Fincare Business Services Limited

ANNUAL REPORT 2021-22

Contents

Company Overview

FINCARE BUSINESS SERVICES LIMITED (FBSL) is a non-deposit taking, systemically important Core Investment Company (CIC-ND-SI) registered with the Reserve Bank of India (RBI). The operations and activities of FBSL include investing in and providing loans to group companies. The Company has only one subsidiary i.e. Fincare Small Finance Bank Limited (FSFB), licensed under Section 22 of the Banking Regulations Act, 1949, to carry out the business of a small finance bank.

Fincare Small Finance Bank Limited (FSFB)

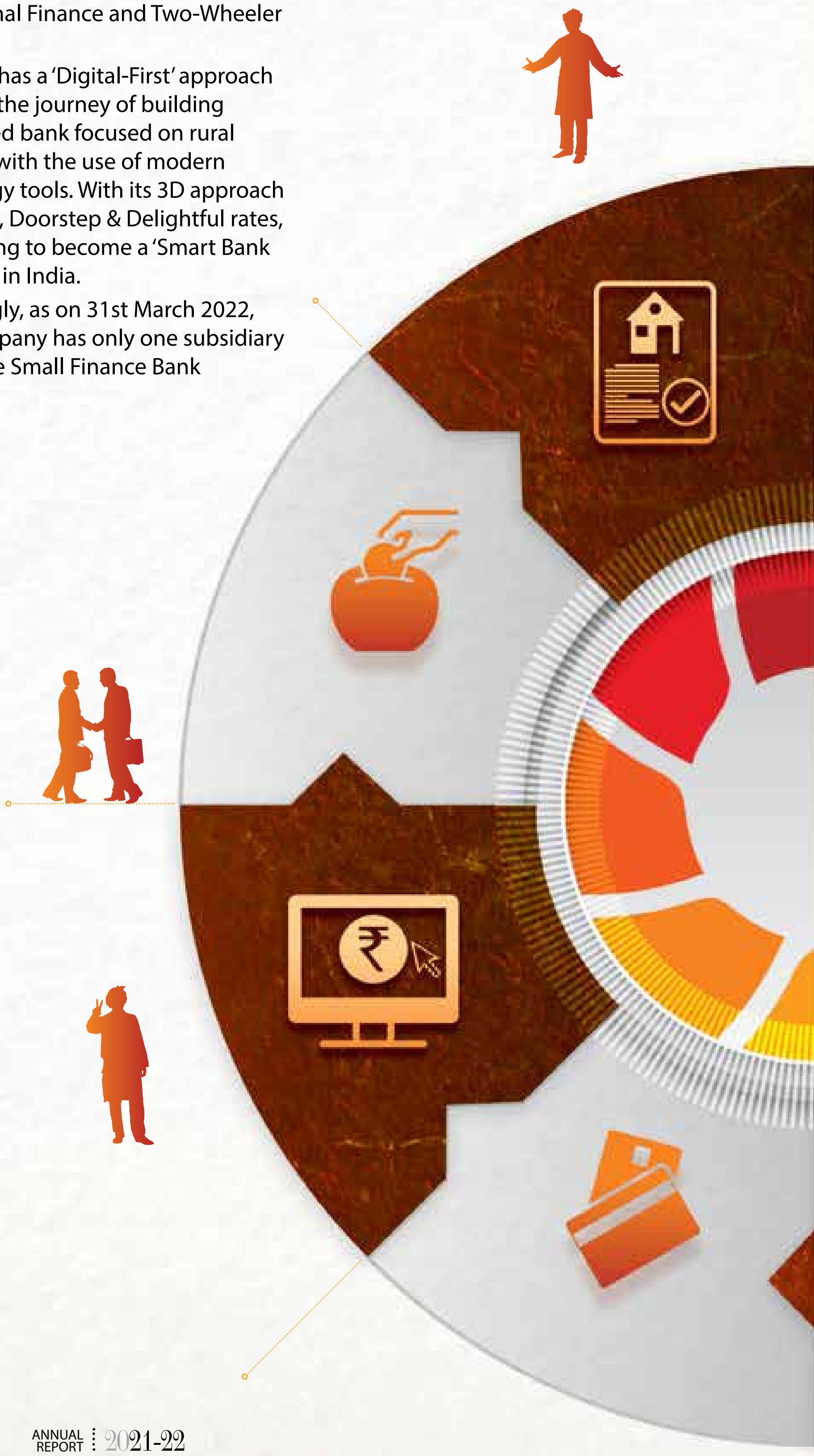
FSFB commenced its operations as Small Finance Bank in July 2017 with a vision to enable the financial inclusion of the unbanked and underbanked base of the pyramid, mass retail and micro & small enterprise segments, with the active participation of the affluent customer segments.

It serves 32+ Lakh customers through 919 branches spread across 17 states and union territories across India, with an employee strength of 11,000+. Its Gross Loan Product (GLP) stood at ₹8,277Crore as on 31st March 2022.

FSFB has a suite of smart banking products such as Savings Account, Current Account, Fixed Deposit, NRI Deposits, Recurring Deposit, Micro Loans, Cash Overdraft, Loan against Gold, Loan against Property, Institutional Finance and Two-Wheeler Loan.

The Bank has a 'Digital-First' approach and is on the journey of building an admired bank focused on rural segment with the use of modern technology tools. With its 3D approach viz Digital, Doorstep & Delightful rates, it is aspiring to become a 'Smart Bank of Choice' in India.

Accordingly, as on 31st March 2022, your Company has only one subsidiary i.e. Fincare Small Finance Bank Limited.



FROM THE DESK OF THE
Managing Director

DEAR SHAREHOLDERS,

'It was the best of times; it was the worst of times'...

This quote by Charles Dickens aptly sums up what transpired in FY22. We experienced the mayhem of the pandemic as well as the joy of resurgence and quickly followed by the turbulence of soaring inflation and then a humanitarian crisis owing to a war. But all through these ups and downs, Fincare remained rooted and committed to its mission.

Living its mission

Our subsidiary, Fincare Small Finance Bank, has emerged as a best-in-class digital bank. The Bank has played a pivotal role in bringing the underbanked and underserved sections within the financial mainstream.

The Bank's business mantra has always been commercial success combined with social impact, especially for those with limited access to banking. The motto of being socially relevant has made a significant contribution to the betterment of community.

And I take great pride in mentioning that we are on the right path.

FY22, a year of resurgence

The initial days of FY22 saw us treading with caution due to the Delta scare. But as the economy opened and people aimed to break free from the shackles of the pandemic, commercial and financial activities witnessed a sharp resurgence across regions, sectors and segments.

Rooted to ground realities, we remained committed to our service motto. Through our subsidiary, Fincare Small Finance Bank, we widened our presence. We rolled out 135 banking outlets during the year which allowed us to service a larger number of under privileged Indians.

We intensified our connect with our customers, providing a delightful convenience-banking option. We continued to enrich our offering basket with new products and features. We intensified our digital drive which increased customer engagement. I believe that these steps shall go a long way in cementing an enduring bond with our customers.

India in a better place

India is on a growth trajectory like never before. And this renaissance of development has brought a lot of positive changes - scope for all, growth for all. India is at a better place as compared to many other economies and is set to attain a higher status among world economies.

Fincare has inspired millions of households with a greater chance of having a life of dignity and self-respect. We shall only strengthen our efforts in this direction over the coming year, for making a meaningful contribution to nation building.

A note of gratitude

As we continue the journey of being better every day, I take this opportunity to thank or investors, stakeholders and valued customers, for their continued belief and support throughout our journey.

I would also like to thank the Board, the leadership team and all Fincarians, whose commitment to purpose, passion and perseverance has made our journey exciting and enriching.

Warm regards,
Gunanamreddy Dasarathreddy
Managing Director

Statutory Reports

Director's report

To,
The Members,
Fincare Business Services Limited ("The Company")
(Formerly known as Fincare Business Services Private Limited)

Your Directors take pleasure in presenting the 8th Annual Report on the business and operations of the Company together with the Audited Financial Statements for financial year ended March 31, 2022 (FY 2021-2022) on standalone and consolidated basis.

1. FINANCIAL HIGHLIGHTS – FY 22

The summary of Company's financial performance, both on a Consolidated and Standalone basis for FY 22 compared to the previous year, FY 21 is given below:

(Amount in INR)

Particulars	Standalone		Consolidated	
	Year End 31.03.2022	Year End 31.03.2021	Year End 31.03.2022	Year End 31.03.2021
Total Revenue	43,05,818	8,99,14,871	17,07,89,15,611	14,48,19,30,264
Total Expenses	4,75,30,796	14,55,09,679	17,52,49,62,026	13,55,48,81,933
Profit/(Loss) before tax	**(4,32,24,978)**	**(5,55,94,808)**	**(44,60,46,416)**	**92,70,48,331**
Tax Expenses:				
Current Tax	-	42,73,758	23,99,71,425	59,59,91,792
Deferred Tax	-	-	(39,42,43,602)	(37,51,19,396)
Prior Period Tax	61,19,087	(18,96,861)	-	23,76,897
Profit/ (Loss) after Tax	**(4,93,44,065)**	**(5,79,71,705)**	**(29,17,74,238)**	**70,37,99,039**
Other Comprehensive Income (OCI) – net of taxes	-	-	**(50,60,44,878)**	**2,83,68,893**
Net Profit/(Loss) After Tax (inclusive of OCI)	**(4,93,44,065)**	**(5,79,71,705)**	**(79,78,19,116)**	**73,21,67,931**
Earnings Per Share – Basic &	(0.15)	(0.18)	(0.73)	1.93
Diluted (in ₹)	(0.15)	(0.18)	(0.73)	1.91

2. FINANCIAL PERFORMANCE – FY 22

Standalone

As a Core Investment Company, the Company's investments are in the securities of its subsidiary company. Accordingly, most of its standalone revenue depends on income from investments made in its subsidiary company.

The gross revenue of the Company stood at ₹ 43,05,818 (Rupees Forty-Three Lakhs Five Thousand Eight Hundred and Eighteen) for the year ended 31st March 2022 as against 8,99,14,871 (Rupees Eight Crores Ninety-Nine Lakhs Fourteen Thousand Eight Hundred And Seventy One) in the previous year. The Company incurred a net loss of ₹ 4,93,44,065 (Rupees Four Crores Ninety-Three Lakhs Forty-four Thousand And Sixty-Five) for the year ended 31st March, 2022 as compared to a net loss of ₹5,79,71,705 (Rupees Five Crores Seventy-Nine Lakhs Seventy One Thousand Seven Hundred And Five) in the previous year.

Consolidated

The consolidated gross revenue of Fincare Group ('Fincare Group' shall mean Fincare Business Services Limited along with its subsidiary) was at ₹17,07,89,15,611 (Rupees Seventeen Hundred and Seven Crores Eighty-nine Lakhs fifteen thousand six Hundred and Eleven) as against ₹14,48,19,30,264 (Rupees Fourteen Hundred Forty Eight Crores Nineteen Lakhs Thirty Thousand Two Hundred And Sixty Four) during the previous financial year. The Fincare Group has incurred a consolidated net loss (including OCI) amount of ₹79,78,19,116 (Rupees Seventy-Nine Crores Seventy-Eight Lakhs Nineteen Thousand One Hundred And Sixteen) as against a Net Profit of ₹73,21,67,931 (Rupees Seventy-Three Crores Twenty-One Lakhs Sixty Seven Thousand Nine Hundred And Thirty One) in the previous year.

The consolidated financials reflect the cumulative performances of Fincare Business Services Limited along with its subsidiary, Fincare Small Finance Bank Limited. Detailed description about the business carried on by the subsidiary is contained in the Management Discussion and Analysis report of the subsidiary company enclosed herewith as **'Annexure–I'** to this report.

3. DIVIDEND

In order to conserve financial resources as well as to support ongoing business needs, the Directors do not recommend any dividend for the FY 2021-2022.

4. AMOUNTS TRANSFERRED TO RESERVES

As per the standalone financial statements, during the year, no amount was appropriated from the profit after tax to statutory reserves.

5. CHANGE IN NATURE OF BUSINESS

There has been no change in the nature of business of the Company during the year under review.

6. THE STATE OF AFFAIRS OF THE COMPANY

Your Company continues to be categorized as Non-Banking Financial Company- Non Deposit taking Core Investment Company (NBFC-CIC-ND) under RBI Regulations and is primarily engaged in the business of a Core Investment Company and for that purpose to acquire and hold either in the name of the Company or in that of any nominee, shares, stocks, debentures, debenture stock, bonds, notes and to invest or to deposit or to hold funds in such group companies.

The Company is the promoter of Fincare Small Finance Bank Limited ("FSFB") and has its investment only in FSFB. Further, during the year under review, FSFB has formally again started its initial public offering (IPO) process by filing the Draft Red herring prospectus with Securities and Exchange Board of India. wherein the Company is participating as a selling shareholder under offer for sale (OFS) upto 14,934,779 Equity Shares (where quantum may be revised as per the limits permitted under applicable law). The DRHP was filed by FSFB on August 7, 2022, with Securities and Exchange Board of India.

The Company has amended the Articles of Association by adopting a new set of articles of association ("AOA") in the extra ordinary general meeting of members of the Company held on April 30, 2021.The amendment was due to the applicability of compliances with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015, as amended, Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 on account of the proposed IPO of Subsidiary Company.

Further, the Registered Office of the Company was shifted from 79/7, 3rd Floor, K. No. 1202, Bellandur, varthur Hobli, Bangalore 560 102, Karnataka, India to 301 & 302, Abhijeet - V Opp. Mayor Bungalow, Law Garden Road, Mithakhali, Ahmedabad, Gujarat, India, 380006 pursuant to the special resolution passed by the shareholders of FBSL through postal ballot dated January 19, 2022. The Certificate of Shifting of Registered Office effective from April 27, 2022 was issued by the Registrar of Companies, Gujarat on June 01, 2022. As a consequence of change of registered office the CIN of FBSL has also changed from U74900KA2014PLC075614 to U74900GJ2014PLC132578.

7. CAPITAL STRUCTURE OF THE COMPANY

During the year, there was no increase in the Authorized Share Capital of the Company. The Authorized Share Capital of the Company as on 31st March 2022 was ₹115,50,00,000 (Rupees one hundred fifteen Crores and fifty Lakhs) divided in to 105,50,00,000 (one hundred five Crore and fifty Lakhs) Equity Shares of ₹1 (Rupees One) each and 1,00,00,000 (one Crore) Preference Shares of ₹10 (Rupees Ten) each.

The issued, subscribed, and paid-up capital of the Bank as on 31st March 2022 stood at ₹32,97,50,096 (Rupees thirty-two Crores ninety-seven Lakhs fifty thousand and ninety-six) divided into 32,97,50,096 (thirty-two Crores ninety-seven Lakhs fifty thousand and ninety-six) equity shares of ₹1 (Rupees One) each.

During FY22, pursuant to issuance 13,32,656 equity shares against employee stock options, the Capital of the Company was increased from 32,84,17,440 equity shares to 32,97,50,096 equity shares.

The ESOP details as of the FY22 are mentioned as below:

Particulars	Details As On 31st March, 2022
Options granted	Total Grant: 84,02,900 Grant 1: 21,77,200 Grant 2: 28,85,300 Grant 3: 33,40,400
Options vested	74,38,199
Options exercised	13,32,656
The total number of shares arising as a result of exercise of option	13,32,656
Options lapsed	9,64,701
The exercise price	Grant 1 : ₹ 30.50 Grant 2 : ₹ 40.50 Grant 3: ₹ 52.50
Variation of terms of options	1. Grant 1&2 : FV of underlying shares changed from FV=10 to FV=1, hence number of options increased and Exercise Price reduced, by a factor of 10 2. Grant 1&2: vesting schedule revised from 2/3rd and 1/3rd at end of 12 & 24 months respectively to 100% at end of 12 months
Money realized by exercise of options	4,64,51,840
Total number of options in force	61,05,543
Employee wise details of options granted to:	
(i) Key Managerial Personnel	
(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	

Employee Name	Current Designation	FY-18		FY-19		FY-20	
		Grant Pool	% of Total Grant	Grant Pool	% of Total Grant	Grant Pool	% of Total Grant
KEYUR DOSHI	CHIEF FINANCIAL OFFICER	2,73,400	11.60%	2,71,000	9.2%	2,36,800	7.09%
PRAKASH SUNDARAM S[1]	CHIEF STRATEGY & DIGITAL OFFICER	2,73,400	11.60%	2,71,000	9.2%	2,36,800	7.09%
SOHAM SHUKLA	CHIEF OPERATING OFFICER - RURAL BANKING	2,73,400	11.60%	2,71,000	9.2%	2,36,800	7.09%
PANKAJ GULATI	CHIEF MARKETING OFFICER AND COO - CORPORATE SERVICES	1,65,900	7.04%	1,64,000	5.5%	-	-
ASHISH MISRA	COO - RETAIL BANKING	1,59,000	6.75%	1,61,000	5.4%		-
CHANDAR RAO V [2]	CHIEF TECHNOLOGY OFFICER	1,65,900	7.04%	-	-	-	-
MAHENDER RAMCHAND CHAWLA	COO - LOAN AGAINST GOLD, SUSTAINABILITY AND QUALITY	1,34,500	5.71%	-	-	-	-
VENKATA JAYARAMAN M	CHIEF RISK OFFICER (SERVING NOTICE PERIOD)	1,35,600	5.76%	-	-	-	-
DEEPABH JAIN	COO – MORTGAGES	-	-	1,98,000	6.7%	1,99,200 -	5.96%
NILESH SANGOI	CHIEF INFORMATION OFFICER	-	-	-	-	1,99,200	5.96%

(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

[1]Employment with the bank ceased on January 30, 2021

[2]Employment with the bank ceased on October 30, 2021

During FY 2021-22, the Company has not issued any shares with differential rights and sweat equity shares. The Company has not bought back any of its securities.

8. ANNUAL RETURN

In accordance with the Companies Act, 2013, the annual return in the prescribed format is available at www.fincare.com.

9. RISK MANAGEMENT POLICY

Your Company is a Core Investment Company (CIC) and its operations are limited to being a CIC. The Company is having a risk management policy, although the risks primarily relate to investments made in its subsidiary. The operations of the subsidiary and the risks are covered in the Management Discussion and Analysis Report annexed as **'Annexure I'**, which forms the part of this report.

10. NUMBER OF MEETINGS OF THE BOARD DURING THE FY 2021-22

The Board of Directors of the Company met 9 times during the FY 2021-22. The maximum interval between any two meetings did not exceed 120 days and the minutes of all the Board Meetings were duly recorded in the Minutes Book as prescribed in the Companies Act, 2013. The details of the meeting held during the year are mentioned hereunder:

Quarter 1 (April – June)	Quarter 2 (July – September)	Quarter 3 (October-December)	Quarter 4 (January-March)
April 16, 2021	August 30, 2021	October 05, 2021	January 19, 2022
April 27, 2021	September 21, 2021	December 13, 2021	-
May 13, 2021	-	-	-
June 10, 2021	-	-	-

The Details of Attendance of Directors are cited in the Corporate Governance Report Annexed as **'Annexure II'** to this report.

11. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013

Details of loans and guarantees as covered under Section 186 of the Act are provided in the Standalone Financial Statements.

Being a Core Investment Company, requirement to disclose Investments is not applicable to the Company.

12. PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

Disclosures relating to related party transactions as required under Indian Accounting Standard (Ind AS-24) are reported in the Financial Statements of your Company.

13. STATUTORY AUDITORS AND THEIR REPORT THEREON

M/s Bhushan Khot & Company, Chartered Accountants (Firm Registration No.: 116888W) being eligible were appointed as statutory Auditors of the Company for a period 5 (five) years in terms of section 139 of the Companies Act till the conclusion of 12th Annual General Meeting of the Company.

Further, there is no qualification, reservation, disclaimer, or adverse remark made by the Statutory Auditors in the Audit report for FY 2021-22. Also, no frauds are reported by auditors under sub-section (12) of section 143.

14. MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

There were no material changes that happened during the year.

15. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO IN THE MANNER AS PRESCRIBED IN RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014:

a) **Conservation of Energy:**

There are no matters to be reported under this head as the company is not engaged in power intensive activities and hence not applicable to this company.

b) **Technology Absorption:**

There are no matters to be reported under this head as the company is not entered into any technical collaboration agreements.

c) **Foreign Exchange Earnings or Expenses during the year:**

During the year the company has neither earned nor incurred any expense in foreign currency.

16. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

Your Company has one subsidiary viz Fincare Small Finance Bank Limited (FSFB), which is registered as a Small Finance Bank (earlier as Non-Banking Financial Company) with the Reserve Bank of India. As on March 31, 2022, the Company is holding 17,34,89,568 (Seventeen Crore thirty-four Lakhs eighty-nine thousand five hundred and sixty-eight) equity shares i.e. 78.58% in FSFB.

Your Company does not have any joint ventures or associate companies. Further, none of the Company became or ceased to become subsidiaries, joint ventures, or associate Companies during the year.

The salient features of the Subsidiary companies are disclosed in **'Annexure III'** (Form AOC-1).

17. DEPOSITS

Your Company is a non-deposit taking Core Investment Company hence the requirements on disclosures of deposit related information is not applicable.

18. DIRECTORS

The Company's Board consists of professionals who are having knowledge and experience required in the industry. The responsibilities of the Board include, inter alia, formulation of policies, taking new initiatives, reviewing performance, monitoring plans, and pursuing policies and procedures, and ensuring that the Company operates within the regulatory framework laid down by the regulator.

A) Change in Directors

During the year under review, following changes were occurred:

Mr. Divya Sehgal Nominee Director has resigned from the directorship w.e.f. June 09, 2021.

Mr. Dhiraj Poddar, Nominee Director has resigned from the directorship w.e.f. September 15, 2021.

Mr. Maninder Singh Juneja, Nominee Director of the Company who retired by rotation in 7th Annual General Meeting held on 28th September, 2021, was re-appointed on the same date.

Mr. Satayki Rastogi was appointed as Nominee Director of the Company w.e.f. January 19, 2022.

Mr. Satyanarayana Peravali was re-appointed as Independent Director for his second term w.e.f. March 30, 2022, for 5 years, subject to the approval of shareholders in the ensuing Annual General Meeting of the Company.

Mr. Dasarathareddy Gunnamreddy was re-appointed as Managing Director of the Company w.e.f. June 6, 2022, for further 5 years, subject to the approval of shareholders in the ensuing Annual General Meeting of the Company.

A detailed composition of the Board of Directors along with number of meetings held during the year is provided in the Corporate Governance Report annexed as **'Annexure II'** which forms part of this report.

Mr. Bhavya Gulati, Non-Executive, Nominee Director, retires by rotation this year, and being eligible, offers himself for re-appointment. The Board recommends his re-appointment as Director of the Company liable to retire by rotation. Appropriate resolution in this regard shall be placed for approval of the shareholders at the ensuing Annual General Meeting.

B) Changes in Key Managerial Personnel

Mr. Gautam Gupta was appointed as Chief Financial Officer of the Company w.e.f. May 20, 2021 in place of Mr. Uma Sankar Rao who resigned from the position of Chief Financial Officer effective May 20, 2021.

Ms. Karishma Chandani was appointed as Company Secretary of the Company w.e.f. June 27, 2022 in place of Ms. Parul Molri who resigned from the position of Company Secretary effective April 22, 2022.

19. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

There are no material orders passed by the Regulators/ Courts/Tribunals during FY2021-22, which would impact the going concern status of the Company and its future operations. The Company has complied with the applicable requirements and no penalties were imposed on the Company by any regulatory authority.

20. UPDATE ON INTERNAL FINANCIAL CONTROL OVER FINANCIAL REPORTING

Your Company has deployed mechanism to ensure adequacy of Internal Financial Controls with reference to the Financial Statements. The management periodically reviews the financial performance of your Company against the approved plans and takes necessary actions, as required from time to time. These measures help in ensuring adequacy of internal financial controls commensurate with the nature and scale of operations of the Company.

21. DECLARATION OF INDEPENDENT DIRECTORS

The Independent Directors have submitted their disclosures to the Board that they fulfil all the requirements as stipulated in section 149(6) of the Companies Act, 2013 so as to qualify themselves to be appointed as Independent Directors under the provisions of the Companies Act, 2013 and the relevant rules.

22. DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON ITS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

In compliance with section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has adopted a Corporate Social Responsibility Policy. The CSR policy of the Company is framed in line with the Guidelines on Corporate Social Responsibility for Private and Public enterprises.

Statutory disclosures with respect to the CSR Committee and a Report on CSR Activities forms part of this Report as **'Annexure IV'.**

23. COMMITTEES OF THE BOARD

The Board has constituted various Committees to take informed decisions in the interest of the Company and to establish best corporate governance practices. The Board Committees deal with specific matters as per powers delegated and monitor the activities falling under different functional areas of the Company in acquiescence of provisions of Companies Act, 2013, the relevant rules made thereunder, other guidelines issued by RBI from time to time and the Articles of Association of the Company.

Details of Composition of various committees are specified in the Corporate Governance Report forming part of this report as **'Annexure II'.**

Further there were no instances when Board had not accepted any recommendation of the Audit Committee.

24. STATEMENT INDICATING THE MANNER IN WHICH FORMAL ANNUAL EVALUATION HAS BEEN MADE BY THE BOARD OF ITS OWN PERFORMANCE AND THAT OF ITS COMMITTEES AND INDIVIDUAL DIRECTORS

The Directors had carried out evaluation of the Board as a whole, its Committees and the Directors (Executive, Non-Executive & Independent Directors). Performance evaluation procedures as recommended by the Nomination and Remuneration Committee (Nomination Committee) for evaluation of performance of (i) Board/ Committees (ii) Directors such as Board Composition, level of involvement, performance of duties, attendance etc. The Directors are updated by the Nomination Committee on various evaluation attributes. The Nomination Committee found the performance of all the Directors to be satisfactory and the Board's overall functioning as well as that of its Committees was effective.

EVALUATION OF THE BOARD

The Board evaluated its performance as a whole and was satisfied with its performance and composition of independent and non-independent directors. Further, the Board appreciated that it comprised of professionals from diverse backgrounds which brings different diversity of thinking and inputs to the table for effective functioning.

EVALUATION OF THE COMMITTEES OF THE BOARD

The Board evaluated its various committees and was satisfied with their composition, functioning, frequency of meetings and the performance of all its Committees.

EVALUATION OF THE DIRECTORS BY THE BOARD:

The Board reviewed the individual performance of all the Directors of the Bank including Executive, Non-Executive and Independent Directors and noted that the performance of each Director met the expectations of the Company. The Board is of opinion that it is advisable to continue with the existing terms of appointment of the Independent Directors.

25. SEPARATE MEETING OF INDEPENDENT DIRECTORS:

The Independent Directors of the Company have met separately without the presence of other directors and / or management team members as required under Schedule IV of the Companies Act, 2013 and other applicable provisions of the Act.

26. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has always been committed to provide a safe and dignified work environment, which is free of discrimination, intimidation and abuse. During the year under review the Company has not received any complaint of sexual harassment.

No. of Complaints Pending at the Beginning of the year	Nil
No. of Complaints received during the year	Nil
No. of Complaints resolved during the year	Nil
No. of Complaints Pending at the End of the year	Nil

27. MANAGEMENT DISCUSSION & ANALYSIS

The Management Discussion and Analysis report is annexed to this report in **'Annexure I'.**

28. PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016

There are no ongoing proceedings under Insolvency and Bankruptcy Code, 2016 against the Company.

29. DIRECTORS RESPONSIBILITY STATEMENT

In accordance with the provisions of section 134(5) of the Companies Act, 2013, the Board hereby submits its responsibility Statement:

a. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

b. the Directors had selected such accounting policies and applied them 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 at the end of the financial year and of the profit and loss of the Company for that period;

c. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d. the Directors had prepared the annual accounts on a going concern basis; and

e. the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

f. the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

30. CORPORATE GOVERNANCE REPORT

A Report on Corporate Governance is attached as **Annexure II** and forms part of the Directors' Report. Details on number of Meetings of Board and Committees and composition of various Committees of the Board are given in the Corporate Governance Report.

31. COMPLIANCE OF SECRETARIAL STANDARDS

The Company always ensures compliance with the Secretarial Standards issued by the Institute of Company Secretaries of India, along with the other requirements of the Companies Act, 2013 and other applicable provisions.

32. DISCLOSURE ON MAINTAINANCE OF COST RECORDS

The maintenance of cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013, is not applicable to the Company and hence the same is not maintained.

33. POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

Pursuant to the provisions of Section 134 and 178 of the Companies Act, 2013, the Company has formulated and adopted the policy on appointment and remuneration of Directors and Key Managerial Personnel. The Salient features of the policy is included in the Corporate Governance Report forming part of this report as **Annexure II.** Further, a copy of the policy is placed on the website of the Company at www.fincare.com.

34. MAINTENANCE OF BOOKS OF ACCOUNTS AT CORPORATE OFFICE

The Board of directors of the Company in their meeting held on December 13, 2021 has passed a resolution to keep the books of accounts of the company at the Corporate Office of the Company. Statutory Filing of form AOC 5 has been filed to intimate such change to the Registrar of Companies (RoC).

35. ACKNOWLEDGMENTS

The Directors take this opportunity to thank all investors, business partners, vendors, banks, auditors, regulatory and governmental authorities for their continued support during the year. Your Directors place on record their appreciation of the contribution made by the employees at all levels for their commendable teamwork, dedicated and wholehearted effort.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Sd/-	Sd/-
G. Dasarathareddy	**Bhavya Gulati**
Managing Director	Director
DIN: 01760054	DIN: 02897200
Date: 8.09.2022	Date 8.09.2022
Place: Bengaluru	Place: Mumbai

Management Discussion & Analysis

An economic overview

Resurgence was the overall theme that played out as a charged up India decidedly fought back against the deadly second wave of the pandemic.

India achieved an unthinkable 15% shift in the GDP growth – from a (6.6)% growth in FY21 to an 8.7% growth in FY22. The growth in GDP was contributed by all the segments – Agriculture, Industry and Services.

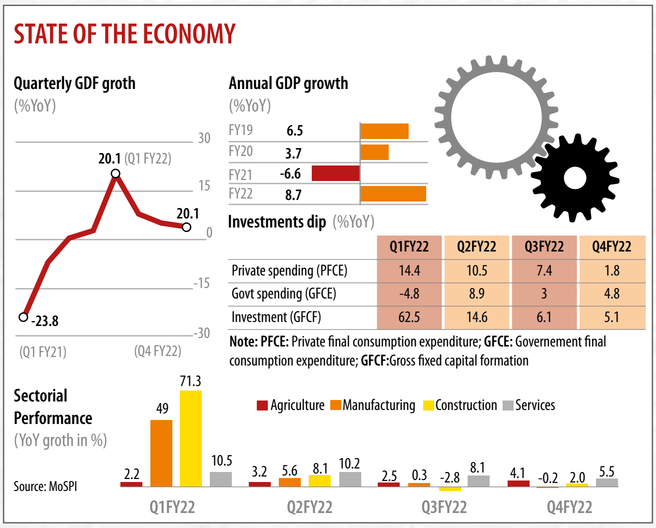
This growth was supported by Government policies that facilitated commercial activity and fueled investment. The healthy surge in the industrial and services sector helped GST collections - For FY22, GST collections amounted to ₹14.83 Lakh Crore, up 30% from ₹11.37 Lakh Crore in FY21.

Monetary and credit conditions during the year evolved in sync with the Reserve Bank's accommodative policy stance. Overall financial conditions remained benign although there has been some tightening in the recent period (early FY23) largely due to global spill overs.

Private consumption expenditure in FY22 stood at ₹83.8 trillion, which was 1.4% higher than the ₹82.60 trillion recorded in FY21. External trade picked up well in FY22, after the slowdown caused by the pandemic last year, with good capital inflows which led to rapid growth in foreign reserves.

FY22 would have ended on a higher note had it not been for the geo-political issues that erupted towards the close of the year. It spiked prices of fuel and commodities across the board, which resulted in a significant inflationary pressure across the globe.

It is expected to weigh on the growth prospects of India. The Government expects India's GDP growth at about 7% in FY23. Despite the drop against the GDP growth of FY22, India is expected to remain the fastest growing major economy in the world.



	Q1FY22	Q2FY22	Q3FY22	Q4FY22
Private spending (PFCE)	14.4	10.5	7.4	1.8
Govt spending (GFCE)	-4.8	8.9	3	4.8
Investment (GFCF)	62.5	14.6	6.1	5.1

The Indian Banking Sector

Banks, as the main providers of credit, play a key role in India's financial system and underpin economic growth. They account for around half of India's financial assets.

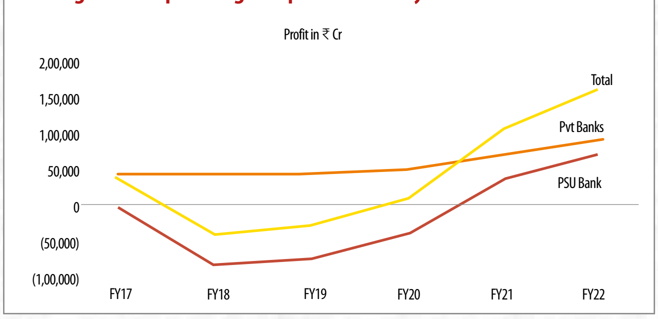
India's banking sector has undergone a paradigm shift, especially in the last two decades. It has evolved a lot in terms of asset quality, technology, and regulations. It has shifted from physical banking, which involved customer walk-ins and face-to-face interactions to digital anchors, involving branchless banking made possible by new-age, contactless technologies.

The digital revolution has played an important role in shaping the growth trajectory of the banking sector in India—from promising unprecedented customer experiences to ensuring extraordinary gains in productivity.

While the banking industry is not new to adopting digital, the pandemic has hastened the adoption of digital technologies, with far-reaching consequences for the future of not only the banking sector but the entire financial ecosystem.

Another change that the banking sector in India recently witnessed was structural in nature. The Government reduced the number of Public Sector Banks through mega-mergers. As a result, the number of public sector banks in India reduced to less than half of what it was before this transformation.

Banking sector reports highest profit in last 6 years



Performance in FY22: The banking sector saw its profit after tax (PAT) grow by 86.9% year-on-year (YoY) on the back of the lowest stress on the balance sheet in the last four years in the banking sector. For the sector, strong recoveries and upgrades aided their asset quality while lower slippages quarter-on-quarter (QoQ) ensured that credit cost remained on the lower side.

Private banks: They have performed well on account of lower slippages and strong recovery. Loan growth remained better than the industry average for private banks, up 16.2% YoY. Hence, they continued to gain the market share, which they have been doing for the last few years now. Talking about asset quality, GNPA declined by 6.6% and NNPA declined by 11.7% QoQ. Hence, private banks now have a net NPA below 1% – the first time in 26 quarters.

(Source: https://www.cnbctv18.com/finance/india-banking-sector-recorded-highest-profit-in-last-26-quarters-13657872.htm)

Outlook: Rating agency Moody's has maintained 'stable' outlook for India's banking system. According to the rating agency, operating conditions for banks are expected to remain stable, supported by strengthening consumer and business confidence, coupled with improving domestic demand. The growing corporate earnings and easing funding constraints for NBFCs, who are large borrowers from banks, will support loan growth. The growth in bank loans is expected to accelerate by 12-13% in fiscal 2023 from five per cent in fiscal 2021.

(Source: https://www.business-standard.com/article/finance/moody-s-maintains-stable-outlook-for-indian-banks-on-recovering-economy-122041100172_1.html)

Small Finance Banks

The Small Finance Banks (SFBs) have been provided with a banking license with the objective to serve the under-served and marginalised sections of the society.

An analysis by RBI officials has revealed that the newly created small finance banks (SFB) are serving the intended marginalised and under-served people, and doing so profitably,. This category of banks was started in 2017, and a bulk of the entities are microfinance institutions, which converted themselves into lenders, which gave them access to public deposits.

SFBs have to meet stringent conditions. They must lend at least 75% funds to priority sector; for scheduled commercial banks, the number is 40%. Moreover, at least 50% of their lending portfolio should have loans of up to ₹25 Lakh. The fact that all SBFs meet these requirements demonstrate that the such banks was a step in the right direction and are touching segments where financial inclusion is needed.

SFBs have been able to maintain a favourable asset-liability maturity profile supported by a shorter-tenor asset mix, a high share of non-callable deposits as well as long-term funding support from financial institutions like NABARD, SIDBI, and MUDRA.

Covid-19 was a challenge but it also accelerated digitisation. While smaller SFBs are yet to catch up, the larger ones have adopted digital transformation wholistically.

Annexure II

Report on Corporate Governance

Your Company has put in place a Corporate Governance process that aims to meet stakeholders' aspirations and societal expectations. It is not a discipline imposed by a regulator, but is a culture that guides the Board, Management and Staff to function towards best interest of stakeholders. The Corporate Governance philosophy stems from the belief that Corporate Governance is a key element in improving efficiency and growth as well as enhancing investor confidence. Your Company strongly believes in ethical values and self-discipline to achieve higher standard of Corporate Governance and continues to strive for excellence in business operations through transparency and accountability to its stakeholders.

