO
DIN:00177945

Balakrishnan Krishnamurthy
Non Executive Chairman
DIN:00034031

Gauri Rushabh Shah
Independent Director
DIN:06625227

For **BSR & Co. LLP**
Chartered Accountants
FRN: 101248W/W-100022

Ashwin Suvarna
Partner
Membership No. 109503

C. V. Ganesh
Chief Financial Officer

S. Rajaraman
Company Secretary
M.No.F3514

Place: Mumbai
Date: May 18th, 2022



ADDRESS:

Registered & Corporate Office: Kanakia Wall Street, A Wing, 5th Floor, Unit No.511,
Andheri Kurla Road, Andheri (East) Mumbai -400093, Maharashtra. CIN: U65910MH1995PLC364635

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