Fincare Business Services Limited
Annual Report 2019-20

CONTENTS

COMPANY OVERVIEW

FINCARE BUSINESS SERVICES LIMITED (FBSL) is a Non-Banking Financial Company-Non Deposit taking Core Investment Company (NBFC-CIC-ND) registered with the Reserve Bank of India (RBI). FBSL's operations and activities are limited to 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 on the business of Small Finance Bank.

About our subsidiary:

1. Fincare Small Finance Bank Limited:

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 and small enterprise segments with the active participation of the affluent customer segments. It serves over 25.5 lakhs active customers through 711 banking outlets and 7,363 employees, spread across 19 states and union territories in India. Its gross loan book stands at Rs 5,345 Crores as on 31st March 2020.

FSFB has a suite of smart banking products such as Savings Accounts, Current Accounts, Fixed Deposits, NRI Fixed Deposits, Recurring Deposits, Micro Loans, Cash Overdrafts, Loan against Gold, Loan against Property, Institutional Finance and Two Wheeler Loan. It also recognizes digital as the currency that is going to change India's future and in particular banking. With its 3D approach viz Digital, Doorstep and Delightful rates, it is confident of becoming one of the "Smart Bank of Choice" in India.

2. LOK Management Services Private Limited

During the FY 2019-20, the draft scheme of amalgamation of Lok Management Services Private Limited with your Company was approved by the Board of Directors at their meeting held on 28th May 2019 and by shareholders at their meeting held on 30th May 2019. The Reserve Bank of India ("RBI") granted its approval for the said amalgamation vide its letter dated 12th September 2019. Further, the final scheme of amalgamation was approved by the Board of Directors on 26th September 2019 and by shareholders on 15th October 2019. Thereafter, the scheme along with other relevant documents was submitted with various regulatory authorities viz. the Registrar of Companies-Bangalore, Regional Director-Hyderabad, Office of Official Liquidator-Bangalore, Income-Tax Department-Bangalore and the Reserve Bank of India-Bangalore and no objections were received by any of these authorities. Hence, the Regional Director, Ministry of Corporate Affairs approved the scheme of amalgamation vide its order dated 5th March 2020.

Accordingly, as on 31st March 2020, your Company has only one subsidiary i.e Fincare Small Finance Bank Limited.

FROM THE DESK OF THE MANAGING DIRECTOR

It gives me immense pleasure to present the Annual Report for FY 2019-20 to you.

Fincare Business Services Limited (FBSL) is committed to build a business that combines commercial success with social impact. The sense of purpose beyond profits has remained unaltered in the journey of FBSL from inception till date.

An important variable in this journey is the support of the key stakeholders and it is heartening to note that the Institution has benefitted from the support of the Board, the management team and the shareholders. This well-aligned trio has helped build an institution that stands for customer-centricity, digital-orientation and good-governance. Also, on this journey, the key operating mantras adopted by us have been accountability, transparency and relevance and the Institution has stood for these along the way.

Our subsidiary, Fincare Small Finance Bank Limited (FSFB), has been successful in adopting the very same objectives of creating long term success and sustainability. FSFB Bank has registered impressive performance in all key financial and operating metrics during FY 2019-20. Through FSFB, the mission of serving the unbanked and underbanked sections of the society continues to find meaningful resonance as well.

Believing in the Power of More!

The 'Power of More' has been the driving force for your Company as it builds a strategy for the future. The ecosystem of products, processes and channels are built around this credo. The quest for More continues to power the team to ideate and implement products and services that address the growing needs and aspirations of today's world.

Along the way, your Company has adopted modern technology platforms which helped make a significant progress in achieving operating speed, offering customer convenience and facilitating greater access to our services.

Looking at tomorrow

The year FY 2020-21 may be a bumpy ride for many businesses due to the Covid-19 pandemic. Such trying time calls for a concerted effort and immense confidence in order to stay the course. I know that Fincare is made up of very resilient matter and a very passionate family of Fincarers, strong enough to cross the hurdle.

Your Company will continue to invest in nurturing its intellectual capital, increase its product and service offering and building the digital strength in order to scale newer heights in the years to come.

As we continue the journey of being better by doing more every day. I would like to take this opportunity to thank all the investors, stake holders, and valued customers, for their continued belief and support provided throughout our journey.

Warm regards,
G. Dasarathareddy
Managing Director
Fincare Business Services Limited

DIRECTORS' REPORT

Dear Members,

The Directors have pleasure in presenting 6th Annual Report on the business and operations of the Company and audited accounts of the Company on a Consolidated and Standalone basis for the Financial Year ended March 31, 2020 (FY 2019-20).

1. FINANCIAL HIGHLIGHTS

The summary of Company's financial performance, both on a Consolidated and Standalone basis for FY 2019-20 compared to the previous year, FY 2018-19 is given below:

Particulars	Standalone		Consolidated	
	Year End 31-03-2020 (Amount in INR)	Year End 31-03-2019 (Amount in INR)	Year End 31-03-2020 (Amount in INR)	Year End 31-03-2019 (Amount in INR)
Total Revenue	7,50,04,665	33,64,86,661	12,00,51,96,284	7,27,10,89,822
Total Expenses	12,98,06,466	9,96,90,185	10,13,86,35,348	6,02,76,53,834
Profit before tax	**(548,01,799)**	**23,67,96,476**	**1,86,65,60,936**	**1,24,34,35,988**
Net Profit Before Tax	**(548,01,799)**	**23,67,96,476**	**1,86,65,60,936**	**1,24,34,35,988**
Tax Expenses:				
Current Tax	-	5,69,53,507	79,18,66,376	34,29,06,606
MAT expense	40,09,512	40,09,512	-	-
Deferred Tax	19,89,657	45,42,245	(18,64,75,203)	4,23,26,789
Prior Year Tax	-	10,93,850	19,89,657	10,93,850
Profit after Tax	**(6,08,00,968)**	**17,01,97,362**	**1,25,91,80,106**	**85,71,08,743**
Other Comprehensive Income (OCI) - net of taxes	**-**	**6,23,072**	**15,19,65,842**	**3,17,44,629**
Net Profit After Tax (exclusive of OCI)	**(6,08,00,968)**	**17,08,20,434**	**1,41,11,45,948**	**88,88,53,372**
Earnings Per Share - Basic & Diluted (in Rs.)	(0.19) (0.18)	0.53 0.53	3.54 3.51	2.53 2.53

Note: The shareholders of the Company at their meeting held on 15th October, 2019, had approved the acquisition of Lok Management Services Private Limited by way of approval of Scheme of Amalgamation and the appointed date of the Scheme was 1st April, 2019. In accordance with Part II of the Scheme, all of the assets and liabilities of Lok Management Services Private Limited were transferred to the Company with effect from the appointed date at the respective book values in the financial statements of FBSL.

2. FINANCIAL PERFORMANCE

Standalone

Being 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 on investments declared by its subsidiary company.

The gross revenue of the Company stood at Rs. 7,50,04,665 (Rupees Seven Crore Fifty Lakhs Four Thousand Six Hundred And Sixty Five) for the year ended 31st March, 2020 as against Rs. 33,64,86,661 (Rupees Thirty Three Crores Sixty Four Lakhs Eighty Six Thousand Six Hundred And Sixty One) in the previous year. The Company incurred a net loss of Rs. 6,08,00,968 (Rupees Six Crore Eight Lakhs Nine Hundred And Sixty Eight) for the year ended 31st March, 2020 as compared to a net profit of Rs. 17,08,20,434 (Rupees Seventeen Crore Eight Lakhs

DIRECTORS' REPORT

Twenty Thousand Four Hundred And Thirty Four) 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 Rs. 12,00,51,96,284 (Rupees Twelve Hundred Crore Fifty One Lakhs Ninety Six Thousand Two Hundred And Eighty Four) for the financial year ended 31st March, 2020 as against Rs. 7,27,10,89,822 (Rupees Seven Hundred Twenty Seven Crore Ten Lakhs Eighty Nine Thousand Eight Hundred And Twenty Two) during the previous financial year. The Fincare Group has incurred a consolidated net profit (including OCI) amount of Rs. 1,41,11,45,948 (Rupees One Hundred Forty One Crore Eleven Lakhs Forty Five Thousand Nine Hundred And Forty Eight) for the year ended 31st March, 2020 as compared to the net profit of Rs. 88,88,53,372 (Rupees Eighty Eight Crore Eighty Eight Lakhs Fifty Three Thousand Three Hundred And Seventy Two) 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. 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 ("FSFB") and being a CIC, the Company has its investment primarily in FSFB.

During the current year, numerous plans have been initiated to streamline business processes to ensure that the Company is always in synchrony with its wider environment. Your Directors are confident that the Company's performance would improve in the forthcoming years.

4. SHARE CAPITAL

The Authorized Share Capital of the Company is Rs. 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 Rs. 1 (Rupees One) each and 1,00,00,000 (One Crore) Preference Shares of Rs. 10 (Rupees Ten) each.

During the year, the authorized share capital of the Company has been increased from Rs. 93,50,00,000 (Rupees Ninety Three Crores And Fifty Lakhs) to Rs. 115,50,00,000 (Rupees One Hundred Fifteen Crores And Fifty Lakhs) pursuant to the amalgamation of Lok Management Services Private Limited ("the wholly owned Subsidiary") with the Company.

Further during the year under review, the Company has sub-divided the face value of equity shares from Rs. 10 (Rupees Ten) to Rs. 1 (Rupees One) at its Extra-Ordinary General Meeting held on 10th July, 2019.

DIRECTORS' REPORT

The Subscribed and Paid-up Share Capital of the Company as on 31st March, 2020 is Rs. 32,84,17,440 (Rupees Thirty-Two Crores Eighty Four Lakhs Seventeen Thousand Four Hundred And Forty) divided into 32,84,17,440 (Thirty Two Crores Eighty Four Lakhs Seventeen Thousand Four Hundred And Forty) equity shares of Rs. 1 (Rupees One) each.

5. DIVIDEND

With a view to conserve resources for ongoing business needs; your Directors do not recommend any Dividend for FY 2019-20.

6. RESERVE & SURPLUS

As per the standalone financial statements, during the year, no amount was appropriated from the Profit After Tax to statutory reserves.

Further, the consolidated profit inclusive of OCI of Rs. 1,41,11,27,948 (Rupees One Hundred Forty One Crore Eleven Lakhs Twenty Seven Thousand Nine Hundred And Forty Eight) under Ind AS [the same for FY 2018-19 is a profit Rs. 88,88,53,372) (Rupees Eighty Eight Crore Eighty Eight Lakhs Fifty Three Thousand Three Hundred And Seventy Two)] has also been transferred to Reserves and Surplus.

7. VOLUNTARY REVISION OF FINANCIAL STATEMENTS OR BOARD'S REPORT

No voluntary revision of Financial Statements or Board Report is made in any of the three preceding financial years.

8. EXTRACT OF ANNUAL RETURN

Pursuant to the requirements under Section 92(3) and Section 134(3) of the Companies Act, 2013 read with Rule 12 of Companies (Management and Administration) Rules, 2014, an extract of Annual Return in prescribed Form MGT 9 is appended as **'Annexure II'** to this Report.

The complete annual report including the annual return is being placed on our website https://www.fincare.com/.

9. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All the Related Party Transactions that were entered into during FY 2019-20 were on an arm's length basis and were in the ordinary course of business. There were no Contracts/arrangements/transactions entered into during the year ended 31st March, 2020, which were not at arm's length basis.

Pursuant to Section 134(3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules 2014, the Contracts/arrangements/transactions entered into during the financial year ended 31st March, 2020 have been reported in Form AOC 2 and attached herewith as **Annexure III.**

All Related Party Transactions as required under Indian Accounting Standard (Ind AS-24) are reported in Note No.35 forming part of Financial Statements of your Company.

10. RATIO OF REMUNERATION OF EACH DIRECTORS TO THE MEDIAN EMPLOYEE'S REMUNERATION

The Company being an 'Un-listed Company'; the provisions of section 197(12) of the Companies Act, 2013 read with rule 5(2) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 do not apply. Accordingly, details with respect to remuneration of employees are not furnished.

DIRECTORS' REPORT

11. DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Board is duly constituted in accordance with Section 149 of the Companies Act, 2013.

The Board of Directors of the Company at its Meeting held on 26th September, 2019 had appointed Mr. Maninder Singh Juneja as Nominee Director through nomination by True North Fund V LLP and Ms. Nandini Parekh as Additional Director (Independent Director).

Further the appointment of Ms. Nandini Parekh as an Independent Director for a period of 5 years from the conclusion of 5th Annual General Meeting was approved by the members of the Company at the 5th Annual General Meeting held on 30th September, 2019. The said appointment of Independent Director(s) during the year was made with satisfaction of the Board after ascertaining the integrity, experience, expertise, and proficiency of the Director. She continues to satisfy the criteria of independence as provided in Section 149(6) of the Act, and the Rules framed thereunder.

Further Ms. Aarti Punmiya and Mr. Keyur Gopalbhai Doshi had resigned from the Directorship(s) of the Company with effect from 26th September, 2019 and 14th November, 2019 respectively.

Mr. G. Dasarathareddy continues to be the Managing Director of the Company.

Also, all other Directors of the Company continued with their offices.

A detailed composition of the Board of Directors is provided in the Corporate Governance Report annexed as Annexure-VI which forms the part of this report.

Section 152 of the Act provides that two-thirds of the total numbers of Directors are liable to retire by rotation out of which one-third shall retire from office at every AGM. In terms of Section 149(13), the provisions of retirement of Directors by rotation shall not be applicable to Independent Directors and an Independent Director shall not be included in the total number of Directors liable to retire by rotation.

Accordingly, Mr. Dhiraj Poddar, 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.

During the year under review, the Company has familiarized all the Independent Directors of the Company, their roles and responsibilities in the Company, nature of industry in which the Company operates, business model of the Company, etc.

KEY MANAGERIAL PERSONNEL

As on, 31st March, 2020, the Company had the following Key Managerial Personnel (KMPs):

Name	Designation
Mr. G. Dasarathareddy	Managing Director
Mr. K. Uma Sankar Rao*	Chief Financial Officer
Ms. Deepa Gusain	Company Secretary

*Mr. K. Uma Sankar Rao was appointed as Chief Financial officer w.e.f. 13th November, 2019.

DIRECTORS' REPORT

12. DECLARATION BY INDEPENDENT DIRECTORS

All the Independent Directors have confirmed to the Board that they meet the criteria of independence as specified under Section 149(6) of the Act and that they qualify to be independent directors pursuant to Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

13. 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

Your 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 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.

14. EVALUATION OF THE BOARD

In view of evaluation of performance of the Board of Directors, the Company has evaluated the performance of individual directors as well as the performance of Board as a whole and was satisfied with the respective performances and also the overall composition of the Board of Directors. Further, the Board appreciated that they are comprised of various professionals from diverse backgrounds which brings to the table different dimensions for effective functioning.

15. EVALUATION OF THE COMMITTEE OF THE BOARD

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

16. EVALUATION OF THE DIRECTORS BY THE BOARD

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

17. SEPARATE MEETING OF INDEPENDENT DIRECTORS

During the year under review, the Independent Directors had a separate Meeting on 17th January, 2020 without the presence of the Management team and the Non-Independent Directors of the Company. At the said Meeting, Independent Directors of the Company reviewed the performance of Chairman, Non-Independent Directors and Board as a whole and assessed the quality, quantity and timeliness of flow of information between the Management and the Board.

DIRECTORS' REPORT

18. NOMINATION AND REMUNERATION POLICY

Pursuant to the provisions of Section 178 of the Act, the Company has formulated and adopted Nomination and Remuneration Policy for the selection of Directors and to fix their remuneration which is disclosed on our website - https://www.fincare.com/Nomination-Remuneration-Policy.pdf.

19. DIRECTORS' RESPONSIBILITY STATEMENT

Directors' Responsibility Statement Pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors of the Company confirms and states that:

a. In the preparation of the annual accounts, the applicable accounting standards have 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;

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 are adequate and operating effectively.

20. STATUTORY AUDITORS

M/s Walker Chandiok & Co LLP, Chartered Accountants, (Firm Registration No. 001076N) were appointed as Statutory Auditors of the Company for a period of five years from the conclusion of 1st Annual General Meeting held on 15th December, 2015 till the conclusion of 6th Annual General Meeting.

As the term of appointment will end at the ensuing Annual General Meeting, the Board of Directors of the Company, at their meeting held on 3rd September, 2020 has recommended the appointment of M/s Walker Chandiok & Co LLP, Chartered Accountants, as Statutory Auditors of the Company for a period of four years i.e. from the conclusion of 6th Annual General Meeting till the conclusion of 10th Annual General Meeting. The said matter shall be placed before the shareholders for their approval at the ensuing Annual General Meeting.