FINCARE'S PHILOSOPHY ON CORPORATE GOVERNANCE

Your Company's Corporate Governance Philosophy is based on the phrase "Total commitment to ethical practices in the conduct of business." At the core of its Corporate Governance practice is the Board, which oversees how the management serves and protects the long-term interests of all the stakeholders of the Company. The Company believes that an active, well informed and independent Board is necessary to ensure the highest standards of Corporate Governance. Our Corporate Governance practices are aimed at meeting the Corporate Governance requirements as per the Reserve Bank of India ("RBI"), and other Regulators besides good practices either recommended by professional bodies or practiced by leading Companies in India.

BOARD OF DIRECTORS:

The Company has optimal combination of Executive Director, Non-Executive Directors and Independent Directors in compliance with the provisions of the Companies Act, 2013, and the Directions issued by the RBI for NBFC-CIC-ND from time to time. The Board's actions and decisions are aligned with Company's best interests. It is committed to the goal of sustainably elevating Company's value creation. The Board critically evaluates Company's strategic direction, management policies and their effectiveness. In terms of the Corporate Governance philosophy, all statutory and other significant material information is placed before the Board to enable it to discharge its responsibility of strategic supervision of the Company as trustees of the Shareholders.

1. COMPOSITION OF THE BOARD DURING THE FY 2021-22:

Category	Name of Directors	Designation	Board meetings attended	Attendance at Last AGM	Other Directorships
Executive Director	Mr. G. Dasarathareddy *****	Managing Director	6	Yes	Nil
Independent Directors	Mr. Satyanarayana Peravali****	Independent Director	6	Yes	Nil
	Ms. Nandini Parekh	Independent Director	9	Yes	4
Non-Executive Directors	Mr. Dhiraj Poddar*	Nominee Director	3	NA	9
	Mr. Divya Sehgal**	Nominee Director	1	NA	4
	Mr. Maninder Singh Juneja	Nominee Director	8	No	5
	Mr. Bhavya Gulati	Nominee Director	8	No	2
	Mr. Satyaki Rastogi***	Nominee Director	-	NA	1

* Mr. Dhiraj Poddar resigned from the Directorship of the Company w.e.f. September 15, 2021.
** Mr. Divya Sehgal resigned from the Directorship of the Company w.e.f. June 09, 2021.
*** Mr. Satyaki Rastogi was appointed as Nominee Director of the Company w.e.f. January 19, 2022.
**** Mr. Satyanarayana Peravali was re-appointed as Independent Director for his second term w.e.f. March 30, 2022.
***** Mr. G. Dasarathareddy was re-appointed as Managing Director for his second term w.e.f. June 06, 2022.

2. DISCLOSURE OF RELATIONSHIPS BETWEEN DIRECTORS INTER-SE:

The Directors do not have any relationship inter-se.

3. NUMBER OF SHARES AND CONVERTIBLE INSTRUMENTS HELD BY NON-EXECUTIVE DIRECTORS:

None of the Non-Executive Directors of the Company holds equity shares or convertible instruments in the Company.

BOARD MEETINGS:

The Board of Directors of the Company met 9 times during the FY 2021-22. The maximum interval between any two meetings did not exceed 120 days and the minutes of all the Board Meetings were duly recorded in the Minutes Book as prescribed in the Companies Act, 2013. The details of the meetings held in the year are mentioned hereunder:

Quarter 1 (April – June)	Quarter 2 (July – September)	Quarter 3 (October-December)	Quarter 4 (January-March)
April 16, 2021	August 30, 2021	October 05, 2021	January 19, 2022
April 27, 2021	September 21, 2021	December 13, 2021	-
May 13, 2021	-	-	-
June 10, 2021	-	-	-

Prior to each meeting of Board of Directors, agenda items along with detailed background information were circulated to the Board Members in compliance with Secretarial Standards (SS-1) and applicable provisions of the Companies Act, 2013. In addition to items which were required to be placed before the Board for its noting and /or approval, information on various other significant items was also provided.

COMMITTEES OF THE BOARD:

During the period under review, the Board had 4 (Four) Committees, namely,

- Audit Committee.
- Nomination and Remuneration Committee.
- Corporate Social Responsibility Committee; and
- Risk Management Committee.

Further after the year under review, the Board had as per the directions of RBI constituted the following committees of the Board in their meeting held on April 06, 2022:

- Group Risk Management Committee
- IT Strategy Committee
- Asset Liquidity Management Committee

The Committees assist the Board of Directors by focusing on specific responsibilities in greater detail than what is achievable for the Board as a whole, reporting to the Board and making any necessary recommendations.

AUDIT COMMITTEE:

Composition:

The Audit Committee has been constituted in accordance with provisions of section 177 of the Companies Act, 2013 and RBI Master Direction Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016. The committee was further re-constituted at the Board Meeting held on 6th April 2022.

The composition of the Audit Committee as on 31st March 2022 is as follows:

1. Mr. Bhavya Gulati – Nominee Director
2. Mr. Satyanarayana Peravali – Independent Director
3. Ms. Nandini Parekh- Independent Director
4. Mr. Satyaki Rastogi-Nominee Director

During the year under review the Audit Committee of the Board met 3 (three) times viz. June 10, 2021, August 30, 2021 and December 13, 2021.

Audit Committee Meeting Attendance:

Name	Nature of Directorship	No of meetings attended
Mr. Bhavya Gulati	Nominee Director	2
Mr. Satyanarayana Peravali	Independent Director	2
Ms. Nandini Parekh	Independent Director	3
Mr. Satyaki Rastogi*	Nominee Director	NA

* Mr. Satyaki Rastogi was appointed as Nominee Director of the Company w.e.f. January 19, 2022, and member of the Committee w.e.f. April 06, 2022.

Functioning of the Audit Committee:

The Board of Directors has formed and approved Audit Committee Policy setting out the roles, responsibilities and functioning of the Committee. In addition to adherence to the provisions of the Companies Act, 2013, applicable guidelines of the Reserve Bank of India and all other applicable regulatory requirements, the terms of reference of the Audit Committee is covered by its policy. Its functioning inter alia broadly includes the following:

- Oversight of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- Recommendation for appointment, remuneration and terms of appointment of statutory auditors of the Company;
- Reviewing with the Management financial statements before submission to the Board for approval;
- Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Reviewing with the Management, performance of the statutory and internal auditors and adequacy of the internal control systems;
- To review the functioning of the Whistle Blower mechanism/ Vigil mechanism.

NOMINATION AND REMUNERATION COMMITTEE:

The Nomination and Remuneration Committee ("the NRC") has been constituted in accordance with provisions of section 178 of the Companies Act, 2013 and RBI Master Direction Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016. The functioning of the Nomination and Remuneration Committee is governed by the terms of reference of the Nomination and Remuneration Committee as defined in the Companies Act, 2013 and Nomination and Remuneration Policy adopted by the Company.

Composition:

The Nomination and Remuneration Committee consisted of the following members as on 31st March 2022:

1. Mr. Satyanarayana Peravali – Independent Director
2. Ms. Nandini Parekh- Independent Director
3. Mr. Maninder Juneja- Nominee Director

The Nomination and Remuneration Committee of the Board met 2 (two) times viz May 13, 2021 and October 28, 2021 during the year under review:

Nomination and Remuneration Committee Meeting Attendance:

Name	Nature of Directorship	No. of meetings attended
Mr. Divya Sehgal*	Nominee Director	2
Mr. Dhiraj Poddar**	Nominee Director	2
Mr. Satyanarayana Peravali	Independent Director	1
Ms. Nandini Parekh	Independent Director	2
Mr. Maninder Juneja***	Nominee Director	-

* Mr. Divya Sehgal resigned from the Directorship of the Company w.e.f. June 09, 2021.

** Mr. Dhiraj Poddar resigned from the Directorship of the Company w.e.f. September 15, 2021.

*** Mr. Maninder Singh Juneja was appointed as director of the Company w.e.f. September 26, 2019, and member of the Committee w.e.f. September 21, 2021.

The Board of Directors has formed and approved the Nomination and Remuneration Policy setting out the roles, responsibilities and functioning of this Committee. In addition to adherence to the provisions of the Companies Act, 2013 and applicable RBI guidelines, the terms of reference of Nomination and Remuneration Committee is covered by the said policy.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

The Corporate Social Responsibility Committee (the "CSR Committee") has been constituted in accordance with Section 135 of the Companies Act, 2013 read with applicable rules as amended from time to time. The functioning of the Corporate Social Responsibility Committee is governed by the terms of reference of the Corporate Social Responsibility Committee as defined in the Companies Act, 2013 and as defined by the Board from time to time. The committee was further re-constituted at the Board Meeting held on 6th April 2022.

The Committee consisted of the following members as on 31st March, 2022:

1. Ms. Nandini Parekh- Independent Director
2. Mr. G. Dasarathareddy- Managing Director
3. Mr. Maninder Singh Juneja- Nominee Director
4. Mr. Bhavya Gulati- Nominee Director
5. Mr. Satyaki Rastogi- Nominee Director

During the year under review the Corporate Social Responsibility Committee of the Board met once on August 12, 2021.

Corporate Social Responsibility Committee Meeting Attendance:

Name	Nature of Directorship	No. of meetings attended
Mr. Bhavya Gulati	Nominee Director	1
Mr. Dhiraj Poddar*	Nominee Director	1
Mr. Maninder Singh Juneja	Nominee Director	1
Mr. G. Dasarathareddy	Managing Director	-
Ms. Nandini Parekh	Independent Director	1
Mr. Satyaki Rastogi**	Nominee Director	NA

* Mr. Dhiraj Poddar resigned from the Directorship of the Company w.e.f. September 15, 2021.

** Mr. Satyaki Rastogi was appointed as Nominee Director of the Company w.e.f. January 19, 2022, and member of the Committee w.e.f. April 06, 2022.

A detailed Report on Corporate Social Responsibility (CSR) Activities for FY 2021-22 is enclosed as Annexure IV.

RISK MANAGEMENT COMMITTEE:

The Company has formed a Risk Management Committee of the Board pursuant to Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 at the Meeting of the Board held on 26th September, 2019 for assisting the Board to establish a risk culture and risk governance framework in the organization to manage the integrated risk. The committee was further re-constituted at the Board Meeting held on 13th November 2019.

The Risk Management Committee consisted of the following members as on 31st March, 2022:

1. Mr. Satyanarayana Peravali - Independent Director
2. Mr. Maninder Singh Juneja- Nominee Director
3. Mr. Bhavya Gulati- Nominee Director

During the year under review the Risk Management Committee of the Board met once on March 28, 2022.

Risk Management Committee Meeting Attendance:

Name	Nature of Directorship	No. of meetings attended
Mr. Bhavya Gulati	Nominee Director	1
Mr. Maninder Singh Juneja	Nominee Director	1
Mr. Satyanarayana Peravali	Independent Director	1

GENERAL BODY MEETINGS:

a) **Annual General Meeting:**

Annual General Meetings (AGM) is the principal forum for interaction with shareholders, where the Board answers specific queries raised by the shareholders. The Board acknowledges its responsibility towards its shareholders and therefore encourages open and active dialogue with all its shareholders - be it individuals, domestic institutional investors or foreign investors.

The Annual General Meeting during the FY 2020-21 was held on September 28, 2021 at the Registered Office of the Company.

Annual Forms were filed in time with the Registrar of Companies.

Form No.	Type of Form	Relevant section
MGT-7	Annual Return	92(1)
AOC-4	Standalone Balance Sheet and Profit and loss A/c	137
AOC-4 CFS	Consolidated Balance Sheet and Profit and loss A/c	137

b) Extra-Ordinary General Meeting:

During FY 2021-22, 1 (one) Extra-Ordinary General Meetings was held on April 30, 2021.

c) Postal Ballot:

During FY 2021-22 following special resolution was passed by postal ballot on January 19, 2022, results of which were declared on January 25, 2022.

Shifting of registered office from the state of Karnataka to the state of Gujarat and consequent amendment to Memorandum of Association.

Brief of Voting Results:

Particulars	Number of Valid Votes			Percentage (%)
	Email Voting	Physical Voting	Total	
Assent	26,41,19,588	-	-	100%
Dissent	-	-	-	-
Total	26,41,19,588	-	-	100%

The special resolution was passed with overwhelming majority.

REMUNERATION OF DIRECTORS

The Company has in place a Nomination and Remuneration Policy which is guided by the principles and objectives as enumerated in Section 178 of the Act which is also disclosed on our website www.fincare.com. The compensation to the Executive Director of the Company is within the limits as prescribed under the Act. The details of the same are provided in Annual Return available on Company's website at www.fincare.com. No Sitting fee was paid to Executive Director for attending any Board/Committee meeting.

During the year under review, no remuneration/commission was paid to Non-executive Directors. However, the Company has paid the sitting fees to the Independent Directors, details of which are provided in Annual Return available on Company's website at www.fincare.com.

The Independent Directors of the Company are not eligible for stock options. The Directors are not paid/ entitled to any remuneration except as disclosed in this Report. There is no pecuniary relationship or transaction between the Company and its Non-Executive/Independent Directors.

OTHER DISCLOSURES

During the period under review,

1. the Company has not applied/obtained any Registration/ licence/ authorisation, by whatever name called, from other financial sector regulators.

2. no penalties were imposed by RBI and other regulators including strictures or directions on the basis of inspection reports or other adverse findings.

3. auditor has not expressed any modified opinion(s) or other reservation(s) in his audit report in respect of the financial results of any previous financial year which has an impact on the profit or loss of the reportable period.

REGISTRAR AND TRANSFER AGENT

The shares of the Company are dematerialized through KFin Technologies Private Limited.

KFin Technologies Private Limited
Selenium Tower B, Plot 31-32, Gachibowli,
Financial District, Nanakramguda, Hyderabad – 500032
Phone: +91 40 6716 1604

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Sd/-	Sd/-
G. Dasarathareddy	**Bhavya Gulati**
Managing Director	Director
DIN: 01760054	DIN: 02897200
Date: 8.09.2022	Date 8.09.2022
Place: Bengaluru	Place: Mumbai

Annexure III

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Lakhs.)

Fincare Small Finance Bank Limited

Sl. No.	Particulars	Details
1.	Name of the subsidiary	Fincare Small Finance Bank Limited
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting period of holding company and subsidiary company are same i.e. 1st April, 2021 to 31st March, 2022.
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	N. A
4.	Share capital	₹ 22,078
5.	Reserves & surplus	₹ 97,470
6.	Total assets	₹ 1,090,590
7.	Total Liabilities	₹ 1,090,590
8.	Investments	₹ 215,163
9.	Turnover	₹ 144,587
10.	Profit during the year (PAT)	₹ 887
11.	Provision for taxation	₹ 2339
12.	Proposed Dividend	Nil
13.	% of shareholding	78.58%

Notes: The following information:

Names of subsidiaries which are yet to commence operations – Nil

Names of subsidiaries which have been liquidated or sold during the year– Nil

Part "B": Associates and Joint Ventures: Not Applicable

REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR FY2021-22

1. **Brief Outline on CSR Policy of the Bank**

The Corporate Social Responsibility Policy (CSR Policy) of the Company sets out the broad framework guiding the Company's CSR activities. The Policy also sets out the principles and the rules that needs to be adhered while taking up and implementing CSR activities as specified in Schedule VII of the Companies' Act, 2013 (excluding the activities pursued in the normal course of business) and the expenditure thereon.

The CSR policy encompasses the Company's philosophy for delineating its responsibility as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programs for welfare & sustainable development of the community at large.

2. **Composition of CSR Committee as on 31st March, 2022:**

S. 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	Mr. G. Dasarathareddy	Member, Managing Director	1	-
2	Ms. Nandini Parikh	Member, Independent Director	1	1
3	Mr. Dhiraj Poddar*	Member, Nominee Director	1	1
4	Mr. Satayki Rastogi**	Member, Nominee Director	N.A.	N.A.
5	Mr. Maninder Singh Juneja	Member, Nominee Director	1	1
6	Mr. Bhavya Gulati	Member, Nominee Director	1	1

* Mr. Dhiraj Poddar was resigned as a director of the Company w.e.f. December 15, 2021, and consequently also ceased to be a member of CSR Committee.

** Mr. Satayki Rastogi was appointed as director of the Company w.e.f. January 19, 2022, and consequently, appointed as a member of the Committee in the Board Meeting held on April 06, 2022.

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:**

www.fincare.com

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:**

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

6. **Average net profit before tax of the Company for last three (3) financial years:**

Net Profit for the Financial Year 2018-19	23,67,96,476
Net Profit for the Financial Year 2019-20	(5,48,01,801)
Net Profit for the Financial Year 2020-21	(5,55,94,808)
Average Net Adjusted Profit for the three preceding years	4,21,33,289
2% Average Net Profit of the last three years	8,42,666

7. **Prescribed CSR Expenditure for Financial year ended 2021-22:**

   a. **(i) Two percent of average net profit of the company as per section 135(5) pertaining to FY 2021-22:** ₹ 8,42,666/-

      (ii) Total amount spent in FY 2021-22 which was carried forward from FY 2020-21 Nil

   b. **Surplus arising out of the CSR projects or programmes or activities of the previous financial years:** Nil

   c. **Amount required to be set off for the financial year:** Nil

   d. **Total CSR obligation for the financial year (7a+7b-7c):** ₹ 8,42,666/-

8. **CSR amount spent or unspent for the financial year:** ₹ 8,43,125/-

   a. Amount unspent: Nil

   b. **Details of CSR amount spent against ongoing projects for the financial year:**

S. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/ No).	Location of the project.		Amount spent for the project (in ₹).	Mode of impleme-ntation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration number.
1	Grocery Kit Distribution Program	Eradicating Hunger	No	GJ	Aravalli	26,125	No	Elixir Foundation	CSR00001799
2	Grocery Kit Distribution Program	Eradicating Hunger	No	GJ	Navsari	40,375	No	Elixir Foundation	CSR00001799
3	Grocery Kit Distribution Program	Eradicating Hunger	No	GJ	Valsad	28,500	No	Elixir Foundation	CSR00001799
4	Grocery Kit Distribution Program	Eradicating Hunger	No	KA	Belgaum	95,000	No	Elixir Foundation	CSR00001799
5	Grocery Kit Distribution Program	Eradicating Hunger	No	MH	Jalgaon	33,250	No	Elixir Foundation	CSR00001799
6	Grocery Kit Distribution Program	Eradicating Hunger	No	MH	Kolhapur	61,750	No	Elixir Foundation	CSR00001799
7	Grocery Kit Distribution Program	Eradicating Hunger	No	MP	Ratlam	39,425	No	Elixir Foundation	CSR00001799
8	Grocery Kit Distribution Program	Eradicating Hunger	No	MP	Sagar	67,450	No	Elixir Foundation	CSR00001799
9	Grocery Kit Distribution Program	Eradicating Hunger	No	RJ	Kota	1,94,275	No	Elixir Foundation	CSR00001799
10	Grocery Kit Distribution Program	Eradicating Hunger	No	RJ	Jhalawar	1,38,225	No	Elixir Foundation	CSR00001799
11	Grocery Kit Distribution Program	Eradicating Hunger	No	TN	Thanjavur	1,18,750	No	Elixir Foundation	CSR00001799
		Total				**843,125**			

c. **Details of CSR amount spent against other than ongoing projects for the financial year:** Nil

d. **Amount spent in Administrative Overheads:** Nil

e. **Amount spent on Impact Assessment, if applicable:** N.A.

f. **Total amount spent for the Financial Year (8b+8c+8d+8e):** ₹ 8,43,125

g. **Excess amount for set off, if any:** ₹ 459/-

9. **a. Details of Unspent CSR amount for the preceding three financial years: N.A.**

   b. Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): Nil

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** – N.A.

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).:** N.A.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Sd/-	Sd/-
G. Dasarathareddy	**Bhavya Gulati**
Managing Director	Director
DIN: 01760054	DIN: 01158198
Date: 8.09.2022	Date 8.09.2022
Place: Bengaluru	Place: Mumbai

Financial Statements

Independent Auditor's Report

To,
The Members of the Fincare Business Services Limited

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of Fincare Business Services Limited ("the Company", the "FBSL"), which comprises of the Balance Sheet as at 31st March, 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone Ind AS financial statements, including a summary of the 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 standalone Ind AS financial statements give the information required by the Companies Act,2013 ("the act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ("Ind AS") specified under section 133 of the Act, of the state of affairs of the Company as at 31st March, 2022, and its loss (including other comprehensive income), its cash flows and the changes in equity 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 Standalone Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provision 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 we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

1. We draw attention to Note 42 to the standalone financial statements, which describes the effects of uncertainties relating to the COVID-19 pandemic on the carrying value of investment in Fincare Small Finance Bank Limited, subsidiary of the Company, the extent of which is dependent on future developments.

Our opinion is not modified in respect of this matter.

Information other than Financial Statements and Auditor's Report thereon

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 standalone Ind AS Financial Statements and our auditor's report thereon.

Our opinion on the standalone Ind AS 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 standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the other information and If we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 "The Auditor's Responsibilities Relating to Other Information". We have nothing to report in this regard.

Management's Responsibility for the Standalone Ind AS Financial Statements

The accompanying standalone Ind AS financial statements have been approved by the Company's Board of Directors.

The Company's Management and Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed 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 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 standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, 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 management either intends to liquidate the Company or to cease operations, of has no realistic alternative but to do so.

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

Auditor's Responsibility for the audit of the Standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud of 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 Standalone Ind AS 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 standalone Ind AS financial statements, whether due to fraud of 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 risks 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 circumstance. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial control with reference to Standalone Ind AS 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.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone Ind AS financial statements or, if such disclosers 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 Standalone Ind AS financial statements, including the disclosures, and whether the Standalone Ind AS financial statements represent the underlying transaction 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 standalone Ind AS financial statements of the current year 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 Matters:

Attention is drawn to the fact that the standalone Ind AS financial statements of the Company for the year ended 31st March, 2021 were audited by Walker Chandiok and Co. LLP ('the erstwhile auditors') whose report dated 10 June 2021, expressed an unmodified opinion on the standalone Ind AS financial statements.

Our Opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1) As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the **"Annexure A"** a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.

(A) As required by Section 143(3) of the Act, we report to the extent applicable 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 Standalone Balance Sheet, the Standalone Statement of Profit and Loss including Other Comprehensive Income, the Standalone Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

d) In our opinion, the aforesaid Standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e) On the basis of the written representations received from the directors as on 31st March 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31st 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 over financial reporting of the Company, and the operating effectiveness of such controls, refer to our separate Report in **"Annexure B"** where we have expressed unmodified opinion.

g) 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 read with Schedule V to the Act.

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

i. The Company has disclosed the impact of pending litigation as at 31 March 2022 on its financial position in its standalone Ind AS financial statements- Refer Note 29 to the standalone Ind AS financial statements.

ii The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31st March, 2022.

iii There were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31st March, 2022 And

iv The management has represented to us to the best of their knowledge and belief that no funds (which are material either individually or in aggregate) have been advanced or loaned or invested (either from borrowed funds or securities 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 Intermediaries shall, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries. Based on reasonable audit procedures adopted by us, nothing has come to our notice that such representation contains any material misstatement.

v. The management has also represented to us to the best of their knowledge and belief that no funds (which are material either individually or in aggregate) have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Based on reasonable audit procedures adopted by us, nothing has come to our notice that such representation contains any material misstatement.

vi. In our opinion and according to the information and explanations given to us, the company did not declare any dividend during the year and accordingly compliance requirements to Section 123 of the Act are not applicable. Refer note 17 to the standalone Ind AS Financial Statements.

vii. The disclosures in the standalone Ind AS financial statements regarding holding as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these standalone financial statements since they do not pertain to the financial year ended 31 March 2022.

For **Bhushan Khot & Co.**
Chartered Accountants
(Firm's Registration No.116888W)

Amit Shah
Partner
Membership No. 124889
UDIN: 22124889ALVXFB9547

Place: Mumbai
Date: 29th June 2022

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF FINCARE BUSINESS SERVICES LIMITED FOR THE YEAR ENDED 31st MARCH 2022

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

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the

Books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

The Company does not have any intangible assets.

(b) The Company has a regular programme of Physical Verification of its Property, plant & Equipment (PPE) performed by the Management, by which all PPE are verified in a phased manner over a period of two year. In our opinion, this periodicity of physical verification is reasonable having regards to the size of the Company and the nature of its assets. Pursuant to the Schedule of Physical Verification, certain fixed assets were physically verified by the management during the year and no material discrepancies were noticed on such verification.

(c) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the title deeds of all the immovable properties (other than properties where the company is a lessee and the lease agreements are duly executed in favour of the company) disclosed in the financial statements are held in the name of the Company except title deed of Freehold Land is in the name of Future Financial Services Private Limited, an erstwhile Group company which got merged with the Company vide Amalgamation order dated 15th September, 2017 passed by NCLT, Bengaluru bench (Refer Note no. 11 of standalone Financial statement), the details of which are given hereunder.

Description of Property	Gross Carrying Value	Held in name of	Whether Promoter, director or their relative or employee	Property held since date	Reason for not being held in name of Company
Freehold Land	23,52,299	M/s. Future Financial Services Pvt Ltd ("FFSPL")	No	2nd October, 2016	As informed by the Management, FFSPL was merged with the Company vide Amalgamation order dated 15th September, 2017 passed by NCLT, Bengaluru. Hence, the process of transfer of aforesaid title deeds in the name of Company is not completed.

(d) In our opinion and according to the information and explanations given to us, the Company has not revalued its PPE (including Right of Use assets) during the year. The company does not have any intangible assets.

(e) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, no proceedings have been initiated or are pending against the Company for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

ii. The Company is a Non-Banking Financial Company, primarily engaged in managing the capital requirements in subsidiary company and does not hold any inventory. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.

According to the information and explanation given to us, during the year the Company has not granted any loans or provided advances in the nature of loans, secured or unsecured or provided any guarantee, to companies, Firm, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clause 3(iii) (a) and (e) of the Order are not applicable to the Company.

b. In our opinion and according to the information and explanation given to us, the investments made, guarantees provided, security given and the terms and condition of the grant of all loans and advances in the nature of loans and guarantees provided are, prima facie, not prejudicial to the Company's interest.

c. In our opinion and according to the information and explanation given to us, in respect of loans and advances in the nature of loans, the schedule of repayment of principal and payment of interest has been stipulated and the repayments or receipts are regular during the year.

d. In our opinion and according to the information and explanations given to us, no amount is overdue in respect of loans and advances in the nature of loans.

f. In our opinion and according to the information and explanations given to us, Company has not granted any loans or advances in the nature of loans to promoters or related parties (as defined in Sec 2(76) of the act, which are repayable on demand or without specifying any terms or period of repayment.

iv. In our opinion and according to the information and explanation given to us, the Company has complied with the applicable provisions of Section 185 and 186 of the Act, with respect to the loan given, investments made, guarantees given and securities provided.

v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits from the public during the year in terms of directives issued by the Reserve Bank of India or the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, reporting under clause 3(v) of the Order is not applicable.

vi. The maintenance of cost records has not been prescribed for the activities of the Company by the Central Government under Section 148(1) of the Companies Act, 2013.

vii. (a) According to the information and explanation given to us and on the basis of our examination of the records of the Company, amount deducted / accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employee State Insurance, Income tax, Goods and

Service tax, Service tax, Professional Tax, duty of customs, excise, Cess and any other statutory dues have generally been regularly deposited by the Company with the appropriate authorities.

According to the information and explanation given to us, no undisputed amounts payable in respect of Provident fund, Employee State Insurance, Income tax, Goods and Service tax, Profession Tax, duty of customs, Cess and other material statutory dues were in arrears as at 31 March 2022 for a period for more than Six months from the date they become payable.

(b) According to the information and explanation given to us, there are no dues of Income-tax or Sales tax or Service tax or Goods and service tax or duty of Customs of duty of excise or value added tax which have not been deposited by the Company on account of disputes, except for the following:

Name of the Statue	Nature of the Dues	Amount	Amount paid under protest	Period	Forum where dispute is pending
Income tax Act, 1961	Income Tax	150,155,250	60,062,100	AY 2015-16	Commissioner of Income Tax Appeals
Income tax Act, 1961	Income Tax	1,762,350	352,470	AY 2015-16	Commissioner of Income Tax Appeals
Income tax Act, 1961	Income Tax	49,511	Nil	AY 2019-20	Asst. Director of Income Tax, CPC
The Financial Act,1994	Service Tax	5,801,112	347,540	FY 2009- 2012	Customs, Excise and Service Tax Appellate Tribunal.

In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, we confirm that we have not come across any transactions not recorded in the books of account which reflect income surrendered or disclosed during the year in the tax assessments under the Income Tax Act, 1961.

ix.(a) In our opinion and 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 or other borrowings to financial institutions or payment of interest thereon to any lender. The company does not have any borrowing from banks, government or from debenture holders.

(b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority or any other lender.

(c) In our opinion and according to the information and explanations given to us, the Company has utilized the money obtained by way of term loans for the purposes for which they were obtained.

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

(e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.

(f) According to the information and explanations given to us and procedures performed by us, we report that the Company has loans outstanding at the beginning of the year on the pledge of securities held in its subsidiary and company has not defaulted in repayment of such loan. The Company has not raised any loans during the year on the pledge of any securities held in its subsidiary.

x. (a) The Company did not raise money by way of initial public offer or further public offer (including debt instruments) during the year.

(b) The Company has not made any preferential allotment / private placement of shares / fully / partly / optionally convertible debentures during the year.

xi (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(b) In our opinion and 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 Companies (Audit and Auditors) Rules, 2014 with the Central Government and up to the date of this report.

(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

xii (a) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

xiii. According to the information and explanation given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with Section 177 and 188 of the Act, where applicable, and details of such transaction have been disclosed in the standalone financial statements as required by the applicable Indian Accounting Standards.

xiv. In our opinion and based on our examination, the company does not have an internal audit system and is not required to have an internal audit system as per provisions of the Companies Act 2013.

xvi. According to the information and explanations given to us and in our opinion, the Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and such registration has been obtained by the Company.

The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtaining a valid COR from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

The company is a Core Investment Company ("CIC") as defined in the regulations made by Reserve Bank of India and it has obtained registration with RBI and it continues to fulfil the criteria of a CIC.

According to the information provided by the Management of the Company, the Group does not have more than one Core Investment Company (CIC) as part of the Group as per the definition of Group contained in the Core Investment Companies (Reserve Bank) Directions, 2016 and hence the reporting under clause (xvi)(d) of the Order is not applicable.

xvii. The Company has incurred cash losses in the financial year and in the immediately preceding financial year.

xviii. There has been resignation of the statutory auditors during the year and we have taken into consideration the issues, objections or concerns, if any raised by the outgoing auditors.

xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization 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. In our opinion, As per Section 135 of the Act, no amount was required to be spent by the Company on Corporate Social Responsibility (CSR) related activities during the year. Accordingly, reporting under clause (xx) of the order is not applicable to the Company.

xxi. Reporting under clause (xxi) of the order is not applicable at the standalone level.

For **Bhushan Khot & Co.**
Chartered Accountants
(Firm's Registration No.116888W)

Amit Shah
Partner
Membership No. 124889
UDIN: 22124889ALVXFB9547

Place: Mumbai
Date: 29th June 2022

"ANNEXURE B" TO INDEPENDENT AUDITORS' REPORT ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF FINCARE BUSINESS SERVICES LIMITED FOR THE YEAR ENDED 31ST MARCH 2022

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

Report on the Internal Financial Controls with reference to the aforesaid Standalone Ind AS Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

Opinion

We have audited the internal financial controls over financial reporting of Fincare Business Services Limited as of 31st March, 2022 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

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

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control 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 the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility:

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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 control with reference to financial statements includes those policies and procedures that:

(1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with 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.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls with reference to the 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 control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **Bhushan Khot & Co.**
Chartered Accountants
(Firm's Registration No.116888W)

Amit Shah
Partner
Membership No. 124889
UDIN: 22124889ALVXFB9547

Place: Mumbai
Date: 29th June 2022

Standalone Balance Sheet as on 31 March, 2022

(All amounts in ₹, unless stated otherwise)

Particulars	Notes	As at 31 March 2022	As at 31 March 2021
Assets			
Financial Assets			
Cash and cash equivalents	4	25,73,599	2,17,12,575
Bank balances other than cash and cash equivalents	5	3,59,47,921	30,94,965
Trade receivables	6	-	6,85,27,740
Loans	7	-	20,363
Investments	8	7,20,90,61,136	7,32,24,41,623
Other financial assets	9	15,58,842	11,78,042
		7,24,91,41,498	**7,41,69,75,308**
Non-financial Assets			
Current tax assets (net)	10	2,13,46,432	2,66,34,771
Property, plant and equipment	11	39,48,900	33,51,892
Other non financial assets	12	6,42,40,604	6,35,98,216
		8,95,35,936	**9,35,84,879**
Total Assets		**7,33,86,77,434**	**7,51,05,60,188**
Liabilities and Equity			
Liabilities			
Financial Liabilities			
Payables			
(i) Trade Payables			
a) total outstanding dues to micro and small enterprises; and	-	-	-
b) total outstanding dues to creditors other than micro and small enterprises	-	-	-
Borrowings (Other than debt securities)	13	20,22,71,579	37,31,84,381
Other financial liabilities	14	30,01,504	59,90,052
		20,52,73,083	**37,91,74,433**
Non-Financial Liabilities			
Provisions	15	80,200	91,100
Other non financial liabilities	16	3,30,894	4,76,035
		4,11,094	**5,67,135**
Equity			
Equity share capital	17	32,97,50,096	32,84,17,440
Other equity	18	6,80,32,43,161	6,80,24,01,180
		7,13,29,93,257	**7,13,08,18,620**
Total liabilities and equity		**7,33,86,77,434**	**7,51,05,60,188**
Summary of Significant Accounting Policies	1 - 3		

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

This is the balance sheet referred to in our report of even date.

For **Bhushan Khot & Co.**
Chartered Accountants
Firm's Registration No.: 116888W

Amit Shah
Partner
Membership No.: 124889
UDIN: 22124889ALVXFB9547

Mumbai
29 June 2022

For and on behalf of Board of Directors of
Fincare Business Services Limited

G. Dasarathareddy
Managing Director
DIN: 01760054
Bengaluru
29 June 2022

Bhavya Gulati
Director
DIN: 02897200
Mumbai
29 June 2022

Gautam Gupta
Chief Financial Officer
Bengaluru
29 June 2022

Karishma Chandani
Company Secretary
M No. ACS45657
Bengaluru
29 June 2022

Standalone Statement of Profit and Loss for the year ended 31 March 2022

(All amounts in ₹, unless stated otherwise)

Particulars	Notes	For the year ended 31 March 2022	For the year ended 31 March 2021
Revenue from operations			
Interest income	19	25,17,621	1,69,76,566
Fee and commission income	20	12,83,784	2,48,76,768
Net gain on fair value changes	21	-	10,59,581
Total Revenue from operations		**38,01,405**	**4,29,12,915**
Other income (II)	22	**5,04,413**	**4,70,01,956**
Total income (I+II)		**43,05,818**	**8,99,14,871**
Expenses			
Finance costs	23	3,16,39,942	10,99,46,279
Employee benefits expenses	24	1,00,47,591	1,00,17,013
Depreciation, amortization and impairment	25	3,96,818	17,41,730
Other expenses	26	54,46,445	2,38,04,657
Total expenses		**4,75,30,796**	**14,55,09,679**
Loss before tax for the year		**(4,32,24,978)**	**(5,55,94,808)**
Tax expense	27		
Current tax		-	42,73,758
Prior period tax		61,19,087	(18,96,861)
Total tax expense		**61,19,087**	**23,76,897**
Loss for the year		**(4,93,44,065)**	**(5,79,71,705)**
Total comprehensive loss for the year		**(4,93,44,065)**	**(5,79,71,705)**
Earnings per share (basic and diluted)	28		
Basic (Face Value of ₹1 per share)		(0.15)	(0.18)
Diluted (Face Value of ₹1 per share)		(0.15)	(0.18)
Summary of Significant Accounting Policies	1 - 3		

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

This is the Statement of Profit and Loss referred to in our report of even date.