In pursuance of provisions of section 141 of the Companies Act, 2013 M/s Walker Chandiok & Co LLP, Chartered Accountants, have confirmed their eligibility to be Auditor of the Company for a period of four years from the conclusion of 6th Annual General Meeting till the conclusion of 10th Annual General Meeting.

21. AUDITORS' REPORT

The Auditors' Report annexed herewith to this report is self-explanatory and needs no comment thereon. The Statutory Auditors' Report does not contain any qualification, reservation or adverse remark.

DIRECTORS' REPORT

22. EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE STATUTORY AUDITOR

There are no qualifications, reservations, adverse remarks or disclaimers made by the Statutory Auditors, M/s Walker Chandiok & Co LLP, Chartered Accountants, in their Report.

23. MATERIAL CHANGES AND COMMITMENT AFFECTING THE FINANCIAL POSITION OF THE COMPANY AFTER THE END OF THE FINANCIAL YEAR

There are no adverse material changes or commitments occurring after 31st March, 2020, which may affect the financial position of the Company.

24. SIGNIFICANT / MATERIAL ORDERS PASSED BY THE REGULATOR, COURT OR TRIBUNAL ETC.

During the FY 2019-20, there were no significant / material order passed by any regulator, court or tribunal on the Company impacting the going concern status and Company's operations in future. However, the Regional Director (RD) vide its order dated 5th March, 2020 has approved the Scheme of Amalgamation of Lok Management Services Private Limited ("the wholly-owned subsidiary") with the Company.

25. EQUITY SHARES WITH DIFFERENTIAL VOTING RIGHTS

The Company has not issued Equity Shares with differential voting rights within the meaning of Section 43(a)(ii) of the Companies Act, 2013 read with rules made thereof.

26. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNIGS / OUTGO

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.

27. VIGIL MECHANISM

In absence of applicability of provisions of section 177(9) of the Act read with rule 7 of the Companies (Meetings of the Board and its Powers) Rules, 2014; the Company has not established a formal Vigil Mechanism for Directors and employees to report genuine concerns.

28. INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

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.

DIRECTORS' REPORT

29. SUBSIDIARY AND ASSOCIATE COMPANIES

Your Company has subsidiary viz Fincare Small Finance Bank Limited (formerly known as Disha Microfin Limited) (FSFB), which is registered as a Small Finance Bank (earlier as Non-Banking Financial Company) with the Reserve Bank of India. As on 31st March, 2020 the Company is holding 5,89,98,716 (Five Crore Eighty Nine Lakhs Ninety Eight Thousand Seven Hundred And Sixteen) equity shares i.e. 92.75% in FSFB. FSFB has an Issued Capital of Rs. 63,61,04,810 (Rupees Sixty Three Crore Sixty One Lakhs Four Thousand Eight Hundred And Ten) with a net worth of Rs. 8,60,85,88,765 (Rupees Eight Hundred Sixty Crore Eight Five Lakhs Eighty Eight Thousand Seven Hundred And Sixty Five) as on 31st March, 2020.

Further, the Board of Directors of your company at their meeting held on 28th May, 2019 had approved the draft scheme of amalgamation of the Lok Management Services Private Limited with the Company. The shareholders of the Company had approved the draft scheme at their meeting held on 30th May, 2019 and also approved the final Scheme of Amalgamation on 15th October, 2019 after receiving RBI's approval for the said amalgamation vide its letter dated 12th September, 2019.

The scheme approved by the shareholders was also submitted to various regulatory authorities viz. the Registrar of Companies-Bangalore, Regional Director-Hyderabad, Office of Official Liquidator-Bangalore, Income-Tax Department-Bangalore and the Reserve Bank of India-Bangalore. The Company has not received any objections from any of the above stated regulatory authorities.

The Company has received the approval from the Regional Director (RD) on the Final Scheme of Amalgamation vide order dated 5th March, 2020.

The salient features of the Subsidiary and Associates companies are disclosed in 'Annexure IV' (Form AOC-1).

30. CORPORATE SOCIAL RESPONSIBILITY (CSR)

As the Company is falling under the purview of section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility) Rules, 2014, the Company has constituted a Corporate Social Responsibility Committee in compliance of the same. The Company has framed a Corporate Social Responsibility Policy in line with the guideline on Corporate Social Responsibility under the Companies Act, 2013 which is placed on the website of the Company https://www.fincare.com/CSR-Committee-Policy.pdf.

The Board has approved the CSR Budget of Rs. 1,22,141 (Rupees One Lakh Twenty Two Thousand One Hundred Forty One) on the recommendation of the CSR Committee to carry out the CSR activities for FY 2019-20 in the areas specified in Schedule VII of the Companies Act, 2013. The Company has not spent on the CSR activities during the period under review. However, the Company has carried forward the same and has spent Rs. 1,60,500 (Rupees One Lakh Sixty Thousand And Five Hundred) till the date of this report.

Also, the Board of Lok Management Services Private Limited had approved the CSR budget of Rs. 27,35,843 (Rupees Twenty Seven Lakhs Thirty Five Thousand Eight Hundred And Forty Three) for FY 2019-20 while Lok Management Services Private Limited was operational. However, Lok Management Services Private Limited was undergoing the process of merger and hence it was working with limited staff and resources for a few months before the merger was effected. Due to lack of resources, Lok Management Services Private Limited could spend Rs. 17,39,398 (Rupees Seventeen Lakhs Thirty Nine Thousand Three Hundred And Ninety Eight) during the FY 2019-20 and an amount of Rs. 9,96,445 (Rupees Nine Lakhs Ninety Six Thousand Four Hundred And Forty Five) remained unspent. The same has been carried forward to this year and will be added to this year's budget of the Company towards CSR.

A report on CSR activities is enclosed as **Annexure –V.**

DIRECTORS' REPORT

31. 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.

32. PARTICULARS OF LOANS, GURANTEES OR INVESTMENTS

Details of loans, guarantees and investments covered under Section 186 of the Act are provided in Notes 6 & 8 forming part of Standalone Financial Statements.

33. RISK MANAGEMENT

The Company is a Core Investment Company (CIC) and its operations are limited to being a CIC. The risks therefore primarily relate to investments made in its subsidiary. The operations of the subsidiary and the risks faced by it and the risk mitigation tools followed by it to manage these risks are reviewed periodically by the respective Risk Management Committees/Audit Committees and the Boards of the subsidiary. Details of the same are covered in the Management Discussion and Analysis Report annexed as Annexure-I, which forms the part of this report.

34. CORPORATE GOVERNANCE

A detailed report on the Corporate Governance forms part of this report as Annexure-VI.

35. EMPLOYEES STOCK OPTION SCHEME

The Nomination and Remuneration Committee along with Board of Directors have formulated an Employee Stock Option Scheme (ESOP Scheme) and Policy for grant of Stock Options to Employees of the Company and its subsidiary. The ESOP Scheme and Policy have been approved by the Shareholders of the Company at its Extra-Ordinary General Meeting held on 8th May, 2019. Thereafter, the said ESOP Scheme was revised and approved by the Shareholders of the Company at its Annual General Meeting held on 30th September 2019.

Information as required under Section 62 of the Act and Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014

Particulars	Details as on 31st March, 2020
Options granted	Grant 1: 23,56,200 Grant 2: 29,85,300 Grant 3: 33,40,400
Options vested	0
Options exercised	0
The total number of shares arising as a result of exercise of option	0
Options lapsed	2,79,000

DIRECTORS' REPORT

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	Nil
Total number of options in force	84,02,900
Employee wise details of options granted to:	
(i) Key Managerial Personnel	**FBSL:** Managing Director: Nil Chief Financial Officer: 24,500 Company Secretary: Nil Total: 24,500
(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	**Fincare Small Finance Bank Personnel (Subsidiary of FBSL)** 1. Chief Financial Officer: 7,81,200 (9.1%) 2. COO - Rural Banking: 7,81,200 (9.1%) 3. Chief Strategy Officer: 7,81,200 (9.1%) 4. Chief People Officer: 4,73,500 (5.5%) 5. COO - Retail Banking: 4,57,800 (5.3%) 6. Chief Technology Officer: 4,54,500 (5.3%)
(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

Note: Refer Note 39 to the Standalone Financial statements and Note 43 to the Consolidated Financial Statements

36. ACKNOWLEDGEMENT

Your 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/-
G. Dasarathareddy
Managing Director
DIN: 01760054

Sd/-
Dhiraj Poddar
Director
DIN: 01946905

Date: 3rd September, 2020
Place: Bangalore

ANNEXURE I – MANAGEMENT DISCUSSION AND ANALYSIS

Macro View

In keeping with the larger trend, India's GDP growth declined for another year to 4.2% in 2019-20 from 6.1% in 2018-19; this is the lowest growth in more than a decade. Despite the slowdown, India ranks among the top seven economies with a GDP of US $ 2.73 trillion. On the output front, agri (3.7% growth) and mining sectors seemed to have held ground. Putting the agri sector performance in perspective - when you look at a 3.7% growth at current price level, then growth rate comes to 11.3%, which is 60% more than the growth rate of the non-agriculture sector. Industrial output for fiscal 19-20 contracted by 0.7% compared with a growth rate of 3.8% in 2018-19. India's Foreign direct investment (FDI) receipts grew by 13% to a record US$ 49.97 billion in 2019-20 (US$44.36 in 2018-19). This is owing to the nation's consistent upward progress in the World Bank's Ease of Doing Business ranking- India jumped 14 places to 63rd position in the World Bank's Ease of Doing Business 2020 report.

As per the Department for Promotion of Industry and Internal Trade (DPIIT) data, sectors which attracted maximum foreign inflows during 2019-20 include services (US$ 7.85 billion), computer software and hardware (US$ 7.67 billion), telecommunications (US$ 4.44 billion), trading (US$ 4.57 billion), automobile (US$ 2.82 billion) and construction (US$ 2 billion)

India continued to make steady progress in GST collections. In the last four months-November 2019-February 2020-GST collection surpassed the ₹1 Lakh Crore mark, although in March 2020, the collections slipped below this benchmark. For FY20, GST for domestic transactions grew by 8% over the previous year. GST from import on goods reduced by 8% as compared to last year. Overall, gross GST revenues grew by 4% over the previous year.

Indian Banking Review:

Banking has witnessed a significant change in recent times. Owing to the increasing consumer expectancies, regulations, economic changes and constant competition, modern banking has embraced technology in a big way. Digital platforms, mobile, internet banking, and payments bank have revolutionised the sector in a substantial way. "The Digital India Moment" has also given the much-needed impetus to the digitisation efforts in the banking sector.

As per the Reserve Bank of India, India's banking sector is sufficiently capitalised and well regulated. Credit, market and liquidity risk studies have shown that Indian Banking system is robust and has withstood the global slump. The Digital payments system has evolved the most among the 25 countries.

The total deposits held by Banks in India grew at a CAGR of 11.11% and reached US$1.86 trillion by FY19. The Banking sector is poised to grow in future and it's growth hinges on infrastructure, quick execution of projects and slew of government reforms.

Small Finance Bank Opportunity

Financial inclusion got further impetus with the Pradhan Mantri Jan Dhan Yojana (PMJDY) which aims to provide at least one bank account for every household. As statistics speak, in India, approximately one-third of the adult population has an account with a formal financial institution. **Total bank accounts opened under Pradhan Mantri Jan Dhan Yojna (PMJDY) reached 373. 4 million accounts as on 31st August 2019.**

While the group-based lending approach of MFIs helped, the lack of deposit taking limited its impact. To facilitate banking penetration and financial inclusion in India, the RBI granted Small Finance Bank (SFB) licenses to 10 entities in September 2015, and by end of FY18, all of them commenced operations.

In FY19, most of the SFBs had sharpened their efforts to expand their banking network for garnering retail deposits, diversified their loan book and leveraged technology to reduce operational cost and bring in customer delight. Successful transformation to an SFB has allowed these players to operate in a different regulatory regime. The Small Finance Banks are geared to serve the rural markets where they have operated in their earlier avatar. The tapping of opportunity in under-

ANNEXURE I – MANAGEMENT DISCUSSION AND ANALYSIS

penetrated rural zones is possible through customer-centric products that are being loaded onto low-cost delivery platforms.

True to the purpose of financial inclusion, Small Finance Banks are aiding banking presence in unserved and under-served markets. Moreover, small businesses, un-organized sector, low income households and farmers are finding their credit and savings fulfilled. Target segments of small businesses, un-organized sector, low income households and farmers are finding their credit and savings needs fulfilled. SFBs lapping up the opportunity to get a foothold in the ₹30 Lakh Crore market, or roughly 40% of the Indian banking sector.

As SFBs continue their journey, the Indian economy and financial system will witness a new revolution. This paradigm shift is likely due to the following factors:

Diversification - SFBs offer a range of products comprising savings and credit, as well as third party products such as insurance, pension, mutual funds, payment/remittance facilities and access to ATMs. SFBs can now be part of the payment and settlement system as a direct member or a sub member of a sponsor bank. The 360-degree product suite, including savings, is likely to boost customer loyalty and reduce delinquency.

Low cost - SFBs, previously as NBFCs have perfected the art of low cost operations. This is due to low-cost infrastructure combined with high staff productivity. SFBs can utilize their low cost structures to attain efficiency and scale. This is due to lower cost infrastructure and high productivity of staff. Thus, SFBs can utilize their low-cost structure to rapidly attain profitability.

Branding - Being an SFB with a dual purpose of commercial success and social impact, SFBs can create a niche positioning and differentiated brands and in the process leverage these to create long term customer loyalty.

Funding base - In the long run, mobilizing savings and offering customer-centric products will help SFBs lower their funding costs. SFBs are capable of meeting the unmet demand for savings in rural areas.

Vertical penetration - SFBs, in their previous avatars, gained reasonable success in helping low income clients with micro entrepreneurship and livelihood generation activities. In the present avatar, they have the opportunity to help these clients connect to a larger ecosystem of semi-urban and urban market ecosystems.

Dealing with New Challenges - Having said, Small Finance Banks have to innovate to address 3 key challenges - garnering retail deposits, preparing their staff and using technology.

Garnering retail liabilities is a key driver of the SFB business model. Small Finance Banks are not only directly dealing with competition from the already established banks, but also striving hard to use the trust and transparency levers. This is where ease of understanding products and financial literacy will play a big role.

The business model of SFBs is different and hence managing human resources requires a special approach. As banks, SFBs are working towards making staff become much more customer-oriented while at the same time training them with technology to leverage the changing banking environment. SFBs are making significant investment in training their teams.

Lastly, technology is both a differentiator and a disruptor. SFBs aim to deliver consistent and seamless customer service. Thus, they are adopting technology keeping in mind the needs of customers and the dynamic need of the business. Thus, investments are are being made in IT infrastructure and a hyper-connected banking institution built to last for many years to come.

Fincare SFB – 3rd Year as a Bank

FY 19-20 was an important milestone in the Bank's journey. In the first quarter of FY20, Fincare Small Finance Bank was included in the Second Schedule to the Reserve Bank of India Act, 1934. The Bank's total business grew to ₹5,342 Crore during the year under review. The Bank expanded geographical reach across 19 states and Union Territories through a network of 711 banking outlets.

ANNEXURE I – MANAGEMENT DISCUSSION AND ANALYSIS

The Bank's net NPAs stood at 0.41% in FY19-20 showcasing the effectiveness of the Bank's robust processes and business practices. The growth in advances was backed by diversification of the Bank's product portfolio, which led to the secured mix changing from 6% to 22% between the last two fiscal years. The Bank remained well-capitalised with CRAR being maintained well above the regulatory requirement of 15% for Small Finance Banks. The Bank's net worth, as on 31st March, 2020, was ₹904 Crore with a CRAR of 29.3%.

The Bank continued its focus on financial literacy and encouraged its microloan borrowers to open savings accounts with easy accessibility using debit cards. Fincare opened over 19 Lakh savings accounts in this segment at the end of FY20. It also introduced products like two-wheeler loans and affordable housing loans.

During FY20, the Bank made significant progress in the technology and digital space to enable speed, convenience, and access to banking services for customers. During the year, several initiatives such as m-Care, m-Serve, UPI, BillPay, WhatsApp banking, Website Chatbot, among others, saw the light of the day.

A strong believer of people power, Fincare ensured that the 7000+ strong workforce delivered outcomes consistent with its business vision. The aim was to offer a challenging and rewarding work environment making it a happy place to work.

Eventful FY20

Asset Quality -As on 31st March 2020, the Gross NPA of the Bank stood at 0.9% and the Net NPA at 0.4%. The Provision coverage Ratio (including technical write offs) stood at 91.14%.

Converting Crisis into Opportunity - The Bank converted the liquidity crunch in the overall economy into an opportunity, by way of greater emphasis on retail liability raise.

Capital Adequacy Ratio - CRAR of the Bank, computed as per Basel II guidelines stood at 29.3% as on 31st March 2020. The Net Worth of the Bank was ₹904 Crore as on 31st March, 2020.

Digital First - With no paper-based banking legacy, the Bank gave #SmartBanking a major push and adopted the latest technology platforms to consolidate its Digital First approach to banking.

Awards - The Bank secured several accolades during FY20. The good work done in the field of financial inclusion and digital banking was well received by customers and consequently was acknowledged by several forums and organizations. Such third-party acknowledgement is a great confidence booster and the Bank will continue to strive towards customer-centricity and innovation.

FY20 FINANCIAL HIGHLIGHTS

The total business of the Bank grew 97% Y-o-Y from ₹4,808 Crore as on 31st March, 2019 to ₹9,470 Crore as on 31st March, 2020.

With respect to credit growth, gross advances rose to ₹4,841 Crore as on 31st March 2020 from ₹2,791 Crore as on 31st March, 2019, registering a growth of 73%.

The Bank's microloans portfolio grew by 80% Y-o-Y to reach ₹3,796 Crore as on 31st March, 2020 from ₹2,109 Crore as on 31st March, 2019. The secured loans portfolio registered a growth of 56% from ₹671 Crore as on 31st March, 2019 to ₹1,046 Crore as on 31st March, 2020.

Total gross loan portfolio including Securitization, Inter Bank Participation Certificate and Direct Assignment grew by 51% from ₹3,530 Crore as on 31st March, 2019 to ₹5,345 Crore as on 31st March, 2020.

Deposits recorded a growth of 128% to reach ₹4,654 Crore as on 31st March, 2020 from ₹2,043 Crore as on 31st March, 2019. The Bank's CASA deposits grew 148% to reach ₹555 Crore as on 31st March, 2020. Retail deposits accounted for 51% of the overall deposit base.

ANNEXURE I - MANAGEMENT DISCUSSION AND ANALYSIS

The Bank recorded its highest ever annual net profit of ₹143.45 Crore

Governance

The Bank'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 Bank.

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. The Bank 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.

The Bank believes that an active, well informed and independent Board is necessary to ensure the highest standards of Corporate Governance. The Bank's Corporate Governance practices are aimed at meeting the Corporate Governance requirements as per the Reserve Bank of India ("RBI"), Securities Exchange Board of India ("SEBI") and other Regulators besides good practices either recommended by professional bodies or practiced by leading Banks/ Companies in India.

Information Technology

The Bank has made significant investments in cutting-edge IT systems and solutions that not only place it at par with larger peers in the banking space but also enable 'high tech, right touch' as the smarter way of banking. The outcome of the advancement in IT systems is that the Bank has become leaner, stronger and more robust. The Bank seamlessly migrated and stabilised its entire rural micro- loan (RML) portfolio, comprising a customer base of 1.3 million, into the Core Banking System. This makes us one of the first small finance banks to successfully migrate a legacy system to a more integrated system.

The Bank manages the data residing in its CBS and surround systems through a highly secure, Tier-IV data center in Mumbai with a real-time Disaster Recovery (DR) unit in Hyderabad. The Bank has been successful in the execution of two DR drills during FY20.The homegrown applications of the bank have also been migrated to the Tier-IV data center at Amaravati (Andhra Pradesh) with the disaster recovery (DR) unit at Kochi.

Marketing

During the year Fincare Small Finance Bank redefined its brand positioning with the launch of the 'Wish More, Get More' campaign. With this theme, the bank positioned itself as the, friendly, wise, trust-worthy service provider, who understands the importance of financial goals, helps access products services suited to one's needs, runs his operations in a smooth, efficient and compliant manner, is fair and transparent In dealings and on top of that, has good tech-understanding and finally, all of it comes together In the form of a helping hand that lets you achieve your financial goals. During the year, the bank added more than 10 Lakh customers in a seamless manner reflecting the execution of this mantra of 'More'.

Grandmaster Viswanathan Anand, who has been endorsing the Bank since its inception, played the brand ambassador for the 'Wish More Get More' campaign too. The TVC stressed on the concept of 'more' by communicating what the Bank offered – more returns on depositors' money and more convenience. The success of the campaign inspired the Bank to widen its product basket and make the best use of its digital edge. The Bank's marketing campaigns played a significant role in deepening the customer connect using multiple platforms.

People Power

The Bank stayed the course with its ambition to be a safe and friendly workplace, adhering to the Fincare Way and the Fincare Values Charter. From a microloan institution to a digital retail bank – it is people who have powered the Bank to the scale and stature at which the Bank is recognized for its intellectual and digital quotient.

ANNEXURE I – MANAGEMENT DISCUSSION AND ANALYSIS

In FY20, Fincare Small Finance Bank made a remarkable transformation driven by its most treasured capital – its people. Today, 7300-plus passionate Fincarers are engaged in building a champion bank that serves the banking needs of diverse sections of the society.

In FY20 the Bank's headcount increased from 5,537 to 7,363. The workforce is categorized as business and corporate functions, with business functioning accounting for 77% of staff during the year.

At the bank, a lot of emphasis is laid on e-learning programs, particularly In the areas of Information Security, Prevention of Sexual Harassment awareness, AML-KYC, besides managerial development.

In FY20, the training department organised 21330 sessions, covering all 7300 plus employees across products, processes, compliance, and skill enhancement. In addition, people in specialised functions such as Risk and Treasury participated in training programmes hosted by organisations such as NIBM, CAB and CAFRAL.

Risk, Audit & Compliance

Risk Management is integral to the core philosophy and working for Fincare Small Finance Bank. Prediction and mitigation of risks attain higher significance in case of a bank where trust of the people is the core capital.

The Board is entrusted with the ultimate responsibility for the Bank's risk management framework. It is responsible for approving enhancement in risk-taking abilities or risk appetite, risk tolerance and related strategies and policies. To ensure a sound system of risk management and internal controls, a dedicated Risk Management Committee of the Board (RMCB) has been set up. The Committee monitors the appetite, policies, procedures, strategies and controls. It also reviews various limits being considered by the Board, and reviews portfolio composition and impaired credits for wholesale lending.

The Internal Audit function is designed for effective controls. The guidelines from the RBI have made the risk-based audits an important part of the risk management and control. The Internal Audit team acts as the third line of defence for mitigating risks. Internal Audit structure comprises Credit Audit, Business audit, Branch Audit, Business Process Audit and Information Security Audit. The ambit also spans processes and concurrent audit of Central Processing Center, Treasury etc. The Internal Audit team uses Microsoft Kaizala as the tool for recoding audit observations.

The Bank has an independent Compliance function tasked to ensure adherence of banking operations with the guidelines laid down by various regulators, upkeep of the institution's reputation and resolution of regulatory risks.

The Bank's comprehensive compliance framework is aligned to the required rules and guidelines, thus allowing the Bank to operate seamlessly in a tightly regulated environment. For the Bank, Compliance is the second line of defence. As such, the department keeps an oversight on, and carries out an unbiased review of the activities of the first line of defence.

Treasury Funding

Treasury team mainly focusses on liquidity, interest rates and ALM management. The Bank has maintained optimum liquidity throughout the year and has invested in liquid securities so as to have a fairly liquid portfolio, against which the funding can be easily raised through Repo or secondary market transactions. Bank's asset liability is being managed under the guidelines of ALCO by investing and borrowing in appropriate buckets and efficiently managing the liquidity gaps and interest rate sensitive gaps which are key areas for Structural Liquidity Statements (SLS) and Interest Rate Structure (IRS) calculations whereas, Management Investment Committee and Management Borrowing Committee provides guidance on effective investment strategies and borrowing decisions. The Bank's treasury raises refinance from various institutions like SIDBI , NABARD and MUDRA, by issuance of Certificate of Deposits and also by issuance of Interbank Participation Certificates (IBPC) which also help in liquidity management. The Treasury team has further strengthened the Bank's liquidity options by developing relationships with

ANNEXURE I – MANAGEMENT DISCUSSION AND ANALYSIS

major Private Sector (PSB) and PSU banks and created contingency funding lines.

During FY20, the Bank received the Scheduled status, which enabled the Treasury team to participate in LAF (REPO/Reverse REPO) operations, which are conducted by Reserve Bank of India. This helped the Bank in efficient liquidity management on day to day basis. The Bank also participated in Long term Repo operations conducted by the RBI and generated long term funds at prevailing repo rate. The Bank commenced trading desk with an objective to generate income by anticipating interest rate movements, within a conservative risk management framework. The Bank treasury also integrated various trading and lending platforms (NDS OM, TREPS, NDS CALL) with the treasury software (Quantum) and thus reducing the operations risk. Overall, Bank's Treasury operations are supported by IT.

Cautionary Statement

Statements made in this MD&A describing the Bank's objectives, projections, estimates, general market trends, expectations etc., constitute 'forward looking statements' within the ambit of applicable laws and regulations. These 'forward looking statements' involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the 'forward looking statements.

These risks and uncertainties include, but are not limited to our ability to successfully implement our strategies, future levels of non-performing advances, our growth and expansion, the adequacy of our allowance for credit losses, our provisioning policies, technological changes, investment income, cash flow projections, our exposure to market risks or other risks.

ANNEXURE II

FORM MGT 9

Extracts of Annual Return as on the financial year ended on 31st March, 2020

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I	REGISTRATION & OTHER DETAILS:	
i	Corporate Identification Number	U74900KA2014PLC075614
ii	Registration Date	1st August, 2014
iii	Name of the Company	Fincare Business Services Limited (Formerly known as Fincare Business Services Private Limited)
iv	Category/Sub-category of the Company	Company Limited by Shares
v	Address of the Registered office & contact details and e Mail ID	79/7, 3rd Floor, K. No.1202, Bellandur, Varthur Hobli, Bengaluru, Bangalore KA 560102 IN Phone: +91-80 42504444 Email Id: compsecfbsl@fincare.com
vi	Whether listed company	No
vii	Name , Address & contact details of the Registrar & Transfer Agent, if any.	KFin Technologies Private Limited Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 Phone: +91 40 6716 1604, Email Id: unlservices@karvy.com

II	PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY		
	All the business activities contributing 10% or more of the total turnover of the company shall be stated		
Sl. No.	**Name & Description of main products / services**	**NIC Code of the Product / service**	**% to total turnover of the company**
1	Activities Of Holding Company	6420	100%

III	PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES				
Sl. No.	**Name & Address of the Company**	**CIN/GLN**	**Holding / Subsidiary / Associate**	**% of shares held**	**Applicable Section**
1	Fincare Small Finance Bank Limited	U67120GJ1995PLC025373	Subsidiary	92.75	2 (87)

ANNEXURE II

IV	SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity): (i) Category-Wise Shareholding									
	Category of Shareholders	No. of Shares held at the beginning of the year 01-04-2019				No. of Shares held at the end of the year 31-03-2020				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A)	**Promoters**									
(1)	**Indian**									
(a)	Individuals / Hindu Undivided Family	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(b)	Cental Government	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(c)	State Governments(s)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(d)	Bodies Corporate	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00
(e)	Financial Institutions / Banks	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(f)	Any other (Society)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Sub-Total (A) (1)	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
(2)	**Foreign**									
(a)	Non-Resident Individuals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(b)	Other Individuals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(c)	Bodies Corporate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(d)	Banks / FI	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(e)	Any Other (specify)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Sub-Total (A) (2)	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
	Total Shareholding of Promoter (A) = (A)(1)+(A)(2)	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
(B)	**Public Shareholding**									
(1)	**Institutions**									
(a)	Mutual Funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

ANNEXURE II

(b)	Financial Institutions / Banks	1251788.00	0.00	1251788.00	3.81	12517880.00	0.00	12517880.00	3.81	0.00
(c)	Cental Government	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(d)	State Governments(s)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(e)	Venture Capital Funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(f)	Insurance Companies	2645820.00	0.00	2645820.00	8.06	26458200.00	0.00	26458200.00	8.06	0.00
(g)	Foreign Institutional Investors	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(h)	Foreign Portfolio Investor-Corp	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(i)	Any Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	AIF	6744733.00	0.00	6744733.00	20.54	67447330.00	0.00	67447330.00	20.54	0.00
	Society	905682.00	0.00	905682.00	2.76	8036520.00	0.00	8036520.00	2.45	-0.31
	Sub-Total (B) (1)	**11548023.00**	0.00	**11548023.00**	**35.17**	**114459930.00**	0.00	**114459930.00**	**34.86**	**-0.31**
(2)	**Non-Institutions**									
(a)	Bodies Corporate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	i) Indian	550213.00	0.00	550213.00	1.68	6968510.00	0.00	6968510.00	2.12	0.44
	ii) Overseas	16092000.00	0.00	16092000.00	49.00	160920000.00	0.00	160920000.00	49.00	0.00
(b)	Individuals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(i)	Individual Shareholders holding nominal Share Capital upto Rs.1 Lakh	27379.00	0.00	27379.00	0.08	335840.00	0.00	335840.00	0.11	0.03
(ii)	Individual Shareholders holding nominal Share Capital in excess of Rs.1 Lakh	3991742.00	35106.00	4026848.00	12.26	39760350.00	0.00	39760350.00	12.10	-0.16
(c)	Any Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(i)	Trust	597281.00	0.00	597281.00	1.81	5972810.00	0.00	5972810.00	1.81	0.00
	Sub-total (B) (2)	**21258615.00**	**35106.00**	**21293721.00**	**64.83**	**213957510.00**	**0.00**	**213957510.00**	**65.14**	**0.31**

ANNEXURE II

	Total Public Shareholding (B) = (B)(1)+(B)(2)	32806638.00	35106.00	32841744.00	100.00	328417440.00	0.00	328417440.00	100.00	0.00
	TOTAL (A)+(B)	**32806638.00**	**35106.00**	**32841744.00**	**100.00**	**328417440.00**	**0.00**	**328417440.00**	**100.00**	**0.00**
(C)	**Shares held by Custodians Custodian for GDRs & ADRs**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
	GRAND TOTAL* (A)+(B)+(C)	**32806638.00**	**35106.00**	**32841744.00**	**100.00**	**328417440.00**	**0.00**	**328417440.00**	**100.00**	**0.00**

*The Company has sub-divided the face value of equity shares from Rs. 10/- to Rs. 1/- at its Extra-Ordinary General Meeting held on 10th July, 2019. Hence the number of shares has been increased 10x and accordingly the total number of shares has been increased from 32841744 to 328417440.