For **Bhushan Khot & Co.**
Chartered Accountants
Firm's Registration No.: 116888W

Amit Shah
Partner
Membership No.: 124889
UDIN: 22124889ALVXFB9547

Mumbai
29 June 2022

For and on behalf of Board of Directors of
Fincare Business Services Limited

G. Dasarathareddy
Managing Director
DIN: 01760054
Bengaluru
29 June 2022

Bhavya Gulati
Director
DIN: 02897200
Mumbai
29 June 2022

Gautam Gupta
Chief Financial Officer
Bengaluru
29 June 2022

Karishma Chandani
Company Secretary
M No. ACS45657
Bengaluru
29 June 2022

Standalone Cash Flow Statement for the year ended 31 March 2022

(All amounts in ₹, unless stated otherwise)

Particulars		For the year ended 31 March 2022	For the year ended 31 March 2021
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net loss before tax		**(4,32,24,978)**	**(5,55,94,808)**
Adjustment for :			
Profit on sale of investments in mutual funds		(76,380)	(26,22,510)
Profit on sale of investments in equity shares		-	(4,15,27,919)
Depreciation, amortization and impairment		3,96,818	17,41,730
Fair valuation (gain)/loss unrealised on mutual fund investments		-	(10,59,581)
Loss on sale of non-convertible debentures		-	83,90,830
Amortisation of processing fee expense		-	(1,66,36,496)
Interest on loan to related parties		(9,06,165)	(60,27,740)
Interest accrued on debentures/ term loan		90,87,198	31,84,381
Operating (loss) / profit before Working Capital Changes		**(3,47,23,507)**	**(11,01,52,113)**
Adjustments for increase / decrease in operating assets and liabilities:			
(Increase)/Decrease in trade receivables		20,363	11,03,701
(Increase)/Decrease in other financial assets		(3,80,800)	31,45,057
(Increase)/Decrease in other non financial assets		(6,42,389)	30,83,773
Increase/(Decrease) in provisions		(10,900)	2,50,500
Increase/(Decrease) in other financial liabilities		(29,88,548)	(94,07,789)
Increase/(Decrease) in other non-financial liabilities		(1,45,141)	(13,01,524)
Movement in Operating Assets and Liabilities		**(41,47,415)**	**(31,26,282)**
Cash (used in)/ generated from Operations		**(3,88,70,922)**	**(11,32,78,395)**
Less: Income tax (paid)/refund - net		(8,30,748)	65,43,117
Net Cash Flow from / (used in) Operating Activities	**(A)**	**(3,97,01,670)**	**(10,67,35,278)**
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Sale of investment in equity shares - Fincare Small Finance Bank Limited		-	32,80,12,547
Sale of non-convertible debentures		-	17,85,83,844
Purchase of mutual fund investments		-	(24,54,24,662)
Sale of mutual fund investments		11,85,23,730	23,44,27,868
Investment in term deposits with bank		(3,28,52,956)	-
Maturity of fixed deposits		-	2,47,44,980
Interest received on loan to related party		69,33,905	-
Loan (given) / repaid by related party		6,25,00,000	(2,25,00,000)
Purchase of property, plant and equipment		(9,93,825)	(49,595)
Net Cash Flow from / (used in) Investing Activities	**(B)**	**15,41,10,854**	**49,77,94,982**
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of equity shares		4,64,51,840	-
Redemption of non-convertible debentures		-	(75,00,00,000)
Term loan availed/ (repaid)		(18,00,00,000)	37,00,00,000
Net Cash Flow from / (used in) Financing Activities	**(C)**	**(13,35,48,160)**	**(38,00,00,000)**
Net Increase/(Decrease) in Cash and Cash Equivalents	**(A + B + C)**	**(1,91,38,976)**	**1,10,59,704**
Cash and cash equivalents at the beginning of the year		2,17,12,575	1,06,52,871
Cash and cash equivalents at the end of the year		25,73,599	2,17,12,575
Reconciliation of cash and cash equivalents as per the cash flow statement		**(1,91,38,976)**	**1,10,59,704**

Standalone Cash Flow Statement (Cont'd) for the year ended 31 March 2022

(All amounts in ₹, unless stated otherwise)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Components of Cash & Cash Equivalents as at end of the period are:		
Cash in hand	-	79,019
Balances with banks in current account	25,73,599	2,16,33,556
Total Cash and cash equivalents	**25,73,599**	**2,17,12,575**

This is the Cash flow statement referred to in our report of even date.

For **Bhushan Khot & Co.**
Chartered Accountants
Firm's Registration No.: 116888W

Amit Shah
Partner
Membership No.: 124889
UDIN: 22124889ALVXFB9547

Mumbai
29 June 2022

For and on behalf of Board of Directors of
Fincare Business Services Limited

G. Dasarathareddy
Managing Director
DIN: 01760054
Bengaluru
29 June 2022

Bhavya Gulati
Director
DIN: 02897200
Mumbai
29 June 2022

Gautam Gupta
Chief Financial Officer
Bengaluru
29 June 2022

Karishma Chandani
Company Secretary
M No. ACS45657
Bengaluru
29 June 2022

Standalone Statement of Changes in Equity as at 31 March 2022

(All amounts in ₹, unless stated otherwise)

A. Equity share capital

Particulars	Balance as at 31 March 2020	Change in equity share capital during the year	Balance as at 31 March 2021	Change in equity share capital during the year	Balance as at 31 March 2022
Number of Equity Shares (Face Value ₹ 1)	32,84,17,440	-	32,84,17,440	13,32,656	32,97,50,096
Equity Share Capital	32,84,17,440	-	32,84,17,440	13,32,656	32,97,50,096

B. Other equity

Particulars	Reserves and surplus					Total
	Reserve fund u/s 45-IC of RBI Act 1934	Capital Reserve	Securities premium	Stock option reserve*	Retained earnings	
Balance as at 31 March 2020	**22,93,11,337**	**65,95,09,776**	**4,98,11,55,664**	**4,97,97,148**	**89,96,16,140**	**6,81,93,90,065**
Loss for the year	-	-	-	-	(5,79,71,705)	(5,79,71,705)
Additions during the year	-	-	-	4,09,82,820	-	4,09,82,820
Balance as at 31 March 2021	**22,93,11,337**	**65,95,09,776**	**4,98,11,55,664**	**9,07,79,968**	**84,16,44,435**	**6,80,24,01,180**
Loss for the year	-	-	-	-	(4,93,44,065)	(4,93,44,065)
Additions during the year	-	-	6,64,07,616	(1,62,21,570)	-	5,01,86,046
Balance as at 31 March 2022	**22,93,11,337**	**65,95,09,776**	**5,04,75,63,280**	**7,45,58,399**	**79,23,00,370**	**6,80,32,43,161**

* Refer note 36

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

For **Bhushan Khot & Co.**
Chartered Accountants
Firm's Registration No.: 116888W

Amit Shah
Partner
Membership No.: 124889
UDIN: 22124889ALVXFB9547

Mumbai
29 June 2022

For and on behalf of Board of Directors of
Fincare Business Services Limited

G. Dasarathareddy
Managing Director
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29 June 2022

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Director
DIN: 02897200
Mumbai
29 June 2022

Gautam Gupta
Chief Financial Officer
Bengaluru
29 June 2022

Karishma Chandani
Company Secretary
M No. ACS45657
Bengaluru
29 June 20222

Summary of significant accounting policies and other explanatory information
for the year ended 31 March 2022

(All amounts in ₹, unless stated otherwise)

1. Company Overview

Fincare Business Services Limited (formerly Fincare Business Services Private Limited) (the 'Company') is a Non-Banking Financial Company - Core Investment Company (NBFC - CIC). The Company was incorporated on 1 August 2014. The Company converted itself from a private limited company to a public limited company with effect from 23 November 2016.

Pursuant to the provisions of Section 233 of the Companies Act, 2013, the Company received 'confirmation order of scheme of amalgamation' of Lok Management Services Private Limited (Transferor Company of Karnataka) from 'Regional Director-South Each Region, Ministry of Corporate Affairs, Hyderabad on 03 March 2020.

2. Basis of Preparation

(i) Statement of compliance with Indian Accounting Standards (Ind AS)

These standalone financial statements ("the Financial Statements") have been prepared in accordance with the Indian Accounting Standards ('Ind AS') as notified by Ministry of Corporate Affairs ('MCA') under Section 133 of the Companies Act, 2013 ('Act') read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Act. The Company has uniformly applied the accounting policies for the periods presented in these financial statements.

The financial statements for the year ended 31 March 2022 were authorized and approved for issue by the Board of Directors on 29th June 2022.

(ii) Historical cost convention

These standalone financial statements have been prepared on going concern basis following accrual system of accounting and are in accordance with the Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended), applicable provisions of the Companies Act, 2013 and other applicable regulatory norms / guidelines. Further, the financial statements have been prepared on historical cost basis except for certain financial assets and financial liabilities which are measured at fair values as explained in relevant accounting policies.

3. Summary of significant accounting policies

3.1 Basis of measurement

The standalone financial statements have been prepared using the significant accounting policies and measurement basis summarised as below. These policies have been applied consistently for all the periods presented in the standalone financial statements, except where the Company has applied certain accounting policies and exemptions upon transition to Ind AS.

3.2 Use of estimates

The preparation of standalone financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the standalone financial statements and the results of operations during the reporting periods. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from those estimates. Difference between the actual results and estimates are recognised in the period in which the results are known/materialized. Any revision to accounting estimates is recognized prospectively in the current and future periods.

Significant management judgements

Recognition of deferred tax assets – The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilised.

Evaluation of indicators for impairment of assets – The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

Useful lives of depreciable/amortisable assets – Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of assets.

Fair value measurements – Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. In case of non-availability of market-observable data, Level 1, Level 2 and Level 3 hierarchy is used for fair valuation.

Income taxes – Significant estimates are involved in determining the provision for income taxes, including amount expected to be paid / recovered for uncertain tax positions and also in respect of expected future profitability to assess deferred tax asset.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹, unless stated otherwise)

3.3 Revenue recognition

Interest income

Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable.

For all financial assets measured at amortised cost, interest income is recorded using the effective interest rate (EIR) i.e. the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial assets.

Interest on financial assets subsequently measured at fair value through profit and loss, is recognized on accrual basis in accordance with the terms of the respective contract.

Commission income

Income from business correspondent services is recognised as and when the services are rendered as per agreed terms and conditions of the contract. A receivable is recognised when the services are delivered as this is the case of point in time recognition where consideration is unconditional because only the passage of time is required.

Dividend income

Dividend income is recognised at the time when the right to receive is established by the reporting date.

Miscellaneous income

Cheque Bounce Charges and ancilliary charges recovered are accounted on cash basis. All other income is recognized on an accrual basis, when there is no uncertainty in the ultimate realization/collection.

3.4 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss (interest and other finance cost associated) for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

3.5 Intangible assets

Recognition and initial measurement

Intangible assets mainly comprise of computer software which is initially measured at acquisition cost thereof. Such assets are recognized where it is probable that the future economic benefits attributable to the assets will flow to the Company.

Subsequent measurement (amortisation method, useful lives and residual value)

All intangible assets with finite useful life are amortized on a straight line basis over the estimated useful lives and a possible impairment is assessed if there is an indication that the intangible asset may be impaired. Residual values and useful lives for all intangible assets are reviewed at each reporting date. Changes, if any, are accounted for as changes in accounting estimates. Management estimates useful life of intangible assets to be 5 years.

3.6 Property, Plant & Equipment (PPE)

Recognition and initial measurement

Land

Land held for use is initially recognized at cost. For land, as no finite useful life can be determined, related carrying amounts are not depreciated.

Other tangible assets

PPE other than land are initially recognized at acquisition cost or construction cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Company's management. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company beyond one year. Maintenance or servicing costs of PPE are recognized in Statement of Profit and Loss as incurred.

Subsequent measurement (depreciation method, useful lives, residual value and impairment)

PPE are subsequently measured at cost less accumulated depreciation and impairment losses. Depreciation on PPE is provided on the straight line method over the useful life of the assets as prescribed under Part 'C' of Schedule II of the Companies Act, 2013.

Asset class	Useful life
Building	60 years
Plant and Machinery	5-15 years
Office Equipment	5 years
Computer Equipment	3 years
Furniture and Fixtures	10 years
Vehicles	8-10 years

Depreciation on assets purchased / sold during the year is charged for the full month if the asset is in use for more than 15 days, instead of charging the same on pro-rata basis from the date of purchase/sale.

Summary of significant accounting policies and other explanatory information
for the year ended 31 March 2022

(All amounts in ₹, unless stated otherwise)

Derecognition

An item of PPE and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of an item of PPE is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

3.7 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition and measurement

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities is described below.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- Amortised cost
- Financial assets at fair value through profit or loss (FVTPL)
- Financial assets at fair value through other comprehensive income (FVOCI)
- Investments in equity shares of subsidiaries and joint ventures (carried at cost in accordance with Ind AS 27)
- All financial assets except for those at FVTPL or equity instruments at FVOCI are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

Amortised cost

A financial asset is measured at amortised cost using Effective Interest Rate (EIR) if both of the following conditions are met:

a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's loans and advances, security deposits, staff loans, cash and cash equivalents and most other receivables fall into this category of financial instruments.

A loss allowance for expected credit losses is recognised on financial assets carried at amortised cost.

Modification of cash flows

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in derecognition of that financial asset, the Company recalculates the gross carrying amount of the financial asset and recognises a modification gain or loss in profit or loss. The gross carrying amount of the financial asset shall be recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate. Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

Financial assets at FVTPL

Financial assets at FVTPL include financial assets that are either do not meet the criteria for amortised cost classification or are equity instruments held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. All derivative financial instruments also fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements may apply. Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Financial assets at FVOCI

FVOCI financial assets comprise of equity instruments measured at fair value. Gains and losses are recognized in other comprehensive income and reported within the FVOCI reserve within equity, except for dividend income, which is recognized in statement of profit or loss.

De-recognition of financial assets

De-recognition of financial assets due to substantial modification of terms and conditions

The Company derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a

Summary of significant accounting policies and other explanatory information
for the year ended 31 March 2022

(All amounts in ₹, unless stated otherwise)

new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded.

De-recognition of financial assets other than due to substantial modification

Financial assets (or where applicable, a part of financial asset or part of a group of similar financial assets) are derecognised (i.e. removed from the Company's balance sheet) when the contractual rights to receive the cash flows from the financial asset have expired, or when the financial asset and substantially all the risks and rewards are transferred. The Company also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

Classification and subsequent measurement of financial liabilities

Financial liabilities are measured subsequently at amortized cost using the effective interest method, except for financial liabilities held for trading or designated at FVTPL, that are carried subsequently at fair value with gains or losses recognized in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

First loss default guarantee

"First loss default guarantee contracts are contracts that require the Company to make specified payments to reimburse the bank and financial institution for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of loans. Such financial guarantees are given to banks and financial institutions, for whom the Company acts as 'Business Correspondent'. These contracts are initially measured at fair value and subsequently measure at higher of:

- The amount of loss allowance (calculated as described in policy for impairment of financial assets)
- Maximum amount payable as on the reporting date to the respective bank/financial institution which is based on the amount of loans overdue for more than 90 days.

Further, the maximum liability is restricted to the cash outflow agreed in the contract.

Derivative financial instruments and hedge accounting

The derivative financial instruments are accounted for at FVTPL. The Company does not apply hedge accounting.

3.8 Impairment of financial assets

In respect of its financial assets, the Company assesses if the credit risk on those financial assets has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses.

When making this assessment, the Company uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the Company compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Company assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

Trade receivables

In respect of trade receivables, the Company applies the simplified approach of Ind AS 109, which requires measurement of loss allowance at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of trade receivables.

3.9 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments (original maturity less than 3 months) that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3.10 Taxation

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax. It is recognised in Statement of Profit and Loss, except when it relates to an item that is recognised in OCI or directly in equity, in which case, tax is also recognised in OCI or directly in equity.

Current tax is determined as the tax payable in respect of taxable income for the year, using tax rates enacted or substantively enacted and as applicable at the reporting date, and any adjustments to tax payable in respect of previous years

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹, unless stated otherwise)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable income. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided those rates are enacted or substantively enacted by the end of the reporting period. 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 same tax authority.

A deferred tax liability is recognised for all taxable temporary differences. A deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the deductible temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

3.11 Employee benefits

Short-term employee benefits

Short-term employee benefits including salaries, short term compensated absences (such as a paid annual leave) where the absences are expected to occur within twelve months after the end of the period in which the employees render the related service, profit sharing and bonuses payable within twelve months after the end of the period in which the employees render the related services and non-monetary benefits for current employees are estimated and measured on an undiscounted basis.

Post-employment benefit plans are classified into defined benefits plans and defined contribution plans as under:

Defined contribution plan:

A defined contribution plan is a plan under which the Company pays fixed contributions in respect of the employees into a separate fund. The Company has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution. The contributions to Provident Fund Trust is charged to the profit or loss in the period to which the contributions relate.

Share Based Payments transactions of the Company:

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 39. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity -settled employee benefits reserve.

3.12 Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted to their present values, where the time value of money is material.

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Company; or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

In those cases, where the outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized or disclosure is made.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation (such as from insurance) is recognized as a separate asset. However, this asset may not exceed the amount of the related provision.

Contingent assets are not recognised. However, when inflow of economic benefits is probable, the related asset is disclosed.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹, unless stated otherwise)

3.13 Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each reporting date.

Fair value is the price 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3.14 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ('CODM') of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company.

3.15 Leases

Company as a lessee

The Company's lease asset classes primarily consist of Leasehold building and Leashold furniture. The Company assesses whether a contract contains a lease, at inception of a contract. 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. To assess whether a contract conveys the right to control the use of an identified asset, the group assesses whether:

(1) the contact involves the use of an identified asset

(2) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and

(3) the Company has the right to direct the use of the asset.

The Company recognizes a right-of-use asset ("ROU") 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.

The right-of-use assets is subsequently measured at cost less accumulated depreciation, accumulated impairment losses, if any. 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. 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 lease liability is initially measured at the present value of the future lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate applicable to the entity. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of all assets that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Notes forming part of standalone financial statements for the year ended 31 March 2022

(All amounts in ₹, unless stated otherwise)

4. Cash and cash equivalents

Particulars	As at 31 March 2022	As at 31 March 2021
Cash in hand	-	79,019
Balances with banks in current account	25,73,599	2,16,33,556
	25,73,599	**2,17,12,575**

(i) There are no repatriation restrictions with respect to Cash and cash equivalents as at the end of the reporting year and prior years.

(ii) The Company has not taken bank OD, therefore the cash and cash equivalents for cash flow statement is same as cash and cash equivalents.

5. Bank Balance (other than Cash and cash equivalents)

Particulars	As at 31 March 2022	As at 31 March 2021
Term Deposits with banks	3,59,47,921	30,94,965
	3,59,47,921	**30,94,965**

(i) There are no repatriation restrictions with respect to Bank balances other than cash and cash equivalents as at the end of the reporting year and prior years.

(ii) The Company earns a fixed rate of interest on these term deposits.

(iii) Term deposits amounting to Nil and ₹ 29.02 Lakhs as on 31 March 2022 and 31 March 2021 respectively are held as pledged against FLDG commitments.

6. Loans (unsecured, considered good, carried at amortised cost)

Particulars	As at 31 March 2022	As at 31 March 2021
(A) At amortised cost		
Loans to Related Parties	-	6,25,00,000
Accrued interest on Loan to Related Parties	-	60,27,740
Total - Gross	-	**6,85,27,740**
Less: Allowance for impairment loss for loan assets		-
Total - Net	-	**6,85,27,740**
(B) At amortised cost		
Unsecured	-	6,85,27,740
Total - Gross	-	**6,85,27,740**
Less: Allowance for impairment loss for loan assets		-
Total - Net	-	**6,85,27,740**
(C) Loans in India		
(i) At amortised cost		
Others	-	6,85,27,740
Total - Gross	-	**6,85,27,740**
Less: Allowance for impairment loss for loan assets		-
Total - Net	-	**6,85,27,740**

Notes forming part of standalone financial statements for the year ended 31 March 2022

(All amounts in ₹, unless stated otherwise)

6a. Details of Loans given to KMP / Related Parties

Type of Borrower	Amountof Loan Outstandingas on March31, 2022	Percentage tothe Total Loanas on March31, 2022 %	Amountof Loan Outstandingas on March31, 2021	Percentage tothe Total Loanas on March31, 2021 %
Promoters	-	-	-	-
Directors	-	-	-	-
Key Managerial Personnels	-	-	-	-
Related Parties	-	-	6,85,27,740	100%
Total	-	-	**6,85,27,740**	**100%**

7. Trade receivables (unsecured)

Particulars	As at 31 March 2022	As at 31 March 2021
Considered good (less than 6 months from due date of payment)	-	20,363
Considered doubtful	-	-
Total - Gross	-	**20,363**
Less: Allowance for doubtful debts		-
Total - Net	-	**20,363**
Receivable from related parties	-	-
Receivable from others	-	20,363
Total - Gross	-	**20,363**
Less: Allowance for doubtful debts		-
Total - Net	-	**20,363**

8. Investments

Particulars	Amortised cost	At Fair Value			At Cost	TOTAL
		Through other comprehensive income	Through profit or loss	Sub-total		
As at 31 March 2022						
Investments						
Mutual Funds (quoted)	-	-	-	-	-	-
Liquid Fund Regular Growth		-	-	-	-	-
Unquoted Equity Instruments (in subsidiaries)	-	-	-	-	7,20,90,61,136	7,20,90,61,136
– Fincare Small Finance Bank Limited	-	-	-	-	**7,11,49,47,913**	**7,11,49,47,913**
173,489,568 (2021: 57,829,856) equity shares of ₹10 each, fully paid-up*						
- Others						
Others - ESOP plan	-	-	-	-	9,41,13,223	9,41,13,223
(Deemed investment on account of ESOP issued to employees of Company and Fincare Small Finance Bank Limited - Refer Note No.36)						
Total - Gross	-	-	-	-	**7,20,90,61,136**	**7,20,90,61,136**
Less: Impairment loss allowance	-	-	-	-	-	-
Total - Net	-	-	-	-	**7,20,90,61,136**	**7,20,90,61,136**

*The company has pledged 38,91,787 equity shares of Fincare Small Finance Bank Limited to TATA Capital Financial Services Ltd against its outstanding term loan as on 31 March 2022.

Notes forming part of standalone financial statements for the year ended 31 March 2022

(All amounts in ₹, unless stated otherwise)

Particulars	Amortised cost	At Fair Value			At Cost	TOTAL
		Through other comprehensive income	Through profit or loss	Sub-total		
As at 31 March 2021						
Investments						
Mutual Funds (quoted)	-	-	**11,84,47,350**	**11,84,47,350**	-	**11,84,47,350**
Liquid Fund Regular Growth		-	11,84,47,350	11,84,47,350	-	11,84,47,350
Unquoted Equity Instruments (in subsidiaries)	-	-	-	-	**7,20,39,94,273**	**7,20,39,94,273**
– Fincare Small Finance Bank Limited	-	-	-	-	7,11,49,47,913	7,11,49,47,913
57,829,856 (2020: 58,998,716) equity shares of ₹10 each, fully paid-up**						
- Others						
Others - ESOP plan	-	-	-	-	8,90,46,360	8,90,46,360
(Deemed investment on account of ESOP issued to employees of Company and Fincare Small Finance Bank Limited - Refer Note No.36)						
Total - Gross	-	-	**11,84,47,350**	**11,84,47,350**	**7,20,39,94,273**	**7,32,24,41,623**
Less: Impairment loss allowance	-	-	-	-	-	-
Total - Net	-	-	**11,84,47,350**	**11,84,47,350**	**7,20,39,94,273**	**7,32,24,41,623**

** The company has pledged 23,31,150 equity shares of Fincare Small Finance Bank Limited to TATA Capital Financial Services Ltd against its outstanding term loan as on 31 March 2021.

9. Other financial assets

	As at 31 March 2022	As at 31 March 2021
Security deposits (unsecured, considered good)	7,64,800	3,84,000
Other financial Asset	7,94,042	7,94,042
	15,58,842	**11,78,042**

10. Current tax assets

	As at 31 March 2022	As at 31 March 2021
Advance income tax	2,13,46,432	3,67,73,079
MAT credit asset	-	55,97,878
Less: Tax provision	-	(1,57,36,186)
	2,13,46,432	**2,66,34,771**

Notes forming part of standalone financial statements for the year ended 31 March 2022

(All amounts in ₹, unless stated otherwise)

11. Property, Plant and Equipment (PPE)

Particulars	Freehold land	Leasehold Improvements	Furniture and fixtures	Computer equipments	Office equipments	Total
Gross carrying value						
Balance as at 1 April 2020	**23,52,299**	**-**	**24,57,798**	**23,64,291**	**40,44,157**	**1,12,18,545**
Additions	-	-	-	49,595	-	49,595
Disposals	-	-	-	-	-	-
Balance as at 31 March 2021	**23,52,299**	**-**	**24,57,798**	**24,13,886**	**40,44,157**	**1,12,68,140**
Additions	-	9,93,825	-	-	-	9,93,825
Disposals	-	-	-	-	-	-
Balance as at 31 March 2022	**23,52,299**	**9,93,825**	**24,57,798**	**24,13,886**	**40,44,157**	**1,22,61,965**
Accumulated depreciation						
Balance as at 1 April 2020	**-**	**-**	**10,24,090**	**21,17,847**	**30,32,581**	**61,74,518**
Charge for the year	-	-	7,24,876	1,56,630	8,60,224	17,41,730
Adjustment for disposals	-	-	-	-		-
Balance as at 31 March 2021	**-**	**-**	**17,48,966**	**22,74,477**	**38,92,805**	**79,16,248**
Charge for the year	-	18,190	1,29,274	98,002	1,51,352	3,96,818
Adjustment for disposals	-	-	-	-		-
Balance as at 31 March 2022	**-**	**18,190**	**18,78,240**	**23,72,479**	**40,44,157**	**83,13,065**
Net carrying value as at 31 March 2021	**23,52,299**	**-**	**7,08,832**	**1,39,409**	**1,51,352**	**33,51,892**
Net carrying value as at 31 March 2022	**23,52,299**	**9,75,635**	**5,79,558**	**41,407**	**-**	**39,48,900**

Notes:

Contractual obligations
There are no contractual commitments for the acquisition of property, plant and equipment.

Capitalised borrowing cost
There is no borrowing costs capitalised during the period ended 31 March 2022 (31 March 2021: Nil).

Title Deed of Freehold Land
Title deed of Freehold Land is in the name of Future Financial Services Private Limited, an erstwhile Group company which got merged with the Company vide Amalgamation order dated 15th September, 2017 passed by NCLT, Bengaluru bench.

Revaluation of Property, Plant and Equipments
The company has not revalued its Property, Plant and Equipments during the year and hence there is no movement for the same to be reported.

12. Other non-financial assets

Particulars	As at 31 March 2022	As at 31 March 2021
Balances with government authorities	6,07,62,110	6,00,62,100
Duties and taxes recoverables	32,35,843	28,77,556
Advances to suppliers	17,110	49,327
Prepaid expenses	10,263	10,435
Gratuity (Refer Note 30)	2,15,278	2,20,078
Others	-	3,78,720
	6,42,40,604	**6,35,98,216**

Notes forming part of standalone financial statements for the year ended 31 March 2022

(All amounts in ₹, unless stated otherwise)

13. Borrowings (other than debt securities)

Particulars	As at 31 March 2022	As at 31 March 2021
(A) At amortised cost		
From Financial Institutions		
Term Loans - Secured	20,22,71,579	37,31,84,381
Total - (A)	**20,22,71,579**	**37,31,84,381**
(B) Borrowings (other than debt securities) in India		
At amortised cost	20,22,71,579	37,31,84,381
Total - (B)	**20,22,71,579**	**37,31,84,381**

Terms of borrowing:

Current Year

Loan Value	Date of of Term Loan	Maturity date	Fixed Coupon rate	Term Loan value
19,00,00,000	29-Jan-21	30-Apr-23	9.00%	20,22,71,579

Previous Year

Loan Value	Date of of Term Loan	Maturity date	Fixed Coupon rate	Term Loan value
37,00,00,000	29-Jan-21	30-Apr-23	9.00%	37,31,84,381

Other terms of borrowing:

a) Redemption terms: To be redeemed at such amounts such that on such monies, an IRR equal to 15.07% is paid to the lender.

b) Nature of security: First exclusive charge by way of pledge on fully paid up equity shares of the subsidiary company Fincare Small Finance Bank Limited having a value of not less than 2.5 times of the loan outstanding amount.

c) End use: The Company shall apply the amounts received through term loan for refinancing of existing loans and general corporate purpose upto 15% of facility amount.

d) Debt Securities: The Company has not borrowed any amount as Debt Securities, hence the disclosure pertaining to Debt Securities is not applicable.

14. Other financial liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
Accrued expenses	28,76,004	15,06,350
Dues to employees	1,25,500	13,79,140
First loss default guarantee	-	29,01,530
Amount payable under business correspondence operations	-	2,03,032
Total	**30,01,504**	**59,90,052**

15. Provisions

Particulars	As at 31 March 2022	As at 31 March 2021
Provision for compensated absences	80,200	91,100
	80,200	**91,100**

Notes forming part of standalone financial statements for the year ended 31 March 2022

(All amounts in ₹, unless stated otherwise)

16. Other non financial liabilities

Particualrs	As at 31 March 2022	As at 31 March 2021
Statutory dues	21,699	6,600
TDS payable	3,09,194	4,69,435
	3,30,893	**4,76,035**

17. Equity share capital

Particulars	As at 31 March 2022	As at 31 March 2021
Authorised equity share capital		
83,50,00,000 (March 31, 2021 : 83,50,00,000) Equity shares of Rs 1 each	83,50,00,000	83,50,00,000
2,20,00,000 (March 31, 2021: 2,20,00,000) Equity shares of ₹ 10 each	22,00,00,000	22,00,00,000
1,00,00,000 (March 31, 2021:1,00,00,000) Preference shares of Rs 10 each	10,00,00,000	10,00,00,000
	1,15,50,00,000	**1,15,50,00,000**
Issued, subscribed and paid up equity share capital		
32,97,50,096 (March 31, 2021: 32,84,17,440) Equity shares of ₹1 each fully paid with voting rights	32,97,50,096	32,84,17,440
	32,97,50,096	**32,84,17,440**

i) **Reconciliation of equity shares outstanding at the beginning and at the end of the year**

Particulars	As at 31 March 2022		As at 31 March 2021	
	No. of shares	₹	No. of shares	₹
Equity share capital of Rs. 1 each fully paid up				
Balance at the beginning of the year	32,84,17,440	32,84,17,440	32,84,17,440	32,84,17,440
Add: Issued during the year (against employee stock options)	13,32,656	13,32,656	-	-
Balance at the end of the year	**32,97,50,096**	**32,97,50,096**	**32,84,17,440**	**32,84,17,440**

ii) **Rights attached to equity shares**

The Company has issued only one class of equity shares having a par value of ₹ 1/- per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. During the year ended March 31, 2022 (March 31, 2021 - Nil), no dividend was declared or paid to equity shareholders.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

iii) **Details of shareholders holding more than 5% shares in the Company:**

Name of the Shareholder	As at 31 March 2022		As at 31 March 2021	
Equity shares of ₹ 1 each, fully paid up	No. of shares	% holding	No. of shares	% holding
1) Wagner Limited	5,85,35,040	17.75%	5,85,35,040	17.82%
2) True North Fund V LLP	5,43,85,595	16.49%	6,56,59,060	19.99%
3) INDIUM IV (Mauritius) Holdings Limited	5,40,85,980	16.40%	5,40,85,980	16.47%
4) Omega TC Holdings Pte. Ltd.	2,77,72,330	8.42%	2,77,72,330	8.46%

As per records of the Company, including its register of shareholders/members and other declarations, if any, received from shareholders regarding the beneficial interest, the above shareholding represents both legal & beneficial ownership of shares.

iv) The Company has neither issued equity shares pursuant to contract without payment being received in cash or any bonus shares nor has there been any buy-back of shares in the current year and five years immediately preceding the balance sheet date.

Notes forming part of standalone financial statements for the year ended 31 March 2022

(All amounts in ₹, unless stated otherwise)

v) Details of Shares reserved to be issued under ESOP by the Company

Particulars	As at 31 March 2022		As at 31 March 2021	
	No. of shares	₹	No. of shares	₹
Equity shares of ₹ 1 each	59,40,600	59,40,600	77,65,400	77,65,400

Refer Note no 36 for more details

18. Other equity

Particulars	As at 31 March 2022	As at 31 March 2021
Statutory reserve u/s 45(IC) of the RBI Act, 1934	22,93,11,337	22,93,11,337
Securities premium reserve	5,04,75,63,280	4,98,11,55,664
Capital reserve	65,95,09,776	65,95,09,776
Stock option reserve	7,45,58,399	9,07,79,968
Retained earnings	79,23,00,370	84,16,44,435
	6,80,32,43,161	**6,80,24,01,180**

Nature and purpose of reserves

18.1 Statutory reserve u/s 45-IC of RBI Act 1934

The Company creates a reserve fund in accordance with the provisions of section 45-IC of the Reserve Bank of India Act,1934 and transfers therein an amount equal to/more than twenty per cent of its net profit of the year, before declaration of dividend.

18.2 Securities premium reserve

Securities premium reserve is used to record the premium received on issue of shares (including premium received on shares issued for consideration other than cash). The reserve can be utilised for purposes in accordance with the provisions of the Companies Act, 2013.

18.3 Capital reserve

Capital reserve is used to record additional capital infused by certain shareholders as per the clauses of the share purchase and share subscription agreement (SPSSA) entered between Shareholders in FY 16-17.

18.4 Stock option reserve

This reserve is used to recognise grant date fair value of options issued to employees under employee stock option plans.

18.5 Retained earnings

All the profits or losses made by the Company are transferred to retained earnings from statement of profit and loss.

19. Interest income

Particulars	For the year ended 31 March 2022			For the year ended 31 March 2021		
	On Financial Assets measured at fair value through OCI	On Financial Assets measured at Amortised Cost"	Interest income on financial assets classified at FVTPL	On Financial Assets measured at fair value through OCI	On Financial Assets measured at Amortised Cost"	Interest income on financial assets classified at FVTPL
Interest on investments	-	-	-	-	93,47,123	-
Interest on deposits with banks	-	16,11,456	-	-	16,01,703	-
Interest on loans	-	9,06,165	-	-	60,27,740	-
	-	**25,17,621**	-	-	**1,69,76,566**	-

Notes forming part of standalone financial statements for the year ended 31 March 2022

(All amounts in ₹, unless stated otherwise)

20. Fee and commission income

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Fee income recognised over a certain period of time	12,83,784	2,48,76,768
Fee income recognised at a point of time	-	-
	12,83,784	**2,48,76,768**

21. Net gain/(loss) on fair value changes

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Net gain on financial instruments at fair value through profit or loss		
On trading portfolio		
- Investments	-	10,59,581
Total	-	**10,59,581**

22. Other income

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Profit on sale of investments in mutual funds	76,380	26,22,510
Profit on sale of investments in equity shares in subsidiary	-	4,15,27,919
Processing fees and other faciliation charges	-	3,51,147
Miscellaneous income	4,28,033	25,00,380
	5,04,413	**4,70,01,956**

23. Finance costs

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
On financial liabilities measured at amortised cost		
Interest on debt securities	-	2,78,97,813
Interest on term loan	2,86,38,158	87,49,586
Interest on taxes	-	9,830
Redemption premium on Term loan	30,01,784	-
Redemption premium on NCD	-	7,17,68,500
Other finance expenses	-	15,20,550
	3,16,39,942	**10,99,46,279**

24. Employee benefit expenses

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Salaries, bonus and commission	84,06,507	82,68,720
Contribution to provident and other funds	1,100	825
Gratuity expense (Refer Note 30)	4,800	1,59,400
Compensated absences	48,992	1,03,221
Staff welfare expenses	15,86,192	14,84,847
	1,00,47,591	**1,00,17,013**

Notes forming part of standalone financial statements for the year ended 31 March 2022

(All amounts in ₹, unless stated otherwise)

25. Depreciation and amortization

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Depreciation (also refer note 11)	3,96,818	17,41,730
	3,96,818	**17,41,730**

26. Other expenses

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Rent, taxes and energy costs	11,53,741	9,71,486
Repairs and maintenance - others	42,687	3,71,216
Insurance	76,297	76,228
Rates and taxes	21,06,860	11,76,781
Travelling and conveyance	13,763	-
Legal and professional charges	23,49,677	6,75,488
Auditor's fees and expenses (Refer note i below)	8,00,000	8,00,000
Directors' fees, allowances and expenses	4,57,800	1,30,800
Contribution towards CSR expenses (Refer note ii below)	8,43,125	12,08,436
Loss on sale of Debt Securities	-	83,90,830
Losses incurred on BC services	(33,37,667)	86,90,126
IT Support services	6,14,727	7,16,150
Miscellaneous expenses	3,25,436	5,97,117
	54,46,445	**2,38,04,657**

(i) Auditors' remuneration includes:

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
- Audit fees	8,00,000	8,00,000
- Reimbursement of expenses	-	-
	8,00,000	**8,00,000**

(ii) Corporate social responsibility expenses

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
(a) Amount required to be spent	8,43,125	12,08,436
(b) Amount of expenditure incurred	8,43,125	12,08,436
(c) Shortfall at the end of the year	-	-
(d) Total of previous years shortfall	-	-
(e) Nature of CSR activities	Promoting healthcare and eradicating hunger	

Notes forming part of standalone financial statements for the year ended 31 March 2022

(All amounts in ₹, unless stated otherwise)

27. Tax expense

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Current tax (including tax of earlier years)	61,19,087	23,76,897
	61,19,087	**23,76,897**

The reconciliation of estimated income tax expense at statutory income tax rate to income tax expense reported in statement of profit and loss is as follows:

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Loss before tax	**(4,32,24,978)**	**(5,55,94,808)**
Statutory income tax rate	25.16%	25.16%
Expected income tax expense	-	-

Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Adjustment for tax expense pertaining to prior years	61,19,087	(18,96,861)
Short term capital gain tax on sale of investments in subsidiary	-	42,73,758
	61,19,087	**23,76,897**

28. Earnings per share (basic and diluted)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Net loss for the year	(4,93,44,065)	(5,79,71,705)
Weighted average number of equity shares for EPS	32,92,48,709	32,84,17,440
Par value per share	1.00	1.00
Earnings per share - Basic and diluted	(0.15)	(0.18)

29. Provisions and Contingencies

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Contingent liability not provided for:		
Income tax demand for AY 2015-16 (refer note below)	15,01,55,250	15,01,55,250
Corporate Guarantee for erstwhile Subsidiary company (Lok), now merged	-	42,81,650
Guarantee given on behalf of Loan taken by Group company (FEWT)	-	19,80,00,000

Note:

(i) The Company received a notice from the Income Tax Department on 30 December 2017 under section 156 of the Income Tax Act 1961, for a demand of ₹ 150,155,120 pertaining to financial year ended 31 March 2015. The Company has filed an appeal against the disputed amount and has paid ₹ 60,062,100 (i.e.; 40% of the disputed amount).

Considering the facts of the case, the Company and the tax advisors believe that the final outcome should be in favour of the Company.

Notes forming part of standalone financial statements for the year ended 31 March 2022

(All amounts in ₹, unless stated otherwise)

30. Employee benefit obligations

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for gratuity on cessation of employment and it is computed at 15 days salary (last drawn salary) for each completed year of service.

The following tables summarize the components of net benefit expense recognized in the Statement of Profit and Loss and the funded status and amounts recognized in the Balance Sheet for the gratuity plan.

During the year ended 31 March 2022, the Company has only two employees eligible for gratuity benefit and therefore no actuarial valuation has been carried out.

Reconciliation of present value of defined benefit obligation and the fair value of assets:

Particulars	As at 31 March 2022	As at 31 March 2021
Defined benefit plans	8,70,200	8,65,400
Gratuity	(10,85,478)	(10,85,478)
	(2,15,278)	**(2,20,078)**

Amount recognised in the statement of profit and loss

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Current service cost*	4,800	1,59,400
Interest cost on benefit obligation	-	-
Expected return on plan assets**	-	-
Net benefit expense	4,800	1,59,400

(*) Current service cost includes liabilities assumed on account of transfer of employees from companies under common control.

(**) Represents expected return as determined by the actuary.

Changes in the present value of the defined benefit obligation are as follows:

Particulars	As at 31 March 2022	As at 31 March 2021
Opening defined benefit obligation	**8,65,400**	**7,06,000**
Interest cost	-	-
Current service cost	4,800	1,59,400
Benefits paid	-	-
Actuarial gain on obligation	-	-
Closing defined benefit obligation	**8,70,200**	**8,65,400**

Changes in the fair value of plan assets are as follows:

Particulars	As at 31 March 2022	As at 31 March 2021
Fair value of plan assets at the beginning of the year	**10,85,478**	**10,85,478**
Expected return on plan assets		-
Benefits paid	-	-
Actuarial gain on plan assets	-	-
Fair value of plan assets at the end of the year	**10,85,478**	**10,85,478**

Notes forming part of standalone financial statements for the year ended 31 March 2022
(All amounts in ₹, unless stated otherwise)

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	As at 31 March 2022	As at 31 March 2021
Investments with insurer	-	-

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The principal assumptions used in determining obligations for the Company's plans are shown below: :

Particulars	As at 31 March 2022	As at 31 March 2021
Discount rate	NA	NA
Expected rate of return on assets	NA	NA
Attrition rate	NA	NA
Salary escalation rate	NA	NA

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Actuarial (gain)/loss recognised in other comprehensive income:

	As at 31 March 2022	As at 31 March 2021
Actuarial gain on assets	NA	NA
Actuarial loss/(gain) from change in demographic assumption	NA	NA
Actuarial gain from change in financial assumption	NA	NA
Actuarial gain from experience adjustment	NA	NA
Total Actuarial gain on liabilities	-	-

Sensitivity analysis for gratuity liability

	As at 31 March 2022	As at 31 March 2021
Impact of change in discount rate		
Present value of obligation at the end of the year	NA	NA
- Impact due to increase of 100 bps	NA	NA
- Impact due to decrease of 100 bps	NA	NA
Impact of change in salary increase		
Present value of obligation at the end of the year	NA	NA
- Impact due to increase of 100 bps	NA	NA
- Impact due to decrease of 100 bps	NA	NA
Impact of change in attrition rate		
Present value of obligation at the end of the year	NA	NA
- Impact due to increase of 100 bps	NA	NA
- Impact due to decrease of 100 bps	NA	NA
	-	-

Notes forming part of standalone financial statements for the year ended 31 March 2022

(All amounts in ₹, unless stated otherwise)

The above sensitivity analysis is based on a change in assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied which was applied while calculating the defined benefit obligation liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to previous year.

Maturity profile of defined benefit obligation

	As at 31 March 2022	As at 31 March 2021
Within next 12 months	NA	NA
Between 1-5 years	NA	NA
Beyond 5 years	NA	NA

The Company expects to contribute ₹ Nil (previous year ₹ Nil) to its gratuity plan for the next year.

Provident fund

The state governed Provident Fund scheme is not applicable to the Company as the number of employees are less than the minimum number of employees required for registration under the state governed Provident fund scheme.

31. Segment reporting

The company operates mainly in the business segment of investment activity. As such, there are no reportable segments as per IND AS 108 on "Operating Segments" specified under section 133 of the Companies Act, 2013.

32 Related Party transactions

a. Details of related parties:

Description of relationship	Names of related parties	
Subsidiary company	Fincare Small Finance Bank Limited	
Group Company	Fincare Employee Welfare Trust	
Key management personnel (KMP) of Holding Company		
	Mr. G. Dasaratha Reddy	Managing Director (appointed w.e.f. 07 June 2017)
	Mr. Maninder Singh Juneja	Director (appointed w.e.f. 26 September 2019)
	Mr. Bhavya Gulati	Director (appointed w.e.f. 07 June 2017)
	Mr. Satyanarayana Peravali	Director (appointed w.e.f. 04 March 2017)
	Ms. Nandini Jashwantlal Parekh	Director (appointed w.e.f. 26 September 2019)
	Mr. Divya Sehgal	Director (resigned w.e.f 09 June, 2021)
	Mr. Dhiraj Poddar	Director (resigned w.e.f. 15 September 2021)
	Mr. Satyaki Rastogi	Director (appointed w.e.f. 19 January 2022)
	Ms. Deepa Gussain	Company Secretary (appointed w.e.f. 01 April 2019 and resigned w.e.f. 01 February 2021)
	Ms. Parul Molri	Company Secretary (appointed w.e.f 03 March 2021 and resigned w.e.f. 22 April 2022)
	Mr. Kalivarapu Umasankar Rao	Chief Financial officer (appointed w.e.f. 13 November 2019 and resigned w.e.f. 20 May 2021)
	Mr. Gautam Gupta	Chief Financial officer (appointed w.e.f. 20 May 2021)

Notes forming part of standalone financial statements for the year ended 31 March 2022

(All amounts in ₹, unless stated otherwise)

b. Transactions with Related Parties are as under:

(i) Transactions during the year

Particulatrs		Related Party Entities		Key Management Personnel	
		31 March 2022	31 March 2021	31 March 2022	31 March 2021
1)	**Fincare Small Finance Bank Limited**				
a)	**Deposits placed**				
	Fincare Small Finance Bank Limited	26,86,03,882	67,65,35,000	-	-
	Deposits redeemed				
	Fincare Small Finance Bank Limited	23,33,02,589	67,65,35,000	-	-
b)	**Interest income**				
	Interest Income on Fixed deposits with Fincare Small Finance Bank Limited	13,95,974	5,56,910	-	-
	Interest Income on Non Convertible Debentures with Fincare Small Finance Bank Limited	-	3,91,980	-	-
c)	**Investments**				
	Secondary sale of investments in non convertible debentures of Fincare Small Finance Bank Limited (Book value)	-	18,69,00,000	-	-
	Secondary sale of investments in equity of Fincare Small Finance Bank Limited (Book value)	-	28,47,51,019	-	-
	Others - ESOP plan (Refer note 8 and 39)	50,66,863	3,92,49,212	-	-
	Investment in equity shares of Fincare Small Finance Bank Limited	-	-	-	-
2)	**Fincare Employee Welfare Trust**				
a)	Loan given during the year	-	2,25,00,000	-	-
b)	Interest income for the year	9,06,165	60,27,740	-	-
c)	Loan (incl interest) received during the year	6,94,33,905	-	-	-

Particulatrs		Related Party Entities		Key Management Personnel	
		31 March 2022	31 March 2021	31 March 2022	31 March 2021
3)	**Key management personnel (KMP)**				
a)	**Remuneration**				
	Mr. G. Dasaratha Reddy	-	-	22,26,400	30,07,392
	Ms. Deepa Gussain	-	-	-	6,73,209
	Ms. Parul Molri	-	-	14,84,865	1,67,619
	Mr. Gautam Gupta	-	-	23,59,018	-
	Mr. Kalivarapu Umasankar Rao	-	-	3,05,330	34,05,597
b)	**Reimbursement of expenses**				
	Mr. G. Dasaratha Reddy	-	-	7,86,000	7,86,000
	Mr. Kalivarapu Umasankar Rao	-	-	1,10,000	5,40,000
	Mr. Gautam Gupta	-	-	6,60,000	-
c)	**Sitting fees**				
	Mr.Satya Narayan Peravali	-	-	1,80,000	-
	Ms. Nandini Parekh	-	-	2,40,000	-

Notes forming part of standalone financial statements for the year ended 31 March 2022
(All amounts in ₹, unless stated otherwise)

ii) Balances at year end

Particulatrs		Related Party Entities		Key Management Personnel	
		31 March 2022	31 March 2021	31 March 2022	31 March 2021
a)	**Fincare Small Finance Bank Limited**				
	Balance in Bank Current Account	8,19,814	1,41,77,099	-	-
	Investment in equity shares	7,11,49,47,913	7,11,49,47,913	-	-
	Others - ESOP plan (Refer note 8 and 39)	9,41,13,223	8,90,46,360		
	Balance with bank as Term Deposit	**3,59,47,921**	-	-	-
b)	**Fincare Employee Welfare Trust**				
	Outstanding Loan (given) amount	-	6,25,00,000	-	-
	Interest accrued on Loan	-	60,27,740	-	-
	Outstanding Guarantees in favour of FEWT	-	19,80,00,000		
c)	**Key management personnel remuneration includes the following expenses:**				
				31 March 2022	31 March 2021
	Short-term employee benefits (current)			15,56,000	13,26,000
	Total remuneration			**15,56,000**	**13,26,000**

33. Financial instruments and Fair value disclosures

A. Financial instruments by category

The carrying value and fair value of financial instruments by categories were as follows:

As at 31 March 2022

Particulars	Notes to schedule	FVTPL	FVTOCI	Amortised cost	Total carrying value	Total fair value
Financial assets						
Cash and cash equivalents	4	-	-	25,73,599	25,73,599	25,73,599
Bank balances (other than Cash and cash equivalents)	5	-	-	3,59,47,921	3,59,47,921	3,59,47,921
Loans	6	-	-	-	-	-
Trade receivables	7	-	-	-	-	-
Mutual funds	8	-	-	-	-	-
Other financial assets	9	-	-	15,58,842	15,58,842	15,58,842
Total financial assets		-	-	**4,00,80,362**	**4,00,80,362**	**4,00,80,362**
Financial liabilities						
Borrowings other than Debt Securities	13	-	-	20,22,71,579	20,22,71,579	20,22,71,579
Other financial liabilities	14	-	-	30,01,504	30,01,504	30,01,504
Total financial liabilities		-	-	**20,52,73,083**	**20,52,73,083**	**20,52,73,083**

Notes forming part of standalone financial statements for the year ended 31 March 2022
(All amounts in ₹, unless stated otherwise)

As at 31 March 2021

Particulars	Notes to schedule	FVTPL	FVTOCI	Amortised cost	Total carrying value	Total fair value
Financial assets						
Cash and cash equivalents	4	-	-	2,17,12,575	2,17,12,575	2,17,12,575
Bank balances other than cash and cash equivalents	5	-	-	30,94,965	30,94,965	30,94,965
Loans	6	-	-	6,85,27,740	6,85,27,740	6,85,27,740
Trade receivables	7	-	-	20,363	20,363	20,363
Mutual funds	8	11,84,47,350	-	-	11,84,47,350	11,84,47,350
Other financial assets	9	-	-	11,78,042	11,78,042	11,78,042
Total financial assets		**11,84,47,350**	-	**9,45,33,685**	**21,29,81,035**	**21,29,81,035**
Financial liabilities						
Borrowings other than Debt Securities	13	-	-	37,31,84,381	37,31,84,381	37,31,84,381
Other financial liabilities	14	-	-	59,90,052	59,90,052	59,90,052
Total financial liabilities		-	-	**37,91,74,433**	**37,91,74,433**	**37,91,74,433**

*** Investment in subsidiaries are measured at cost as per Ind AS 27, 'Separate financial statements' and hence, not presented here.**

The management assessed that the fair value of cash and cash equivalents, other bank balances, loans, trade receivables, other financial assets and other financial liabilities approximate the carrying amount largely due to short-term maturity of this instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

(a) the use of net asset value for mutual funds on the basis of the statement received from investee party.

(b) the use of earnings capitalisation method (fair value approach) for remaining equity instruments.

B. Fair value of financial assets and liabilities measured at amortised cost

The management assessed that for amortised cost instruments, fair value approximate largely to the carrying amount..

C. Fair values hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are bifurcated into three levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices (unadjusted) in active markets for financial instruments.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability.

The following table shows the fair value hierarchy of financial assets and liabilities measured at fair value on a recurring basis .

As at 31 March 2022	Level 1	Level 2	Level 3	Total
Financial assets				
Mutual funds	-	-	-	
Other financial assets	-	-	15,58,842	Carrying value approximatelyequal to fair value
Total financial assets	-	-	**15,58,842**	
Financial liabilities				
Borrowings (other than debt securities)	-	-	20,22,71,579	Carrying value approximately equal to fair value
Other financial liabilities	-	-	30,01,504	
Total financial liabilities	-	-	**20,52,73,083**	

Notes forming part of standalone financial statements for the year ended 31 March 2022

(All amounts in ₹, unless stated otherwise)

As at 31 March 2021	Level 1	Level 2	Level 3	Total
Financial assets				
Loans	-	-	6,85,27,740	Carrying value approximately equal to fair value
Trade Receivables	-	-	20,363	
Other financial assets	-	-	11,78,042	
Mutual funds	11,84,47,350	-	-	Carrying value approximately equal to market value
Total	**11,84,47,350**	**-**	**6,97,26,145**	

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 purposes only. The below methodologies and assumptions relate only to the instruments in the above tables:

- the use of net asset value for mutual funds on the basis of the statement received from investee party.

The management assessed the fair values of the following financial instruments to be approximate their respective carrying amounts:

34. Financial risk management

A. Credit risk

Credit risk is the risk that a counterparty fails to discharge its obligation to the Company. The Company's exposure to credit risk is influenced mainly by cash and cash equivalents, other bank balances, investments, loan assets, trade receivables and other financial assets. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

A.1 The Company assesses and manages credit risk based on internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics. The Company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

(i) Low credit risk on financial reporting date

(ii) Moderate credit risk

(iii) High credit risk

The company provides for expected credit loss based on the following:

Asset group	Basis of categorisation	Provision for expected credit loss
Low credit risk	Cash and cash equivalents, trade receivables, other bank balances, loans and other financial assets	12 month expected credit loss
Moderate credit risk		Life time expected credit loss or 12 month expected credit loss
High credit risk		Life time expected credit loss fully provided for

Based on business environment in which the Company operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

Management of credit risk for financial assets

Cash and cash equivalents and bank deposits

Credit risk related to cash and cash equivalents and bank balances is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks across the country.

Loans

In respect of loans granted to Fincare Employee Welfare Trust, the trustees are the employees of a subsidiary company of the Company. These loans are considered high quality and hence the credit risk on such is considered very low.

Notes forming part of standalone financial statements for the year ended 31 March 2022

(All amounts in ₹, unless stated otherwise)

Trade receivables

The Company's trade receivables are only with BC partners and are recoverable as per the business correspondence agreement, these trade receivables are considered high quality.

The Company recognises lifetime expected credit losses on trade receivables using a simplified approach, wherein Company has defined percentage of provision by analysing historical trend of default and such provision percentage determined have been considered to recognise life time expected credit losses on trade receivables."

Other financial assets measured at amortized cost

Other financial assets measured at amortized cost includes loans and advances to individuals and related parties, trade receivables, security deposits and others. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously.

A.2 Expected credit losses for financial assets

As at 31 March 2022	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	25,73,599	0%	-	25,73,599
Bank balances other than cash and cash equivalents	3,59,47,921	0%	-	3,59,47,921
Loans	-	0%	-	-
Trade receivables	-	0%	-	-
Other financial assets	15,58,842	0%	-	15,58,842

As at 31 March 2021	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	2,17,12,575	0%	-	2,17,12,575
Bank balances other than cash and cash equivalents	30,94,965	0%	-	30,94,965
Loans	6,85,27,740	0%	-	6,85,27,740
Trade receivables	20,363	0%	-	20,363
Other financial assets	11,78,042	0%	-	11,78,042

A.2 Expected credit losses for financial assets

Following is the trade receivables ageing:

As at 31 March 2022	Not due	0-30 Days	30-90 Days	90-180 Days	More than 180 Days	Total
Gross carrying amount	-	-	-	-	-	-
Expected loss rate	0%	0%	0%	0%	0%	0%
Loans repayable on demand	-	-	-	-	-	-

Following is the trade receivables ageing:

As at 31 March 2021	Not due	0-30 Days	30-90 Days	90-180 Days	More than 180 Days	Total
Gross carrying amount	20,363	-	-	-	-	20,363
Expected loss rate	0%	0%	0%	0%	0%	0%
Loans repayable on demand	-	-	-	-	-	-

Notes forming part of standalone financial statements for the year ended 31 March 2022
(All amounts in ₹, unless stated otherwise)

Reconciliation of loss allowance provision:

	As at 31 March 2022	As at 31 March 2021
Loss allowance at beginning of the year	-	-
Assets originated or purchased	-	-
Loss allowance written back	-	-
Write – offs	-	-
Loss allowance at end of the year	-	-

B. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due. Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates.

B.1. Maturities of financial liabilities

The tables below analyse the Company financial liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

As at 31 March 2022	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
Non-derivatives					
Borrowings - other than Debt securities	13,48,47,719	6,74,23,860	-	-	20,22,71,579
Other financial liabilities	30,01,504	-	-	-	30,01,504
Total	**13,78,49,223**	**6,74,23,860**	**-**	**-**	**20,52,73,083**

As at 31 March 2021	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
Non-derivatives					
Borrowings - other than Debt securities	-	37,31,84,381	-	-	37,31,84,381
Other financial liabilities	59,90,052	-	-	-	59,90,052
Total	**59,90,052**	**37,31,84,381**	**-**	**-**	**37,91,74,433**

B.2 Maturity profile of assets and liabilities

Particulars	31-Mar-22			31-Mar-21		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	25,73,599	-	25,73,599	2,17,12,575	-	2,17,12,575
Bank balance (other than Cash and cash equivalents)	3,59,47,921	-	3,59,47,921	30,94,965	-	30,94,965
Loans	-	-	-	6,85,27,740	-	6,85,27,740
Trade receivables	-	-	-	20,363	-	20,363
Investments	-	7,20,90,61,136	7,20,90,61,136	-	7,32,24,41,623	7,32,24,41,623
Other financial assets	-	15,58,842	15,58,842	-	11,78,042	11,78,042

Notes forming part of standalone financial statements for the year ended 31 March 2022

(All amounts in ₹, unless stated otherwise)

B.2 Maturity profile of assets and liabilities (Cont'd)

Particulars	31-Mar-22			31-Mar-21		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Non Financial assets						
Current tax assets (net)	-	2,13,46,432	2,13,46,432	-	2,66,34,771	2,66,34,771
Property, plant and equipment	-	39,48,900	39,48,900	-	33,51,892	33,51,892
Other non financial assets	-	6,42,40,604	6,42,40,604	-	6,35,98,216	6,35,98,216
TOTAL	**3,85,21,520**	**7,30,01,55,913**	**7,33,86,77,434**	**9,33,55,643**	**7,41,72,04,544**	**7,51,05,60,188**
Financial Liabilities						
Borrowings other than Debt Securities	13,48,47,719	6,74,23,860	20,22,71,579	-	37,31,84,381	37,31,84,381
Other financial liabilities	30,01,504	-	30,01,504	59,90,052	-	59,90,052
Non Financial Liabilities						
Provisions	80,200	-	80,200	91,100	-	91,100
Other non financial liabilities	3,30,894	-	3,30,894	4,76,035	-	4,76,035
TOTAL	**13,82,60,317**	**6,74,23,860**	**20,56,84,176**	**65,57,187**	**37,31,84,381**	**37,97,41,568**

C Market risk

C.1 Market risk - Interest rate risk

C.1.1 Liabilities

The Company's policy is to minimize interest rate cash flow risk exposures on long-term financing.

The Company's debt are carried at amortised cost and are fixed rate borrowings. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

Particulars	As at 31-03-2022	As at 31-03-2021
Variable rate borrowings	-	-
Fixed rate borrowings	20,22,71,579	37,31,84,381
Total borrowings	**20,22,71,579**	**37,31,84,381**

C.1.2 Assets

The Company's fixed deposits are carried at amortised cost and are fixed rate investments. They are therefore are not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

C.2 Market risk - Price risk

Exposure

The Company's exposure to price risk arises from investments held and classified in the balance sheet at fair value through profit or loss. To manage the price risk arising from investments, the Company diversifies its portfolio of assets.

Sensitivity

The table below summarises the impact of increases/decreases of the index on the Company's equity and profit for the period :

Impact on profit before tax

	For the year ended	
	31 March 2022	31 March 2021
Mutual Funds		
Net assets value – increase by 100 bps (100 bps)	-	11,84,474
Net assets value – decrease by 100 bps (100 bps)	-	(11,84,474)

Notes forming part of standalone financial statements for the year ended 31 March 2022

(All amounts in ₹, unless stated otherwise)

35. Capital management

The Company's capital management objectives are

- to ensure the Company's ability to continue as a going concern
- to provide an adequate return to shareholders

The Company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of balance sheet.

Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Company's various classes of debt. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

36. Employee Stock Option Plan (ESOP)

ESOP Plan 2019 - I

The 'Fincare Business Services Stock Option Scheme' (the 'Plan I') was approved in the Extraordinary General Meeting of the members held on 13 May 2019. The Company introduced the Plan for the benefit of the employees of the subsidiary company Fincare Small Finance Bank Limited ("Fincare bank") and employees of Company. The plan provides for the creation and issue of 2,177,200 options that would eventually convert into equity shares of ₹ 1 each in the hands of the employees of the Fincare Small Finance Bank Limited and employees of the Company. The options are to be granted to the eligible employees as per the eligibility criteria as determined by the Nomination and Remuneration Committee at its sole discretion. The share options vest in a graded manner over a period of one year and are exercisable in one or more tranches within a period of five years from the date of vesting, failing which the options shall lapse.

Pursuant to the Plan, the Company granted 2,177,200 options till 31 March 2022 (31 March 2021: 2,177,200). The stock compensation cost is computed under the fair value method and has been recognised as an additional investment in the Fincare bank on a straight line basis over the vesting period upto 31 March 2022. For the year ended 31 March 2022, the Company has recorded an additional investment of ₹ Nil (31 March 2021: ₹ 5,207,910) in Fincare Small Finance Bank Limited.

ESOP Plan 2019 - II

The 'Fincare Business Services Stock Option Scheme' (the 'Plan II') was approved in the Extraordinary General Meeting of the members held on 20 November 2019. The Company introduced the Plan for the benefit of the employees of the subsidiary company Fincare Small Finance Bank Limited ("Fincare bank") and employees of Company. The plan provides for the creation and issue of 2,885,300 options that would eventually convert into equity shares of ₹ 1 each in the hands of the employees of the Fincare Small Finance Bank Limited and employees of the Company. The options are to be granted to the eligible employees as per the eligibility criteria as determined by the Nomination and Remuneration Committee at its sole discretion. The share options vest in a graded manner over a period of one year and are exercisable in one or more tranches within a period of five years from the date of vesting, failing which the options shall lapse.

Pursuant to the Plan, the Company granted 2,885,300 options till 31 March 2022 (31 March 2021: 2,885,300). The stock compensation cost is computed under the fair value method and has been recognised as an additional investment in the Fincare bank on a straight line basis over the vesting period upto 31 March 2022. For the year ended 31 March 2022, the Company has recorded an additional investment of ₹ Nil (31 March 2021: 14,720,194) in Fincare Small Finance Bank Limited.

ESOP Plan 2020 - I

The 'Fincare Business Services Stock Option Scheme' (the 'Plan III') was approved in the Extraordinary General Meeting of the members held on 30 March 2020. The Company introduced the Plan for the benefit of the employees of the subsidiary company Fincare Small Finance Bank Limited ("Fincare bank") and employees of Company. The plan provides for the creation and issue of 3,340,400 options that would eventually convert into equity shares of ₹ 1 each in the hands of the employees of the Fincare Small Finance Bank Limited and employees of the Company. The options are to be granted to the eligible employees as per the eligibility criteria as determined by the Nomination and Remuneration Committee at its sole discretion. The share options vest in a graded manner over a period of two year and are exercisable in one or more tranches within a period of five years from the date of vesting, failing which the options shall lapse.

Notes forming part of standalone financial statements for the year ended 31 March 2022

(All amounts in ₹, unless stated otherwise)

Pursuant to the Plan, the Company granted 3,340,400 options till 31 March 2022 (31 March 2021: 3,340,400). The stock compensation cost is computed under the fair value method and has been recognised as an additional investment in the Fincare bank on a straight line basis over the vesting period upto 31 March 2022. For the year ended 31 March 2022, the Company has recorded an additional investment of ₹ 5,066,863 (31 March 2021: 21,054,716) in Fincare Small Finance Bank Limited.

	No. of options	Weighted average exercise price
Options outstanding as at 01 April 2020		
Granted / (lapsed) during the year - Plan I	21,77,200	30.50
Granted / (lapsed) during the year - Plan II	27,94,000	40.50
Granted / (lapsed) during the year - Plan III	27,94,200	52.50
Options outstanding as at 31 March 2021	**77,65,400**	**42.01**
Granted / (lapsed/ exercised) during the year - Plan I	(8,16,700)	30.50
Granted / (lapsed/ exercised) during the year - Plan II	(6,67,000)	40.50
Granted / (lapsed/ exercised) during the year - Plan III	(3,41,100)	52.50
Options outstanding as at 31 March 2022	**59,40,600**	**43.17**
Options outstanding - Plan I	13,60,500	30.50
Options outstanding - Plan II	21,27,000	40.50
Options outstanding - Plan III	24,53,100	52.50

The grant date fair value of each option award is estimated on the date of grant using Black-Scholes-Merton model. The expected life used in the model has been adjusted, based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioral considerations.

Options grant period	Vesting Percentage	Expected volatility	Dividend yield	Risk free interest rate	Weighted average exercise price (₹)	Fair value at grant date (₹)	Weighted average remaining contractual life (years)
ESOP Plan I - 1 year vesting period	100%	41.15%	0.00%	7.07%	30.50	20.36	1.50
ESOP Plan II - 1 year vesting period	100%	41.95%	0.00%	6.17%	40.50	9.09	1.50
ESOP Plan III - 1 year vesting period	67%	41.09%	0.00%	5.82%	52.50	8.54	1.50
ESOP Plan III - 2 year vesting period	33%	41.75%	0.00%	6.36%	52.50	10.99	2.50

37. Disclosure pursuant to Ind AS 7 "Statement of Cash Flows" - Changes in liabilities arising from financing activities:

Particulars	April 1, 2021	Cash flows	Changes in fair values	Others	March 31, 2022
Debt Securities	-	-	-	-	-
Borrowings (other than debt securities)	37,00,00,000	(18,00,00,000)	-	-	19,00,00,000

Particulars	April 1, 2020	Cash flows	Changes in fair values	Others	March 31, 2021
Debt Securities	75,00,00,000	(75,00,00,000)	-	-	-
Borrowings (other than debt securities)	-	37,00,00,000	-	-	37,00,00,000

Note:

The above amounts are inclusive of Principal amounts only for Debt securities and Borrowings (other than debt securities) excluding any adjustments for Processing fees and Redemption premium payable.

Notes forming part of standalone financial statements for the year ended 31 March 2022

(All amounts in ₹, unless stated otherwise)

38. Revenue from contracts with customers

Set out below is the disaggregation of the Company's revenue from contracts with customers and reconciliation to profit and loss account:

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Type of service		
Fee and commission income	12,83,784	2,48,76,768
	12,83,784	**2,48,76,768**
Geographical markets		
India	12,83,784	2,48,76,768
Outside India	-	-
	12,83,784	**2,48,76,768**
Timing of revenue recognition		
Services transferred over time	12,83,784	2,48,76,768
	12,83,784	**2,48,76,768**

Assets and liabilities related to contracts with customers

Particulars	As at 31 March 2022	As at 31 March 2021
Trade receivables	-	20,363
Contract liabilities	-	-

Revenue recognised in the period from:

Particulars	As at 31 March 2022	As at 31 March 2021
Amounts included in contract liability at the beginning of the year	-	-
Performance obligations satisfied in previous periods	-	-

Trade receivables are non-interest bearing and are generally on terms of 30 days. The Company has recognised Nil provision for expected credit loss during the year 2021-22 (2020-21: Nil).

Accounts receivable are recognised when the right to consideration becomes unconditional. Contract liability relates to payments received in advance of performance under the contract. Contract liabilities are recognised as revenue as (or when) we perform under the contract.

Significant changes in contract asset and contract liability during the year are as follows:

Particulars	As at 31 March 2022	As at 31 March 2021
Contract liabilities at the beginning of the year	-	-
Increase due to cash received and decrease as a result of changes in the measure of progress, change in estimate	-	-
Contract liabilities at the end of the year	-	-

Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Revenue as per contract	12,83,784	2,48,76,768
Adjustments	-	-
Revenue from contract with customers	12,83,784	2,48,76,768

Notes forming part of standalone financial statements for the year ended 31 March 2022

(All amounts in ₹, unless stated otherwise)

Revenue recognition for contract with customers - Fee and commission income:

The Contract with customers through which the Company earns a commission income includes the following promises :-

(i) Sourcing of loans

(ii) Servicing of loans

(iii) First loss default guarantee (FLDG)

All these promises are separable from each other and do not involve significant integration. Therefore, these promises constitute separate performance obligations.

The consideration for these services is based on fixed percentage of interest and processing fee collected during the year.

This consideration has been allocated amongst the performance obligations under the contract on the basis of relative standalone prices.

Revenue recognition: Revenue from all three performance obligations being sourcing of loans, servicing of loans and FLDG shall be recognised over a period of time, as the customer benefits from these services as and when it is delivered/performed by the Company.

39. Scheme of Amalgamation (Scheme)

(a) The Board of Directors of the Company at its meeting held on 26 September 2019, had approved the acquisition of Lok Management Services Private Limited ('LOK') by way of a Scheme of Amalgamation. The appointed date of the Scheme was April 01 2019 and was subject to the approval of the majority of the shareholders and creditors of FBSL, the National Company Law Tribunal (NCLT) and the permission and approval of any other statutory or regulatory authorities, as applicable.

(b) Consequent to the approval of the Scheme of Amalgamation by the 'Regional Director-South Each Region, Ministry of Corporate Affairs, Hyderabad on 05 March 2019 and effected on April 01 2019 (effective date), being the date of filing with the Registrar of Companies, all the assets, liabilities and reserves of LOK were transferred to and vested in the Company with effect from April 01 2019, the appointed date.

(c) In accordance with Part II of the Scheme, all of the assets and liabilities including Contingent Liabilities, existing duties and obligation of LOK was transferred to the Company with effect from the appointed date at the respective book values in the financial statements of FBSL and FBSL continued to carry out erstwhile transferor's business obligation. Further, the difference between the investments in the transferee company and the amount of Share capital in the transferor company as on the effective date have been adjusted in the securities premium account of the transferee company. Since, the Company, LOK are under common control, this transaction has been accounted in accordance with the Pooling of Interests Method outlined in IND AS 103 "Business Combination", and the deficit of the net assets acquired over the consideration issued has been debited to Retained earnings determined as follows:

	As at 31 March 2019 ₹
Financial Assets	
Cash and cash equivalents	6,84,18,582
Bank balances other than cash and cash equivalents	13,31,33,779
Receivables	
Trade receivables	2,85,12,755
Loans	1,98,80,476
Investments	50,99,99,938
Other financial assets	60,88,860
Non-financial Assets	
Current tax assets (net)	1,55,96,946

Notes forming part of standalone financial statements for the year ended 31 March 2022
(All amounts in ₹, unless stated otherwise)

Deferred tax assets (net)	31,94,000
Property, plant and equipment	37,34,440
Other intangible assets	10,402
Other non-financial assets	40,76,227
TOTAL	**79,26,46,405**
Liabilities and Equity	
Liabilities	
Financial Liabilities	
Other financial liabilities	4,81,37,706
Non-Financial Liabilities	
Contract liabilities	-
Current tax liabilities (net)	-
Provisions	7,76,348
Other non-financial liabilities	30,42,486
Equity	
Equity share capital	18,62,85,790
Other equity	55,44,04,075
Total Liabilities and Equity	**79,26,46,405**

40. Core Investment Company (CIC) Compliance Ratios:

Sl No.	Particulars	As at 31 March 2022	As at 31 March 2021
i	Investments in equity shares of group companies as a proportion of Net Assets	98.56%	98.10%
ii	Capital ratio (%) [Adjusted net worth/Risk weighted assets]	95.90%	90.87%
iii	Leverage ratio (Times) [Outside liabilities/Adjusted net worth]	0.029	0.054

Capital Risk Adequacy Ratio:

As per RBI Master Circular RBI/2015-16 DNBR (PD) CC.No.052/03.10.119/2015-16 maintenance of Capital Adequacy Ratio is not applicable.

Asset Liability Management **As on 31 March 2022**

Particulars	Liabilities	Advances	Investments
Upto 1 month	33,32,397	3,85,21,521	-
Over 1 month to 2 months	-	-	-
Over 2 months upto 3 months	-	-	-
Over 3 months upto 6 months	-	-	-
Over 6 months upto 1 year	20,22,71,579	-	-
Over 1 Year to 3 Years	-	8,71,45,878	-
Over 3 Years to 5 Years	-	-	-
Over 5 Years	-	-	7,20,90,61,136
Total	**20,56,03,976**	**12,56,67,399**	**7,20,90,61,136**

Notes forming part of standalone financial statements for the year ended 31 March 2022

(All amounts in ₹, unless stated otherwise)

Asset Liability Management — **As on 31 March 2021**

Particulars	Liabilities	Advances	Investments*
Upto 1 month	50,86,948	2,48,07,541	11,84,47,350
Over 1 month to 2 months	13,79,140	20,363	-
Over 2 months upto 3 months	-	-	-
Over 3 months upto 6 months	-	-	3,60,19,97,136
Over 6 months upto 1 year	-	-	-
Over 1 Year to 3 Years	-	15,99,38,769	-
Over 3 Years to 5 Years	37,31,84,381	-	-
Over 5 Years	-	-	3,60,19,97,137
Total	**37,96,50,468**	**18,47,66,673**	**7,32,24,41,623**

(*) Assuming dilution pursuant to proposed Intial Public Offering of the subsidiary, Fincare Small Finance Bank Limited.