ANNEXURE II

IV	SHARE HOLDING PATTERN (Preference Share Capital Breakup as percentage of Total Preference Shares):									
i) Category-wise Shareholding										
Category of Shareholders		No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A)	**Promoters**									
(1)	**Indian**									
(a)	Individuals / Hindu Undivided Family	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(b)	Cental Government	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(c)	State Governments(s)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(d)	Bodies Corporate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(e)	Financial Institutions / Banks	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(f)	Any other (Society)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Sub-Total (A) (1)	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
(2)	**Foreign**									
(a)	Non-Resident Individuals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(b)	Other Individuals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(c)	Bodies Corporate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(d)	Banks / FI	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(e)	Any Other (specify)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Sub-Total (A) (2)	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
	Total Shareholding of Promoter (A) = (A)(1)+(A)(2)	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
(B)	**Public Shareholding**									
(1)	**Institutions**									
(a)	Mutual Funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(b)	Financial Institutions / Banks	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(c)	Cental Government	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

ANNEXURE II

(d)	State Governments(s)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(e)	Venture Capital Funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(f)	Insurance Companies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(g)	Foreign Institutional Investors	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(h)	Foreign Portfolio Investor-Corp	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(i)	Any Other (Specify)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Sub-Total (B) (1)	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
(2)	**Non-Institutions**									
(a)	Bodies Corporate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	i) Indian	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	ii) Overseas	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(b)	Individuals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(i)	Individual Shareholders holding nominal Share Capital upto Rs.1 Lakh	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(ii)	Individual Shareholders holding nominal Share Capital in excess of Rs.1 Lakh	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(c)	Any Other (Specify)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(i)	Trust	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Sub-total (B) (2)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total Public Shareholding (B) = (B)(1)+(B)(2)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	TOTAL (A)+(B)	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
(C)	**Shares held by Custodians Custodian for GDRs & ADRs**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**		**0.00**	**0.00**	**0.00**
	GRAND TOTAL (A)+(B)+(C)	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**

ANNEXURE II

ii)	Share Holding of Promoters							
Sl. No.	Cental Government	Shareholding at the beginning of the year 01-04-2019			Shareholding at the end of the year 31-03-2020			
		No.of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No.of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	% change in shareholding during the year
N.A.								

iii)	Change in Promoter's Shareholding (please specify,if there is no change)					
CHANGE IN PROMOTER's SHAREHOLDING THROUGHOUT FY 2019-20				Shareholding at the beginning of the year 01.04.2019	Cumulative Shareholding during the year	
Sl. No.	Name of the Shareholder	Reason	No.of Shares	% of total Shares of the company	No.of Shares	% of total Shares of the company
N.A.						

iv) Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) :							
				Shareholding at the beginning of the year 01-04-2019		Cummulative Shareholding during the year	
Sl. No.	**For Each Top 10 Shareholders**	**Date**	**Name of the Shareholder**	**No.of Shares**	**% of total Shares of the company**	**No.of Shares**	**% of total Shares of the company**
1	**True North Fund V LLP**						
	At the beginning of the year	01-04-2019		6565906.00	19.99%		
	At the end of the year -	31-03-2020*		65659060.00	19.99%	65659060.00	19.99%
2	**Wagner Limited**						

ANNEXURE II

	At the beginning of the year	01-04-2019		5853504.00	17.82%		
	At the end of the year -	31-03-2020*		58535040.00	17.82%	58535040.00	17.82%
3	**INDIUM IV (Mauritius) Holdings Limited**						
	At the beginning of the year	01-04-2019		5408598.00	16.47%		
	At the end of the year -	31-03-2020*		54085980.00	16.47%	54085980.00	16.47%
4	**Omega TC Holdings Pte. Ltd**						
	At the beginning of the year	01-04-2019		2777233.00	8.46%		
	At the end of the year -	31-03-2020*		27772330.00	8.46%	27772330.00	8.46%
5	**Leapfrog Rural Inclusion (India) Limited**						
	At the beginning of the year	01-04-2019		1621809.00	4.94%		
	At the end of the year -	31-03-2020*		16218090.00	4.94%	16218090.00	4.94%
6	**Edelweiss Tokio Life Insurance Company Limited**						
	At the beginning of the year	01-04-2019		1266481.00	3.86%		
	At the end of the year -	31-03-2020*		12664810.00	3.86%	12664810.00	3.86%
7	**Small Industries Development Bank of India ("SIDBI")**						
	At the beginning of the year	01-04-2019		1251788.00	3.81%		
	At the end of the year -	31-03-2020*		12517880.00	3.81%	12517880.00	3.81%
8	**Kotak Mahindra Life Insurance Company Limited**						
	At the beginning of the year	01-04-2019		1200513.00	3.66%		
	At the end of the year -	31-03-2020*		12005130.00	3.66%	12005130.00	3.66%
9	**G. Dasarathareddy**						
	At the beginning of the year	01-04-2019		933327.00	2.84%		
	At the end of the year -	31-03-2020*		9333270.00	2.84%	9333270.00	2.84%
10	**Acts Mahila Mutually Aided Co Op Thrift Society**						
	At the beginning of the year	01-04-2019		905682.00	2.76%		
	Transfer of shares**	05-07-2019	Sandeep Bhalla	31325.00			
	Transfer of shares**	05-07-2019	Virender Sharma	2500.00			

ANNEXURE II

	Transfer of shares**	05-07-2019	Swetha Tatikonda	2000.00			
	Transfer of shares**	05-07-2019	Deepabh Jain	3000.00			
	Transfer of shares**	05-07-2019	Ravish Chandra	1205.00			
	Transfer of shares**	12-07-2019	Prakash Sundaram	61000.00			
	Transfer of shares**	22-07-2019	Prakash Sundaram	1000.00			
	At the end of the year -	**31-03-2020***		**8036520.00**	**2.45%**	**8036520.00**	**2.45%**
*The Company has sub-divided the face value of equity shares from Rs. 10/- to Rs. 1/- at its Extra-Ordinary General Meeting held on 10th July, 2019. Hence the number of shares has been increased 10x accordingly.							
**The record date for the purpose of credit of shares post sub-division of face value of Equity shares was fixed as 30th July, 2019. Hence the transfer of shares mentioned above is before credit of additional shares post sub-division of of face value of Equity shares.							

Details in respect of shares held by or on behalf of FIIs				
Sl.No.	Name of FII	Address	Regn. No. with SEBI / RBI	% of share holding
1	Name of FII	NA	NA	NA

ANNEXURE II

v)	Shareholding of Directors & Key Managerial Personnel					
Sl. No.		Shareholding at the beginning of the year			Cumulative Shareholding during the year	
	For the Directors & KMP	No.of shares	% of total shares of the company	Reason for Increase/ Decrease	No of shares	% of total shares of the company
1	**Mr. Keyur Gopalbhai Doshi***					
	At the beginning of the year as on 01-04-2019	381154.00	1.16%			
	At the end of the year - 31-03-2020#	3811540.00	1.16%	--	3811540.00	1.16%
2	**Mr. G. Dasarathareddy**					
	At the beginning of the year as on 01-04-2019	933327.00	2.84%			
	At the end of the year - 31-03-2020#	9333270.00	2.84%	--	9333270.00	2.84%
3	**Mrs. Aarti Vimalchand Punmiya****					
	At the beginning of the year as on 01-04-2019	0.00	0.00%	--	0.00	0.00%
	At the end of the year - 31-03-2020	0.00	0.00%	--	0.00	0.00%
4	**Mr. Satyanarayana Peravali**					
	At the beginning of the year as on 01-04-2019	0.00	0.00%	--	0.00	0.00%
	At the end of the year - 31-03-2020	0.00	0.00%	--	0.00	0.00%
5	**Mr. Divya Sehgal**					
	At the beginning of the year as on 01-04-2019	0.00	0.00%	--	0.00	0.00%
	At the end of the year - 31-03-2020	0.00	0.00%	--	0.00	0.00%
6	**Mr. Dhiraj Poddar**					
	At the beginning of the year as on 01-04-2019	0.00	0.00%	--	0.00	0.00%
	At the end of the year - 31-03-2020	0.00	0.00%	--	0.00	0.00%
7	**Mr. Bhavya Gulati**					
	At the beginning of the year as on 01-04-2019	0.00	0.00%	--	0.00	0.00%
	At the end of the year - 31-03-2020	0.00	0.00%	--	0.00	0.00%
8	**Mr. Maninder Singh Juneja*****					

ANNEXURE II

	At the beginning of the year as on 01-04-2019	0.00	0.00%	--	0.00	0.00%
	At the end of the year - 31-03-2020	0.00	0.00%	--	0.00	0.00%
9	**Ms. Nandini Parekh******					
	At the beginning of the year as on 01-04-2019	0.00	0.00%	--	0.00	0.00%
	At the end of the year - 31-03-2020	0.00	0.00%	--	0.00	0.00%
10	**Ms. Snegdha Gupta [Chief Financial Officer]*******					
	At the beginning of the year as on 01-04-2019	0.00	0.00%	--	0.00	0.00%
	At the end of the year - 31-03-2020	0.00	0.00%	--	0.00	0.00%
11	**Mr. K. Uma Sankar Rao [Chief Financial Officer]********					
	At the beginning of the year as on 01-04-2019	0.00	0.00%	--	0.00	0.00%
	At the end of the year - 31-03-2020	0.00	0.00%	--	0.00	0.00%
11	**Ms. Deepa Gusain*********					
	At the beginning of the year as on 01-04-2019	0.00	0.00%	--	0.00	0.00%
	At the end of the year - 31-03-2020	0.00	0.00%	--	0.00	0.00%

**Mr. Keyur Gopalbhai Doshi has reisgned from the Directorship of the Company w.e.f. 14th November, 2019.*
***Ms. Aarti Punmiya has reisgned from the Directorship of the Company w.e.f. 26th September, 2019.*
****Mr. Maninder Singh Juneja was appointed as Nominee Director through nomination by True North Fund V LLP w.e.f. 26th Septemeber, 2019.*
*****Ms. Nandini Parekh was appointed as an Independent Director w.e.f. 26th Septemeber, 2019 to hold office till the conclusion of 5th AGM. She was further appointed for a period of 5 years from the conclusion of 5th Annual General Meeting held on 30th September, 2019*
******Ms. Snegdha Gupta has reisgned from the post of CFO w.e.f. 25th June, 2019.*
*******Mr. K. Uma Sankar Rao was appointed as Chief Financial Officer w.e.f. 13th November, 2019*
********Ms. Deepa Gusain was appointed as Company Secretray w.e.f. 1st April, 2019*
#The Company has sub-divided the face value of equity shares from Rs. 10/- to Rs. 1/- at its Extra-Ordinary General Meeting held on 10th July, 2019. Hence the no. of shares has been increased 10x accordingly.

ANNEXURE II

V	Indebtedness			
Indebtedness of the Company including interest outstanding/accrued but not due for payment				
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtness at the beginning of the financial year				
i) Principal Amount	0.00	0.00	0.00	0.00
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	0.00	0.00	0.00	0.00
Total (i+ii+iii)	**0.00**	**0.00**	**0.00**	**0.00**
Change in Indebtedness during the financial year				
Additions	766636495.74	0.00	0.00	766636495.74
Reduction	0.00	0.00	0.00	0.00
Net Change	766636495.74	0.00	0.00	766636495.74
Indebtedness at the end of the financial year				
i) Principal Amount	750000000.00	0.00	0.00	750000000.00
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	16636495.74	0.00	0.00	16636495.74
Total (i+ii+iii)	**766636495.74**	**0.00**	**0.00**	**766636495.74**

VI	REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL		
A.	**Remuneration to Managing Director, Whole time director and/or Manager:**		
Sl. No.	**Particulars of Remuneration**	**Mr. G. Dasarathareddy (Managing Director) (01-04-2019 to 31-03-2020)**	**Total Amount**
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	2226396.00	2226396.00
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	21600.00	21600.00
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	0.00	0.00
2	Stock option	0.00	0.00
3	Sweat Equity	0.00	0.00
4	Commission as % of profit -others,(specify)	0.00	0.00
5	Others, please specify	0.00	0.00
	Total (A)	**2247996.00**	**2247996.00**
	Ceiling as per the Act		

ANNEXURE II

B.	Remuneration to other directors:				
Sl. No.	Particulars of Remuneration	Name of the Directors (in INR)			Total Amount
1	Independent Directors	Satyanarayana Peravali	Aarti Punmiya	Nandini Parekh	
	(a) Fee for attending board committee meetings	167000.00	40000.00	90000.00	297000.00
	(b) Commission	0.00	0.00	0.00	0.00
	(c) Others, please specify	0.00	0.00	0.00	0.00
	Total (1)	**167000.00**	**40000.00**	**90000.00**	**297000.00**
2	Other Non Executive Directors				
	(a) Fee for attending board committee meetings	0.00	0.00	0.00	0.00
	(b) Commission	0.00	0.00	0.00	0.00
	(c) Others, please specify.	0.00	0.00	0.00	0.00
	Total (2)	0.00	0.00	0.00	0.00
	Total (B)=(1+2)	**167000.00**	**40000.00**	**90000.00**	**297000.00**
	Total Managerial Remuneration	0.00	0.00	0.00	0.00
	Overall Cieling as per the Act.	0.00	0.00	0.00	0.00

C.	REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD / MANAGER / WTD				
Sl. No.	Particulars of Remuneration	Key Managerial Personnel (in INR)			Total Amount
1	Gross Salary	Ms. Deepa Gusain (Company Secretary) (01-04-2019 to 31-03-2020)	Mr. Uma Sankar Rao (Chief Financial Officer) (13-11-2019 to 31-03-2020)	Ms. Sneghda Gupta (Chief Financial Officer) (01-04-2019 to 25-06-2019)	
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	700714.00	1021744.00	790120.00	2512578.00
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	0.00	0.00	0.00	0.00
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	0.00	0.00	0.00	0.00
2	Stock Option	0.00	0.00	0.00	0.00
3	Sweat Equity	0.00	0.00	0.00	0.00

ANNEXURE II

4	Commission as % of profit others, specify	0.00	0.00	0.00	0.00
5	Others, please specify	0.00	0.00	0.00	0.00
	Total	700714.00	1021744.00	790120.00	2512578.00

VII	**PENALTIES / PUNISHMENT / COMPPOUNDING OF OFFENCES**				
Type	**Section of the Companies Act**	**Brief Description**	**Details of Penalty / Punishment / Compounding fees imposed**	**Authority (RD / NCLT / Court)**	**Appeall made if any (give details)**
A. COMPANY-					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

For and on behalf of the Board of Directors

Sd/-
G. Dasarathareddy
Managing Director
DIN: 01760054

Sd/-
Dhiraj Poddar
Director
DIN: 01946905

Date: 3rd September, 2020
Place: Bangalore

ANNEXURE III

Form AOC 2

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

[Pursuant to clause (h) of sub-section (3) of section of the Act and rule 8(2) of the Companies (Accounts) Rules 2014.]

1. Details of contracts or arrangements or transactions not at arm's length basis

Name(s) of the related party and nature of relationship.	**-**
Nature of contracts/arrangements/ transactions.	-
Duration of the contracts/ arrangements/ transactions.	-
Salient terms of the contracts or arrangements or transactions including the value, if any.	-
Justification for entering into such contracts or arrangements or transactions.	-
Date(s) of approval by the Board.	-
Amount paid as advances, if any.	-
Date on which the special resolution was passed in general meeting as required under first proviso to section 188.	-

2. Details of material contracts or arrangement or transactions at arm's length basis

Name(s) of the related party and nature of relationship.	**Fincare Small Finance Bank Limited; subsidiary Company**
Nature of contracts / arrangements / transactions.	Professional services
Duration of the contracts / arrangements / transactions.	5th January, 2018 to 15th April, 2019
Salient terms of the contracts or arrangements or transactions including the value, if any.	Terms and conditions as per the Consultancy Agreement executed between Leapfrog Labs Limited, Fincare Small Finance Bank Limited and Lok Management Services Limited and the value is Rs. 85,00,000 (Rupees Eighty Five Lakhs)
Date(s) of approval by the Board.	NA
Amount paid as advances, if any.	Nil

Note: *The aforesaid transaction was entered between Leapfrog Labs Limited, Fincare Small Finance Bank Limited and Lok Management Services Limited. However, vide Regional Director order dated 5th March, 2020, Lok Management Services Private Limited was amalgamated with Fincare Business Services Limited.*

For and on behalf of the Board of Directors

Sd/-
G. Dasarathareddy
Managing Director
DIN: 01760054

Sd/-
Dhiraj Poddar
Director
DIN: 01946905

Date: 3rd September, 2020
Place: Bangalore

ANNEXURE IV

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, 2019 to 31st March, 2020.
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	Rs. 63,61,04,810
5.	Reserves & surplus	Rs. 8,40,16,01,861
6.	Total assets	Rs. 71,16,27,01,136
7.	Total Liabilities	Rs. 71,16,27,01,136
8.	Investments	Rs. 10,06,96,00,583
9.	Turnover	Rs. 12,15,71,57,630
10.	Profit during the year	Rs. 1,43,44,53,335
11.	Provision for taxation	Rs. 59,27,40,286
12.	Proposed Dividend	Nil
13.	% of shareholding	92.75%

Notes: The following information:

1. Lok Management Services Private Limited, a wholly owned subsidiary, was amalgamated with the Company pursuant to the order of Regional Director (RD), dated 5th March, 2020.

ANNEXURE IV

2. Names of subsidiaries which are yet to commence operations - Nil

3. Names of subsidiaries which have been liquidated or sold during the year - Nil

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

For and on behalf of the Board of Directors

Sd/-
G. Dasarathareddy
Managing Director
DIN: 01760054

Sd/-
Dhiraj Poddar
Nominee Director
DIN: 01946905

Date: 3rd September, 2020
Place: Bangalore

ANNEXURE V

REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR FY 2019-20

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.