As at 31 March 2022

	Particulars	Amount outstanding	Amount overdue
Liabilities side			
1	Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:		
a)	Debentures		
	Secured	-	-
	Unsecured	-	-
	(other than falling within the meaning of public deposits)		
b)	Deferred credits	-	-
c)	Term loans including accrued interest but not paid	20,22,71,579	-
d)	Inter-corporate loans and borrowings	-	-
e)	Commercial paper	-	-
f)	Other loans	-	-

Additional disclosures pursuant to the Reserve Bank of India Master Direction - Core Investment Companies (Reserve Bank) Directions, 2016 DNBR. PD. 003/03.10.119/2016-17, dated August 25, 2016 vide paragraph 21

As at 31 March 2021

	Particulars	Amount outstanding	Amount overdue
Liabilities side			
1.	**Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:**		
a)	Debentures		
	Secured	-	-
	Unsecured	-	-
	(other than falling within the meaning of public deposits)		
b)	Deferred credits	-	-
c)	Term loans including accrued interest but not paid	37,31,84,381	-
d)	Inter-corporate loans and borrowings	-	-
e)	Commercial paper	-	-
f)	Other loans	-	-

Notes forming part of standalone financial statements for the year ended 31 March 2022

(All amounts in ₹, unless stated otherwise)

Particulars		As at 31 March 2022	As at 31 March 2021
Assets side			
2. Breakup of loans and advances including bills receivables			
a)	Secured	-	-
b)	Unsecured	-	6,85,27,740
3. Breakup of leased assets and stock on hire and other assets counting towards AFC activities			
i	Lease assets including lease rentals under sundry debtors		
a)	Financial lease	-	-
b)	Operating lease	-	-
ii	Stock on hire including hire charges under sundry debtors		
a)	Assets on hire	-	-
b)	Repossessed assets	-	-
iii	Other loans counting towards AFC activities		
a)	Loans where assets have been repossessed	-	-
b)	Loans other than (a) above	-	6,85,27,740

4. Breakup of investments

Particulars		As at 31 March 2022	As at 31 March 2021
Current investments			
1	**Quoted**		
i	Shares		
a)	Equity	-	-
b)	Preference	-	-
ii	Debentures and bonds	-	-
iii	Units of mutual funds	-	11,84,47,350
iv	Government securities	-	-
v	Others	-	-
2	**Unquoted**		
i	Shares		
a)	Equity	-	-
b)	Preference	-	-
ii	Debentures and bonds	-	-
iii	Units of mutual funds	-	-
iv	Government securities	-	-
v	Others	-	-
Long term investments			
1	**Quoted**		
i	Shares		
a)	Equity	-	-
b)	Preference	-	-
ii	Debentures and bonds	-	-
iii	Units of mutual funds	-	-
iv	Government securities	-	-
v	Others	-	-
2	**Unquoted**		

Notes forming part of standalone financial statements for the year ended 31 March 2022

(All amounts in ₹, unless stated otherwise)

4. Breakup of investments

	Particulars	As at 31 March 2022	As at 31 March 2021
i	Shares	-	-
a)	Equity	7,11,49,47,913	7,11,49,47,913
b)	Preference	-	-
ii	Debentures and bonds	-	-
iii	Units of mutual funds	-	-
iv	Government securities	-	-
v	Others	9,41,13,223	8,90,46,360

5. Borrower group - wise classification of assets financed as in (2) and (3) above

Category		31 March 2022 Net of provisions		
		Secured	Unsecured	Total
1	Related parties			
a)	Subsidiaries	-	-	-
b)	Companies in the same group	-	-	-
c)	Other related parties	-	-	-
2	Other than related parties	-	-	-
		-	-	-

Category		31 March 2021 Net of provisions		
		Secured	Unsecured	Total
1	Related parties			
a)	Subsidiaries	-	-	-
b)	Companies in the same group	-	6,85,27,740	6,85,27,740
c)	Other related parties	-	-	-
2	Other than related parties	6,85,27,740	-	-
		6,85,27,740	**6,85,27,740**	**6,85,27,740**

6. Investor group - wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

Category		Market value / break up or fair value or NAV(*)	
		As at 31 March 2022	As at 31 March 2021
1	Related parties		
a)	Subsidiaries	7,11,49,47,913	7,11,49,47,913
b)	Companies in the same group	-	-
c)	Other related parties	-	-
2	Other than related parties	-	11,84,47,350
		7,11,49,47,913	**7,23,33,95,263**

Additional disclosures pursuant to the Reserve Bank of India Master Direction - Core Investment Companies (Reserve Bank) Directions, 2016 DNBR. PD. 003/03.10.119/2016-17, dated August 25, 2016 vide paragraph 21

Notes forming part of standalone financial statements for the year ended 31 March 2022

(All amounts in ₹, unless stated otherwise)

7. Other information

	Particulars	As at 31 March 2022	As at 31 March 2021
i	Gross non-performing assets		
a)	Related parties	-	-
b)	Other than related parties	-	-
ii	Net non-performing assets		
a)	Related parties	-	-
b)	Other than related parties	-	-
iii	Assets acquired in satisfaction of debt	-	-

(*) Market value/ Break up or Fair Value or NAV is taken as same as book value in case of unquoted shares in absence of Market value/ Break up value or Fair value or NAV.

8. Disclosure of provision for frauds

Particulars	As at 31 March 2022	As at 31 March 2021
Number of frauds reported during the year	-	-
Amount involved in such frauds	-	-
Provision made during the year (net of recovery)	-	-
Unamortised provision debited from other reserves	-	-

41. Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006

As at 31 March 2022, there are no dues to Micro and Small Enterprises that are reportable under The Micro, Small and Medium Enterprises Development (MSMED) Act, 2006. The list of undertakings covered under MSMED Act, 2006 were determined by the Company on the basis of information available with the Company and have been relied upon by the Auditors.

42. COVID 19 - Impact on financial statements

India has witnessed multiple waves of COVID-19 pandemic since mid-2020 leading to significant volatility in Indian financial markets and a significant decrease in local economic activities and India is still emerging from the COVID-19 pandemic.The Company has evaluated impact of COVID-19 on its business operations, assessed the Company's liquidity position and evaluated the recoverability and carrying value of its assets including property plant and equipment and investments as at 31 March 2022. Based on its review, consideration of internal and external information up to the date of approval of these financial results, current indicators of future economic conditions relevant to the Company's operations and other market factors and information, management has concluded that no adjustments are required to the Company's financial statements at this time. However, the full extent of impact of the COVID-19 pandemic on the operations, and financial metrics (including impact on impairment of the investment in the subsidiary) will depend on future developments, including, among other things, any new information concerning the severity of the COVID-19 pandemic, government and regulatory measures and the Company's responses thereto, which are highly uncertain at this time.

As per our report of even date.

For **Bhushan Khot & Co.**
Chartered Accountants
Firm's Registration No.: 116888W

Amit Shah
Partner
Membership No.: 124889
UDIN: 22124889ALVXFB9547

Mumbai
29 June 2022

For and on behalf of Board of Directors of
Fincare Business Services Limited

G. Dasarathareddy
Managing Director
DIN: 01760054
Bengaluru
29 June 2022

Bhavya Gulati
Director
DIN: 02897200
Mumbai
29 June 2022

Gautam Gupta
Chief Financial Officer
Bengaluru
29 June 2022

Karishma Chandani
Company Secretary
M No. ACS45657
Bengaluru
29 June 2022

Independent Auditor's Report

To,
The Members of the **Fincare Business Services Limited**

Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying Consolidated Ind AS Financial statements of Fincare Business Services Limited ("the Holding Company" or "the Company") and its subsidiary (the Holding Company and its Subsidiary together referred to as 'the Group'), as listed in "Annexure I", which comprise the Consolidated Balance Sheet as at 31st March, 2022, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and notes to the Consolidated financial statements, including a summary of significant accounting policies and other explanatory information ("the Consolidated Ind AS Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements of such subsidiary, as are audited by the other auditors, the aforesaid Consolidated Ind AS financial Statements give the information required by the Companies Act,2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, including Indian Accounting Standards ("Ind AS") specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind-AS") and other accounting principles generally accepted in India, of the Consolidated state of affairs of the Group as at 31st March, 2022, and its Consolidated Loss (including other comprehensive income), its Consolidated Cash flows and the Consolidated Statement of Changes in Equity 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 Consolidated Ind AS Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the Consolidated Ind AS Financial statements under the provision 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 we have obtained along with the consideration of audit reports of the Fincare Small Finance Bank Limited, a subsidiary of the Holding Company (the "Bank" or the "Subsidiary" or the "Subsidiary Bank") referred to in "Other Matters" paragraph below is sufficient and appropriate to provide a basis for our opinion on the Consolidated Ind AS Financial Statements.

Emphasis of Matter

1. We draw attention to Note 52 to the accompanying Consolidated Ind AS Financial statements, which describes the extent to which Covid-19 pandemic that continues to impact the Group's operations and its financial metrics including provisions which are dependent on uncertain future developments.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit Matters (KAM) are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Ind AS Financial Statements for the financial year ended 31st March, 2022. These matters were addressed in the context of our audit of the Consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report on the Standalone Ind AS financial statements of the Holding Company. We have determined matters as described in Clause (A) of below to be the Key Audit Matters to be communicated in our report.

The following Key Audit Matters as described in Clause (B) of below were included in the Audit report dated May 26, 2022 issued by the Auditors of Subsidiary Bank, containing an unmodified audit opinion on the audited financial statements of subsidiary Bank prepared in conjunction with Indian Accounting Standards prescribed under Section 133 of the Act. The Management have prepared and provided us Unaudited Ind AS Converged Financial statements of the Subsidiary Bank incorporating Ind AS adjustments for the purpose of Consolidation, which is certified by the Management of the Holding Company.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters.

Accordingly, our audit included the performance procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The result of our audit procedures, including the procedures performed to address the matters below, provide basis for our audit opinion on the Consolidated Ind AS Financial Statements.

Clause (A)	Key Audit Matter as identified	How audit procedures addressed the key audit matter
	Measurement of Expected Credit Loss (ECL) on Financial Assets	
	Recognition and measurement of impairment relating to financial assets (designated at Amortised cost and fair value through other comprehensive income) and those involving significant management judgment. With applicability of Ind AS 109 credit loss assessment is now based on ECL model, which is a forward-looking expected loss model. The Subsidiary Bank's impairment allowance is computed based on estimates including the historical default and loss ratios. The Bank leverages the assets classification and risk estimations under Internal Rating Based (IRB) Approach towards calculation of Capital charge for Credit Risk (IRB) for ECL computation. Management exercises judgment in determining the quantum of loss based on various factors. The Subsidiary Bank has a policy on ECL to ensure the compliance with Ind AS 109 requirements and the basis of all assumptions for underling inputs to ECL model. The Subsidiary Bank has wide range of products including Wholesale and Retail segment. There is significant data input required for the computation of ECL for homogenous product. This increases the risk of completeness and accuracy of the data that has been used as a basis of assumptions in the ECL computation. During the financial year ended 31 March 2022, RBI had issued various circulars related to the Covid -19 Regulatory Packages which has covered the moratorium, restructuring and other benefits to ease the repayment terms for affected customers due to Pandemic. Given the significant judgment and assumptions involved in measurement of ECL and significance of this area to the overall audit of financial statements, it has been identified as a key audit matter.	• Reviewed the policy on ECL for impairment of financial assets and assessed compliance with Ind-AS 109. • Evaluated the reasonableness of management's process of ECL estimation and related assumption. • Understood the process of ECL computation and tested design and operating effectiveness of key controls around data extraction and validation. • Reconciled total financial assets considered for ECL estimation with the books of accounts to ensure completeness. Performed substantive procedures for testing of ECL model and computation of ECL amount as listed below: • Reviewed procedures done by the Management over the segmentation of financial assets related to the advances as per their various products and models and risk characteristics. • Reviewed the assumptions used for and computation of probability of default, loss given default, discounting factors, credit conversion factor for different class of financial assets as per their nature and risk assessment for sample class of assets. • Tested the appropriate staging of assets basis their days past due on sample basis. • Tested the mathematical accuracy, assumption and underlying computation of the ECL model. • Assessed the adequacy and appropriateness of disclosures for compliance with the Indian Accounting Standards.

Clause (B)	Key Audit Matter as identified by the auditors of the subsidiary Bank	How the auditors of subsidiary bank addressed the Key Audit Matter in their audit
	Information Technology ("IT") Systems and Controls	
	The reliability and security of IT systems plays a key role in the business operations of the Bank. Since large volume of transactions are processed daily, the IT controls are required to ensure that applications process data as expected and that changes made to applications are made in an appropriate manner. These systems also play a key role in the financial accounting and reporting process of the Bank. Our areas of audit focus included user access management, developer access to the production environment and changes to the IT environment across applications, networks, databases and operating systems as these are key to ensuring IT dependent and application based controls are operating effectively. Due to the pervasive nature and complexity of the IT environment, IT Systems and controls have been ascertained by the auditors of the Subsidiary Bank as a key audit matter.	The audit procedures included the following: • For testing the IT general controls, application controls and IT dependent manual controls relevant for financial reporting, we included IT specialists as part of the audit team. The IT specialists also assisted in testing of the information produced by the Bank's IT systems. • Tested the design and operating effectiveness of the Bank's IT access controls over the information systems that are critical to financial reporting. • Tested other IT general controls (changes management and aspects of IT operational controls). • Inspected requests of changes to systems for appropriate approval and authorization. Further, considered the control environment relating to various interfaces, configuration and other application controls identified as key to our audit. • Tested the design and operating effectiveness of certain automated controls that were considered as key internal controls over financial reporting. • Instances where deficiencies were identified, tested compensating controls or performed alternate procedures.

Information other than the Consolidated Ind AS Financial Statements and Auditor's Report thereon

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's annual report but does not include the Consolidated Ind AS Financial Statements, Standalone Ind AS Financial Statements and our Auditor's Report thereon, which we have obtained prior to the date of this auditors report and Annual Report, which is expected to be made available to us after that date.

Our opinion on the Consolidated Ind AS 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 Consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the Consolidated Ind AS financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed and Audit report of Subsidiary Bank prepared in conjuction with Indian Accounting Standards prescribed under Section 133 of the Act, we conclude that there is a material mis-statement of this other information, we are required to communicate the matter to those charged with governance as required under SA 720 "The Auditor's Responsibilities Relating to Other Information". We have nothing to report in this regard.

When we read the Annual Report, if we conclude that there is a material misstatement, we are required to communicate the matter to those charged with governance.

Management's and Board of Directors' Responsibility for the Consolidated Ind AS Financial Statements

The accompanying Consolidated Ind AS financial statements have been approved by the Holding Company's Board of Directors.

The Holding Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 with respect to the preparation of these Consolidated Ind AS financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated Cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind-AS") and other accounting principles generally accepted in India.

The respective Management of the Holding Company and the Subsidiary Bank included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Ind AS Financial Statements by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Ind AS financial statements, the respective management and Board of Directors of the Company and the Bank included in the Group are responsible for assessing the ability of each Company included in the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Management and Board of Directors of the Holding Company and Subsidiary Bank included in the Group are also responsible for overseeing the Group's financial reporting process.

Auditor's Responsibility for the audit of the Consolidated Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud of 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 Consolidated Ind AS 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 of 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 risks 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 circumstance. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Group has adequate internal financial control systems in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group 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 consolidated Ind AS financial statements or, if such disclosers 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Ind AS financial statements, including the disclosures, and whether the Consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Ind AS financial statements. For the entities included in the Consolidated Ind AS financial statements, which have been audited by auditor of subsidiary Bank, such auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company, 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 consolidated Ind AS financial statements of the Current Financial Year 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 an 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 Matters:

i) Attention is drawn to the fact that the Consolidated Ind AS financial statements for the year ended 31st March, 2021 included in the accompanying Consolidated Ind AS financial statements were audited by Walker Chandiok and Co LLP, Chartered Accountants ('the erstwhile auditors') whose report dated August 30, 2021, expressed an unmodified opinion on the Consolidated Ind AS financial statements. Accordingly, we do not express any opinion on these figures for the year ended 31st March, 2021 considered in the accompanying Consolidated Ind AS financial statements.

Our Opinion is not modified in respect of this matter.

ii) We did not audit the comparative figures reported in Segment Reporting as at March 31, 2021 as described in Note 45 of the Consolidated Ind AS financial statement included in the accompanying Consolidated Ind AS financial statements, which has been prepared and certified by the Management of the Holding Company.

Our Opinion is not modified in respect of this matter.

iii) As described in Note 54 of Consolidated Ind AS Financial Statements, We did not audit the financial statements of Subsidiary Bank for the year ended 31st March, 2022, whose Unaudited Ind AS financial statements reflect total Assets (before consolidation adjustment) of Rs.110,908.47 Million as at 31st March, 2022, total revenues (before consolidation adjustments) of Rs.17,159.06 Million and net cash inflows (before consolidation adjustments) amounting to Rs.264.14 Million for the year ended on that date, which is certified by the Management of the Holding Company, as considered in the Consolidated Ind AS financial statements. These Ind AS Converged Financial Statements of the Subsidiary Bank were unaudited and have been prepared and certified by the Management. The financial statements of Subsidiary Bank as per Indian GAAP have been audited by Independent Auditor whose report dated May 26, 2022, has been furnished to us by the Management of Holding Company and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the aforementioned Subsidiary Bank is based solely on the report of their auditors.

Our Opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1) With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order" or the "CARO") issued by the Central Government of India in terms of Section 143(11) of the Act, to be included in the Auditors report, according to the information and explanation given to us and based on the CARO Report issued by us for the Holding Company, we report that there are no qualifications or adverse remarks in the said CARO report except the following :-

Sr. No.	Name of the Company	Nature of relationship	Clause Number of CARO Report Order with qualification or adverse remarks
1.	Fincare Business Services Limited	Holding Company	i(c) – Clause pertains to title deeds of certain immovable properties not in the name of Company (Gross Carrying Value – Rs.2.35 Million) vii(b) – Clause pertains to short payment of statutory dues on account of unresolved disputes with Statutory Authorities -Income Tax – Rs.91.45 Million dues -Service Tax – Rs.5.45 Million dues
			Clause ix (f) in respect of Certain Loan outstanding at the beginning the year on the pledge of securities held in its subsidiary.
			Clause xvii in respect of Cash losses incurred by the Company during the financial year and in the immediately preceding financial year.
			Clause xviii in respect of resignation of the Statutory Auditors during the year.

2) With respect to the subsidiary Bank, the provisions of the Companies (Auditor's Report) Order, 2020 is not applicable since it's a Banking Company as defined under the Banking Regulation Act, 1949.

3) As required by Section 143(3) of the Act, we report to the extent applicable 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 of the aforesaid Consolidated Ind AS financial statements.

b) In our opinion, proper books of account as required by law relating to the preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the report of the Auditor of the Subsidiary Bank.

c) The Consolidated Ind AS Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated Statement of

Changes in Equity dealt with by this Report are in agreement with the relevant books of account and records maintained for the purpose of preparation of the Consolidated Ind AS financial statements.

d) In our opinion, the aforesaid Consolidated Ind AS financial statements comply with the Accounting Standards prescribed under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, as amended.

e) On the basis of the written representations received from the directors of the holding Company as on 31st March 2022 taken on record by the Board of Directors of the holding company and the report of the statutory auditors of its subsidiary Bank, none of the directors of the Group are disqualified as on 31st 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 over financial reporting of the Group, and the operating effectiveness of such controls, refer to our separate Report in **"Annexure A"** where we have expressed unmodified opinion and

g) With respect to the other matters to be included in the Auditors Report in accordance with the requirement of section 197 (16) of the Act, as amended. In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Holding Company to its directors during the current year is in within the limits prescribed under provisions of Section 197 of the Act.

With respect to the subsidiary Bank, we report that the provisions of Section 197 of the Act is not applicable to the Subsidiary being a Banking Company as defined under the provisions of Banking Regulation Act 1949. As stated in the Auditor's Report of the Subsidiary Bank, the Remuneration to Managing director during the ended March 31, 2022 has been paid by the Bank in accordance with the provisions of Section 35B (1) of the Banking Regulation Act, 1949;

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

i. The Group has disclosed the impact of pending litigation as at 31 March 2022 on its financial position in its Consolidated Ind AS financial statements as detailed in Note 40 to the Consolidated Ind AS financial statements;

ii The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31st March, 2022;

iii There were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its Subsidiary Bank during the year ended 31st March, 2022 and

iv The management of the Holding Company, whose financial statements have been audited under the Act have represented to us and the auditors of its Subsidiary Bank based on their Audit report have reported, to the best of their knowledge and belief, other than as disclosed in the Note 58 and 59 of the Consolidated Ind AS financial statements, no funds (which are material either individually or in aggregate) have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company or its Subsidiary to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediaries shall, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or its Subsidiary ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Based on the audit procedures that have been considered reasonable and appropriate in the circumstances were performed by us and that performed by the auditors of Subsidiary Bank whose financial statements have been audited under the Act, nothing has come to our notice that has caused us to believe that the above representations contain any material mis-statement.

v. The management of the Holding Company, whose financial statements have been audited under the Act have represented to us and the auditors of its Subsidiary Bank based on their Audit report have reported, to the best of their knowledge and belief, other than as disclosed in the Note 58 and 59 of the Consolidated Ind AS financial statements, no funds (which are material either individually or in aggregate) have been received by the Company or its subsidiary, from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company or its subsidiary, shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Based on the audit procedures that have been considered reasonable and appropriate in the circumstances were performed by us and that performed by the auditors of subsidiary Bank whose financial statements have been audited under the Act, nothing has come to our notice that has caused us to believe that the above representations contain any material mis-statement.

vi. In our opinion and according to the information and explanations given to us, the Holding company or its Subsidiary has not declared or paid any dividend during the year and accordingly compliance requirements to Section 123 of the Act are not applicable to the Group.

vii. The disclosures in the Consolidated Ind AS financial statements regarding holding as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2022.

For **Bhushan Khot & Co.**
Chartered Accountants
(Firm's Registration No.116888W)

Amit Shah
Partner
Membership No. 124889
UDIN: 22124889ARIDWN2263

Place: Mumbai
Date: 8th September, 2022

"Annexure I" to the Independent Auditors Report of even date to the Members of Fincare Business Services Limited on the Consolidated Ind AS Financial Statements for the year ended 31st March, 2022

List of Entities included in the statement

Subsidiary:

a) Fincare Small Finance Bank Limited

"ANNEXURE A" TO INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF FINCARE BUSINESS SERVICES LIMITED FOR THE YEAR ENDED 31ST MARCH 2022

(Referred to in paragraph 3 (f) under "Report on Other Legal and Regulatory Requirements" section of our report of even date)

Report on the Internal Financial Controls with reference to the aforesaid Consolidated Ind AS Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

Opinion

In Conjunction with our audit of the Consolidated Ind AS financial statements of Fincare Business Services Limited, as at and for the year ended 31st March, 2022, we have audited the internal financial controls with reference to the Consolidated Ind AS financial statements of Fincare Business Services Limited ("the Holding Company" or "the Company") and its Subsidiary Bank, which are companies covered under the Act, as of that date.

In our opinion and based on the report of the auditors of the Subsidiary Bank, the Holding Company and its Subsidiary Bank incorporated in India, have in all material aspects an adequate internal financial controls system with reference to the Consolidated Ind AS financial statements and such internal financial controls were operating effectively as at 31st March 2022, based on the internal Controls over financial reporting criteria established by the Holding Company and its Subsidiary Bank considering the essential components of such internal controls 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 respective management and Board of Directors of the Holding Company and its Subsidiary Bank are responsible for establishing and maintaining internal financial controls with reference to Consolidated Ind AS financial statements based on the internal controls over financial reporting criteria established by the respective Companies 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 the respective Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility:

Our responsibility is to express an opinion on the Holding Company and its Subsidiary's internal financial controls with reference to the Consolidated Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing ("SA"), issued by ICAI and deemed to be prescribed under section 143(10) of the Act, 2013, to the extent applicable to an audit of internal financial controls with reference to Consolidated Ind AS financial statements, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those SAs 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 the Consolidated Ind AS Financial Statements were established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained, and the audit evidence obtained by the Auditor of Subsidiary Bank in terms of their reports referred to in the "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to the Consolidated Ind AS financial statements.

Meaning of Internal Financial Controls with reference to the Consolidated Ind AS Financial Statements

A Company's internal financial controls with reference to the Consolidated Ind AS 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 control with reference to the Consolidated Ind AS Financial Statements includes those policies and procedures that:

(1) pertains 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.

Inherent Limitations of Internal Financial Controls with reference to the Consolidated Ind AS Financial Statements

Because of the inherent limitations of internal financial controls with reference to the Consolidated Ind AS 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 Consolidated Ind AS Financial Statements to future periods are subject to the risk that the internal financial control with reference to the Consolidated Ind AS Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to the Consolidated Ind AS Financial Statements in so far as it relates to the Subsidiary Bank prepared in conjunction with Indian Accounting Standards prescribed under section 133 of the Act, is based solely on the corresponding reports of the auditors of said subsidiary who have expressed unmodified opinion vide their report dated May 26, 2022.

Our Opinion is not modified in respect of the above matter.

For **Bhushan Khot & Co.**
Chartered Accountants
(Firm's Registration No.116888W)

Amit Shah
Partner
Membership No. 124889
UDIN: 22124889ARIDWN2263

Place: Mumbai
Date: 8th September, 2022

Consolidated Balance Sheet as on 31 March, 2022

(All amounts in INR millions, unless stated otherwise)

Particulars	Notes	As at 31 March 2022	As at 31 March 2021
Assets			
Financial Assets			
Cash and cash equivalents	3	11,858	11,436
Bank balances other than cash and cash equivalents	4	503	137
Trade receivables	5	41	22
Loans	6	69,959	56,208
Investments	7	21,186	13,174
Other financial assets	8	3,539	1,225
Non-financial Assets			
Current tax assets (net)	9	202	45
Deferred tax assets (net)	10	1,435	870
Property, plant and equipment	11	1,040	1,094
Capital work in progress	11A	1	-
Other intangible assets	12	15	10
Goodwill	13	418	418
Other non-financial assets	14	294	212
Total Assets		**1,10,491**	**84,853**
Liabilities and Equity			
Liabilities			
Financial Liabilities			
Payables	15		
Other than trade payables			
Total outstanding dues of micro enterprises and small enterprises		-	4
Total outstanding dues of creditors other than micro enterprises and small enterprises		658	212
Borrowings (Other than debt securities)	16	30,367	18,447
Deposits	17	64,519	53,172
Subordinated liabilities	18	1,996	1,994
Other financial liabilities	19	1,525	754
Non-Financial Liabilities			
Provisions	20	177	120
Contract liabilities	21	191	142
Other non financial liabilities	22	138	92
Equity			
Equity share capital	23	330	328
Other equity	24	8,324	8,622
Equity attributable to equity holders of the parent company		8,654	8,951
Non-controlling interest		2,266	964
Total equity		**10,920**	**9,915**
Total liabilities and equity		**1,10,491**	**84,853**
Summary of Significant Accounting Policies	1 - 2		

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

This is the Consolidated Balance Sheet referred to in our report of even date

For **Bhushan Khot & Co.**
Chartered Accountants
Firm's Registration No.: 116888W

Amit Shah
Partner
Membership No.: 124889
UDIN: 22124889ARIDWN2263

Mumbai
8th September 2022

For and on behalf of Board of Directors of
Fincare Business Services Limited

G. Dasarathareddy
Managing Director
DIN: 01760054
Bengaluru
8th September 2022

Bhavya Gulati
Director
DIN: 02897200
Mumbai
8th September 2022

Gautam Gupta
Chief Financial Officer
Bengaluru
8th September 2022

Karishma Chandani
Company Secretary
M No. ACS45657
Bengaluru
8th September 2022

Consolidated Statement of Profit and Loss for the year ended 31 March 2022

(All amounts in INR millions, unless stated otherwise)

Particulars	Notes	For the year ended 31 March 2022	For the year ended 31 March 2021
Revenue from operations			
Interest income	25	15,865	12,961
Fee and commission income	26	589	493
Net gain on fair value changes	27	-	1
Net gain on derecognition of financial instruments under amortised cost category	28	-	541
Other operating income	29	589	412
Total revenue from operations		**17,042**	**14,409**
Other income	30	37	73
Total Income		**17,079**	**14,482**
Expenses			
Finance cost	31	5,799	5,704
Impairment on financial instruments	32	5,285	3,160
Employee benefit expenses	33	4,138	2,959
Depreciation and amortization	34	362	321
Other expenses	35	1,942	1,411
Total Expenses		**17,525**	**13,555**
Profit/(Loss) before tax		**(446)**	**927**
Tax expense			
Prior year tax	36	-	2
Current tax	36	240	596
Deferred tax	36	(394)	(375)
Profit/(Loss) for the year		**(292)**	**704**
Other Comprehensive Income			
Items that will not be reclassified to profit and loss			
Remeasurement of the net defined benefit plans		2	18
Income tax relating to the above	10	(0)	(4)
Items that will be reclassified to profit and loss			
Changes in fair value of investments		(678)	20
Income tax relating to above item	10	171	(5)
Other comprehensive income for the year, net of tax		**(506)**	**28**
Total comprehensive income for the year		**(798)**	**732**
Profit/(Loss) for the year attributable to:			
Owners of the Company		(240)	635
Non-controlling interest		(52)	69
		(292)	**704**
Other Comprehensive Income attributable to:			
Owners of the Company		(398)	26
Non-controlling interest		(108)	3
		(506)	**28**
Total Comprehensive Income attributable to:			
Owners of the Company		(637)	660
Non-controlling interest		(160)	72
		(798)	**732**
Earning per equity share	**37**		
Basic (In INR)		(0.73)	1.93
Diluted (In INR)		(0.73)	1.91
Summary of Significant Accounting Policies	1 - 2		

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

This is the Consolidated Statement of Profit or Loss referred to in our report of even date.

For **Bhushan Khot & Co.**
Chartered Accountants
Firm's Registration No.: 116888W

Amit Shah
Partner
Membership No.: 124889
UDIN: 22124889ARIDWN2263

Mumbai
8th September 2022

For and on behalf of Board of Directors of
Fincare Business Services Limited

G. Dasarathareddy
Managing Director
DIN: 01760054
Bengaluru
8th September 2022

Bhavya Gulati
Director
DIN: 02897200
Mumbai
8th September 2022

Gautam Gupta
Chief Financial Officer
Bengaluru
8th September 2022

Karishma Chandani
Company Secretary
M No. ACS45657
Bengaluru
8th September 2022

Consolidated Cash Flow Statement for the year ended 31 March 2022

(All amounts in INR millions, unless stated otherwise)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Cash flow from operating activities		
Profit/(Loss) before tax	(446)	927
Adjustment for :		
Depreciation and amortisation expenses	362	321
Profit on sale of Investment	(28)	(49)
Loss on sale of non-convertible debentures	-	8
Amortisation of Investments	18	61
(Profit) / loss on disposal of fixed assets	0	(0)
Loan portfolio written off	3,695	913
Employee stock option expense	59	49
Provision on portfolio loans	1,632	2,276
Provision for other contingencies	0	(27)
Provision / depreciation - Investments	56	(1)
Net (gain) / loss on derecognition of financial instruments under amortised cost category	-	(541)
Interest accrued on securitized assets	(0)	1
Interest accrued on non-performing assets	(725)	(24)
Interest accrued on loan to FEWT	(1)	(6)
Amortization of upfront fees / premium on securitisation	169	(21)
Fair valuation of financial instruments under amortised cost category	(3)	(1)
Interest expense on lease obligation	60	86
Deferral of debit card income / (expense)	46	(42)
Unrealized gain / loss on fair valuation of investments	9	2
Remeasurement of defined benefit obligations reclassified to other comprehensive income	2	18
Operating profit before working capital changes	**4,905**	**3,950**
Changes in working capital :		
Increase in deposits	11,384	6,632
(Increase) in investments	(8,856)	(2,790)
(Increase) in loans and advances	(19,801)	(7,815)
(Increase) / decrease in other financial and non financial assets	(2,390)	(46)
Increase / (decrease) in other financial and non financial liabilities	1,316	399
Cash generated from operating activities	**(13,442)**	**330**
Income taxes paid (net of refunds)	(396)	(606)
Net cash flow (used in) / generated from operating activities	**(13,838)**	**(276)**
Cash flows from investing activities		
Purchase of mutual funds	(500)	(2,045)
Proceeds from sale of Investment in equity shares - FSFBL	-	328
Proceeds from sale of mutual funds	620	2,037
Term money lending (including related party advances)	(101)	(422)
Proceeds from sale of debt securities	-	179
Purchase of property, plant and equipment	(265)	(129)
Proceeds from sale of property, plant and equipment	1	1
Interest received on loan to related party	7	-
Maturity / (Placement) of fixed deposits	(33)	25
Net cash flow (used in) / generated from investing activities	**(271)**	**(28)**
Cash flow from financing activities		
Proceeds from issuance of equity share capital	1,744	-
Proceeds from borrowing under the LAF segment	5,400	(470)
Proceeds from borrowings (other than debt securities)	13,580	5,070
Repayment of borrowings (other than debt securities)	(6,158)	(3,090)
Payment of lease obligation	(198)	(184)
Proceeds from redemption of debt securities	-	(750)
Net cash flow generated from / (used in) financing activities	**14,367**	**576**
Net increase in cash and cash equivalents (A + B + C)	**258**	**273**
Cash and cash equivalents at the beginning of the year	11,036	10,763
Cash and cash equivalents at the end of the year	**11,294**	**11,036**

Consolidated Cash Flow Statement (Cont'd) for the year ended 31 March 2022

(All amounts in INR millions, unless stated otherwise)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Cash on hand	330	263
Balances with banks in current accounts	126	671
Balances with others (RBI)	10,837	10,102
Total cash and cash equivalents (Refer note 3)	**11,294**	**11,036**

Summary of Significant Accounting Policies

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

This is the Consolidated Statement of Cash flow referred to in our report of even date.

Note:

1. The above Cash Flow Statement has been prepared as per Ind AS 7 "Statement of Cash Flows" specified under Section 133 of the Companies Act,2013

For **Bhushan Khot & Co.**
Chartered Accountants
Firm's Registration No.: 116888W

Amit Shah
Partner
Membership No.: 124889
UDIN: 22124889ARIDWN2263

Mumbai
8th September 2022

For and on behalf of Board of Directors of
Fincare Business Services Limited

G. Dasarathareddy
Managing Director
DIN: 01760054
Bengaluru
8th September 2022

Bhavya Gulati
Director
DIN: 02897200
Mumbai
8th September 2022

Gautam Gupta
Chief Financial Officer
Bengaluru
8th September 2022

Karishma Chandani
Company Secretary
M No. ACS45657
Bengaluru
8th September 2022

Consolidated Statement of Changes in Equity as at 31 March 2022

(All amounts in INR millions, unless stated otherwise)

A. Equity share capital

Particulars	As at 1 April 2020	Change in equity share capital during the year	As at 31 March 2021	Change in equity share capital during the year	As at 31 March 2022
Equity shares of ₹1 each, issued, subscribed and fully paid up	328	-	328	1	330

B. Other equity

Particulars	Reserve fund u/s 45-IC of RBI Act 1934	Reserve fund u/s 17(2) of Banking Regulation Act, 1949 (refer note 1)	Capital reserve	Securities premium	Investment fluctuation reserve	Stock option reserve	Retained earnings	Other Comprehensive income	Total other equity	Non controlling interest	Total
Balance as at 1 April 2020	**192**	**659**	**660**	**4,981**	**74**	**50**	**1,136**	**159**	**7,911**	**608**	**8,519**
Profit for the year	-	-	-	-	-	-	635	-	635	69	704
Transfers to Statutory reserves	-	-	-	-	-	-	-283	-	-283	-	-283
Add: Addition during the year	-	283	-	-	8	-	-8	-	283	287	570
Add: Stock options granted during the year	-	-	-	-	-	51	-	-	51	-	51
Add: Changes in fair value of Investments (net of tax)	-	-	-	-	-	-	-	12	12	-	12
Add: Remeasurement of the net defined benefit asset (net of tax)	-	-	-	-	-	-	13	-	13	-	13
Balance as at 31 March 2021	**192**	**941**	**660**	**4,981**	**83**	**101**	**1,493**	**172**	**8,622**	**964**	**9,587**
Profit / (Loss) for the year	-	-	-	-	-	-	-240	-	-240	-52	-292
Transfers to Statutory reserves	-	-	-	-	-	-	-22	-	-22	-	-22
Add: Addition during the year	-	22	-	66	125	-	110	-	324	1,353	1,677
Add: Stock options granted during the year	-	-	-	-	-	38	-	-	38	-	38
Add: Changes in fair value of Investments (net of tax)	-	-	-	-	-	-	-	-399	-399	-	-399
Add: Remeasurement of the net defined benefit asset (net of tax)	-	-	-	-	-	-	1	-	1	-	1
Balance as at 31 March 2022	**192**	**964**	**660**	**5,048**	**208**	**138**	**1,342**	**-227**	**8,324**	**2,266**	**10,590**

1 The transfer to statutory reserve u/s 17(2) of the Banking Regulation Act, 1949 for the years ended 31 March 2022 and 31 March 2021 was computed on the profit after tax reported under the GAAP for the subsidiary company (Fincare Bank) and has not been adjusted for IND AS adjustments.

2 During the year ended March 31, 2022, an amount of Rs 94.87 Mn has been reclassified from the 'Non-controlling interest' to 'Other Equity' arising from rectification in the computation of non-controlling interest in earlier years. Accordingly, the amount of Other Equity and Non-Controlling Interest stated in Balance sheet for the year ended 31st March 2022 is after this adjustment. This has no impact on the profit or loss or assets or liabilities.

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

For **Bhushan Khot & Co.**
Chartered Accountants
Firm's Registration No.: 116888W

Amit Shah
Partner
Membership No.: 124889
UDIN: 22124889ARIDWN2263

Mumbai
8th September 2022

For and on behalf of Board of Directors of
Fincare Business Services Limited

G. Dasarathareddy
Managing Director
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Notes forming part of Consolidated Financial Statements for the year ended 31 March 2022
(All amounts in INR Millions, unless stated otherwise)

1. Summary of significant accounting policies and other explanatory information

a) Group overview

Fincare Business Services Limited (formerly known as Fincare Business Services Private Limited) (the 'Company') is a Non-Banking Financial Company. The Company was incorporated on 1 August 2014. The Company has converted itself from a private limited company to a public limited company with effect from 23 November 2016.