Composition of CSR Committee as on 31st March, 2020:

1	Mr. G. Dasarathareddy
2	Ms. Nandini Parikh
3.	Mr. Dhiraj Poddar
4.	Mr. Maninder Singh Juneja
5.	Mr. Bhavya Gulati

Average net profit of the Company for last three (3) financial years:

Rs. 61,07,056 (Rupees Sixty One Lakhs Seven Thousand And Fifty Six) (Fincare Business Services Limited)

Rs. 13, 67,92,145 (Rupees Thirteen Crore Sixty Seven Lakhs Ninety Two Thousand One Hundred And Forty Five) (Lok Management Services Private Limited)

Prescribed CSR Expenditure (two percent (2%) of the amount as in item 1 (above):

Rs. 1,22,141 (Rupees One Lakh Twenty Two Thousand One Hundred And Forty One) (Fincare Business Services Limited)

Rs. 27,35,843 (Rupees Twenty Seven Lakhs Thirty Five Thousand Eight Hundred And Forty Three) (Lok Management Services Private Limited)

Details of CSR spend for the FY 2019-20

a. Total amount spent for the financial year: **Rs. 17,39,398 (Rupees Seventeen Lakhs Thirty Nine Thousand Three Hundred And Ninety Eight) by Lok Management Services Private Limited**

b. Amount unspent, if any: **Rs. 1,22,141 (Rupees One Lakh Twenty Two Thousand One Hundred And Forty One) (Fincare Business Services Limited)**

   Rs. 9,96,445 (Rupees Nine Lakhs Ninety Six Thousand Four Hundred And Forty Five) (Lok Management Services Private Limited)

ANNEXURE V

c. Manner in which the amount spent during the financial year is detailed below:

Sl. No	CSR Activity	Sector in which the project is covered	Project or programs 1. Local Area 2. Specify the state and district where CSR project was under taken.	Amount outlay (budget) project or program wise.	Amount spent	Cumulative expenditure up to the reporting period.	Amount spent : Direct or through implementing agency.
1	1. General Medical Camp 2. Eye Camp 3. Sugar and BP Testing 4. Glukomo Testing 5. Medical Camp	(Clause i of Schedule VII): Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.	Karnataka and Madhya Pradesh	85,000	80,205	80,205	1. General Medical Camp- Implementing Agency of NGO Trees 2. Eye Camp, Sugar Testing, Glukomo Testing and Medical Camp - Direct
2	1. Fincare Study Centres 2. Legal Awareness Camp 3. Health Awareness (Corona) 4. Financial Literacy Program 5. Child Education Support Program	(Clause ii of Schedule VII): promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.	Gujarat, Karnataka, Madhya Pradesh, Maharashtra, Rajasthan	13,88,000	13,69,421	14,49,626	1. Fincare Study Centres- Implementing through Agency NGO Trees 2. Legal Awareness Camp- Direct 3. Health Awareness (Corona)- Direct 4. Financial Literacy Program- Direct 5. child education support program- Direct

ANNEXURE V

3	1. Food Distribution 2. Shawl Distribution	(Clause i of Schedule VII): Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.	Gujarat, Madhya Pradesh, Maharashtra, Rajasthan	3,07,000	2,89,772	17,39,398	Direct
4	Other Activities			9,55,843	-	-	-
	Total			**27,35,843**	**17,39,398**		

Note: Please note that the aforesaid details of the CSR activities are done by Lok Management Services Private Limited. The Board of Lok Management Services Private Limited had approved the CSR budget of Rs. 27,35,843 (Rupees Twenty Seven Lakhs Thirty Five Thousand Eight Hundred and Forty Three) for FY 2019-20. Out of the allocated budget, Lok Management Services Private Limited has spent Rs. 17,39,398 (Rupees Seventeen Lakhs Thirty Nine Thousand Three Hundred And Ninety Eight) during the FY 2019-20.

ANNEXURE V

5. The CSR Committee has implemented and monitored the CSR Expenditure as per the CSR objectives and Policy of the Company. **Yes**

6. In case company has failed to spend the two per cent of the average net profit of the last three Financial Years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report- **The Board has approved the CSR Budget of Rs. 1,22,141 (Rupees One Lakh Twenty Two Thousand One Hundred And Forty One) on the recommendation of the CSR Committee to carry out the CSR activities for FY 2019-20 in the areas specified in Schedule VII of the Companies Act, 2013. The Company has not spent on the CSR activities during the period under review. However, the Company has carried forward the same and has spent Rs. 1,60,500 (Rupees One Lakh Sixty Thousand And Five Hundred) till the date of this report.**

   Also, the Board of Lok Management Services Private Limited had approved the CSR budget of Rs. 27,35,843 (Rupees Twenty Seven Lakhs Thirty Five Thousand Eight Hundred and Forty Three) for FY 2019-20 while Lok Management Services Private Limited was operational. However, Lok Management Services Private Limited was undergoing the process of merger and hence it was working with limited staff and resources for a few months before the merger was effected. Due to lack of resources, Lok Management Services Private Limited could spend Rs. 17,39,398 (Rupees Seventeen Lakhs Thirty Nine Thousand Three Hundred And Ninety Eight) during the FY 2019-20 and an amount of Rs. 9,96,445 (Rupees Nine Lakhs Ninety Six Thousand Four Hundred And Forty Five) remained unspent. The same has been carried forward to this year and will be added to this year's budget of the Company towards CSR.

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company: **We hereby declare that implementation and monitoring of the CSR policy are in compliance with Companies Act, 2013 and CSR objectives and policy of the Company.**

For and on behalf of the Board of Directors

Sd/-
G. Dasarathareddy
Managing Director & Chairman of CSR Committee
DIN: 01760054

Sd/-
Dhiraj Poddar
Director
DIN: 01946905

Date: 3rd September, 2020
Place: Bangalore

ANNEXURE VI – REPORT ON CORPORATE GOVERNANCE

Dear Shareholders,

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.

COMPOSITION OF THE BOARD DURING THE FY 2019-20:

Sl. No.	Name	Nature of Directorship	Attendance	
			Board meeting attended	Last AGM
1.	Mr. Keyur Gopalbhai Doshi*	Non-Executive Director	8	Yes
2.	Mr. G. Dasarathareddy	Managing Director	13	Yes
3.	Ms. Aarti Vimalchand Punmiya**	Independent Director	0	No
4.	Mr. Satyanarayana Peravali	Independent Director	9	Yes
5.	Mr. Bhavya Gulati	Nominee Director	13	No
6.	Mr. Dhiraj Poddar	Nominee Director	13	No
7.	Mr. Divya Sehgal	Nominee Director	12	No
8.	Mr. Maninder Singh Juneja***	Nominee Director	4	No
9.	Ms. Nandini Parekh****	Independent Director	6	No

ANNEXURE VI – REPORT ON CORPORATE GOVERNANCE

**Mr. Keyur Gopalbhai Doshi resigned from the Directorship of the Company w.e.f. 14th November, 2019.*

*** Ms. Aarti Vimalchand Punmiya resigned from the Directorship of the Company w.e.f. 26th September, 2019.*

**** Mr. Maninder Singh Juneja was appointed as Nominee Director through nomination by True North Fund V LLP w.e.f. 26th September, 2019.*

*****Ms. Nandini Parekh was appointed as an additional Independent Director w.e.f. 26th September, 2019 to hold office up to the date of 5th Annual General Meeting. The appointment of Ms. Nandini Parekh for a period of 5 years from the conclusion of 5th Annual General Meeting was approved by the Shareholders of the Company at its 5th Annual General Meeting held on 30th September, 2019.*

BOARD MEETINGS:

The Board of Directors of the Company met 15 (Fifteen) times in the FY 2019-20. 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 :-

Sl No.	Date Of Board Meeting	Quarter
1.	16-04-2019	I
2.	13-05-2019	
3.	28-05-2019	
4.	18-06-2019	
5.	28-06-2019	
6.	21-08-2019	II
7.	05-09-2019	
8.	16-09-2019	
9.	26-09-2019	
10.	13-11-2019	III
11.	27-11-2019	
12.	18-12-2019	
13.	17-01-2020	IV
14.	18-03-2020	
15.	31-03-2020	

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:

ANNEXURE VI – REPORT ON CORPORATE GOVERNANCE

- Audit Committee;
- Nomination and Remuneration Committee;
- Corporate Social Responsibility Committee and
- Risk 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 functioning of the Audit Committee is governed by the terms of reference of the Audit Committee as defined in the Companies Act, 2013 and Audit Committee Policy adopted by the Company.

The composition of the Audit Committee as on 31st March, 2020 is as follows:

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

During the year under review the Audit Committee of the Board met 2 (two) times viz. 28th June, 2019 and 26th September, 2019.

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	0
Ms. Aarti Punmiya##	Independent Director	0

#Ms. Nandini Parekh was appointed as an additional Independent Director w.e.f. 26th September, 2019 to hold office up to the date of 5th Annual General Meeting.
Ms. Aarti Vimalchand Punmiya resigned from the Directorship of the Company w.e.f. 26th September, 2019.

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,

ANNEXURE VI – REPORT ON CORPORATE GOVERNANCE

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 at 31st March, 2020:

1. Mr. Divya Sehgal – Nominee Director
2. Mr. Dhiraj Poddar – Nominee Director
3. Mr. Satyanarayana Peravali – Independent Director
4. Ms. Nandini Parekh- Independent Director

The Nomination and Remuneration Committee of the Board met 6 (Six) times during the year under review:

Nomination and Remuneration Committee Meeting Attendance:

Name	Nature of Directorship	No. of meetings attended
Mr. Divya Sehgal	Nominee Director	6
Mr. Dhiraj Poddar	Nominee Director	2
Mr. Satyanarayana Peravali	Independent Director	4
Ms. Nandini Parekh#	Independent Director	2
Ms. Aarti Vimalchand Punmiya##	Independent Director	3

 # Ms. Nandini Parekh was appointed as an additional Independent Director w.e.f. 26th September, 2019 to hold office up to the date of 5th Annual General Meeting.
Ms. Aarti Vimalchand Punmiya resigned from the Directorship of the Company w.e.f. 26th September, 2019.

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; at the Meeting of the Board held on 26th September, 2019. 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 consisted of the following members as at 31st March, 2020:

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. Dhiraj Poddar - Nominee Director

ANNEXURE VI – REPORT ON CORPORATE GOVERNANCE

During the year under review the Corporate Social Responsibility Committee of the Board met once viz. 13th November, 2019.

Corporate Social Responsibility Committee Meeting Attendance:

Name	Nature of Directorship	No. of meetings attended
Mr. Bhavya Gulati	Nominee Director	0
Mr. Dhiraj Poddar	Nominee Director	1
Mr. Maninder Singh Juneja	Nominee Director	0
Mr. G. Dasarathareddy	Managing Director	1
Ms. Nandini Parekh	Independent Director	1

A detailed Report on Corporate Social Responsibility (CSR) Activities for FY 2019-20 is enclosed as Annexure V.

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 said committee was re-constituted at the Board Meeting held on 13th November, 2019 on account of resignation of Mr. Keyur Gopalbhai Doshi from the Directorship of the Company.

The Risk Management Committee consisted of the following members as at 31st March, 2020:

1. Mr. Satyanarayana Peravali - Independent Director
2. Mr. Maninder Singh Juneja- Nominee Director
3. Mr. Bhavya Gulati- Nominee Director
4. Mr. Dhiraj Poddar- Nominee Director
5. Mr. Divya Sehgal- Nominee Director

During the year under review the Risk Management Committee of the Board met one time viz. 18th February, 2020.

Risk Management Committee Meeting Attendance:

Name	Nature of Directorship	No. of meetings attended
Mr. Bhavya Gulati	Nominee Director	1
Mr. Dhiraj Poddar	Nominee Director	1
Mr. Divya Sehgal	Nominee Director	1
Mr. Maninder Singh Juneja	Nominee Director	0
Mr. Satyanarayana Peravali	Independent Director	1

ANNEXURE VI – REPORT ON CORPORATE GOVERNANCE

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 2019-20 was held on 30th September, 2019 at the Registered Office of the Company.

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

Form No.	Type of Form	Relevant section	Date of filing/ submission
MGT-7	Annual Return	92(1)	24th December, 2019
AOC-4	Standalone Balance Sheet and Profit and loss A/c	137	7th November, 2019
AOC-4 CFS	Consolidated Balance Sheet and Profit and loss A/c	137	13th November, 2019

b) Extra-Ordinary General Meetings

During FY 2019-20, 4 (Four) Extra-Ordinary General Meetings were held on 8th May, 2019, 30th May, 2019, 10th July, 2019, and 15th October, 2019.

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 https://www.fincare.com/Nomination-Remuneration-Policy.pdf. 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 Form - MGT-9 annexed as Annexure-II which forms the part of Board's report. 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 Form- MGT-9 which is annexed as Annexure-II.

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.

ANNEXURE VI – REPORT ON CORPORATE GOVERNANCE

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 or limited review report in respect of the financial results of any previous financial year or quarter 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

DEBENTURE TRUSTEE

CATALYST TRUSTEESHIP LIMITED

(Erstwhile GDA Trusteeship Limited)

Windsor, 6th Floor,

Offce No. 604, C.S.T. Road,

Kalina, Santacruz (East),

Mumbai - 400098 Phone: 022-49220525

www.catalysttrustee.com

For and on behalf of the Board of Directors

Sd/-
G. Dasarathareddy
Managing Director
DIN: 01760054

Sd/-
Dhiraj Poddar
Director
DIN: 01946905

Date: 3rd September, 2020
Place: Bangalore

Financial Statements

INDEPENDENT AUDITOR'S REPORT

To the Members of Fincare Business Services Limited

Report on the Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of Fincare Business Services Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs of the Company as at 31 March 2020, 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

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the 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.

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

4. The Company's Board of Directors is responsible for the Director's Report ("Other information"). The other information does not include the standalone financial statements and our auditor's report thereon.

   Our opinion on the standalone 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 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 financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

   The other information is not made available to us at the date of this auditor's report. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

     Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;

   - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

   - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

   - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

10. 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.

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

Report on Other Legal and Regulatory Requirements

12. As required by section 197(16) of the Act, based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.

13. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.

14. Further to our comments in Annexure I, as required by section 143(3) of the Act, based on our audit, 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 purpose of our audit of the accompanying standalone financial statements;

    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 financial statements dealt with by this report are in agreement with the books of account;

    d) in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;

e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of section 164(2) of the Act;

f) we have also audited the internal financial controls with reference to financial statements of the Company as on 31 March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 29 June 2020 as per Annexure II expressed unmodified opinion; and

g) 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, as detailed in note 30 to the standalone financial statements, has disclosed the impact of pending litigation on its financial position as at 31 March 2020;

   ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2020;

   iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 March 2020; and

   iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013
Sd/-
Manish Gujral
Partner
Membership No.: 105117
UDIN No.: 20105117AAAACZ1422

Place: Mumbai
Date: 29th June, 2020

Annexure I

Annexure I to the Independent Auditor's Report of even date to the members of Fincare Business Services Limited, on the standalone financial statements for the year ended 31 March 2020

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.

(b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.

(c) The title deeds of all the immovable properties (which are included under the head 'Property, plant and equipment') are held in the name of the Company.

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

(iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.

(iv) In our opinion, the Company has complied with the provisions of Sections 186 of the Act in respect of investments. Further, in our opinion, the Company has not entered into any transaction covered under Section 185 and Section 186 of the Act in respect of loans, guarantees and security.

(v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) The Central Government has not specified maintenance of costs records under sub-section (1) of Section 148 of the Act, in respect of Company's services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.

(vii) (a) The Company is regular in depositing undisputed statutory dues including provident fund, employee's state insurance, income-tax, sales-tax, goods and services tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period more than six months from the date they become payable.

(b) The dues outstanding in respect of income-tax on account of any dispute, are as follows:

Statement of Disputed Dues

Name the statute	Nature of of dues	Amount (₹)	Amount paid paid under Protest (₹)	Period to which the amount relates	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

Annexure I (Contd)

(viii) The Company has not defaulted in repayment of any dues to debenture-holders during the year. The Company has no loans or borrowings payable to a financial institution or a bank or government during the year.

(ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments) and did not have any term loans outstanding during the year. Accordingly, the provisions of clause 3(ix) of the Order are not applicable.

(x) No material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.

(xi) Managerial remuneration has been paid by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.

(xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

(xiii) In our opinion all transactions with the related parties are in compliance with Section 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.

(xv) In our opinion, the Company has not entered into any non-cash transactions with the Directors or persons connected with them covered under Section 192 of the Act.

(xvi) The Company is required to be registered under Section 45I-A of the Reserve Bank of India Act, 1934 and such registration has been obtained by the Company.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013
Sd/-
Manish Gujral
Partner
Membership No.: 105117
UDIN No.: 20105117AAAACZ1422

Place: Mumbai
Date: 29th June, 2020

Annexure II

Annexure II to the Independent Auditor's Report of even date to the members of Fincare Business Services Limited on the standalone financial statements for the year ended 31 March 2020

Independent Auditor's Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the standalone financial statements of Fincare Business Services Limited ('the Company') as at and for the year ended 31 March 2020, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Company as at that date.

Management's Responsibility for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 the Company's 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 Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. 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 IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. 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 IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, 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 IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

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

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013
Sd/-
Manish Gujral
Partner
Membership No.: 105117
UDIN No.: 20105117AAAACZ1422

Place: Mumbai
Date: 29th June, 2020

Standalone Balance Sheet as at 31 March 2020

(All amounts in ₹, unless stated otherwise)

Particulars	Notes	As at 31 March 2020	As at 31 March 2019
ASSETS			
Financial assets			
Cash and cash equivalents	4	1,06,52,871	12,34,76,354
Bank balances other than cash and cash equivalents	5	2,78,39,945	13,31,33,779
Loans	6	4,00,00,000	1,98,80,476
Trade receivables	7	11,24,064	2,85,12,755
Investments	8	7,74,02,39,219	6,79,27,32,663
Other financial assets	9	43,23,099	60,95,394
		7,82,41,79,198	**7,10,38,31,421**
Non Financial assets			
Current tax assets (net)	10	3,15,24,893	2,82,78,809
Deferred tax assets (net)	11	49,01,888	89,10,893
Property, plant and equipment	12	50,44,027	64,10,735
Other intangible assets	13	-	10,402
Other non financial assets	14	6,75,47,389	6,64,80,239
		10,90,18,197	**11,00,91,078**
Total assets		**7,93,31,97,395**	**7,21,39,22,499**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial Liabilities			
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	15	76,66,36,496	-
Other financial liabilities	16	1,53,97,840	4,94,82,955
		78,20,34,336	**4,94,82,955**
Non Financial Liabilities			
Current tax liabilities (net)	17	13,54,131	13,54,131
Provisions	18	7,06,000	7,76,347
Other non financial liabilities	19	12,95,421	34,97,739
		33,55,552	**56,28,217**
EQUITY			
Equity share capital	20	32,84,17,440	32,84,17,440
Other equity	21	6,81,93,90,067	6,83,03,93,887
		7,14,78,07,507	**7,15,88,11,327**
Total liabilities and equity		**7,93,31,97,395**	**7,21,39,22,499**
Summary of significant accounting policies	2-3		

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 Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013
Sd/-
Manish Gujral
Partner
Membership No.: 105117

Mumbai
29th June, 2020

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

Sd/-
G. Dasarathareddy
Managing Director
DIN: 01760054
Bengaluru
29th June, 2020

Sd/-
Dhiraj Poddar
Director
DIN: 01946905
Mumbai
29th June, 2020

Sd/-
K. Uma Sankar Rao
Chief Financial Officer

Bengaluru
29th June, 2020

Sd/-
Deepa Gussain
Company Secretary
M. No.: ACS32849
Bengaluru
29th June, 2020

Standalone Statement of Profit and Loss for the year ended 31 March 2020

(All amounts in ₹, unless stated otherwise)

Particulars	Notes	For the year ended 31 March 2020	For the year ended 31 March 2019
Revenue from operations (I)			
Interest income	22	3,82,84,608	9,23,81,058
Fee and commission income	23	2,28,13,172	19,07,63,007
Net gain/(loss) on fair value changes	24	5,92,149	(1,32,163)
Total Revenue from operations		**6,16,89,929**	**28,30,11,902**
Other income (II)	25	1,33,14,736	5,34,74,759
Total income (I+II)		**7,50,04,665**	**33,64,86,661**
Expenses:			
Finance costs	26	5,69,43,417	1,878
Employee benefits expenses	27	1,77,66,493	3,94,92,066
Depreciation, amortization and impairment	28	15,41,060	25,23,360
Other expenses	29	5,35,55,496	5,76,72,881
Total expenses		**12,98,06,466**	**9,96,90,185**
(Loss) / profit before tax for the year		**(5,48,01,799)**	**23,67,96,476**
Tax expense	32		
Current tax		-	5,69,53,507
Deferred tax expense		40,09,512	85,51,757
Prior period tax		19,89,657	10,93,850
Total tax expense		**59,99,169**	**6,65,99,114**
(Loss) / profit for the year		**(6,08,00,968)**	**17,01,97,362**
Other comprehensive income			
Item that will not to be reclassified to profit or loss			
Re-measurement gains on defined benefit plans		-	8,79,052
Income tax relating to remeasurement gains on defined benefit plans		-	(2,55,980)
Other comprehensive income for the year		**-**	**6,23,072**
Total comprehensive (Loss) / income for the year		**(6,08,00,968)**	**17,08,20,434**
Earnings per share (basic and diluted)	31		
Basic (₹1 per share)		(0.19)	0.53
Diluted (₹1 per share)		(0.18)	0.53
Summary of significant accounting policies	2-3		

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 Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013
Sd/-
Manish Gujral
Partner
Membership No.: 105117

Mumbai
29th June, 2020

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

Sd/-
G. Dasarathareddy
Managing Director
DIN: 01760054
Bengaluru
29th June, 2020

Sd/-
Dhiraj Poddar
Director
DIN: 01946905
Mumbai
29th June, 2020

Sd/-
K. Uma Sankar Rao
Chief Financial Officer

Bengaluru
29th June, 2020

Sd/-
Deepa Gussain
Company Secretary
M.No.: ACS32849
Bengaluru
29th June, 2020

Standalone Cash Flow Statement for the year ended 31 March 2020

(All amounts in ₹, unless stated otherwise)

Particulars	For the year ended 31 March 2020	31 March 2019
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net (Loss) / profit before tax	**(5,48,01,799)**	**23,67,96,476**
Adjustments for:		
Profit on sale of investments in mutual funds	(88,18,899)	(2,02,39,062)
Depreciation and amortization	15,41,060	25,23,360
Fair valuation (gain)/loss on mutual fund investments	(5,92,149)	1,32,163
Loss on sale of non-convertible debentures	40,05,043	-
Provision for employee benefits	(10,17,077)	(9,29,006)
Amortisation of processing fee expense	2,78,86,496	-
Amortisation of processing fee income	(12,66,588)	(2,51,015)
Interest accrued on debentures	3,74,082	(7,99,903)
Share issue expenses	-	9,48,482
Liability no longer required written back	-	(54,87,000)
Excess provision on FLDG written back	-	(97,26,090)
Balances written off	-	24,17,000
Loss on write off of fixed assets	-	1,86,000
Operating profit before Changes in Operating Assets and Liabilities	**(3,26,89,831)**	**20,55,71,405**
Changes in working capital:		
Adjustments for (increase)/decreaseinoperatingassets and liabilities:		
Decrease in trade receivables	2,73,88,691	7,45,42,000
Decrease in loans	-	1,71,46,000
Decrease/(increase) in other financial assets	17,72,295	(9,68,020)
(Increase) in other non financial assets	(10,67,150)	(2,52,40,718)
Increase in provisions	9,46,222	94,55,000
(Decrease) in other financial liabilities	(3,40,85,115)	(2,36,12,588)
Increase/(decrease) in other non-financial liabilities	(22,02,318)	(99,03,309)
Movement in Operating Assets and Liabilities	**(72,47,375)**	**4,14,18,365**
Cash flow from Operations	**(3,99,37,206)**	**24,69,89,770**
Less:		
Income tax paid/(refund) (net)	(52,35,741)	(5,05,47,369)
Net Cash Flow from / (used in) Operating Activities (A)	**(4,51,72,946)**	**19,64,42,401**
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in Equity shares - Fincare Small Finance Bank Limited	(89,45,48,437)	(1,65,04,35,321)
Sale of non-convertible debentures	9,74,94,957	46,16,00,000
Purchase of mutual fund investments	(1,28,02,85,996)	(3,84,04,33,432)
Sale of mutual fund investments	1,18,59,28,579	3,49,55,74,482
Maturity of fixed deposits	10,52,93,833	4,53,04,000
Purchase of property, plant and equipment	(1,63,950)	(6,89,000)
Net Cash Flow from / (used in) Investing Activities (B)	**(78,62,81,014)**	**(1,48,90,79,271)**
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of equity shares	-	94,84,81,240
Loan repaid by individuals	1,98,80,477	7,11,10,900
Loans repaid by related parties	-	13,74,734
Loan given to FEWT	(4,00,00,000)	-
Share issue expenses	-	(9,48,482)
Processing fees incurred on issue of non-convertible debentures	(1,12,50,000)	-
Issue of non-convertible debentures	75,00,00,000	-
Indemnification received	-	7,70,66,218
Net Cash Flow from/(used in) Financing Activities (C)	**71,86,30,477**	**1,09,70,84,610**

Particulars	For the year ended 31 March 2020	31 March 2019
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	**(11,28,23,483)**	**(19,55,52,259)**
Cash and cash equivalents at the beginning of the year	12,34,76,354	31,90,28,613
Cash and cash equivalents at the end of the year	1,06,52,871	12,34,76,354
Reconciliation of cash and cashe quivalents as per the cash flow statement	**(11,28,23,483)**	**(19,55,52,259)**
Components of Cash & Cash Equivalents as at end of the period are		
	As at 31 March 2020	**31 March 2019**
Cash in hand	1,11,212	33,32,016
Balances with banks in current account	1,05,41,659	12,01,44,338
Total Cash and cash equivalents	**1,06,52,871**	**12,34,76,354**

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

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013
Sd/-
Manish Gujral
Partner
Membership No.: 105117

Mumbai
29th June, 2020

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

Sd/-
G. Dasarathareddy
Managing Director
DIN: 01760054
Bengaluru
29th June, 2020

Sd/-
Dhiraj Poddar
Director
DIN: 01946905
Mumbai
29th June, 2020

Sd/-
K. Uma Sankar Rao
Chief Financial Officer

Bengaluru
29th June, 2020

Sd/-
Deepa Gussain
Company Secretary
M. No.: ACS32849
Bengaluru
29th June, 2020

Standalone Statement of changes in equity as at 31 March 2020

(All amounts in ₹, unless stated otherwise)

A Equity share capital

Particulars	Balance as at 31 March 2018	Change in equity share capital during the period	Balance as at 31 March 2019	Change in equity share capital during the period	Balance as at 31 March 2020
Number of Equity Shares (Face Value ₹1)	30,42,21,490	2,41,95,950	32,84,17,440	-	32,84,17,440
Equity Share Capital	30,42,21,490	2,41,95,950	32,84,17,440	-	32,84,17,440

B Other equity

Particulars	Other equity					
	Reserve fund u/s 45-IC of RBI Act 1934	Capital Reserve	Securities premium	Stock option reserve	Retained earnings	Total
Balance as at 01 April 2018	**22,19,94,836**	**58,24,43,558**	**4,05,68,70,374**	**-**	**79,69,13,177**	**5,65,82,21,945**
Profit for the year	-	-	-	-	17,01,97,362	17,01,97,362
Remeasurement gains on defined benefit plans, net of tax	-	-	-	-	-	-
Premium on issue of equity shares during the year	-	-	92,42,85,290	-	-	92,42,85,290
Additions during the year	-	7,70,66,218	-	-	-	7,70,66,218
Transferred to/(from) retained earnings	73,16,501	-	-	-	(73,16,501)	-
Other comprehensive income (net of taxes)	-	-	-	-	6,23,072	6,23,072
Balance as at 31 March 2019	**22,93,11,337**	**65,95,09,776**	**4,98,11,55,664**	**-**	**96,04,17,110**	**6,83,03,93,887**
Profit for the year	-	-	-	-	(6,08,00,968)	(6,08,00,968)
Profit / loss impact from IND AS	-	-	-	-	-	-
Premium on issue of equity shares during the year	-	-	-	-	-	-
Additions during the year	-	-	-	4,97,97,148	-	4,97,97,148
Transferred to/(from) retained earnings	-	-	-	-	-	-
Other comprehensive income (net of taxes)	-	-	-	-	-	-
Balance as at 31 March 2020	**22,93,11,337**	**65,95,09,776**	**4,98,11,55,664**	**4,97,97,148**	**89,96,16,141**	**6,81,93,90,067**

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

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013
Sd/-
Manish Gujral
Partner
Membership No.: 105117
Mumbai
29th June, 2020

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

Sd/-
G. Dasarathareddy
Managing Director
DIN: 01760054
Bengaluru
29th June, 2020

Sd/-
Dhiraj Poddar
Director
DIN: 01946905
Mumbai
29th June, 2020

Sd/-
K. Uma Sankar Rao
Chief Financial Officer
Bengaluru
29th June, 2020

Sd/-
Deepa Gussain
Company Secretary
M. No.: ACS32849
Bengaluru
29th June, 2020

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

(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. 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.

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 March 03, 2020 and the Company made changes in MOA and reported to 'Reserve Bank of India' .

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 March 31, 2020 were authorized and approved for issue by the Board of Directors on June 29, 2020.

(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 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 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 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 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.

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.

Other services

Fees/ charges on loan assets, other than those considered an adjustment to EIR, are accounted for on accrual basis. Pre-payment premium is accounted for in the year in which it is received by the Company.

Miscellaneous income

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.

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 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 a debt instrument. 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

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.

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 leases for buildings. 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.

Standalone Notes forming part of financial statements for the year ended 31 March 2020

(All amounts in ₹, unless stated otherwise)

4 Cash and cash equivalents

Particulars	As at 31 March 2020	As at 31 March 2019
Cash in hand	111,212	3,332,016
Balances with banks in current account	10,541,659	120,144,338
	10,652,871	**123,476,354**

(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 overdraft, therefore the cash and cash equivalents for cash flow statement is same as cash and for cash equivalents.

5 Other bank balances

Particulars	As at 31 March 2020	As at 31 March 2019
Term deposits with banks	27,839,945	133,133,779
	27,839,945	**133,133,779**

(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 INR 243.74 lakhs (31 March 2019: INR 1,275.89 lakhs) are held as pledged against FLDG commitments.

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

Particulars	As at 31 March 2020	As at 31 March 2019
Loan to Fincare Employee Welfare Trust	40,000,000	-
Loans to individuals*	-	19,880,476
Total - Gross	40,000,000	19,880,476
Less: Allowance for impairment loss for loan assets	-	-
Total - Net	**40,000,000**	**19,880,476**
Secured		
Unsecured	40,000,000	19,880,476
Total - Gross	40,000,000	19,880,476
Less: Allowance for impairment loss for loan assets	-	-
Total - Net	**40,000,000**	**19,880,476**
Loans in India		
Public sector	-	-
Private sector	40,000,000	-
Individuals	-	19,880,476
Total - Gross	40,000,000	19,880,476
Less: Allowance for impairment loss for loan assets	-	-
Total - Net	**40,000,000**	**19,880,476**

Note: (*) represents unsecured loans given to individuals repayable on demand over a period of five years. Post amalgamation of India Finserve Advisors Private Limited ('IFAPL'), these individuals are also shareholders and/or directors of the Company.