The Company was incorporated primarily as a private company under the Companies Act,1956, to manage the capital requirement in associate companies and also provides the financial management and consultancy services. The Company has converted into a non-deposit accepting Non- Banking Financial Company - Core Investment Company (NBFC - CIC) with the Reserve Bank of India ('RBI') with effect from 2 February 2017.

The Consolidated financial statements for the year ended 31 March 2022 were authorized and approved for issue by the Board of Directors of the Company on 8th September 2022.

The Consolidated financial statements comprises of the financial statements of Fincare Business Services Limited (the Holding Company) and its subsidiary (collectively known as "the Group") as listed below:

Name of the entity	Country of incorporation	Effective ownership interest (%)	
		31 March 2022	31 March 2021
Subsidiary:			
Fincare Small Finance Bank Limited	India	78.58%	90.91%

b) Basis of preparation and presentation

(i) Basis of preparation

In accordance with the notification issued by the Ministry of Corporate Affairs, the Group is required to prepare its Consolidated financial statements as per the Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended) ('Ind AS'). Accordingly, the Group has prepared these Consolidated financial statements which comprises the Consolidated Balance Sheet as at 31 March 2022, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flows Statement and the Consolidated Statement of Changes in Equity for the year ended 31 March 2022, and Notes to the Consolidated financial statements including a summary of significant accounting policies and other explanatory information (together hereinafter referred to as "'Consolidated financial statements" or "Consolidated Ind AS financial statements").

The Consolidated financial statements have been prepared using the significant accounting policies and measurement bases Summarised below. These accounting policies have been consistently applied throughout all the periods presented in these Consolidated financial statements, unless otherwise stated.

These consolidated financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

i) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities that are measured at fair value, and
- defined benefit plans - plan assets are measured at fair value
- employee stock options plan

Fair value is the price 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. The Financial assets and liabilities are presented in ascending order of their liquidity. Fair value for measurement and/or disclosure purposes in these Ind AS financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 116, and measurements that have some similarities to fair value but are not fair value, such as value in use in Ind AS 36. The Ind AS financial statements are presented in Indian Rupees rounded off to the nearest Millions unless otherwise stated.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2022

(All amounts in INR Millions, unless stated otherwise)

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

(ii) Basis of Consolidation

The Consolidated financial statements comprises the financial statements of the Holding Company and its Subsidiaries as at 31 March 2022. Subsidiaries are all entities over which the group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Specifically, the Group controls an entity if and only if the Group has:

- Power over the entity (i.e. existing rights, including potential voting rights that give it the current ability to direct the relevant activities of the entity)
- Exposure, or rights, to variable returns from its involvement with the entity, and
- The ability to use its power over the entity to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an entity, the Group considers all relevant facts and circumstances in assessing whether it has power over an entity, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights; and
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Group re-assesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities within the Group used for the purpose of consolidation are drawn up to same reporting date as that of the Holding Company, i.e., year ended on 31 March. When the end of the reporting period of the Holding Company is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the Holding Company to enable the Holding Company to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedures

a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Holding Company with those of its subsidiaries.

b) If the entity within the group are not reporting their Standalone financial statements as per IND AS, in such case the Management of Entity prepares Ind AS Converged Financial statements of the entity incorporating Ind AS adjustments for the purpose of Consolidation.

c) Offset (Eliminate) the carrying amount of the Holding Company's investment in each subsidiary and the Holding Company's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

d) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as fixed assets, other liabilities are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2022

(All amounts in INR Millions, unless stated otherwise)

Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Non-controlling interest represents the amount of equity not attributable, directly or indirectly, to the Company at the date on which investment in a subsidiary is made and its share of movements in equity since that date. Non-controlling interests and equity of subsidiaries are shown separately in the Consolidated Statement of Profit and Loss, Consolidated statement of changes in equity and Consolidated Balance sheet respectively. Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity shareholders of the Holding Company of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between of the entities within the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interests;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in the Consolidated Statement of Profit or Loss; and

Reclassifies the Holding Company's share of components previously recognised in OCI to Consolidated Statement of Profit or Loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

(iii) Statement of compliance with Indian Accounting Standards (Ind AS)

These Consolidated Financial Statements ("the Financial Statements") have been prepared in accordance with the Indian Accounting Standards ('Ind AS') as notified by Ministry of Corporate Affairs ('MCA') under Section 133 of the Companies Act, 2013 ('Act') read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Act. The Group has uniformly applied the accounting policies for all the periods presented in this financial statements.

c) Summary of significant accounting policies

The financial statements have been prepared using the significant accounting policies and measurement bases summarized as below. These policies are applied consistently for all the periods presented in the financial statements, except where the Group has applied certain accounting policies and exemptions upon transition to Ind AS.

i. Property, plant and equipment

Recognition and initial measurement

Property, plant and equipment are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group. All other repair and maintenance costs are recognised in statement of profit and loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are recognised in statement of profit and loss.

Subsequent measurement (depreciation method, useful lives and residual value)

Property, plant and equipment are subsequently measured at cost less accumulated depreciation and impairment losses. Depreciation on property, plant and equipment is provided on the straight-line method over the useful life of the assets as estimated by the management.

Depreciation is calculated on pro rata basis from the date on which the asset is ready for use or till the date the asset is sold or disposed.

The residual values, useful lives and method of depreciation are reviewed at the end of each financial year.

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2022

(All amounts in INR Millions, unless stated otherwise)

The Group has used the following rates to provide depreciation on its tangible assets:

Tangible asset description	Useful life
Office equipments	5 Years
Computer equipments	3 Years
Furniture and fixtures	10 Years
Vehicles	10 Years
Leasehold improvements (*)	Over the period of lease

(*) Lease period being shorter than the estimated useful life.

Depreciation is charged on a proportionate basis for all assets purchased and sold during the year.

De-recognition

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in the statement of profit and loss, when the asset is derecognised.

Capital work-in-progress

Capital work-in-progress are carried at cost, comprising direct cost and related incidental expenses acquire property, plant and equipment. Assets which are not ready to intended use are also shown under capital work-in-progress.

ii. Intangible assets

Recognition and initial measurement

Intangible assets are stated at their cost of acquisition. The cost comprises purchase price including any import duties and other taxes (other than those subsequently recoverable from taxation authorities), borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.

Subsequent measurement (amortisation method, useful lives and residual value)

Intangible assets are amortised on a straight line basis over the expected useful life from the date when the assets are available for use. The estimated useful life (amortisation period) of the intangible assets is arrived basis the expected pattern of consumption of economic benefits and is reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

Intangible assets are amortised, on a straight line basis, commencing from the date the asset is available for its use, over their respective individual estimated useful lives as estimated by the management:

Intangible asset description	Useful life
Computer Software	3 Years

iii. Revenue recognition

As per the standard Ind AS 115, revenue is recognised to depict the transfer of promised goods or services to a customer in an amount that reflects the fair value of the consideration received or receivable which the entity expects to be entitled in exchange for those goods or services. Ind AS 115 establishes a five-step model that will apply to revenue earned from a contract with a customer, regardless of the type of revenue transaction or the industry.

Interest and processing fee income on loans

Interest and processing fee income is recorded on accrual basis using the effective interest rate (EIR) method. Additional interest/overdue interest/penal charges, if any, are recognised only when it is reasonable certain that the ultimate collection will be made.

Income from assignment transactions

Income from assignment transactions i.e. present value of excess interest spread is recognised when the related loan assets are de-recognised. Interest income is also recognised on carrying value of assets over the remaining period of such assets.

Commission income

Income from business correspondent services is recognised as and when the services are rendered as per agreed terms and conditions of the contract. A receivable is recognised when the services are delivered as this is the case of point in time recognition where consideration is unconditional because only the passage of time is required.

Dividend income

Dividend income is recognised at the time when the right to receive is established by the reporting date.

Miscellaneous income

All other income is recognized on an accrual basis, when there is no uncertainty in the ultimate realization/collection.

iv. Borrowing costs

Borrowing costs that are directly attributable to the acquisition and/or construction of a qualifying asset, till the time such qualifying assets become ready for its intended use sale, are capitalised. Borrowing cost consists of interest and other cost that the

Group incurred in connection with the borrowing of funds. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss as incurred basis the effective interest rate method.

v. Taxation

Tax expense recognized in Statement of Profit and Loss comprises the sum of deferred tax and current tax except to the extent it recognized in other comprehensive income or directly in equity.

Current tax comprises the tax payable or receivable on taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. Current tax is computed in accordance with relevant tax regulations. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received after considering uncertainty related to income taxes, if any. Current tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

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.

Deferred tax is recognised in respect of temporary differences between carrying amount of assets and liabilities for financial reporting purposes and corresponding amount used for taxation purposes. Deferred tax assets are recognised on unused tax loss, unused tax credits and deductible temporary differences to the extent it is probable that the future taxable profits will be available against which they can be used. This is assessed based on the Group's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset only if 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. Deferred tax relating to items recognised outside statement of profit and loss is recognised outside statement of profit or loss (either in other comprehensive income or in equity).

vi. Employee benefits

Short-term employee benefits

Short-term employee benefits including salaries, short term compensated absences (such as a paid annual leave) where the absences are expected to occur within twelve months after the end of the period in which the employees render the related service, profit sharing and bonuses payable within twelve months after the end of the period in which the employees render the related services and non-monetary benefits for current employees are estimated and measured on an undiscounted basis.

Post-employment benefit plans are classified into defined benefits plans and defined contribution plans as under:

Defined contribution plans

The Group has a defined contribution plans namely provident fund, pension fund and employees state insurance scheme. The contribution made by the Group in respect of these plans are charged to the Statement of Profit and Loss.

Defined benefit plans

The Group has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees, where in the employee will receive on retirement is defined by reference to employee's length of service and last drawn salary. Under the defined benefit plan, the amount that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. The legal obligation for any benefits remains with the Group, even if plan assets for funding the defined benefit plan have been set aside. The liability recognised in the statement of financial position for defined benefit plans is the present value of the Defined Benefit Obligation (DBO) at the reporting date less the fair value of plan assets. Management estimates the DBO annually with the assistance of independent actuaries. Actuarial gains/ losses resulting from re-measurements of the liability/ asset are included in other comprehensive income.

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2022

(All amounts in INR Millions, unless stated otherwise)

Other long-term employee benefits

The Group also provides the benefit of compensated absences to its employees which are in the nature of long-term employee benefit plan. Liability in respect of compensated absences becoming due and expected to availed after one year from the Balance Sheet date is estimated in the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method as on the reporting date. Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged to Statement of Profit and Loss in the year in which such gains or losses are determined.

As per the subsidiary's policy, in general, 40% of cash variable pay (where it exceeds a specified threshold) of any employee of the subsidiary shall vest at the end of performance period and the remaining 60% shall be under deferral arrangement. The deferred cash variable pay has been recognised as liability at present value of the defined benefit obligation at the balance sheet date, as required by Ind AS-19 on Employee Benefits. The present value has been determined using actuarial valuation after factoring in assumptions of attrition and discounting.

Share based payments transactions of the Group

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share based transactions are set out in note 41. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity -settled employee benefits reserve.

vii. Impairment of non-financial assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. Recoverable amount is higher of an asset's net selling price and its value in use. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Consolidated Statement of Profit and Loss. If at the reporting date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

viii. Impairment of financial assets

Loan assets

The Group follows a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- Stage 1 (1-30 days) includes loan assets that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date.
- Stage 2 (31-60 days) includes loan assets that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment.
- Stage 3 (more than 90 days) includes loan assets that have objective evidence of impairment at the reporting date.

The Expected Credit Loss (ECL) is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. ECL is the product of the Probability of Default, Exposure at Default and Loss Given Default, defined as follows:

Probability of Default (PD) - The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired" above), either over the next 12 months (12 months PD), or over the remaining lifetime (Lifetime PD) of the obligation.

Loss Given Default (LGD) – LGD represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and preference of claim and availability of collateral or other credit support.

Exposure at Default (EAD) – EAD is based on the amounts the Group expects to be owed at the time of default. For a revolving commitment, the Group includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.

Forward-looking economic information (including management overlay) is included in determining the 12-month and lifetime PD, EAD and LGD. The assumptions underlying the expected credit loss are monitored and reviewed on an ongoing basis.

However, RBI has not made changes in the prudential norms which requires certain minimum provisions for entities in the Group. As such, the Group has conservatively decided that if ECL is calculated to be lower than the provisions done earlier as per prudential norms, such minimum amounts are maintained.

Trade receivables

In respect of trade receivables, the Group applies the simplified approach of Ind AS 109, which requires measurement of loss allowance at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of trade receivables.

Other financial assets

In respect of its other financial assets, the Group assesses if the credit risk on those financial assets has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the Group measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses.

When making this assessment, the Group uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the Group compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Group assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

Write-offs

Financial assets are written off either partially or in their entirety to the extent that there is no realistic prospect of recovery. Any subsequent recoveries are credited to impairment on financial instrument on statement of profit and loss.

ix. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand (including imprest), balances with RBI, balances with other banks, money at call and short notice, demand deposits and short-term highly liquid investments (certificate of deposits and commercial paper) that are readily convertible into known amount of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents includes bank overdrafts, if that are repayable on demand and form an integral part of the Group's cash management.

x. Provisions, contingent assets and contingent liabilities

Provisions are recognized only when there is a present obligation, as a result of past events, and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Provisions are discounted to their present values, where the time value of money is material.

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Group or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are neither recognised nor disclosed except when realisation of income is virtually certain, related asset is disclosed.

xi. Leases

Group as a lessee

The Group's lease asset classes primarily consist of leases for buildings. The Group assesses whether a contract contains a lease, at inception of a contract. 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. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contact involves the use of an identified asset
- the Group has substantially all of the economic benefits from use of the asset through the period of the lease and
- the Group has the right to direct the use of the asset.

The Group recognizes a right-of-use asset ("ROU") representing its right to use the underlying asset for the

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2022

(All amounts in INR Millions, unless stated otherwise)

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.

The right-of-use assets is subsequently measured at cost less accumulated depreciation, accumulated impairment losses, if any. 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. 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 Consolidated Statement of profit and loss.

The lease liability is initially and subsequently measured at the present value of the future lease payments that are not paid at the commencement date/reporting date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate applicable to the entity. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of all assets that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

xii. Financial instruments

A Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs. Subsequent measurement of financial assets and financial liabilities is described below.

Non-derivative financial assets

Subsequent measurement

i. **Financial assets carried at Amortised cost** – a financial asset is measured at the amortised cost if both the following conditions are met:

   i. The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

   ii. Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

   After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the Statement of Profit and Loss.

ii. **Financial assets carried at fair value through other comprehensive income** – a financial asset is measured at fair value, with changes in fair value being carried to other comprehensive income, if both the following conditions are met:

   i. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and

   ii. Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

De-recognition of financial assets

Financial assets (or where applicable, a part of financial asset or part of a group of similar financial assets) are derecognised (i.e. removed from the Group's balance sheet) when the contractual rights to receive the cash flows from the financial asset have expired, or when the financial asset and substantially all the risks and rewards are transferred. Further, if the Group has not retained control, it shall also derecognise the financial asset and recognise separately as assets or liabilities any rights and obligations created or retained in the transfer.

Non-derivative financial liabilities

Financial liabilities - Subsequent measurement

Subsequent to initial recognition, all non-derivative financial liabilities, except compulsorily convertible preference shares, are measured at amortised cost using the effective interest method.

De-recognition of financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

First loss default guarantee

First loss default guarantee contracts are contracts that require the Group to make specified payments to reimburse the bank and financial institution for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks and financial institutions, for whom the Group acts as 'Business Correspondent'.

These contracts are initially measured at fair value and subsequently measure at higher of:

- The amount of loss allowance (calculated as described in policy for impairment of financial assets)
- Maximum amount payable as on the reporting date to the respective bank/financial institution which is based on the amount of loans overdue for more than 90 days.

  Further, the maximum liability is restricted to the cash outflow agreed in the contract.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

xiii. Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss (interest and other finance cost associated) for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

xiv. Transaction costs

Transaction costs are incremental costs that are directly attributable to the acquisition of share capital and financial liabilities. Transaction cost includes fees paid to advisors and levies by regulatory agencies, including taxes and duties. Transaction costs incurred towards Issuance of share capital is expensed to the Statement of Profit and Loss.

xv. Segment reporting

The Group identifies segment basis the internal organization and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are regularly reviewed by the CODM ('chief operating decision maker') in deciding how to allocate resources and in assessing performance. The accounting policies adopted for segment reporting are in line with the accounting policies of the Group. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship with the operating activities of the segment.

xvi. Foreign currency

Functional and presentation currency

Items included in the financial statement of the Group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements have been prepared and presented in Indian Rupees (INR), which is the Group's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency, by applying the exchange rates on the foreign currency amounts at the date of the transaction. Foreign currency monetary items outstanding at the balance sheet date are converted to functional currency using the closing rate. Non-monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transaction.

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognized in the Statement of Profit and Loss in the year in which they arise.

xvii. Business combinations

Business combinations are accounted for using the

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2022

(All amounts in INR Millions, unless stated otherwise)

acquisition method. The acquisition method involves the recognition of the acquiree's identifiable assets and liabilities, including contingent liabilities, regardless of whether they were recorded in the financial statements prior to acquisition. On initial recognition, the assets and liabilities of the acquired subsidiary are included in the consolidated balance sheet at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group's accounting policies. Goodwill is stated after separating out identifiable intangible assets. Goodwill represents the excess of acquisition cost over the fair value of the Group's share of the identifiable net assets of the acquiree at the date of acquisition. Any excess of identifiable net assets over acquisition cost is recognised in the other comprehensive income on the acquisition date and accumulated in equity as capital reserve.

Business combinations between entities under common control is accounted for at carrying value under the provisions of Ind AS 103, Business Combinations. No adjustments are made to reflect fair values, or recognize any new assets or liabilities. Adjustments are only made to harmonize accounting policies.

The financial information in the financial statements in respect of prior periods is restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination. However, where the business combination had occurred after that date, the prior period information is restated only from that date.

The balance of the retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee or is adjusted against general reserve.

The identity of the reserves are preserved and the reserves of the transferor become the reserves of the transferee.

The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and is presented separately from other capital reserves.

Transaction costs that the Group incurs in connection with a business combination such as finders' fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred and the services are received.

d) Significant management judgement in applying accounting policies and estimation uncertainty

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the related disclosures. Actual results may differ from these estimates.

Significant management judgements

Recognition of deferred tax assets – The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilized.

Business model assessment - The Group 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 judgement 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 Group monitors financial assets that are derecognised 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 Group'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.

Evaluation of indicators for impairment of assets – The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

Expected credit loss ('ECL') – The measurement of expected credit loss allowance for financial assets measured at amortised cost requires use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. likelihood of customers defaulting and resulting losses). The Group makes significant judgements with regard to the following while assessing expected credit loss:

- Determining criteria for significant increase in credit risk;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/ market and the associated ECL; and

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2022

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- Establishing groups of similar financial assets for the purposes of measuring ECL.

Provisions – At each balance sheet date basis the management judgment, changes in facts and legal aspects, the Group assesses the requirement of provisions against the outstanding contingent liabilities. However, the actual future outcome may be different from this judgement.

Significant estimates

Useful lives of depreciable/ amortisable assets – Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of assets.

Defined benefit obligation (DBO) – Management's estimate of the DBO is based on a number of underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

Fair value measurements – Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument.

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2022

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3. Cash and cash equivalents

	As at 31 March 2022	As at 31 March 2021
Cash on hand (including foreign currency notes)*	330	263
Balances with banks in current account	126	671
Balances with others (RBI)	10,837	10,102
Money Market Instruments (inclusive of accrued interest)	564	400
	11,858	11,436

* The Group does not have any foreign currency note balances as on 31 March 2022 and 31 March 2021 .

(1) There are no repatriation restrictions with respect to cash and cash equivalents as at the end of the reporting year and prior years.

4. Bank balances other than cash and cash equivalents

	As at 31 March 2022	As at 31 March 2021
Term deposits with bank (inclusive of accrued interest)	500	100
Margin money deposits with bank (inclusive of accrued interest) 2,3,4	3	37
	503	137

(1) The Group earns a fixed rate of interest on these term deposits.

(2) Includes fixed deposits lien marked with UIDAI ₹ 3.2 Mn (31 March 2021: ₹ 3.0 Mn)

(3) Includes term deposits amounting to Nil (31 March 2021: ₹ 2.9 Mn) held as pledged against FLDG commitments.

(4) Includes term deposits amounting to Nil (31 March 2021: ₹ 31.23 Mn) lien marked towards term loans availed from banks and financial institutions

(5) There are no repatriation restrictions with respect to cash and cash equivalents as at the end of the reporting year and prior years.

5. Trade receivables (Unsecured)

	As at 31 March 2022	As at 31 March 2021
Considered good (less than 6 months from due date of payment)	41	22
Considered doubtful	-	-
Total - Gross	**41**	**22**
Less: Allowance for expected Credit Loss	-	-
Total - Net	**41**	**22**
Receivable from related parties	-	-
Receivable from others	41	22
Total - Gross	**41**	**22**
Less: Allowance for doubtful debts	-	-
Total - Net	**41**	**22**

Particulars	Outstanding as on 31/03/2022 for following periods from due date of payment			
	Less than 6 months	6 months-1 years	More than 1 year	Total
Undisputed Receivables				
- considered good	41	-	-	41
- considered Doubtful	-	-	-	-
Disputed Receivables	-	-	-	-
- considered good	-	-	-	-
- considered Doubtful	-	-	-	-
Total	**41**	**-**	**-**	**41**

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(All amounts in INR Millions, unless stated otherwise)

Particulars	Outstanding as on 31/03/2021 for following periods from due date of payment			
	Less than 6 months	6 months-1 years	More than 1 year	Total
Undisputed Receivables				
- considered good	22	-	-	22
- considered Doubtful	-	-	-	-
Disputed Receivables	-	-	-	-
- considered good	-	-	-	-
- considered Doubtful	-	-	-	-
Total	**22**	**-**	**-**	**22**

6. Loans

	As at 31 March 2022	As at 31 March 2021
At amortised cost		
Term loans	70,420	56,021
Loans repayable on demand	4,429	3,788
Total - Gross	**74,850**	**59,809**
Less: Allowance for impairment loss	(4,891)	(3,601)
Total - Net (A)	**69,959**	**56,208**
Secured by tangible assets (including advances against book debts)	17,621	12,168
Covered by Bank/Government Guarantees	413	-
Unsecured	56,816	47,642
Total - Gross	**74,850**	**59,809**
Less: Allowance for impairment loss	(4,891)	(3,601)
Total - Net (B)	**69,959**	**56,208**
Loans in India		
Public sector	-	-
Others	74,850	59,809
Total - Gross	**74,850**	**59,809**
Less: Allowance for impairment loss	(4,891)	(3,601)
Total - Net (C)	**69,959**	**56,208**
Loans outside India	-	-
Less: Allowance for impairment loss for loan assets	-	-
Total - Net (D)	-	-

Details of Loans given to Key Managerial Personnels (KMP) / Related Parties

Type of Borrower	Amount of Loan Outstanding as on March 31, 2022	Percentage to the Total Loan as on March 31, 2022 %	Amount of Loan Outstanding as on March 31, 2021	Percentage to the Total Loan as on March 31, 2021 %
Promoters	-	-	-	-
Directors	-	-	-	-
Key Managerial Personnels	-	-	-	-
Related Parties	-	-	69	100%
Total	-	-	69	100%

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2022

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7. Investments

	As at 31 March 2022	As at 31 March 2021
At fair value through profit and loss account		
Mutual funds (Quoted)	-	118
At fair value through other comprehensive income		
Government securities	21,084	13,056
Debt securities - Debentures & Bonds	102	-
	21,186	**13,174**
Investments outside India	-	-
Investments in India	21,186	13,174
	21,186	**13,174**
Less: Allowance for impairment loss	-	-
Total Investments - net	**21,186**	**13,174**

8. Other financial assets

	As at 31 March 2022	As at 31 March 2021
Security deposits (unsecured, considered good)	112	95
Interest accrued (net of impairment loss)	1,774	1,086
Others	1,653	45
	3,539	**1,225**

9. Current tax assets (net)

	As at 31 March 2022	As at 31 March 2021
Advance tax [net of provision for tax]	202	45
	202	**45**

10. Deferred tax assets (net)

	As at 31 March 2022	As at 31 March 2021
Tax effect of items constituting deferred tax assets:		
Depreciation and amortisation	60	46
Provision for employee benefits	45	42
Financial assets at amortised cost	-4	101
Impairment loss allowance and first loss default guarantee	1,188	704
Deferred debit card maintenance fees (net of unamortised cost)	36	25
Lease accounting under Ind AS 116	32	28
Others	171	1
Tax effect of items constituting deferred tax liabilities:		
Fair valuation of financial instruments through profit and loss	12	4
Financial liabilities at amortised cost	1	2
Fair valuation of loan assets through other comprehensive income	-109	62
Interest income recognised on non-performing assets	190	8
Total Deferred tax assets (net)	**1,435**	**870**

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2022
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Movement in above mentioned deferred tax assets and (liabilities) for the year ended 31st March, 2022

Particulars	As at 1 April 2020	Recognised in statement of profit and loss	Recognised in other comprehensive income	As at 31 March 2021	Recognised in statement of profit and loss	Recognised in other comprehensive income	As at 31 March 2022
Tax effect of items constituting deferred tax assets and liabilities							
Depreciation and amortisation	33	13	-	46	13	-	60
Provision for employee benefits	34	8	-	42	4	-	45
Expenses deductible on payment basis	-	4	(4)	-	0	(0)	-
Deferred debit card maintenance fees (net of unamortised cost)	35	(11)	-	25	12	-	36
Financial assets at amortised cost	102	(1)	-	101	(105)	-	(4)
Financial liabilities at amortised cost	(2)	1	-	(2)	0	-	(1)
Fair valuation of financial instruments through profit and loss	(3)	(2)	-	(4)	(7)	-	(12)
Fair valuation of loan assets through other comprehensive income	(57)	0	(5)	(62)	-	171	109
Impairment loss allowance and first loss default guarantee	346	358	-	704	485	-	1,188
Adoption of Ind AS 116 - Leases	16	12	-	28	4	-	32
Interest income recognised on non-performing assets	(1)	(7)	-	(8)	(182)	-	(190)
Others	2	(1)	-	1	171	-	171
	505	**374**	**(10)**	**870**	**394**	**170**	**1,435**

11. Property, Plant and Equipment

	Right-of-use asset (*)	Freehold Land	Furniture and Fixtures	Computers & equipments	Office Equipment	Leasehold improvements	Vehicles	Total
Gross Block								
Balance as at 01 April 2020	**900**	**2**	**114**	**216**	**158**	**182**	**4**	**1,576**
Additions during the year	174	-	23	33	26	42	5	302
Disposals during the year	-	-	0	2	2	1	0	6
Balance as at 31 March 2021	**1,074**	**2**	**137**	**246**	**182**	**223**	**9**	**1,873**
Additions during the year	50	-	55	96	48	47	1	297
Disposals during the year	-	-	1	5	3	1	-	9
Balance as at 31 March 2022	**1,123**	**2**	**191**	**338**	**227**	**270**	**9**	**2,160**

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2022

(All amounts in INR Millions, unless stated otherwise)

11. Property, Plant and Equipment (cont'd)

	Right-of-use asset (*)	Freehold Land	Furniture and Fixtures	Computers & equipments	Office Equipment	Leasehold improvements	Vehicles	Total
Accumulated depreciation								
Balance as at 01 April 2020	**185**	**-**	**38**	**122**	**63**	**70**	**2**	**480**
Charge for the year	150	-	16	66	35	36	1	303
Disposals during the year		-	0	2	2	1	0	5
Balance as at 31 March 2021	**335**	**-**	**54**	**186**	**96**	**105**	**2**	**778**
Charge for the year	160		26	82	42	38	1	350
Disposals during the year			1	5	2	0	-	8
Balance as at 31 March 2022	**495**	**-**	**79**	**264**	**136**	**143**	**4**	**1,120**
Net block								
Balance as at 31 March 2021	**739**	**2**	**83**	**60**	**86**	**117**	**6**	**1,094**
Balance as at 31 March 2022	**629**	**2**	**111**	**74**	**91**	**127**	**6**	**1,040**

(*) Refer note 50

11A. Capital Work in Progress (Projects in Progress (For a Period of Less than one year))	Total
Balance as at 31 March 2021	-
Additions during the year	1
Balance as ot 31st March 2022	**1**

Notes:

Contractual obligations
There are no contractual commitments for the acquisition of property, plant and equipment.

Capitalised borrowing cost
There is no borrowing costs capitalised during the period ended 31 March 2022 (31 March 2021: Nil).

Title Deed of Freehold Land
Title deed of Freehold Land is in the name of Future Financial Services Private Limited, an erstwhile Group company which got merged with the Fincare Business Services Limited vide Amalgamation order dated 15th September, 2017 passed by NCLT, Bengaluru bench.

Revaluation of Property, Plant and Equipments
The group has not revalued its Property, Plant and Equipments during the year and hence there is no movement for the same to be reported.

12. Other Intangible assets

	Computer Software
Gross Block	
Balance as at 31 March 2021	**90**
Additions during the year	17
Disposals during the year	-
Balance as at 31 March 2022	**106**
Amortisation	
Balance as at 01 April 2020	**61**
Charge for the year	18
Disposals during the year	-
Balance as at 31 March 2021	**79**
Charge for the year	12
Disposals during the year	-
Balance as at 31 March 2022	**91**
Net block	
Balance as at 31 March 2021	**10**
Balance as at 31 March 2022	**15**

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2022
(All amounts in INR Millions, unless stated otherwise)

13. Goodwill

	As at 31 March 2022	As at 31 March 2021
Opening balance	418	418
Written off during the year	-	-
Closing balance	**418**	**418**

Goodwill represents the excess of purchase consideration over net asset value of acquired subsidiaries on the date of such acquisition. Such goodwill is tested for impairment annually or more frequently, if there are indicators for impairment.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the cash generating units (CGU) or groups of CGUs, which benefit from the synergies of the acquisition. The chief operating decision maker reviews the goodwill for any impairment at the operating segment level, which is represented through groups of CGUs.

The recoverable amount of a cash generating unit is the higher of its fair value less costs of disposal and its value in use. For the purpose of impairment test, fair value of a CGU is determined based on the market capitalization and the value in use is determined based on specific calculations. The recoverable amount of all CGUs has been determined based on value in use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period.

As at 31 March 2022, the estimated recoverable amount of each of the CGUs exceeded its carrying amount, hence impairment is not triggered. The carrying amount of the CGU was computed by allocating the net assets to operating segments for the purpose of impairment testing.

14. Other non-financial assets

	As at 31 March 2022	As at 31 March 2021
Prepaid expenses	96	77
Balance with government authorities	117	115
Advances to suppliers	65	14
Others	16	6
	294	**212**

15. Payables

	As at 31 March 2022	As at 31 March 2021
Payables Other than Trade Payables		
Total outstanding dues of micro enterprises and small enterprises	-	4
Total outstanding dues of creditors other than micro enterprises and small enterprises	658	212
	658	**216**

Outstanding as on 31/03/2022 for following periods from due date of payment

Particulars	Less than 1 year	1-2 years	2-3 years	Total
MSME	-	-	-	-
Others	658	-	-	658
Disputed Dues - MSME	-	-	-	-
Disputed Dues - Others	-	-	-	-
Total	**658**	**-**	**-**	**658**

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2022

(All amounts in INR Millions, unless stated otherwise)

Outstanding as on 31/03/2021 for following periods from due date of payment

Particulars	Less than 1 year	1-2 years	2-3 years	Total
MSME	4	-	-	4
Others	212	-	-	212
Disputed Dues - MSME	-	-	-	-
Disputed Dues - Others	-	-	-	-
Total	**216**	-	-	**216**

16. Borrowings (other than debt securities)

	As at 31 March 2022	As at 31 March 2021
At amortised cost (Refer note 38)		
Term loans - Secured		
i) from Banks	-	-
ii) from other parties	5,484	406
LAF - Reserve Bank of India - Secured	5,960	560
Term loans - Unsecured		
i) from Banks	1,000	-
ii) from other parties	17,194	16,655
Lease liabilities	730	826
Total - (A)	**30,367**	**18,447**
Borrowings in India	30,367	18,447
Borrowings outside India	-	-
Total - (B)	**30,367**	**18,447**

17 Deposits

	As at 31 March 2022	As at 31 March 2021
At amortised cost		
Public deposits	24,650	26,098
From banks	17,375	15,012
From Others	22,494	12,061
Total - (A)	**64,519**	**53,172**
Deposits in India	64,519	53,172
Deposits outside India	-	-
Total - (B)	**64,519**	**53,172**

Details of deposits received from Key management personnel

	As at 31 March 2022	As at 31 March 2021
Key management personnel		
Holding Company	36	1
Subsidiary Company	3	1
Relative of key management personnel	**52**	**69**
	91	72

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2022
(All amounts in INR Millions, unless stated otherwise)

18 Subordinated Liabilities

	As at 31 March 2022	As at 31 March 2021
At amortised cost (Refer note 38)		
Unsecured redeemable debentures/bonds	1,996	1,994
Total - (A)	**1,996**	**1,994**
Subordinated liabilities in India	1,996	1,994
Subordinated liabilities outside India	-	-
Total - (B)	**1,996**	**1,994**

19. Other financial liabilities

	As at 31 March 2022	As at 31 March 2021
Interest accrued	384	144
Employee related payable	254	194
Provision for first loss default guarantee	-	3
Amount payable under business correspondence operations	-	0
Others	887	413
	1,525	754

20. Provisions

	As at 31 March 2022	As at 31 March 2021
Provision for employee benefits (Refer note 39)		
Gratuity	42	14
Compensated absences	128	102
Other provisions	8	4
	177	**120**

21. Contract liabilities

	As at 31 March 2022	As at 31 March 2021
Income received in advance	191	142
	191	**142**

22. Other non financial liabilities

	As at 31 March 2022	As at 31 March 2021
Statutory dues payable	138	92
	138	**92**

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2022

(All amounts in INR Millions, unless stated otherwise)

23. Equity share capital

Particulars	As at 31 March 2022	As at 31 March 2021
Authorised equity share capital		
1,055,000,000 (31 March 2021 : 1,055,000,000) Equity shares of ₹ 1 each	1,055	1,055
10,000,000 (31 March 2021 : 10,000,000) Preference shares of ₹ 10 each	100	100
	1,155	**1,155**
Issued, subscribed and paid up equity share capital		
329,750,096 (31 March 2021: 328,417,440) Equity shares of ₹ 1 each	330	328
	330	**328**

i) **Reconciliation of equity shares outstanding at the beginning and at the end of the year**

	As at 31 March 2022		As at 31 March 2021	
	No. of shares	₹	No. of shares	₹
Equity share capital of ₹1 each fully paid up				
Balance at the beginning of the year	32,84,17,440	328	32,84,17,440	328
Add: Issued during the year	13,32,656	1	-	-
Balance at the end of the year	**32,97,50,096**	**330**	**32,84,17,440**	**328**

ii) **Rights attached to equity shares**

The Company has issued only one class of equity shares having a par value of ₹ 1/- per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. During the year ended March 31, 2022 (March 31, 2021 - Nil), no dividend was declared or paid to equity shareholders.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

iii) **Shareholders holding more than 5% of shares of the Company as at balance sheet date:**

Name of the Shareholder	As at 31 March 2022		As at 31 March 2021	
Equity shares of ₹ 1 each, fully paid up	No. of shares	% holding	No. of shares	% holding
1) Wagner Limited	5,85,35,040	17.75%	5,85,35,040	17.82%
2) True North Fund V LLP	5,43,85,595	16.49%	6,56,59,060	19.99%
3) INDIUM IV (Mauritius) Holdings Limited	5,40,85,980	16.40%	5,40,85,980	16.47%
4) Omega TC Holdings Pte. Ltd.	2,77,72,330	8.42%	2,77,72,330	8.46%

As per records of the Company, including its register of shareholders/members and other declarations, if any, received from shareholders regarding the beneficial interest, the above shareholding represents both legal & beneficial ownership of shares.

iv) The Company has neither issued equity shares pursuant to contract without payment being received in cash or any bonus shares nor has there been any buy-back of shares in the current year and five years immediately preceding the balance sheet date.

v) Details of Shares reserved to be issued under ESOP by the Company

Particulars	As at 31 March 2022		As at 31 March 2021	
No. of shares	No. of shares	₹	No. of shares	₹
Equity shares of ₹ 1 each	59,40,600	6	77,65,400	8

Refer Note no 41 for more details

vi) The Company does not have any promoter shareholder as on 31st March 2022 and 31st March 2021.