7 Trade receivables (unsecured)

Particulars	As at 31 March 2020	As at 31 March 2019
Considered good	1,124,064	28,512,755
Considered doubtful	-	-
Total - Gross	1,124,064	28,512,755
Less: Allowance for doubtful debts		-
Total - Net	**1,124,064**	**28,512,755**

8 Investments

Particulars	At Fair Value					
	Amortised cost	Through other comprehensive income	Through Profit or loss	Sub-Total	At Cost	Total
As at 31 March 2020						
Investments						
Debt Securities	**186,974,674**	**-**	**-**	**186,974,674**	**-**	**186,974,674**
- Fincare Small Finance Bank Limited	186,548,853	-	-	186,548,853	-	186,548,853
(1,869 (31 March 2019: 2,884) Non-convertible debenture of ₹100,000 each)						
Interest accrued on debentures	425,821	-	-	425,821	-	425,821
Mutual Funds (quoted)	**-**	**-**	**103,768,465**	**103,768,465**	**-**	**103,768,465**
Axis Liquid Fund Growth	-	-	33,568,281	33,568,281	-	33,568,281
SBI Liquid Fund Regular Growth	-	-	70,200,184	70,200,184	-	70,200,184
Equity Instruments (in subsidiaries)	**-**	**-**	**-**	**-**	**7,449,496,080**	**7,449,496,080**
- Fincare Small Finance Bank Limited	**-**	**-**	**-**	**-**	**7,399,698,932**	**7,399,698,932**
58,998,716 (31 March 2019: 52,194,514) equity shares of ₹10 each, fully paid-up	-	-	-	-	-	-
-- Others						
Others - ESOP plan (Refer note 39)	-	-	-	-	49,797,148	49,797,148
(Deemed investment on account of ESOP issued to employees of Company and Fincare Small Finance Bank Limited)						
Total gross investments	**186,974,674**	**-**	**103,768,465**	**290,743,139**	**7,449,496,080**	**7,740,239,219**
Investments outside India	-	-	-	-	-	-
Investments in India	186,974,674	-	103,768,465	290,743,139	7,449,496,080	7,740,239,219
	186,974,674	**-**	**103,768,465**	**290,743,139**	**7,449,496,080**	**7,740,239,219**
Less: Allowance for impairment loss	**-**	**-**	**-**	**-**	**-**	**-**
Total net investments	**186,974,674**	**-**	**103,768,465**	**290,743,139**	**7,449,496,080**	**7,740,239,219**

8 Investments (contd....)

Particulars	At Fair Value				At Cost	Total
	Amortised cost	Through other comprehensive income	Through Profit or loss	Sub-Total		
As at 31 March 2019						
Debt Securities	**287,582,168**	**-**	**-**	**287,582,168**	**-**	**287,582,168**
- Fincare Small Finance Bank Limited	286,782,265	-	-	286,782,265	-	286,782,265
(2,884 (31 March 2018: 7,500) Non-convertible debenture of ₹100,000 each)						- -
Interest accrued on Debenture	799,903	-	-	799,903	-	799,903
Equity Instruments (in subsidiaries)	**-**	**-**	**-**	**-**	**6,505,150,495**	**6,505,150,495**
– Fincare Small Finance Bank Limited	**-**	**-**	**-**	**-**	**-**	**-**
52,194,514 (31 March 2018: 34,128,757) equity shares of ₹10 each, fully paid-up	-	-	-	-	6,505,150,495	6,505,150,495
Total gross investments	**287,582,168**	**-**	**-**	**287,582,168**	**6,505,150,495**	**6,792,732,663**
Investments outside India	-	-	-	-	-	-
Investments in India	287,582,168	-	-	287,582,168	6,505,150,495	6,792,732,663
	287,582,168	**-**	**-**	**287,582,168**	**6,505,150,495**	**6,792,732,663**
Less: Allowance for impairment loss	**-**	**-**	**-**	**-**	**-**	**-**
Total net investments	**287,582,168**	**-**	**-**	**287,582,168**	**6,505,150,495**	**6,792,732,663**

9 Other financial assets

Particulars	As at 31 March 2020	As at 31 March 2019
Security deposits (unsecured, considered good)	1,036,329	2,105,383
Other receivables	3,286,770	3,990,011
	4,323,099	**6,095,394**

10 Current tax assets

Particulars	As at 31 March 2020	As at 31 March 2019
Advance income tax (Net of provisions for tax)	31,524,893	28,278,809
	31,524,893	**28,278,809**

11 Deferred tax assets (net)

Particulars	As at 31 March 2020	As at 31 March 2019
Tax effect of items constituting deferred tax assets:		
Depreciation and amortisation	-	1,563,952
Provision for employee benefits	-	319,000
Financial assets at amortised cost	-	1,000
Fair valuation of financial liabilities through profit and loss	-	-
Impairment loss allowance and first loss default guarantee	-	1,675,000
MAT credit Entitlement	4,901,888	4,901,887
Others	-	450,054
	4,901,888	**8,910,893**
Tax effect of items constituting deferred tax liabilities		
Provision for employee benefits	-	-
Others	-	-
	-	-
Total Deferred tax assets/(liabilities) (net)	**4,901,888**	**8,910,893**

Notes: Movement in deferred tax assets/(liabilities) for year ended 31 March 2020

Particulars	As at 1 April 2019	Recognised in other Comprehensive income/equity	Recognised in statement of Profit or loss	As at 31 March 2020
Tax effect of items constituting deferred tax assets:				
Depreciation and amortisation	1,563,952	-	(1,563,952)	-
Provision for employee benefits	319,000	-	(319,000)	-
Financial assets at amortised cost	1,000	-	(1,000)	-
Fair valuation of financial liabilities through profit and loss	-	-	-	-
Impairment loss allowance and first loss default guarantee	1,675,000	-	(1,675,000)	-
MAT credit Entitlement	4,901,888	-	-	4,901,888
MAT credit Entitlement -Prior year			-	-
Others	450,054	-	(450,054)	-
Total deferred tax assets	**8,910,894**	**-**	**(4,009,006)**	**4,901,888**
Tax effect of items constituting deferred tax liabilities				
Provision for employee benefits	-	-	-	-
Others	-	-	-	-
Total deferred tax liabilities	**-**	**-**	**-**	**-**
	8,910,894	**-**	**(4,009,006)**	**4,901,888**

The Company could not demonstrate reasonable certainty as required by Indian Accounting Standard (Ind AS) 12 - 'Income Taxes'. Accordingly no deferred tax asset was recognized as on 31 March 2020 amounting to ₹ 12,097,773 of which ₹ 4,009,006 pertains to balance as on 31 March 2019.

12 Property, plant and equipment (PPE)

Particulars	Freehold land	Furniture and fixtures	Computer equipments	Office equipments	Total
Gross carrying value					
As at 31 March 2018	**2,352,299**	**2,201,991**	**2,068,059**	**4,727,896**	**11,350,245**
Additions	-	299,901	304,800	82,822	687,523
Disposals	-	44,094	172,518	766,561	983,173
As at 31 March 2019	**2,352,299**	**2,457,798**	**2,200,341**	**4,044,157**	**11,054,595**
Additions	-	-	163,950	-	163,950
Disposals	-	-	-	-	-
As at 31 March 2020	**2,352,299**	**2,457,798**	**2,364,291**	**4,044,157**	**11,218,545**
Accumulated depreciation					
As at 31 March 2018	**-**	**392,232**	**1,193,063**	**1,521,707**	**3,107,002**
Charge for the year	-	336,113	761,418	1,237,786	2,335,317
Adjustment for disposals	-	20,299	154,037	624,123	798,459
As at 31 March 2019	**-**	**708,046**	**1,800,444**	**2,135,370**	**4,643,860**
Charge for the year	-	316,044	317,403	897,211	1,530,658
Adjustment for disposals	-	-	-	-	-
As at 31 March 2020	**-**	**1,024,090**	**2,117,847**	**3,032,581**	**6,174,518**
Net carrying value as at 31 March 2019	**2,352,299**	**1,749,752**	**399,897**	**1,908,787**	**6,410,735**
Net carrying value as at 31 March 2020	**2,352,299**	**1,433,708**	**246,444**	**1,011,576**	**5,044,027**

Note:

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 year ended 31 March 2020 (31 March 2019: Nil).

13 Other intangible assets

Particulars	Computer Software	Total
Gross carrying value		
As at 31 March 2018	**601,200**	**601,200**
Additions	-	-
Disposals	-	-
As at 31 March 2019	**601,200**	**601,200**
Additions	-	-
Disposals	-	-
As at 31 March 2020	**601,200**	**601,200**
Accumulated amortisation		
As at 31 March 2018	**402,755**	**402,755**
Amortisation charge for the year	188,043	188,043
Disposals	-	-
As at 31 March 2019	**590,798**	**590,798**
Amortisation charge for the year	10,402	10,402
Disposals	-	-
As at 31 March 2020	**601,200**	**601,200**
Net carrying value as at 31 March 2019	**10,402**	**10,402**
Net carrying value as at 31 March 2020	**-**	**-**

14 Other non financial assets

Particulars	As at 31 March 2020	As at 31 March 2019
Balances with government authorities	60,507,683	60,507,683
Duties and taxes recoverables	5,247,937	1,631,777
Advances to suppliers	156,405	330,000
Prepaid expenses	224,935	258,210
Gratuity (refer note 33)	1,085,478	54,829
Others	324,951	3,697,740
	67,547,389	**66,480,239**

15 Borrowings

Particulars	As at 31 March 2020	As at 31 March 2019
At amortised cost		
Bonds and debentures		
Secured	766,636,496	-
Unsecured	-	-
Total - (A)	**766,636,496**	**-**
Debt securities in India	766,636,496	-
Debt securities outside India	-	-
Total - (B)	**766,636,496**	**-**

Terms of borrowing:

Face value	Date of allotment	Maturity date	Coupon rate	Debenture value	Outstanding amount as at 31 March 2020
750,000,000	16-Oct-19	16-Oct-21	8.00%	750,000,000	766,636,496

Other terms of borrowing:

a Redemption terms: To be redeemed at such amounts such that on such monies, an IRR equal to 17% is received by the debenture holder.

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 250% of Debentures outstanding amounts.

c End use: The Company shall apply the amounts received by issue of the Debentures in accordance with applicale laws and Financing documents for 'Infusion of equity capital / Tier I / Tier II capital (as defined by RBI) in subsidiary company Fincare Small Finance Bank Limited.

16 Other financial liabilities

Particulars	As at 31 March 2020	As at 31 March 2019
Accrued expenses	2,980,419	1,346,250
Dues to employees	20,487	2,322,505
First loss default guarantee	1,605,597	5,750,667
Expenses payable	1,094,534	4,497,089
Amount payable under business correspondence operations	7,140,835	30,948,722
Interest Payable-NCD	1,923,287	-
Other liabilities	632,681	4,617,722
	15,397,840	**49,482,955**

17 Current tax liabilities (net)

Particulars	As at 31 March 2020	As at 31 March 2019
Current tax provision	1,354,131	3,779,638
Less: Advance Income Tax and TDS	-	-
	1,354,131	**3,779,638**

18 Provisions

Particulars	As at 31 March 2020	As at 31 March 2019
Provision for gratuity	706,000	-
Provision for compensated absences	-	776,347
	706,000	**776,347**

19 Other non financial liabilities

Particulars	As at 31 March 2020	As at 31 March 2019
Statutory dues	239,560	3,062,326
TDS payable	1,055,862	435,413
	1,295,422	**3,497,739**

20 Equity share capital

Particulars	As at 31 March 2020	As at 31 March 2019
Authorised equity share capital		
83,50,00,000 (31 March 2019: 83,50,00,000) Equity shares of ₹1 each	83,50,00,000	83,50,00,000
22,000,000 (31 March 2019: 22,000,000) Equity shares of ₹ 10 each	22,00,00,000	22,00,00,000
10,000,000, (31 March 2019: 10,000,000) Preference shares of ₹ 10 each	10,00,00,000	10,00,00,000
	1,155,000,000	**1,155,000,000**
Issued, subscribed and paid up equity share capital		
3,284,17,440 (31 March 2019: 3,284,17,440) Equity shares of ₹ 1 each	328,417,440	328,417,440
	328,417,440	**328,417,440**

i) Rights, preferences and restrictions attached to equity shares:

Each holder of an equity share is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuring Annual General Meeting, except interim dividend. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive 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.

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

Particulars	As at 31 March 2020		As at 31 March 2019	
	No. of shares	₹	No. of shares	₹
Equity share capital of ₹ 1 each fully paid up				
Balance at the beginning of the year	328,417,440	328,417,440	304,221,490	304,221,490
Add: Issued during the year	-	-	24,195,950	24,195,950
Balance at the end of the year	**328,417,440**	**328,417,440**	**328,417,440**	**328,417,440**

iii) Shareholders holding more than 5% of shares of the Company as at balance sheet date:

Particulars	As at 31 March 2020		As at 31 March 2019	
	No. of shares	% holding	No. of shares	% holding
Equity shares of ₹ 10 each, fully paid up				
1) True North Fund V LLP	65,659,060	19.99%	65,659,060	19.99%
2) India Value Fund V Ltd	-	0.00%	-	0.00%
3) Wagner Limited	58,535,040	17.82%	58,535,040	17.82%
4) INDIUM IV (Mauritius) Holdings Limited	54,085,980	16.47%	54,085,980	16.47%
5) Omega TC Holdings Pte. Ltd.	27,772,330	8.46%	27,772,330	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 and 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.

21 Other equity

Particulars	As at 31 March 2020	As at 31 March 2019
Statutory reserve u/s 45(IC) of the RBI Act, 1934	229,311,337	229,311,337
Securities premium	4,981,155,664	4,981,155,664
Capital reserve	659,509,776	659,509,776
Stock option reserve (Refer note 39)	49,797,148	-
Retained earnings	899,616,141	960,417,110
	6,819,390,066	**6,830,393,887**

Nature and purpose of reserve

21.1 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 of euqal to/more than twenty per cent of its net profit of the year, before declaration of dividend. "

21.2 Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

21.3 Capital reserve

The Company has on-boarded new investors post 28 February 2017 and has entered into a share purchase and share subscription agreement (SPSSA) with the new investors as on 9 January 2017. The net worth of group companies was expected to be significantly impacted due to the scheme of demonetization introduced by the Government of India. Therefore, in order to maintain the net worth of the group at a level agreed in the SPSSA, an agreement was entered into wherein a certain group of shareholders infused additional paid in capital in respect of the direct impact of demonetization. The Company will in turn infuse these funds into group companies.

21.4 Stock option reserve

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

21.5 Retained earnings

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

22 Interest income

Particulars	For the year ended 31 March 2020			For the year ended 31 March 2019		
	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 income from investments	-	31,556,455	-	-	60,722,756	-
Interest income on deposits from banks	-	5,463,887	-	-	25,683,260	-
Interest on loan assets		1,264,266	-	-	1,649,505	-
Other interest income	-	-	-	-	4,325,537	-
	-	**38,284,608**	**-**	**-**	**92,381,058**	**-**

23 Fee and commission income

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Fee income recognised over a certain period of time	22,813,172	190,763,007
Fee income recognised at a point of time	-	-
	22,813,172	**190,763,007**

24 Net gain/(loss) on fair value changes

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
(A) Net gain/(loss) on financial instruments at fair value through profit or loss"		
(i) On trading portfolio		
- Investments	592,149	(132,163)
Total	**592,149**	**(132,163)**

25 Other income

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Profit on sale of investments in mutual funds	8,818,899	20,239,062
Processing fees and other faciliation charges	1,266,588	251,015
Income from professional services	2,098,679	17,087,378
Liability no longer required written back	-	15,213,090
Miscellaneous income	1,130,570	684,214
	13,314,736	**53,474,759**

26 Finance costs

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest on debt securities	55,981,412	-
Interest on taxes	345,679	-
Other finance expenses	616,326	1,878
	56,943,417	**1,878**

27 Employee benefits expenses

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Salaries, bonus and commission	16,632,356	36,805,304
Contribution to provident and other funds	975,927	2,197,156
Gratuity expense (refer note 33)	(324,650)	373,321
Compensated absences	(692,427)	(1,302,327)
Staff welfare expenses	1,175,287	1,418,612
	17,766,493	**39,492,066**

28 Depreciation, amortization and impairment

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Depreciation (also refer note 12)	1,530,658	2,335,317
Amortisation (also refer note 13)	10,402	188,043
	1,541,060	**2,523,360**

29 Other expenses

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Rent, taxes and energy costs	3,636,829	5,049,354
Repairs and maintenance - others	1,970,852	3,561,705
Insurance	61,125	8,520
Rates and taxes	2,107,690	4,818,378
Travelling and conveyance	668,614	429,108
Printing and stationery	21,300	651,387
Legal and professional charges	32,323,700	12,296,858
Auditor's fees and expenses (Refer note i below)	800,000	1,000,000
Directors' fees, allowances and expenses	326,970	357,687
Contribution towards CSR expenses (Refer note ii below)	1,739,398	4,630,177
Fees and commission	-	14,524,460
Loss on sale of Debt Securities	4,005,043	-
Losses incurred on BC services	4,083,259	2,417,329
IT Support services	301,590	-
Share issue expenses	-	948,482
Foreign exchange gain/loss	75,545	-
Miscellaneous expenses	1,433,581	6,979,436
	53,555,496	**57,672,881**
i Auditors' remuneration includes:		
- Audit fees	800,000	1,000,000
- Reimbursement of expenses	-	-
	800,000	**1,000,000**

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 Company. 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 required to be spent by the Company during the year ended 31 March 2020 is ₹ 27.35 lakhs (31 March 2019: ₹ 28.57 lakhs).

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Amount spent during the year:		
a. Construction/ acquisition of any asset		
In cash	-	-
Yet to be paid	-	-
	-	**-**
b. On purpose other than (a) above		
In cash	1,739,398	4,630,177
Yet to be paid	-	-
	1,739,398	**1,612,365**
	1,739,398	**1,612,365**

30 Provisions and Contingencies

Particulars	As at 31 March 2020	As at 31 March 2019
Contingent liability not provided for:		
Income tax demand for AY 2015-16 (refer note below)	150,155,250	150,155,250
Assets pledged as security	24,373,775	127,589,463

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, financial year 2015 for a demand of ₹ 150,155,120. The Company has filed an appeal against the disputed amount and paid is ₹ 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.