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2022
(All amounts in INR Millions, unless stated otherwise)

24. Other equity

	As at 31 March 2022	As at 31 March 2021
Reserve fund u/s 45-IC of RBI Act 1934	192	192
Reserve fund u/s 17(2) of Banking Regulation Act, 1949	964	941
Capital reserve	660	660
Securities premium	5,048	4,981
Investment fluctuation reserve	208	83
Retained earnings	1,342	1,493
Stock option reserve	138	101
Other comprehensive income	-227	172
	8,324	**8,622**

Nature and purpose of reserves

(i) Reserve fund u/s 45-IC of RBI Act 1934

Statutory reserve represents reserve fund created pursuant to Section 45-IC of the RBI Act, 1934 through transfer of specified percentage of net profit every year before any dividend is declared. The reserve fund can be utilised only for limited purposes as specified by RBI from time to time and every such utilisation shall be reported to the RBI within specified period of time from the date of such utilisation.

(ii) Reserve fund u/s 17(2) of Banking Regulation Act, 1949

Statutory reserve represents reserve fund created pursuant to Section 17(2) of the Banking Regulation Act, 1949 through transfer of specified percentage of net profit every year before any dividend is declared. The reserve fund can be utilised only for limited purposes as specified by the Act from time to time and every such utilisation shall be reported to the RBI within specified period of time from the date of such utilisation.

(iii) Capital Reserve

Capital reserve is used to record additional capital infused by certain shareholders as per the clauses of the share purchase and share subscription agreement (SPSSA) entered between Shareholders in FY 16-17.

(iv) Securities premium reserve

Securities premium reserve is used to record the premium received on issue of shares (including premium received on shares issued for consideration other than cash). The reserve can be utilised for purposes in accordance with the provisions of the Companies Act, 2013.

(v) Investment fluctuation reserve

Investment Fluctuation Reserve represents the reserve created with a view to building up of an adequate reserve to protect against increase in yields in future of the investments in FVOCI category. As per the Prudential Norms for Classification, Valuation and Operation of Investment portfolio by Banks – Spreading of MTM losses and creation of Investment Fluctuation Reserve (IFR), issued in RBI Circular DBR.No.BP.BC.102/21.04.048/2017-18 dated 2 April 2018, all banks are advised to create an Investment Fluctuation Reserve (IFR) with effect from the year 2018-19, being an amount not less than the lower of (a) net profit on sale of investments during the year and (b) net profit for the year less mandatory appropriations. The transfer to the reserve is required to be made, until the amount of IFR is at least 2 percent of the FVOCI portfolio, on a continuing basis. The same is required to be achieved within a three year period and hence Fincare Small Finance Bank Limited (the subsidiary) creates a provision of 0.25% of the portfolio every quarter, in order to achieve the target over two years.

(vi) Retained earnings

All the profits or losses made by the Group are transferred to retained earnings from statement of profit and loss.

(vii) Stock option reserve

This reserve is used to recognise grant date fair value of options issued to employees under employee stock option plans.

(viii) Other comprehensive income

Other comprehensive income comprises of fair valuation impact of investments made in equity instruments.

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2022

(All amounts in INR Millions, unless stated otherwise)

25. Interest income

	For the year ended 31 March 2022	For the year ended 31 March 2021
On Financial Assets measured at Amortised Cost		
Interest on loans	14,554	11,911
Interest income on money market instruments	7	16
Interest income on deposits, certificate of deposits and commercial papers	275	327
Other interest income	1	6
	14,836	**12,260**
On Financial Assets measured at fair value through other comprehensive income		
Interest income from investments	1,029	701
	1,029	**701**

26. Fee and commission income

	For the year ended 31 March 2022	For the year ended 31 March 2021
Fee income recognised over a certain period of time (Refer note 49)	460	404
Fee income recognised at a point of time (Refer note 49)	129	89
	589	**493**

27. Net gain on fair value changes

	For the year ended 31 March 2022	For the year ended 31 March 2021
Net gain on financial instruments at fair value through profit or loss		
On trading portfolio		
- Investments	-	1
Total net gain on fair value changes	**-**	**1**
Fair value changes:		
-Realised	-	-
-Unrealised	-	1
Total net gain on fair value changes	**-**	**1**

28. Net gain on derecognition of financial instruments under amortised cost category

	For the year ended 31 March 2022	For the year ended 31 March 2021
Gain on derecognition of financial instruments	-	541
	-	541

29. Other operating income

	For the year ended 31 March 2022	For the year ended 31 March 2021
Income from sale of priority sector lending certificate	565	410
Profit on sale of investments	24	2
	589	412

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2022

(All amounts in INR Millions, unless stated otherwise)

30. Other income

	For the year ended 31 March 2022	For the year ended 31 March 2021
Other interest income	7	6
Income from space sharing arrangement	4	0
Profit on sale of mutual funds	2	6
Profit on sale of investments in equity shares in subsidiary	-	42
Profit on sale of land, buildings and other assets	-	0
Miscellaneous	24	20
	37	73

31. Finance cost

	For the year ended 31 March 2022	For the year ended 31 March 2021
On financial liabilities measured at amortised cost		
Interest on deposits	4,210	4,160
Interest on borrowings (other than debt securities)	1,334	1,194
Interest on debt securities (other than Subordinated liabilities)	-	28
Interest on subordinated liabilities	248	247
Redemption premium for NCD redemption	3	72
Other interest expense	4	3
	5,799	**5,704**

32. Impairment on financial instruments

	For the year ended 31 March 2022	For the year ended 31 March 2021
On Financial Assets measured at Amortised Cost		
- Portfolio loans written off (net of recoveries against loans written off)	3,695	894
- Impairment loss allowance on loan assets and interest accrued	1,590	2,266
	5,285	**3,160**

33. Employee benefit expenses

	For the year ended 31 March 2022	For the year ended 31 March 2021
Salaries and wages	3,625	2,570
Contributions to provident and other funds	223	165
Gratuity expense (Refer note 39)	45	34
Compensated absences (Refer note 39)	49	41
Share based payment to employees (Refer note 41)	59	49
Staff welfare expenses	137	100
	4,138	**2,959**

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2022

(All amounts in INR Millions, unless stated otherwise)

34. Depreciation and amortization

	For the year ended 31 March 2022	For the year ended 31 March 2021
Depreciation of tangible assets (Refer Note 11)	350	303
Amortisation of intangible assets (Refer Note 12)	12	18
	362	321

35. Other expenses

	For the year ended 31 March 2022	For the year ended 31 March 2021
Rent and electricity expenses (**)	229	136
Credit bureau charges	24	15
Repairs and maintenance - others	146	92
Insurance	58	48
Travelling and conveyance	101	53
Postage, telegrams, telephones, etc.	122	115
Communication costs	58	47
Printing and stationery	73	55
Legal and professional charges	311	284
Auditor's fees and expenses (Refer note i below)	12	12
Directors' fees, allowances and expenses	15	11
Advertisement and publicity	77	50
Contribution towards CSR expenses (Refer note ii below)	31	16
ATM recycler charges	141	99
Fees and commission	438	220
Loss on sale of debt securities	-	15
Miscellaneous expenses	106	141
	1,942	1,411

(**) Rent expense for the year ending 31 March 2022 comprises of leases whose lease term is less than 12 months from the date of initial application of Ind AS 116. (Refer note 50)

(i) Payment to auditors

	For the year ended 31 March 2022	For the year ended 31 March 2021
Audit fees	8	7
Tax audit fees	0	0
Other audit services	4	4
Reimbursement of expenses	-	0
	12	12

(ii) Corporate social responsibility expenses

As per Section 135 of the Companies Act, 2013, a Corporate Social Responsibility (CSR) committee has been formed by the Group. The areas for CSR activities are for promoting health awareness by providing free health check ups in the nature of general check ups and eye check ups to rural community.

Gross amount spent by the Group during the year ended 31 March 2022 is INR 31 million (31 March 2021: INR 16 million).

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2022

(All amounts in INR Millions, unless stated otherwise)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
(a) Amount required to be spent	31	16
(b) Amount of expenditure incurred	31	16
(c) Shortfall at the end of the year	-	-
(d) Total of previous years shortfall	-	-
(e) Nature of CSR activities	Promoting healthcare and eradicating hunger	

Amount spent during the year :

	For the year ended 31 March 2022	For the year ended 31 March 2021
a. Construction/ acquisition of any asset		
In cash	-	-
Yet to be paid	-	-
	-	-
b. On purpose other than (a) above		
In cash	31	16
Yet to be paid	-	-
	31	16
	31	16

36 Tax expense

	For the year ended 31 March 2022	For the year ended 31 March 2021
Prior period tax	-	2
Current tax	240	596
Deferred tax charge/(credit) (refer note 10)	(394)	(375)
	(154)	**223**

The reconciliation of estimated income tax expense at statutory income tax rate to income tax expense reported in Consolidated Statement of Profit and Loss is as follows:

	For the year ended 31 March 2022	For the year ended 31 March 2021
Profit/(Loss) before tax	**(446)**	**927**
Statutory income tax rate	25.17%	25.17%
Expected income tax expense	**(112)**	**233**

Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense

	For the year ended 31 March 2022	For the year ended 31 March 2021
Adjustment for tax expense pertaining to prior years	6	(2)
Impact of brought forward losses set off against taxable profit	-	-
Reversal of deferred tax on service tax provision	-	-
Reversal / (creation) of deferred tax asset on brought forward losses	-	-
Tax on expense not eligible for deduction	32	22
Other deductions availed under income tax act	(24)	(47)
Impact of change in tax rates	-	-
Other adjustments	(56)	18
	(154)	**223**

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2022

(All amounts in INR Millions, unless stated otherwise)

37. Earning per equity share

	For the year ended 31 March 2022	For the year ended 31 March 2021
Net Profit/(Loss) attributable to equity shareholders	-240	635
Weighted average number of shares outstanding for computing basic EPS (nos)	**32,97,50,096**	**32,84,17,440**
Add: Effect of potential shares for conversion of ESOPs (nos)	-5,01,387	31,49,483
Weighted average number of shares outstanding for computing basic and diluted EPS (nos)	**32,92,48,709**	**33,15,66,923**
Earning per equity share - Basic (in INR)	(0.73)	1.93
Earning per equity share - Diluted (in INR)	(0.73)	1.91
Nominal value - per equity share (in INR)	1.00	1.00

38. Details of terms & conditions of Debt securities, Borrowings and Subordinate liabilities

a. Debt Securities:

Original maturity of loan	Rate of interest	Book Debt collateral	Cash collateral	Balance outstanding as at 31 March 2022	Balance outstanding as at 31 March 2021
Fixed rate borrowings					
Bullet repayment					
Less than 2 years	-	-	-	-	-
2-3 years	-	-	-	-	-
3-5 years	-	-	-	-	-
More than 5 years	-	-	-	-	-
Total				-	-

b. Borrowings (Other than debt securities)

Original maturity of loan	Rate of interest	Book Debt collateral	Cash collateral	Balance outstanding as at 31 March 2022	Balance outstanding as at 31 March 2021
Fixed rate borrowings					
Monthly repayment					
Less than 2 years	2.50% - 3.20%	-	-	4,281	-
2-3 years	-	-	-	-	-
3-5 years	-	-	-	-	-
More than 5 years	-	-	-	-	-
Quarterly repayment					
Less than 2 years	5.5% - 10%	-	-	8,108	3,641
2-3 years	5.5% - 9%	-	-	3,100	1,424
3-5 years	5.65% - 6.65%	-	-	2,321	1,141
More than 5 years	5.65%	-	-	72	97
Bullet repayment					
Less than 2 years	8.25-12.6%	-	-	2,702	5,745
2-3 years	9%	-	-	-	373
3-5 years	-	-	-	-	-
More than 5 years	-	-	-	-	-
Half yearly					
Less than 2 years	8.25%-11.50%	-	-	2,894	3,039
2-3 years	8.25%-9.50%	-	-	100	1,400
3-5 years	8.25%-9.50%	-	-	100	200
More than 5 years	-	-	-	-	-

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2022
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Original maturity of loan	Rate of interest	Book Debt collateral	Cash collateral	Balance outstanding as at 31 March 2022	Balance outstanding as at 31 March 2021
Floating rate borrowings					
Quarterly repayment					
Less than 2 years	-	-	-	-	-
2-3 years	-	-	-	-	-
3-5 years	-	-	-	-	-
More than 5 years	-	-	-	-	-
Lease liability					
Fixed rate borrowing					
Monthly repayment					
Tenure ranging 3 months to 98 months	9.00%	-	-	730	826
LAF - Reserve Bank of India					
Bullet repayment					
Less than 2 years	5.15%	96.38%	-	5,960	560
Total				**30,367**	**18,447**

c. Subordinated liabilities

Original maturity of loan	Rate of interest	Book Debt collateral	Cash collateral	Balance outstanding as at 31 March 2022	Balance outstanding as at 31 March 2021
Fixed rate borrowings					
Bullet repayment					
Less than 2 years	12.60%	-	-	250	250
2-3 years	-	-	-	-	-
3-5 years	11.30%-12.87%	-	-	1,746	1,745
More than 5 years	-	-	-	-	-
Total				**1,996**	**1,994**

39. Employee benefit obligations

Amount recognised in the balance sheet is as under:

Particulars	31 March 2022	31 March 2021
Defined benefit plans		
Gratuity	42	14
Leave encashment	128	102

Gratuity

(i) The Group provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employee's last drawn basic salary per month computed proportionately for 15 days multiplied by the number of years of service.

(ii) Amount recognised in total comprehensive income

	For the year ended 31 March 2022	For the year ended 31 March 2021
Current service cost	45	33
Interest cost (net)	8	7
Expected Return on plan assets	8	-5
Admin expenses /taxes paid from plan assets	-	0
Actuarial (gain)/loss recognised during the year	-2	-18
Amount recognised in total comprehensive income	**59**	**17**

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2022
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(iii) Movement in the present value of defined benefit obligation recognised in the balance sheet

	For the year ended 31 March 2022	For the year ended 31 March 2021
Present value of defined benefit obligation as at the beginning of the year		
Opening defined benefit obligation	119	107
Interest cost	8	7
Current service cost	45	33
Benefits paid	(11)	(9)
Actuarial (gain) / loss on obligation	(3)	(18)
Present value of defined benefit obligation as at the end of the year	**158**	**119**

(iv) Movement in the plan assets recognised in the balance sheet

	As at 31 March 2022	As at 31 March 2021
Fair value of plan assets at the beginning of the year	**105**	**65**
Expected return on plan assets	8	5
Actuarial (loss) / gain on plan assets	(2)	(1)
Contributions	16	39
Employer direct benefit payments	-	5
Benefits paid	(11)	(9)
Admin expenses /taxes paid from plan assets	-	(0)
Fair value of plan assets at the end of the year	**117**	**105**

(v) Reconciliation of present value of defined benefit obligation and the fair value of assets:

	As at 31 March 2022	As at 31 March 2021
Present value of funded obligation as at the end of the year	158	119
Fair value of plan assets as at the end of the period funded status	117	105
(Unfunded) net liability recognized in balance sheet	**(42)**	**(14)**

(vi) Actuarial loss recognised in other comprehensive income:

	As at 31 March 2022	As at 31 March 2021
Actuarial (gain)/loss on assets	**2**	**1**
Actuarial (gain) / loss on liabilities		
Actuarial (gain) from change in demographic assumption	-	-
Actuarial loss/(gain) from change in financial assumption	(5)	(15)
Actuarial loss/(gain) from experience adjustment	2	(3)
Total Actuarial loss/(gain) on liabilities	**(3)**	**(18)**
Total actuarial loss/(gain)	**(2)**	**(18)**

(vii) Actuarial assumptions used for determination of the liability of the Company:

	As at 31 March 2022	As at 31 March 2021
Discount rate	7.12%	6.67%
Expected rate of return on assets	7.12%	6.67%
Attrition rate	30.00%	30.00%
Salary escalation rates	10.00%	10.00%
Retirement age	60 Yrs	60 Yrs
Expected average remaining working lives of employees (in years)	8.83	8.40

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2022
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Notes to actuarial assumptions:

(a) Gratuity is payable to the employees on death or resignation or on retirement at the attainment of superannuation age.

(b) These assumptions were developed by management with the assistance of independent actuarial appraisers. Discount factors are determined close to each year-end by reference to government bonds and that have terms to maturity approximating to the terms of the related obligation. Other assumptions are based on management's historical experience.

(c) The discount rate is based on the prevailing market yield of Government of India bonds as at the balance sheet date for the estimated terms of obligations.

(d) The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

(viii) Sensitivity analysis for gratuity liability

	As at 31 March 2022	As at 31 March 2021
Impact of change in discount rate		
Present value of obligation at the end of the year	158	119
- Impact due to increase of 100 bps	-11	-8
- Impact due to decrease of 100 bps	13	10
Impact of change in salary increase		
Present value of obligation at the end of the year	158	119
- Impact due to increase of 100 bps	10	8
- Impact due to decrease of 100 bps	-9	-7
Impact of change in attrition rate		
Present value of obligation at the end of the year	158	119
- Impact due to increase of 100 bps	-3	-3
- Impact due to decrease of 100 bps	4	3
Impact of change in mortality rate		
Present value of obligation at the end of the year	158	119
- Impact due to increase of 10%	-0	-0

The above sensitivity analysis is based on a change an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied which was applied while calculating the defined benefit obligation liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to previous year.

(ix) Maturity profile of defined benefit obligation

	As at 31 March 2022	As at 31 March 2021
Within next 12 months	19	14
Between 1-5 years	40	34
Beyond 5 years	99	178

(x) Category of plan assets

	As at 31 March 2022	As at 31 March 2021
Fund managed by issuer	115	104

The Company expects to contribute ₹ 82.48 million (previous year ₹ 14.68 million) to its gratuity plan for the next year.

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2022
(All amounts in INR Millions, unless stated otherwise)

40. Contingent liabilities and commitments

(i) Claims against the Group not acknowledged as debts

	As at 31 March 2022	As at 31 March 2021
i) Cash collateral	-	-
ii) Unfunded guarantee	-	-
iii) Principal subordination	-	33
iv) Interest subordination	-	-
	-	33

	As at 31 March 2022	As at 31 March 2021
Income tax demand for AY 2015-16 (refer note (a) below)	150	150

(a) The Group received a notice from the Income Tax Department on 30 December 2017 under section 156 of the Income Tax Act 1961, for a demand of ₹ 150 Million pertaining to financial year ended 31 March 2015. The Group has filed an appeal against the disputed amount and has paid ₹ 60 Million (i.e.; 40% of the disputed amount).

Considering the facts of the case, the Group and the tax advisors believe that the final outcome should be in favor of the Group.

(b) The Hon'ble Supreme Court had, in its decision dated 28 February 2019, ruled that special allowance would form part of basic wages for computing the Provident Fund (PF) contribution. The management has obtained a legal opinion to ascertain whether this is applicable to the Group basis its wage structure and believes that it will not have any material adverse effect on the financial position and results of its operations.

41. Employee Stock Option Plan (ESOP)

ESOP Plan 2019 - I

The 'Fincare Business Services Stock Option Scheme' (the 'Plan I') was approved in the Extraordinary General Meeting of the members held on 13 May 2019. The Group introduced the Plan for the benefit of the employees. The plan provides for the creation and issue of 2,177,200 options that would eventually convert into equity shares of ₹ 1 each in the hands of the employees of the Group. The options are to be granted to the eligible employees as per the eligibility criteria as determined by the Nomination and Remuneration Committee at its sole discretion. The share options vest in a graded manner over a period of one year and are exercisable in one or more tranches within a period of five years from the date of vesting, failing which the options shall lapse.

Pursuant to the Plan, the Company granted 2,177,200 options till 31 March 2022 (31 March 2021: 2,177,200). The stock compensation cost is computed under the fair value method and has been recognised as an additional investment in the Fincare bank on a straight line basis over the vesting period upto 31 March 2022. For the year ended 31 March 2022, the Company has recorded an additional investment of ₹ Nil (31 March 2021: ₹ 5,207,910) in Fincare Small Finance Bank Limited.

ESOP Plan 2019 - II

The 'Fincare Business Services Stock Option Scheme' (the 'Plan II') was approved in the Extraordinary General Meeting of the members held on 20 November 2019. The Group introduced the Plan for the benefit of the employees. The plan provides for the creation and issue of 2,885,300 options that would eventually convert into equity shares of ₹ 1 each in the hands of the employees of the Group. The options are to be granted to the eligible employees as per the eligibility criteria as determined by the Nomination and Remuneration Committee at its sole discretion. The share options vest in a graded manner over a period of one year and are exercisable in one or more tranches within a period of five years from the date of vesting, failing which the options shall lapse.

Pursuant to the Plan, the Company granted 2,885,300 options till 31 March 2022 (31 March 2021: 2,885,300). The stock compensation cost is computed under the fair value method and has been recognised as an additional investment in the Fincare bank on a straight line basis over the vesting period upto 31 March 2022. For the year ended 31 March 2022, the Company has recorded an additional investment of ₹ Nil (31 March 2021: 14,720,194) in Fincare Small Finance Bank Limited.

ESOP Plan 2020- I

The 'Fincare Business Services Stock Option Scheme' (the 'Plan III') was approved in the Extraordinary General Meeting of the members held on 30 March 2020. The Group introduced the Plan for the benefit of the employees. The plan provides for the creation and issue of 3,340,400 options that would eventually convert into equity shares of ₹ 1 each in the hands of the employees of the Group. The

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options are to be granted to the eligible employees as per the eligibility criteria as determined by the Nomination and Remuneration Committee at its sole discretion. The share options vest in a graded manner over a period of two year and are exercisable in one or more tranches within a period of five years from the date of vesting, failing which the options shall lapse.

Pursuant to the Plan, the Company granted 3,340,400 options till 31 March 2022 (31 March 2021: 3,340,400). The stock compensation cost is computed under the fair value method and has been recognised as an additional investment in the Fincare bank on a straight line basis over the vesting period upto 31 March 2022. For the year ended 31 March 2022, the Company has recorded an additional investment of ₹ 5,066,863 (31 March 2021: 21,054,716) in Fincare Small Finance Bank Limited.

ESOP-2018-FSFB Plan

Our Bank, pursuant to the resolution passed by our Board on March 29, 2019 and the resolution passed by our Shareholders on May 10, 2019, adopted ESOP 2018 to create, offer, issue and allot in one or more tranches, stock options which are convertible into Equity Shares. ESOP 2018 was further amended by the Board pursuant to the resolution passed at its meeting held on April 28, 2021 and by the Shareholders pursuant to special resolution passed at the general meeting of our Bank held on May 1, 2021. ESOP 2018 was further amended by the Board pursuant to the resolution passed at its meeting held on September 27, 2021 and by the Shareholder pursuant to special resolution passed at the general meeting of our Bank held on November 8, 2021. The purpose of ESOP 2018 is to reward the employees of our Bank for their performance and to motivate and incentivize them to contribute to the growth of our Bank. The aggregate number of Equity Shares issued under ESOP 2018, upon exercise, shall not exceed 5,000,000 Equity Shares at such price and on such terms and conditions as may be fixed or determined by the Board.

The eligible employees under this scheme are determined by the NRC of the Bank at its sole discretion. The NRC would determine the vesting schedule of any grant made under this scheme and the same would be intimated to the eligible employee at the time of the grant. An eligible employee shall be entitled to exercise the vested option(s) and seek allotment of the shares of the Bank as per this scheme, within a period of five years from the vesting date at the exercise price intimated at the time of the grant

Pursuant to approval from the RBI vide letter dated February 10, 2021, the Bank has made a grant of 48,188 employee stock options pertaining to Financial Year 2018 and 75,296 employee stock options pertaining to Financial Year 2019 to Rajeev Yadav, the MD & CEO. This has been accounted in the Restated Financial Statements for Financial Year 2021. Subsequently, our Nomination and Remuneration Committee and our Board in their meetings dated May 30, 2021 and May 31, 2021, respectively, adjusted number of employee stock option granted under ESOP 2018 in light of the bonus issue of Equity Shares dated May 4, 2021. Accordingly, an adjustment to the number of employee stock options from 123,484 to 370,452 employee stock options, at an exercise price of ₹88.33 per employee stock option for 144,564 employee stock options pertaining to Fiscal 2018 and ₹97 per employee stock option for 225,888 employee stock options pertaining to Fiscal 2019, under the ESOP Scheme 2018. Further, in accordance with approval from the RBI dated August 20, 2021 and July 28, 2022, our Bank has made a grant of 196,298 employee stock options at an exercise price of ₹ 93.33 pertaining to Financial Year 2020 and 214,288 stock options at an exercise price of ₹ 106.91 pertaining to Financial year 2021, respectively, to Rajeev Yadav, our MD & CEO.

	No. of options	Weighted average exercise price
Options outstanding as at 01 April 2020		
Granted / (lapsed) during the year - Plan I	21,77,200	30.50
Granted / (lapsed) during the year - Plan II	27,94,000	40.50
Granted / (lapsed) during the year - Plan III	27,94,200	52.50
Granted / (lapsed) during the year - ESOP-2018-FSFB Plan	1,23,484	280.85
Options outstanding as at 31 March 2021	**78,88,884**	**45.75**
Granted / (lapsed) during the year - Plan I	(8,16,700)	30.50
Granted / (lapsed) during the year - Plan II	(6,67,000)	40.50
Granted / (lapsed) during the year - Plan III	(3,41,100)	52.50
Granted / (lapsed) during the year - ESOP-2018-FSFB Plan	11,86,964	106.91
Options outstanding as at 31 March 2022	**72,51,048**	**57.65**
Options outstanding - Plan I	13,60,500	30.50
Options outstanding - Plan II	21,27,000	40.50
Options outstanding - Plan III	24,53,100	52.50
Options outstanding - ESOP-2018-FSFB Plan	13,10,448	106.91

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The grant date fair value of each option award is estimated on the date of grant using Black-Scholes-Merton model. The expected life used in the model has been adjusted, based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioral considerations.

Options grant period	Expected volatility	Dividend yield	Risk free interest rate	Weighted average exercise price (₹)	Fair value at grant date (₹)	Weighted average remaining contractual life (years)
ESOP Plan I - 1 Year vesting period	41.15%	0.00%	7.07%	30.50	20.36	1.50
ESOP Plan II - 1 year vesting period	41.95%	0.00%	6.17%	40.50	9.09	1.50
ESOP Plan III - 1 year vesting period	41.09%	0.00%	5.82%	52.50	8.54	1.50
ESOP Plan III - 2 year vesting period	41.75%	0.00%	6.36%	52.50	10.99	2.50
ESOP-2018-FSFB Plan - 3 year vesting period	43.38% - 43.49%	0.00%	5.22% -6.07%	102.87	109.04 -117.83	2.06 - 3.09

42 Related Party transactions

a. Details of related parties:

Description of relationship	Names of related parties	
Group Company	Fincare Employee Welfare Trust ("FEWT")	
Key management personnel (KMP) of Holding Company		
	Mr. G. Dasaratha Reddy	Managing Director
	Mr. Maninder Singh Juneja	Director
	Mr. Bhavya Gulati	Director
	Mr. Satyanarayana Peravali	Director
	Ms. Nandini Jashwantlal Parekh	Director
	Mr. Divya Sehgal	Director (resigned w.e.f 09 June, 2021)
	Mr. Dhiraj Poddar	Director (resigned w.e.f. 15 September 2021)
	Mr. Satyaki Rastogi	Director (appointed w.e.f. 19 January 2022)
	Ms. Parul Molri	Company Secretary (appointed w.e.f 03 March 2021 and resigned w.e.f. 22 April 2022)
	Mr. Kalivarapu Umasankar Rao	Chief Financial officer (appointed w.e.f. 13 November 2019 and resigned w.e.f. 20 May 2021)
	Mr. Gautam Gupta	Chief Financial officer (appointed w.e.f. 20 May 2021)
Key management personnel (KMP) of Subsidiary Company		
	Mr. Pramod Kabra	Part-Time Chairman and Non-Executive Director
	Mr. Rajeev Yadav	Managing Director and Chief Executive Officer
	Mr. Divya Sehgal	Nominee Director (appointed w.e.f. 13 October 2021)
	Mr. Dhiraj Poddar	Nominee Director (appointed w.e.f. 27 September 2021)
	Mr. Sameer Nanavati	Nominee Director (appointed w.e.f. 21 June 2021)
	Mr. Alok Prasad	Independent Director
	Mr. Sunil Gulati	Independent Director
	Mrs. Nanda Dave	Independent Director (appointed w.e.f. 21 June 2021)
	Mr. Varun Sabhlok	Independent Director
	Mr. Vinay Baijal	Independent Director (appointed w.e.f. 1 February 2022)

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	Ms. Aarthi Sivanandh	Independent Director (Appointed w.e.f. 28 April 2021)
	Ms. Anisha Motwani	Independent Director (Resigned w.e.f. 15 April 2021)
	Mr. Ravindran Lakshmanan	Nominee Director (Resigned w.e.f. 5 October 2021)
	Mr. Keyur Doshi	Chief Financial Officer
	Ms. Shefaly Kothari	Company Secretary
Other related parties of KMPs		
	Mr. Rakesh Rai	Relatives of key management personnel
	Ms. Komal Keyur Doshi	Relatives of key management personnel
	Mr. Parth Keyur Doshi	Relatives of key management personnel
	Mr. Gopalbhai Doshi	Relatives of key management personnel
	Gopalbhai Doshi (HUF)	Relatives of key management personnel
	Keyur Doshi HUF	Relatives of key management personnel
	Ms. Sarojben Doshi	Relatives of key management personnel
	Dr. Poonam Yadav	Relatives of key management personnel
	Mr. Viraj Yadav	Relatives of key management personnel
	Ms. Nysa Yadav	Relatives of key management personnel
	Ms. Saroj Khola	Relatives of key management personnel
	Mr. H S Khola	Relatives of key management personnel
	Mrs Gunnamreddy Kalavathi	Relatives of key management personnel
	Mrs Mridu Agrawal	Relatives of key management personnel
	Gautam Gupta HUF	Relatives of key management personnel

b. Transactions with Related Parties are as under:

(i) Transactions during the year

		31 March 2022	31 March 2021
1)	**Fincare Employee Welfare Trust #**		
a)	Loan given during the year	-	23
b)	Interest income for the year	1	6
c)	Loan (incl interest) received during the year	69	-

		31 March 2022	31 March 2021
2)	**Key management personnel (KMP)**		
a)	Remuneration		
	Holding Company's KMP	8	9
	Subsidiary's KMP #	55	44
b)	Sitting Fees paid to Directors:		
	Holding Company	0	0
	Subsidiary Company #	14	11

		No. of Eq Shares	Value per Share	31 March 2022	31 March 2021
3)	**Issue of equity shares by way of Right Issue (by the Subsidiary company) #**				
	Holding Company's KMP	2,11,256	10	2	-
	Subsidiary's KMP	68,272	10	1	-
	Relatives of KMP	6,94,644	10	7	-

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				31 March 2022	31 March 2021
4)	**Issue of equity shares by way of Bonus Issue (by the Subsidiary company) #**				
	Holding Company's KMP	4,76,654	10	5	-
	Subsidiary's KMP	1,64,188	10	2	-
	Relatives of KMP	15,12,428	10	15	-

		No. of Eq Shares	Value per Share	31 March 2022	31 March 2021
5)	**Securities premium on equity shares by way of Right Issue #**				
	Holding Company's KMP	2,11,256	160	34	-
	Subsidiary's KMP	68,272	160	11	-
	Relatives of KMP	6,94,644	160	111	-
6)	**Term deposits made with the Subsidiary company #**				
	Holding Company's KMP			36	-
	Subsidiary's KMP			-	0
	Relatives of KMP			2	23
7)	**Term deposits matured (inclusive of interest) #**				
	Holding Company's KMP			-	-
	Subsidiary's KMP			0	-
	Relatives of KMP			3	4
8)	**Interest expense on term deposits #**				
	Holding Company's KMP			0	-
	Subsidiary's KMP			0	0
	Relatives of KMP			3	3
9)	**Interest expense on Sub Debts #**				
	Relatives of KMP			0	-
10)	**Interest expense on Saving account #**				
	Holding Company's KMP			1	0
	Subsidiary's KMP			0	0
	Relatives of KMP			6	1

ii) Balances at year end

		31 March 2022	31 March 2021
1)	**Fincare Employee Welfare Trust #**		
	Outstanding Loan (given) amount	-	63
	Interest accrued on Loan	-	6
	Outstanding Guarantees in favour of FEWT	-	198
2)	**Deposit balance (savings and term deposit) #**		
	Holding Company's KMP	36	1
	Subsidiary's KMP	3	1
	Relatives of KMP	52	69
3)	**Sub-debt payable #**		
	Relatives of KMP	1	-
4)	**Interest payable on Sub-debt #**		
	Relatives of KMP	0	-

The Comparative figures as reported above in the Consolidated Related Party Reporting as at March 31, 2021 is Unaudited.

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43. Financial instruments and Fair value disclosures

Financial instruments

A. Financial assets and liabilities

The carrying amounts of financial instruments by category are as follows:

Particulars	Notes	As at 31 March 2022	As at 31 March 2021
Financial assets measured at fair value through profit and loss			
Investments	7	-	118
Financial assets measured at fair value through other comprehensive income			
Investments	7	21,186	13,056
Financial assets measured at amortised cost			
Cash and cash equivalents	3	11,858	11,436
Bank balances other than cash and cash equivalents	4	503	137
Trade receivables	5	41	22
Loans	6	69,959	56,208
Other financial assets	8	3,539	1,225
Total		**1,07,086**	**82,203**
Financial liabilities measured at amortised cost			
Other payables	658	216	
Debt securities	0	-	-
Borrowings (Other than debt securities)	16	30,367	18,447
Deposits	17	64,519	53,172
Subordinated liabilities	18	1,996	1,994
Other financial liabilities	19	1,525	754
Total		**99,065**	**74,584**

B. Fair values hierarchy

The fair value of financial instruments as referred to in note 'A' above has been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities [Level 1 measurements] and lowest priority to unobservable inputs [Level 3 measurements].

The categories used are as follows:

Level 1: Quoted prices (unadjusted) for identical instruments in an active market;

Level 2: Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs, other than Level 1 inputs; and

Level 3: Inputs which are not based on observable market data (unobservable inputs).

B.1 Financial assets and liabilities measured at fair value - recurring fair value measurements

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

As at 31 March 2022	Level 1	Level 2	Level 3	Total
Investments measured at fair value through profit and loss	-	-	-	-
Investments measured at fair value through OCI	-	21,186.02	-	21,186.02

As at 31 March 2021	Level 1	Level 2	Level 3	Total
Investments measured at fair value through profit and loss	118.45	-	-	118.45
Investments measured at fair value through OCI	-	13,056.03	-	13,056.03

B.2 Valuation process and technique used to determine fair value

(i) The fair value of investments in mutual fund units is based on the net asset value (NAV) as stated by the issuers of these mutual fund units in the published statements as at the balance sheet date. NAV represents the price at which the issuer will issue further units of mutual fund and the price at which issuers will redeem such units from the investors.

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(ii) The fair value of investments in government securities have been determined based on the rates published by Financial Benchmark India Private Limited ("FBIL") and for the investments in treasury shares, the fair value has been determined based on the yield rates arrived at using the rates published by FBIL for different maturity dates.

B.3 Fair value of instruments measured at amortised cost

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The management assessed the fair values of the following financial instruments to be approximate their respective carrying amounts:

Particulars	Notes to schedule	Carrying Value	
		As at 31 March 2022	As at 31 March 2021
Financial assets measured at amortised cost			
Cash and cash equivalents	3	11,858.03	11,435.84
Bank balances other than cash and cash equivalents	4	503.26	137.32
Trade receivables	5	41.31	21.99
Loans	6	69,958.80	56,208.01
Other financial assets	8	3,538.89	1,224.90
Financial liabilities measured at amortised cost			
Other payables		658.36	216.27
Debt securities		-	-
Borrowings (Other than debt securities)	16	30,367.24	18,447.37
Deposits	17	64,519.03	53,171.70
Subordinated liabilities	18	1,995.78	1,994.20
Other financial liabilities	19	1,524.85	754.10

Particulars	Notes to schedule	Fair Value	
		As at 31 March 2022	As at 31 March 2021
Financial assets measured at amortised cost			
Cash and cash equivalents	3	11,858.03	11,435.84
Bank balances other than cash and cash equivalents	4	503.26	137.32
Trade receivables	5	41.31	21.99
Loans	6	69,958.80	56,208.01
Other financial assets	8	3,538.89	1,224.90
Financial liabilities measured at amortised cost			
Other payables		658.36	216.27
Debt securities		-	-
Borrowings (Other than debt securities)	16	30,367.24	18,447.37
Deposits	17	64,519.03	53,171.70
Subordinated liabilities	18	1,995.78	1,994.20
Other financial liabilities	19	1,524.85	754.10

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Financial risk management

The Group's activities expose it to market risk, liquidity risk and credit risk. The Group's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, loans, trade receivables and other financial assets	Ageing analysis, stress testing, modelling of credit risk	Bank deposits, diversification of asset base, and credit limits.
Liquidity risk	Financial liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk - security price	Investments in mutual funds	Sensitivity analysis	Diversification of portfolio, with focus on strategic investments

The Board of Directors provides written principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk and investment of excess liquidity.

A. Credit risk

Credit risk is the risk that a counterparty fails to discharge its obligation to the Group. The Group's exposure to credit risk is influenced mainly by cash and cash equivalents, other bank balances, other receivables, loan assets and other financial assets. The Group continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

The Group assesses and manages credit risk based on internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics. The Group assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

(i) Low credit risk

(ii) Moderate credit risk

(iii) High credit risk

Asset group	Basis of categorisation	Provision for expected credit loss
Low credit risk	Cash and cash equivalents, other bank balances, investments, loans, trade receivables and other financial assets	Life time expected credit loss or 12 month expected credit loss
Moderate credit risk	Loans	Life time expected credit loss or 12 month expected credit loss.
High credit risk	Loans	Life time expected credit loss or fully provided for.

Based on business environment in which the Group operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or a litigation decided against the Group. The Group continues to engage with parties whose balances are written off and attempts to enforce repayment. Recoveries made are recognised in statement of profit and loss.

A.1 Management of credit risk for financial assets other than loans

Cash and cash equivalents and bank deposits

Credit risk related to cash and cash equivalents and bank deposits is considered to be very low as the Group only deals with high rated banks. The risk is also managed by diversifying bank deposits and accounts in different banks across the country.

Trade receivables

The Group's trade receivables are only with BC partners and are recoverable as per the business correspondence agreement, these trade receivables are considered high quality.

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The Group recognises lifetime expected credit losses on trade receivables using a simplified approach, wherein Group has defined percentage of provision by analysing historical trend of default and such provision percentage determined have been considered to recognise life time expected credit losses on trade receivables.

Other financial assets measured at amortised cost

Other financial assets measured at amortised cost includes advances to employees, security deposits and interest accrued on loans. Credit risk related to other financial assets is managed by monitoring the recoverability of such amounts continuously.

A.2 Expected credit losses for financial assets other than loans

As at 31 March 2022	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	11,858.03	0%	-	11,858.03
Bank balances other than cash and cash equivalents	503.26	0%	-	503.26
Trade receivables	41.31	0%	-	41.31
Other financial assets	3,538.89	0%	-	3,538.89

As at 31 March 2021	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	11,435.84	0%	-	11,435.84
Bank balances other than cash and cash equivalents	137.32	0%	-	137.32
Trade receivables	21.99	0%	-	21.99
Other financial assets	1,224.90	0%	-	1,224.90

A.4 Management of credit risk for loans

Credit risk on loans is the single largest risk of the Group's business, and therefore the Group has developed several processes and controls to manage it. The Group is primarily engaged in micro finance lending activities to provide financial assistance to women borrowers of economically weaker society, who are organized as joint liability groups ('JLG'), with a view of enhancement of their livelihoods in a financially viable manner, primarily in the rural areas of India. Further, the Group is engaged in providing financial assistance to the borrowers to use the money to augment the household income through loan against property (LAP). In addition, the Group offers other products, including institutional finance loans (IF), gold loan (LAG), two wheeler loans (TWL) and overdraft facility against fixed deposits or properties (ODFD/ODAP). The Group operates in the states of Gujarat, Rajasthan, Madhya Pradesh, Maharashtra, Karnataka, Tamil Nadu, Andhra Pradesh, Haryana, Chandigarh, Chhattisgarh, Kerala, Telangana, Uttar Pradesh and the Union Territory of Pondicherry and Delhi.

Credit default risk is the risk of loss arising from a debtor being unlikely to pay the loan obligations in full or the debtor is more than 90 days past due on any material credit obligation. The Group majorly manages this risk by following "joint liability mechanism" wherein the loans are disbursed to borrowers who form a part of an informal joint liability group ("JLG"). Each member of the JLG provides a joint and several guarantee for all the loans obtained by each member.

In addition to this, there is a set criteria followed by the Group to process the loan applications. Loans are generally disbursed to the identified target segments. Out of the people identified out of target segments, loans are only disbursed to those people who meet the set criterion - both financial and non-financial as defined in the risk management policy of the Group. Some of the criteria include - annual income, per capita income, repayment capacity, multiple borrowings, age, group composition, health conditions, employment and economic activity etc. Also, in case of LAP, LAG, IF, ODFD, ODAP and TWL, the Group obtains adequate collateral in the form of property, gold, book debt, fixed deposits and two wheelers etc.

A.41 Credit risk measurement - Expected credit loss measurement

Ind AS 109 outlines a "three stage" model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit impaired on initial recognition and whose credit risk has not increased significantly since initial recognition is classified as "Stage 1".

- If a significant increase in credit risk since initial recognition is identified, the financial instrument is moved to "Stage 2" but is not yet

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deemed to be credit impaired.

- If a financial instrument is credit impaired, it is moved to "Stage 3".

ECL depends on the stage of financial instrument:

- Financial instrument in Stage 1 have their ECL measured at an amount equal to expected credit loss resulting from default events possible within the next 12 months.

- Instruments in Stage 2 or Stage 3 criteria have their ECL measured based on the default events possible in the entire lifetime."

A.4.2 Criteria for significant increase in credit risk

The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative or qualitative criteria are met.

(i) Quantitative criteria

The remaining lifetime probability of default at the reporting date has increased, compared to the residual lifetime probability of default expected at the reporting date when the exposure was first recognized. The Group considers loan assets as Stage 2 when the default in repayment is within the range of 30 to 90 days.

(ii) Qualitative criteria

If other qualitative aspects indicate that there could be a delay/default in the repayment of the loans, the Group assumes that there is significant increase in risk and loan is moved to stage 2.

The Group considers the date of initial recognition as the base date from which significant increase in credit risk is determined.

A.4.3 Criteria for default and credit-impaired assets

The Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets the following criteria:

(i) Quantitative criteria

The Group considers loan assets as Stage 3 when the default in repayment has moved beyond 90 days.

(ii) Qualitative criteria

The Group considers factors that indicate unlikeliness of the borrower to repay the loan which include instances like the significant financial difficulty of the borrower, borrower deceased or breach of any financial covenants by the borrower etc

A.4.4 Measuring ECL - explanation of inputs, assumptions and estimation techniques

Expected credit losses are the discounted product of the probability of default (PD), exposure at default (EAD) and loss given default (LGD), defined as follows:

- PD represents the likelihood of the borrower defaulting on its obligation either over next 12 months or over the remaining lifetime of the instrument.

- EAD is based on the amounts that the Group expects to be owed at the time of default over the next 12 months or remaining lifetime of the instrument.

- LGD represents the Group's expectation of loss given that a default occurs. LGD is expressed in percentage and remains unaffected from the fact that whether the financial instrument is a Stage 1 asset, or Stage 2 or even Stage 3. However, it varies by type of borrower, availability of security or other credit support.

Probability of default (PD) computation model

The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The PD rates are calculated by averaging of best case and worst case scenario.

Loss given default (LGD) computation model

The loss rate is the likely loss intensity in case a borrower defaults. It provides an estimation of the exposure that cannot be recovered in the event of a default and thereby captures the severity of the loss. The loss rate is computed by factoring the main drivers for losses (e.g. joint group liability mechanism, historical recoveries trends etc.) and arriving at the replacement cost.

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2022
(All amounts in INR Millions, unless stated otherwise)

Forward looking information

The Group has calculated PD and LGD using historical data, and has also assessed forward looking estimates such as GDP growth rate and other economic factors affecting the regions in which the Group operates, and considers that the provisions appropriately reflect future expected losses for the year ending 31 March 2022 and 31 March 2021.

A.4.5 Expected credit losses for loans

As at 31 March 2022	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Term loans	70,420.45	6.94%	4,885.29	65,535.16
Loans repayable on demand	4,429.22	0.13%	5.57	4,423.64

As at 31 March 2021	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Term loans	56,021.20	6.42%	3,595.89	52,425.31
Loans repayable on demand	3,788.27	0.15%	5.57	3,782.70

A.5 Credit risk exposure

Categories	As at 31 March 2022			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	Total
Term loans				
JLG* (Micro finance)				
- Category 1	9,289.86	62.84	61.94	9,414.64
- Category 2	8,943.20	562.25	1,133.69	10,639.14
- Category 3	6,935.78	412.40	494.02	7,842.20
- Category 4	277.73	23.61	41.92	343.26
- Category 5	8,243.84	281.15	500.35	9,025.34
- Category 6	6,823.74	116.01	277.03	7,216.78
- Category 7	5,989.87	199.11	479.52	6,668.50
- Category 8	3,223.42	223.83	365.23	3,812.48
- Category 9	470.76	14.60	1.16	486.52
- Category 10	1,173.72	5.92	8.63	1,188.27
LAP (Loan against property)	8,054.21	452.17	508.97	9,015.35
RLAP (Rural loan against property)	23.21	16.98	41.44	81.63
IF (Institutional finance)	272.72	-	-	272.72
RMEL (Rural Micro-enterprise loans)	0.01	-	0.12	0.13
AHL (Affordable Housing loans)	3,767.70	21.31	18.63	3,807.64
STFL (Staff loans)	5.32	-	0.00	5.32
TWL (Two-wheeler loan)	4.14	6.88	7.74	18.76
ECLGS	341.83	69.39	170.55	581.77
Loans repayable on demand				
ODAP (Overdraft against property)	4.11	0.75	4.52	9.38
ODFD (Overdraft against fixed deposit)	166.23	35.52	39.20	240.95
LAG (Loan against gold)	3,787.50	363.21	23.79	4,174.50
Loans to individuals	4.38	-	-	4.38
Gross carrying amount	**67,803.29**	**2,867.93**	**4,178.45**	**74,849.67**
Loss allowance	925.99	956.51	3,008.37	4,890.87
Carrying amount	**66,877.30**	**1,911.42**	**1,170.08**	**69,958.80**

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2022

(All amounts in INR Millions, unless stated otherwise)

Categories	As at 31 March 2021			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	Total
Term loans				
JLG* (Micro finance)				
- Category 1	3,201.65	22.62	8.84	3,233.11
- Category 2	10,143.90	319.51	936.97	11,400.38
- Category 3	6,718.37	94.09	268.79	7,081.25
- Category 4	334.86	13.28	21.59	369.72
- Category 5	8,291.35	157.32	507.03	8,955.70
- Category 6	2,771.52	69.85	231.14	3,072.51
- Category 7	5,304.48	139.42	442.38	5,886.28
- Category 8	3,909.86	115.24	167.65	4,192.75
- Category 9	1,654.90	10.03	0.29	1,665.22
- Category 10	1,631.04	48.39	12.57	1,691.98
LAP (Loan against property)	5,570.96	360.88	529.64	6,461.48
RLAP (Rural loan against property)	159.66	35.86	8.12	203.64
IF (Institutional finance)	780.78	-	120.16	900.94
RMEL (Rural Micro-enterprise loans)	2.89	0.48	1.70	5.07
AHL (Affordable Housing loans)	796.11	12.03	10.74	818.88
STFL (Staff loans)	18.08	1.08	0.00	19.16
TWL (Two-wheeler loan)	44.25	15.84	3.01	63.10
Loans repayable on demand				
ODAP (Overdraft against property)	1.99	3.04	7.45	12.48
ODFD (Overdraft against fixed deposit)	103.23	41.59	44.02	188.84
LAG (Loan against gold)	2,660.86	767.86	89.70	3,518.42
Loans to individuals	68.53	-	-	68.53
Gross carrying amount	**54,169.27**	**2,228.41**	**3,411.79**	**59,809.47**
Loss allowance	847.09	460.70	2,293.67	3,601.46
Carrying amount	**53,322.18**	**1,767.71**	**1,118.12**	**56,208.01**

* The Group categorises MFI loans disbursed on the basis of geography

A.6 Loss allowance

The loss allowance recognized in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL.

- Additional allowances for new financial instruments recognized during the period, as well as releases for financial instruments de-recognized in the period.

- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models.

- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period.

The following table further explains changes in the gross carrying amount of the Loan portfolio to help explain their significance to the changes in the loss allowance for the same portfolio as discussed above:

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2022
(All amounts in INR Millions, unless stated otherwise)

Gross amount	Stage 1	Stage 2	Stage 3	Total
	12 months ECL	Lifetime ECL	Lifetime ECL	
Balance as at 1 April 2020	**51,798.32**	**246.39**	**1,000.02**	**53,044.73**
New assets originated	35,968.61	1,007.46	598.87	37,574.94
Transfers from Stage 1	(4,348.37)	1,476.78	2,871.59	-
Transfers from Stage 2	23.45	(157.25)	133.80	-
Transfers from Stage 3	7.65	4.72	(12.37)	-
Assets derecognised or repaid	(29,280.39)	(349.69)	(1,180.12)	(30,810.20)
Balance as at 31 March 2021	**54,169.27**	**2,228.40**	**3,411.79**	**59,809.47**

Gross amount	Stage 1	Stage 2	Stage 3	Total
	12 months ECL	Lifetime ECL	Lifetime ECL	
Balance as at 1 April 2021	**54,169.27**	**2,228.40**	**3,411.79**	**59,809.46**
New assets originated	39,146.64	1,143.38	993.91	41,283.93
Transfers from Stage 1	(2,962.02)	1,281.96	1,680.06	-
Transfers from Stage 2	298.88	(720.37)	421.49	-
Transfers from Stage 3	264.92	40.25	(305.17)	-
Assets derecognised or repaid	(23,114.40)	(1,105.69)	(2,023.63)	(26,243.72)
Balance as at 31 March 2022	**67,803.29**	**2,867.93**	**4,178.45**	**74,849.67**

The following tables explain the changes in the loss allowance between the beginning and the end of the annual period due to these factors:

Loss allowance	Stage 1	Stage 2	Stage 3	Total
	12 months ECL	Lifetime ECL	Lifetime ECL	
Balance as at 1 April 2020	**1,027.40**	**69.89**	**275.52**	**1,372.80**
New assets originated	570.48	81.57	273.10	925.15
Transfers from Stage 1	(103.49)	28.29	75.20	-
Transfers from Stage 2	2.44	(35.11)	32.67	-
Transfers from Stage 3	2.58	0.63	(3.21)	-
Additional provision created during the year (net of provision reversed on account of assets derecognised or repaid)	(652.32)	315.43	1,640.39	1,303.50
Balance as at 31 March 2021	**847.07**	**460.70**	**2,293.67**	**3,601.45**

Loss allowance	Stage 1	Stage 2	Stage 3	Total
	12 months ECL	Lifetime ECL	Lifetime ECL	
Balance as at 1 April 2021	**847.07**	**460.70**	**2,293.67**	**3,601.44**
New assets originated	2,085.80	458.56	789.98	3,334.34
Transfers from Stage 1	(1,698.89)	429.60	1,269.29	-
Transfers from Stage 2	7.60	(286.50)	278.90	-
Transfers from Stage 3	20.56	25.56	(46.12)	-
Additional provision created during the year (net of provision reversed on account of assets derecognised or repaid)	(336.15)	(131.41)	(1,577.35)	(2,044.91)
Balance as at 31 March 2022	**925.99**	**956.51**	**3,008.37**	**4,890.87**

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2022
(All amounts in INR Millions, unless stated otherwise)

A.7 Write off policy

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery.

Indicators that there is no reasonable expectation of recovery include:

- Ceasing enforcement activity
- Where the Group's recovery method is foreclosing and there is no reasonable expectation of recovery in full.
- Where the receivable is overdue for the respective products as mentioned below:

JLG loans	NPAs would be ordinarily technically written off after 1 year after they become NPAs. Such accounts will be written off every month basis status on month end. Further, if the loan account has remained in NPA bucket for more than 180 days (180+ DPD in NPA bucket) and if there is no payment received for the said loan account in the last 90 days, such cases may also be written off every month basis status on month end.
LAG	NPAs would be technically written off 90 days after they become NPAs. Such accounts will be written off every month basis status on month end.
LAP/RLAP/IF/ODAP	Loss assets i.e. NPAs beyond 3 years, would be technically written off. Such accounts will be written off every month basis status on month end.
TWL	Loss assets i.e.NPAs beyond 1 year would be technically written off. Such accounts will be written off every month basis status on month end.

The Group may write off financial assets that are still subject to enforcement activity. The outstanding contractual amounts of such assets written off during the year ended 31 March 2022 was INR 3,695.1 million (31 March 2021 INR 912.1 million). The Group still seeks to recover amounts it is legally owed in full, but which have been partially written off due to no reasonable expectation of full recovery.

B. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due. Management monitors rolling forecasts of the Group's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Group takes into account the liquidity of the market in which the entity operates.

Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

As at 31 March 2022	Less than 1 year	1-5 year	More than 5 years	Total
Other payables				
Total outstanding dues of micro enterprises and small enterprises	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	658.37	-	-	658.37
Borrowings (Other than Debt Securities)	18,276.21	12,019.29	71.75	30,367.24
Subordinated Liabilities	249.80	1,745.98	-	1,995.78
Deposits	35,702.23	28,677.39	139.42	64,519.03
Other financial liabilities	1,524.85	-	-	1,524.85

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2022
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As at 31 March 2021	Less than 1 year	1-5 year	More than 5 years	Total
Other payables	3.90	-	-	3.90
Debt securities	185.43	-	-	185.43
Borrowings (Other than Debt Securities)	8,784.77	9,565.22	97.40	18,447.40
Subordinated Liabilities	-	1,994.20	-	1,994.20
Deposits	21,513.04	31,657.97	0.69	53,171.70
Other financial liabilities	749.60	31.43	-	781.03

C.1 Market risk - Interest rate risk

C.1.1 Liabilities

The Group's policy is to minimize interest rate cash flow risk exposures on long-term financing. At March 31, 2022, the Group is not exposed to changes in market interest rates through bank borrowings at variable interest rates. The Group's investments in fixed deposits all pay fixed interest rates.

Interest rate risk exposure

Below is the overall exposure of the Group to interest rate risk:

Particulars	31 March 2022	31 March 2021
Debt securities		
Variable rate	-	-
Fixed rate	-	-
Borrowings (other than debt securities)		
Variable rate	-	-
Fixed rate	30,367.24	18,447.37
Subordinated liabilities		
Variable rate	-	-
Fixed rate	1,995.78	1,994.20

Sensitivity

The table below summarises the impact of increases/decreases of the index on the Group's equity and profit for the period :

Impact on profit before tax

	For the year ended	
	31 March 2022	31 March 2021
Interest sensitivity*		
Interest rates – increase by 0.50%	-	-
Interest rates – decrease by 0.50%	-	-

* Holding all other variables constant

C.1.2 Assets

The Group's fixed deposits are carried at amortised cost and are fixed rate deposits. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

C.2 Market risk - Price risk

Exposure

The Group's exposure to price risk arises from investments held and classified in the balance sheet at fair value through profit or loss. To manage the price risk arising from investments, the Group diversifies its portfolio of assets.

Sensitivity

The table below summarises the impact of increases/decreases of the index on the Group's equity and profit for the period :

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2022
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Impact on profit before tax

	For the year ended	
	31 March 2022	31 March 2021
Mutual Funds		
Net assets value – increase by 1%	-	1.18
Net assets value – decrease by 1%	-	(1.18)

44. Capital management

The Group's capital management objectives are

- to ensure the Group's ability to continue as a going concern

- to provide an adequate return to shareholders

The Group monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of balance sheet.

Management assesses the Group's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Group's various classes of debt. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares.

45. Segment Information

45.1 Operating segments are defined as components of the Group for which discrete financial information is available that is evaluated regularly by the chief operating decision maker (CODM) in deciding how to allocate resources and assessing performance. The Group's CODM is the MD/CEO of the Holding Company.

Information reported to the CODM for the purposes of resource allocation and assessment of segment performance focuses on the types of products, and in respect of the 'Banking' operations, the information is further analysed based on the different categories of customers. The CODM has chosen to organise the group around differences in products and services.

The following operating segments namely Micro Finance, Housing/ Property loans, Micro and Small Enterprise loans, Gold Loans, Personal Loans, Vehicle Loans and Institutional Loans are aggregated as 'Banking' into a single operating segment taking into account the following factors:

- these operating segments have similar long-term gross profit margins;
- these operating segments operate in similar regulatory environment;
- the type or class of customer for their products and services; and
- the methods used to distribute the products to the customers are the same.

Specifically, the Group's reportable segment under Ind AS 108 is as follows:

Banking Segment provides loans to customers and raises deposits from loan customers. Revenues of the Banking segment are derived from interest earned on retail loans and processing fees earned. Expenses of this segment primarily comprise interest expense on deposits & Borrowings, infrastructure and premises expenses for operating the branch network, personnel costs, credit costs, other direct overheads and allocated expenses.

Others include NBFC Operations of the Group.

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2022
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45.2 Segment Revenues and Results

The following is an analysis of the Group's revenue and results by reportable segment.

Revenue and results for the year ended 31 March 2022

Particulars	Banking	Others*	Inter-Segment	Total
Total Segment Revenue	17,076	4	(1)	17,079
Revenue from external customers	17,076	4	(1)	17,079
Segment Results				
Profit / (Loss) before Tax and OCI	(242)	(49)	-	(292)

*includes NBFC Operations of the Group.

Revenue and results for the year ended 31 March 2021

Particulars	Banking	Others*	Inter-Segment	Total
Total Segment Revenue	14,393	90	(1)	14,482
Revenue from external customers	14,393	43	(1)	14,435
Segment Results				
Profit / (Loss) before Tax and OCI	762	(58)	-	704

*includes NBFC Operations of the Group.

45.3 Segment assets and Liabilities

The following is an analysis of the Group's assets and liabilities by reportable segment

Segment assets and liabilities as at 31 March 2022

Particulars	Banking	Others*	Inter-Segment	Total
Segment Assets	1,10,908	7,340	(7,756)	1,10,491
Segment Liabilities	1,00,330	207	(966)	99,571
Capital Employed	10,578	7,133	(6,791)	10,920

Segment assets and liabilities as at 31 March 2021

Particulars	Banking	Others	Inter-Segment	Total
Segment Assets	84,143	7,510	(6,800)	84,853
Segment Liabilities	74,574	380	(14)	74,938
Capital Employed	9,569	7,131	(6,786)	9,915

45.4 The Comparative figures as reported above in the Segment Reporting as at 31 March 2021 is Unaudited.

46. 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:

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2022
(All amounts in INR Millions, unless stated otherwise)

	As at 31 March 2022			As at 31 March 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial Assets						
Cash and cash equivalents	11,858	-	11,858	11,436	-	11,436
Bank balances other than cash and cash equivalents	503	-	503	137	-	137
Trade receivables	41	-	41	22	-	22
Loans	4,429	65,530	69,959	32,764	23,444	56,208
Investments	6,614	14,572	21,186	7,847	5,328	13,174
Other financial assets	3,427	112	3,539	1,130	95	1,225
Non-financial Assets						
Current tax assets (net)	-	202	202	-	45	45
Deferred tax assets (net)	-	1,435	1,435	-	870	870
Property plant and equipment	-	1,040	1,040	-	1,094	1,094
Capital work in progress	1	-	1	-	-	-
Goodwill	-	418	418	-	418	418
Other intangible assets	-	15	15	-	10	10
Other non-financial assets	173	121	294	146	66	212
Total	**27,047**	**83,444**	**1,10,491**	**53,482**	**31,371**	**84,853**
Liabilities and Equity						
Liabilities						
Financial Liabilities						
Other payables	658	-	658	216	-	216
Debt securities	-	-	-	-	-	-
Borrowings (Other than Debt Securities)	18,276	12,091	30,367	8,785	9,663	18,447
Deposits	35,702	28,817	64,519	21,513	31,659	53,172
Subordinated Liabilities	250	1,746	1,996	-	1,994	1,994
Other financial liabilities	1,525	-	1,525	750	31	781
Non-Financial Liabilities						
Current tax liabilities (net)	-	-	-	-	-	-
Provisions	72	105	177	47	74	120
Contract liabilities	191	-	191	142	-	142
Other non financial liabilities	138	-	138	92	-	92
Total	**56,812**	**42,759**	**99,571**	**31,544**	**43,421**	**74,965**

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2022

(All amounts in INR Millions, unless stated otherwise)

47. Reconciliation of liabilities arising from Group's financing activities

Particulars	Notes to accounts	As at 1 April 2020	Cash flow		Non-cash					As at 31 March 2021
			Additions	Repayment	Amortisation of upfront fees/ premium on redemption	Loss on sale of Non-convertible debentures	Additions/ Reclassifications	Interest expense on lease liabilities/ Interest accrued on Debentures	Gain on derecognition	
Debt securities		767	-	(750)	(17)	-	-	-	-	-
Borrowings (other than debt securities and lease liability)	16	16,650	4,68,379	(4,66,874)	1	-	3	3	(541)	17,621
Lease liability	16	760	-	(184)	-	-	98	86	-	760
Subordinated Liabilities	18	1,807	179	-	1	8	-	-	-	1,994
Total liabilities from financing activities		**19,984**	**4,68,558**	**-4,67,808**	**-15**	**8**	**101**	**89**	**-541**	**20,376**

Particulars	Notes to accounts	As at 1 April 2021	Cash flow		Non-cash					As at 31 March 2022
			Additions	Repayment	Amortisation of upfront fees/ premium on redemption	Loss on sale of Non-convertible debentures	Additions/ Reclassifications	Interest expense on lease liabilities/ Interest accrued on Debentures	Gain on derecognition	
Debt securities		-	-	-	-	-	-		-	-
Borrowings (other than debt securities and lease liability)	16	17,621	18,850	(6,835)	(0)			1	-	29,638
Lease liability	16	826	-	(198)	-	-	42	60	-	730
Subordinated liabilities	18	1,994	-	-	2	-	-	-	-	1,996
Total liabilities from financing activities		**20,442**	**18,850**	**-7,033**	**1**	**-**	**42**	**61**	**-**	**32,363**

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2022

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48. Transfer of financial assets

Transferred financial assets that are not derecognised in their entirety

In the course of its micro finance or lending activity, the Group makes transfers of financial assets, where legal rights to the cash flows from the asset are passed to the counterparty and where the Group retains the rights to the cash flows but assumes a responsibility to transfer them to the counterparty.

The Group has securitized its loan assets to unrelated and unconsolidated special purpose vehicles (SPV's). The Group does not hold any equity or other interest in the SPV and does not control these SPV's. As per the terms of the agreements, the Group is exposed to first loss default guarantee and cash collateral and therefore continues to be exposed to significant risk and rewards relating to the underlying loan assets. Hence, these loan assets are not derecognised and proceeds received are presented as borrowings.

The Group has also issued Interbank Participatory Certificates (IBPC) with risk sharing to other banks with respect to its JLG portfolio. Such agreements are entered for a period ranging between 90 - 180 days as compared to the average tenure of 24 months of such loans. As such the Group continues to be exposed to significant risk and rewards related to the underlying loan assets. Hence, the loan assets are not derecognised and proceeds received are presented as borrowings.

The following tables provide a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition, together with the associated liabilities:

	As at 31 March 2022	As at 31 March 2021
Securitisation		
Carrying value and fair value of securitised assets	-	-
Carrying value and fair value of associated liabilities	-	-
IBPC		
Carrying value and fair value of IBPC assets	2,000	5,245
Carrying value and fair value of associated liabilities	2,000	5,245

49. Revenue from contracts with customers

Set out below is the disaggregation of the Group's revenue from contracts with customers and reconciliation to profit and loss account:

	For the year ended 31 March 2022	For the year ended 31 March 2021
Type of service		
Fee and commission income	589	493
	589	**493**
Geographical markets		
India	589	493
Outside India	-	-
	589	**493**
Timing of revenue recognition		
Services transferred at a point in time	129	89
Services transferred over time	460	404
	589	**493**

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Significant changes in contract asset and contract liability during the period are as follows:

Ind AS 115 also requires disclosure of 'revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period' and 'revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods. Same has been disclosed as below:

Assets and liabilities related to contracts with customers

	As at 31 March 2022	As at 31 March 2021
Trade receivables	41	22
Contract liabilities	191	142

Trade receivables are non-interest bearing and are generally on terms of 30 days. The Group has recognised Nil provision for expected credit loss on trade receivables during the year 2021-22 (2020-21: Nil).

Accounts receivable are recognised when the right to consideration becomes unconditional. Contract liability relates to payments received in advance of performance under the contract. Contract liabilities are recognised as revenue as (or when) we perform under the contract.

	As at 31 March 2022	As at 31 March 2021
Contract liabilities at the beginning of the year	**142**	**189**
Increase due to cash received and decrease as a result of changes in the measure of progress, change in estimate	49	-47
Contract liabilities at the end of the year	**191**	**142**

Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price

	For the year ended 31 March 2022	For the year ended 31 March 2021
Revenue as per contract	589	493
Adjustments	-	-
Revenue from contract with customers	589	493

Revenue recognition for contract with customers - Fee and commission income:

(i) **The Contract with customers through which the Group earns a commission income includes the following promises:**

(i) Sourcing of loans

(ii) Servicing of loans

(iii) First loss default guarantee (FLDG)

All these promises are separable from each other and do not involve significant integration. Therefore, these promises constitute separate performance obligations.

The consideration for these services is based on fixed percentage of interest and processing fee collected during the year.

This consideration has been allocated amongst the performance obligations under the contract on the basis of relative standalone prices.

Revenue recognition: Revenue from all three performance obligations being sourcing of loans, servicing of loans and FLDG shall be recognised over a period of time, as the customer benefits from these services as and when it is delivered/performed by the Group.

(ii) The Group also issues debit cards to its customers for which an upfront fee and subsequently an annual fee is charged. Revenue from such contracts shall be recognized over a period of time, as the customer benefits from the services over the period for which the fees is charged.

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2022
(All amounts in INR Millions, unless stated otherwise)

50. Lease disclosure

Where the Group is the lessee:

The Group's significant leasing arrangements are in respect of leases for office premises which are renewable on mutual consent at agreed terms.

Head office, registered office and branch office premises are obtained on lease. The branch office premises are generally rented on cancellable term ranging from twelve months to thirty six months with escalation clause; however none of the branch lease agreement carries non-cancellable lease periods. There are no restrictions imposed by lease arrangements. There are no subleases. Certain offices of the Group have non-cancellable lease arrangements.

i) Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

Particulars	Buildings	Total
As at 1 April 2020	**714**	**714**
Additions	174	174
Depreciation expenses	-150	-150
As at 31 March 2021	**739**	**739**
As at 1 April 2021	739	739
Additions	50	50
Depreciation expenses	-160	-160
As at 31 March 2022	**629**	**629**

ii) Set out below are the carrying amounts of lease liabilities (included under Borrowings (other than debt securities) and the movements during the period:

Particulars	Buildings	Total
As at 1 April 2020	**760**	**760**
Additions	164	164
Accretion of interest	86	86
Payment	-184	-184
As at 31 March 2021	**826**	**826**
As at 1 April 2021	**826**	**826**
Additions	42	42
Accretion of interest	60	60
Payment	-198	-198
As at 31 March 2022	**730**	**730**

iii) The effective interest rate for lease liabilities is 9%, with maturity between 2021-28.

Particulars	As at 31 March 2022	As at 31 March 2021
Lease payments		
Not later than one year	198	195
Later than one year and not later than five years	608	677
Later than five years	84	197
Total	**890**	**1,070**

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2022
(All amounts in INR Millions, unless stated otherwise)

iv) Amount recognised in Consolidated Statement of profit and loss account

	For the year ended 31 March 2022	For the year ended 31 March 2021
Depreciation on right of use assets	160	150
Interest on lease liabilities	60	86
Expenses relating to short term leases	229	136
Expenses relating to low value assets	-	-

v) Amount recognised in Consolidated Cashflow Statement under financing activity

	For the year ended 31 March 2022	For the year ended 31 March 2021
Total cash outflow for leases	(198)	(184)

51. Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006

	For the year ended 31 March 2022	For the year ended 31 March 2021
i) Principal amount remaining unpaid (but within due date as per the MSMED Act)	-	4
ii) Interest due thereon remaining unpaid	-	-
iii) Interest paid by the Group in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along-with the amount of the payment made to the supplier beyond the appointed day during the year.	-	-
iv) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006	-	-
v) Interest accrued and remaining unpaid	-	-
vi) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-

There are no delays in payments to micro and small enterprises as required to be disclosed under 'The Micro, Small and Medium Enterprises Development Act, 2006'. The determination has been made to the extent such parties were identified by the management based on the information available and are relied upon by the auditor.

52. COVID 19 - Impact on financial statements

India has witnessed multiple waves of COVID-19 pandemic since mid-2020 leading to significant volatility in Indian financial markets and a significant decrease in local economic activities and India is still emerging from the COVID-19 pandemic. The Group has evaluated impact of COVID-19 on its business operations, assessed the Group's liquidity position and evaluated the recoverability and carrying value of its assets including property plant and equipment and investments as at 31 March 2022. Based on its review, consideration of internal and external information up to the date of approval of these financial results, current indicators of future economic conditions relevant to the Group's operations and other market factors and information, management has concluded that no adjustments are required to the Group's financial statements at this time. However, the full extent of impact of the COVID-19 pandemic on the operations, and financial metrics (including impact on provision for loan portfolio) will depend on future developments, including, among other things, any new information concerning the severity of the COVID-19 pandemic, government and regulatory measures and the Group's responses thereto, which are highly uncertain at this time. The Group has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of portfolio assets of the Bank and in developing the assumptions relating to the possible future uncertainties due to this pandemic. The Group as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information, economic forecasts etc. for assumptions used and based on current estimates expects the carrying amount of these assets to be recovered. The actual impact of COVID-19 on the Group's consolidated financial statements may differ from that estimated as at the date of approval of these consolidated financial statements.

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2022

(All amounts in INR Millions, unless stated otherwise)

53. Interest In subsidiary

Name of Subsidiary	Principal Activity	Place of Incorporation and Place of Operation	Proportion of Ownership and voting power held by the Group	
			31-Mar-22	31-Mar-21
Fincare Small Finance Bank Limited	Small Finance Bank	India	78.58%	90.91%

54. The financial statements of Subsidiary Bank as per Indian GAAP have been audited by Independent Auditor vide report dated May 26, 2022. Further, the Management have converged Indian GAAP Audited financial statement into Ind AS Financial statements of the Subsidiary Bank incorporating Ind AS adjustments for the purpose of Consolidation. Further, the aforesaid Ind AS Converged Financial Statements of the Subsidiary Bank were Unaudited

55. Disclosures mandated by schedule III of Companies Act, 2013, by way of additional information, as at 31 March 2022

Name of entities	Net assets (total assets - total liabilities)		Share in profit or loss		Share in OCI		Share in total comprehensive income	
	As a % of consolidated net assets	Amount*	As a % of share in profit/(loss)	Amount	As a % of share in OCI	Amount*	As a % of consolidated profit	Amount
Parent:								
Fincare Business Services Limited	-5.71%	(623)	16.41%	(48)	0.00%	-	6.00%	(48)
Subsidiary								
Fincare Small Finance Bank Limited	84.96%	9,278	65.78%	(192)	78.58%	(398)	73.90%	(590)
Total	**79.25%**	**8,654**	**82.20%**	**(240)**	**78.58%**	**(398)**	**79.91%**	**(637)**
Non-controlling interest in subsidiary	20.75%	2,266	17.80%	(52)	21.42%	(108)	20.09%	(160)
Grand Total	**100.00%**	**10,920**	**100.00%**	**(292)**	**100.00%**	**(506)**	**100.00%**	**(798)**

*After Consol Adjustments/Eliminations

56. The Group has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.

57. The Group does not hold any Benami Property which is either recorded or not recorded in the books of account and there are no proceedings initiated or pending against the group for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder. Accordingly, no disclosures are made in this regard.

58 . Utilisation of Borrowed funds and securities premium:

The Group has not advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) 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 party identified by or on behalf of the Group (Ultimate Beneficiaries). The Group has not received any fund from any party(s) (Funding Party) 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.

59 In the normal course of business of banking, the Bank has borrowed funds from certain institutions in refinance of certain advances granted by it or for utilization for granting advances by it. In like manner, the Bank has advanced monies to certain NBFCs for granting loans by them to their customers. These are in addition to other banking business carried on by the Bank. Read with this, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Bank 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 party identified by or on behalf of the Bank (Ultimate Beneficiaries). The Bank has not received any fund from any party(s) (Funding Party) with the understanding that the Bank shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Bank ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2022

(All amounts in INR Millions, unless stated otherwise)

60. The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year. Accordingly, no further disclosures are made in this regard.

61. As per the information available with the Company, the Company had no transactions during the financial year with the companies which were struck off under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956.

62. There are no transactions that are not recorded in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

63. There have been no material events after the reporting date that require disclosure in these financial statements.

64. Figures of the previous year have been reclassified / re-grouped, wherever necessary, to confirm with current year's presentation.

As per our report of even date

For **Bhushan Khot & Co.**
Chartered Accountants
Firm's Registration No.: 116888W

Amit Shah
Partner
Membership No.: 124889
UDIN: 22124889ARIDWN2263

Mumbai
8th September 2022

For and on behalf of Board of Directors of
Fincare Business Services Limited

G. Dasarathareddy
Managing Director
DIN: 01760054
Bengaluru
8th September 2022

Bhavya Gulati
Director
DIN: 02897200
Mumbai
8th September 2022

Gautam Gupta
Chief Financial Officer
Bengaluru
8th September 2022

Karishma Chandani
Company Secretary
M No. ACS45657
Bengaluru
8th September 2022

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Fincare Business Services Limited
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