31 Earnings per share (basic and diluted)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Net profit for the year	(60,800,968)	170,820,434
Weighted average number of equity shares for EPS	328,417,440	319,534,543
Par value per share	1	1
Earnings per share - Basic	(0.19)	0.53
Weighted average potential equity shares for EPS	331,566,923	319,534,543
Earnings per share - Diluted	(0.18)	0.53

32 Tax expense

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
(i) Current tax (including tax of earlier years)	1,989,657	58,047,357
(ii) Deferred tax expense/(credit)	4,009,512	8,551,757
(iii) Minimum alternate tax credit entitlement	-	-
	5,999,169	**66,599,114**
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:		
Profit before tax	**(54,801,799)**	**236,796,476**
Statutory income tax rate	26.00%	27.82%
Expected income tax expense	**-**	**65,876,780**
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:		
Adjustment for tax expense pertaining to prior years	1,989,657	1,093,850
Tax on expense not eligible for deduction	-	3,110,628
Impact of brought forward losses	-	(8,372,834)
Reversal of deferred tax	4,009,512	4,308,849
Impact due to different rate of tax for merged entity	-	2,490,386
Other adjustments	-	(1,908,544)
	5,999,169	**66,599,114**

33 Employee benefit obligations

The Company had 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 scheme is funded with an insurance Company in the form of a qualifying insurance policy.

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.

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

	As at 31 March 2020	As at 31 March 2019
Defined benefit obligation	706,000	956,781
Fair value of plan assets	(1,085,478)	(1,011,610)
	(379,478)	**(54,829)**

Amount recognised in the statement of profit and loss

	For the year ended 31 March 2020	For the year ended 31 March 2019
Current service cost*	(250,781)	341,397
Interest cost on benefit obligation	-	96,153
Expected return on plan assets**	(73,868)	(64,229)
Net benefit expense	**(324,649)**	**373,321**

(*) 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:

	As at 31 March 2020	As at 31 March 2019
Opening defined benefit obligation	956,781	1,393,466
Interest cost	-	96,153
Current service cost	(250,781)	341,397
Benefits paid	-	(69,641)
Actuarial gain on obligation	-	(804,594)
Closing defined benefit obligation	**706,000**	**956,781**

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

	As at 31 March 2020	As at 31 March 2019
Fair value of plan assets at the beginning of the year	1,011,610	941,918
Expected return on plan assets	73,868	64,874
Benefits paid	-	(69,641)
Actuarial gain on plan assets	-	74,459
Fair value of plan assets at the end of the year	**1,085,478**	**1,011,610**

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

	As at 31 March 2020	As at 31 March 2019
Investments with insurer	0%	100%

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.

33 Employee benefit obligations (contd...)

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

	As at 31 March 2020	As at 31 March 2019
Discount rate	NA	7.44%
Expected rate of return on assets	NA	7.08%
Attrition rate	NA	30.00%
Salary escalation rate	NA	12.00%

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:

	For the year ended 31 March 2020	For the year ended 31 March 2019
Actuarial gain on assets	NA	(74,458)
Actuarial loss/(gain) from change in demographic assumption	NA	158,746
Actuarial gain from change in financial assumption	NA	(27,693)
Actuarial gain from experience adjustment	NA	(935,647)
Total Actuarial gain on liabilities	**-**	**(879,052)**

Sensitivity analysis for gratuity liability

	As at 31 March 2020	As at 31 March 2019
Impact of change in discount rate		
Present value of obligation at the end of the year	NA	956,781
- Impact due to increase of 100 bps	NA	(69,329)
- Impact due to decrease of 100 bps	NA	81,030
Impact of change in salary increase		
Present value of obligation at the end of the year	NA	956,781
- Impact due to increase of 100 bps	NA	71,023
- Impact due to decrease of 100 bps	NA	(62,073)
Impact of change in attrition rate		
Present value of obligation at the end of the year	NA	956,781
- Impact due to increase of 100 bps	NA	(34,661)
- Impact due to decrease of 100 bps	NA	39,209

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 2020	As at 31 March 2019
Within next 12 months	NA	88,487
Between 1-5 years	NA	200,209
Beyond 5 years	NA	1,833,514

The Company expects to contribute ₹ Nil (previous year ₹ 594,000) to its gratuity plan for the next year.

34 Segment reporting

The Company's business comprises of business correspondence services to banks and financial institution, which represents one business segment as they are subject to risks and returns that are similar to each other. Further, the Company derives its entire revenue from services rendered in India. Hence the disclosure requirement of Indian Accounting Standard 108 of "Segment Reporting" is not considered applicable.

35 Related Party transactions

a. Details of related parties:

Description of relationship	Names of related parties	
Subsidiary company	Fincare Small Finance Bank Limited (formerly Disha Microfin Limited)	
Key management personnel (KMP)	Mr. G. Dasaratha Reddy	Managing Director (appointed w.e.f. 7 June 2017)
	Mr. Pankaj Gulati	Director (resigned w.e.f. 15 October 2018)
	Mr. Keyur Gopalbhai Doshi	Director (resigned w.e.f. 14 November 2019)
	Mr. Aarti Vimal Chand Punmiya	Director (resigned w.e.f. 26 September 2019)
	Ms.Divya Sehgal	Director (appointed w.e.f. 7 June 2017)
	Mr. Dhiraj Poddar	Director (appointed w.e.f. 7 June 2017)
	Mr. Maninder Singh Juneja	Director (appointed w.e.f. 26 September 2019)
	Ms. Bhavya Gulati	Director (appointed w.e.f. 7 June 2017)
	Mr. Satya Narayan Peravali	Director (appointed w.e.f 18 May 2017)
	Mr. Aarti Vimal Chand Punmiya	Director (appointed w.e.f 18 May 2017)
	Ms. Sunakshi Agarwal	Director (appointed w.e.f 18 May 2017)
	Ms. Kavya Anegundi	Company Secretary (resigned w.e.f 31 January 2019)
	Ms. Deepa Gussain	Company Secretary (appointed w.e.f 01 April 2019)
	Ms. Poonam Vijayvargiya	Company Secretary (appointed w.e.f 2 July 2018)
	Mr. Mathews Pattumakil Mani	Chief Financial officer (resigned w.e.f. 13 July 2018)
	Ms. Snegdha Gupta	Chief Financial officer (appointed w.e.f. 2 January 2019 and resigned w.e.f. 25 June 2019)
	Ms. Snegdha Gupta	Chief Financial Officer (appointed w.e.f 01 Feb 2018, resigned on 02 Jan 2019 and reappointed on 26 June 2019 and resigned on 29 Sep 2019)
	Mr. Kalivarapu Umasankar Rao	Chief Financial officer (appointed w.e.f. 13 November 2019)
	Mrs. Kalavathi Reddy	Relative of Director of Holding company

35 Related Party transactions (contd...)

b. Transactions with Related Parties are as under:

	Related Party Entities		Key Management Personnel	
	31 March 2020	**31 March 2019**	**31 March 2020**	**31 March 2019**
(i) Transactions during the year				
1) "Fincare Small Finance Bank Limited (formerly Disha Microfin Limited)"				
a) Deposits				
Fixed deposits placed with Fincare Small Finance Bank Limited	-	738,400,000	-	-
Fincare Small Finance Bank Limited (formerly Disha Microfin Limited)	65,000	1,296,500,000	-	
Deposits redeemed				
Fixed deposits placed with Fincare Small Finance Bank Limited	738,400,000	-	-	
Fincare Small Finance Bank Limited (formerly Disha Microfin Limited)	65,000	1,499,200,000	-	
b) Interest income				
Interest Income on Fixed deposits with Fincare Small Finance Bank Limited - FBSL	-	3,054,509	-	-
Interest Income on Fixed deposits with Fincare Small Finance Bank Limited - LOK	-	10,459,849	-	
Interest Income on Non Convertible Debentures with Fincare Small Finance Bank Limited	31,556,455	60,722,756	-	-
c) Investments				
Secondary sale of investments in non convertible debentures of Fincare Small Finance Bank Limited	101,500,000	461,600,000	-	-
Investment in equity shares of Fincare Small Finance Bank Limited - FBSL	755,000,000	-	-	-
Investment in equity shares of Fincare Small Finance Bank Limited-LOK(10,61,447 shares of ₹ 10 per share and a premium of ₹121 per share)"	139,548,437	509,999,938	-	
Investment in equity shares of Lok Management Services Private Limited	-	37	-	-
2) Key management personnel (KMP)				
a) Repayment of loans including total interest				
Mr. G. Dasarathareddy	-	-	11,087,808	2,218,000
Mrs. Kalavathi Reddy	-	-	11,081,562	2,897,000
Mr. Pankaj Gulati	-	-	-	6,173,650
Mr. Keyur Gopalbhai Doshi - FBSL	-	-	-	11,749,150
Mr. Keyur Gopalbhai Doshi - LOK				2,420,040
b) Interest income for the period				
Mr. G. Dasarathareddy	-	-	634,636	841,828
Mrs. Kalavathi Reddy	-	-	629,630	862,406
Mr. Keyur Gopalbhai Doshi - LOK	-	-	-	121,466
Mr. Pankaj Gulati	-	-	-	479,531
Mr. Keyur Gopalbhai Doshi	-	-	-	833,050
c) Remuneration				
Mr. G. Dasaratha Reddy	-	-	2,269,596	3,121,392
Ms. Kavya Anegundi	-	-	-	416,017
Ms. Deepa Gussain	-	-	700,714	-
Mr. Mathews Pattumakil Mani	-	-	-	434,831
Ms. Snegdha Gupta	-	-	1,440,638	1,615,172
Mr. Kalivarapu Umasankar Rao	-	-	1,021,744	-
Ms. Sunakshi Agarwal	-	-	1,559,416	1,828,175
Ms. Poonam Vijayvargiya	-	-	451,109	282,777

35 Related Party transactions (contd...)

b. Transactions with Related Parties are as under:

	Related Party Entities		Key Management Personnel	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
d) Reimbursement of expenses				
Mr. G. Dasaratha Reddy	-	-	786,000	786,000
Mr. Kalivarapu Umasankar Rao	-	-	121,064	-
Ms. Sunakshi Agarwal	-	-	1,705	-
e) Indemnity amount received				
Mr. Rajeev Yadav	-	-	-	1,214,181
Mr. G. Dasaratha Reddy	-	-	-	520,895
Mr. Pankaj Gulati	-	-	-	404,418
Mr. Keyur Gopalbhai Doshi	-	-	-	914,797
f) Sitting fees				
Mr.Satya Narayan Peravali	-	-	32,000	33,000
Mr. Aarti Vimal Chand Punmiya	-	-	40,000	24,000
f) Interest repayments received during the year on loans				
Mr. Keyur Gopalbhai Doshi	-	-	-	341,395
f) Professional fees				
Fincare Small Finance Bank Limited (formerly Disha Microfin Limited)	-	-	1,387,490	8,543,689
(ii) Balances at year end				
Fincare Small Finance Bank Limited (formerly Disha Microfin Limited)				
Balance in Bank Current Account - FBSL	-	-	156,414	53,917,867
Balance in Bank Current Account - LOK	-	-	90,897	5,090,897
Interest Accrued Non Convertible Debentures	-	-	425,821	799,903
Other current liabilities				
Investment in equity shares	-	-	6,750,150,557	5,995,150,557
*Company has invested for 14,943,820 shares at ₹ 89 per share including Premium in September 2018 and 1,204,644 shares in March 2019 at ₹ 266 per share including premium				
Investment in equity shares of FSFB - LOK	-	-	649,548,375	509,999,938
Investment in Non Convertible Debentures	-	-	186,900,000	288,400,000
*Company has transferred 3,616 debentures during the year to Tata Capital and 1,000 debentures Vivriti Capital Private Limited				
Key Management Personnel				
Dues to employees				
Ms. Kavya Anegundi	-	-	-	10,524
Ms. Snegdha Gupta	-	-	-	207,253
Accrued expense				
Mr. G. Dasaratha Reddy	-	-	-	500

Key management personnel remuneration includes the following expenses:

	31 March 2020	31 March 2019
Short-term employee benefits (current)	908,769	993,253
Post-employment benefits	-	-
Termination benefits	-	10,524
Total remuneration	**908,769**	**1,003,777**

36 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 2020

Particulars	Notes to schedule	FVTPL	FVTOCI	Amortised cost	Total carrying value	Total fair value
Financial assets						
Cash and cash equivalents	4	-	-	10,652,871	10,652,871	10,652,871
Bank balances other than cash and cash equivalents	5	-	-	27,839,945	27,839,945	27,839,945
Loans	6	-	-	40,000,000	40,000,000	40,000,000
Trade receivables	7	-	-	1,124,064	1,124,064	1,124,064
Investments in non-convertible debentures	8	-	-	186,974,674	186,974,674	186,974,674
Mutual funds	8	103,768,465	-	-	103,768,465	103,768,465
Other financial assets	9	-	-	4,323,099	4,323,099	4,323,099
Total financial assets		**103,768,465**	**-**	**270,914,653**	**374,683,118**	**374,683,118**
Financial liabilities						
Borrowings	15	-	-	766,636,496	766,636,496	766,636,496
Other financial liabilities	16	-	-	15,397,840	15,397,840	15,397,840
Total financial liabilities		**-**	**-**	**782,034,336**	**782,034,336**	**782,034,336**
As at 31 March 2019						
Financial assets						
Cash and cash equivalents	4	-	-	123,476,354	123,476,354	123,476,354
Bank balances other than cash and cash equivalents	5	-	-	133,133,779	133,133,779	133,133,779
Loans	6	-	-	19,880,476	19,880,476	19,880,476
Trade receivables	7	-	-	28,512,755	28,512,755	28,512,755
Investments in non-convertible debentures	8	-	-	287,582,168	287,582,168	287,582,168
Other financial assets	9	-	-	6,095,394	6,095,394	6,095,394
Total financial assets		**-**	**-**	**598,680,926**	**598,680,926**	**598,680,926**
Financial liabilities						
Other financial liabilities	16	-	-	49,482,955	49,482,955	49,482,955
Total financial liabilities		**-**	**-**	**49,482,955**	**49,482,955**	**49,482,955**

*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 Companyed 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 2020

Particulars	Level 1	Level 2	Level 3
Financial assets			
Mutual funds	103,768,465	-	-
Total	**103,768,465**	**-**	**-**

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.

37 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 the current year, loans are granted to Employee Welfare Trust wherein 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.

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 2020	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses Carrying	amount net of impairment provision
Cash and cash equivalents	10,652,871	0%	-	10,652,871
Bank balances other than cash and cash equivalents	27,839,945	0%	-	27,839,945
Loans	40,000,000	0%	-	40,000,000
Trade receivables	1,124,064	0%	-	1,124,064
Other financial assets	4,323,099	0%	-	4,323,099
As at 31 March 2019				
Cash and cash equivalents	123,476,354	0%	-	123,476,354
Bank balances other than cash and cash equivalents	133,133,779	0%	-	133,133,779
Loans	19,880,476	0%	-	19,880,476
Trade receivables	28,512,755	0%	-	28,512,755
	6,095,394	0%	-	6,095,394

Following is the trade receivables ageing:

As at 31 March 2020	Not due	0-30 Days	30-90 Days	90-180 Days	More than 180 Days	Total
Gross carrying amount	1,124,064	-	-	-	-	1,124,064
Expected loss rate	0%	0%	0%	0%	0%	0%
Expected credit loss	-	-	-	-	-	-
As at 31 March 2019						
Gross carrying amount	19,250,199	9,262,556	-	-	-	28,512,755
Expected loss rate	0%	0%	0%	0%	0%	0%
Expected credit loss	-	-	-	-	-	-

Reconciliation of loss allowance provision:

	As at 31 March 2020	As at 31 March 2019
Loss allowance at beginning of the year	**-**	**15,135,327**
Assets originated or purchased	-	-
Loss allowance written back	-	-
Write - offs	-	(15,135,327)
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.

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.

31 March 2020	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
Non-derivatives					
Borrowings - Debt securities	-	766,636,496	-	-	766,636,496
Other financial liabilities	15,397,840	-	-	-	15,397,840
Total	**15,397,840**	**766,636,496**	**-**	**-**	**782,034,336**
31 March 2019					
Non-derivatives					
Other financial liabilities	49,482,955	-	-	-	49,482,955
Total	**49,482,955**	**-**	**-**	**-**	**49,482,955**

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 securities 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.

C.1.2 Assets

The Company's fixed deposits and investment in debt securities are carried at amortised cost and are fixed rate investments. 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 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 2020	For the year ended 31 March 2019
Mutual Funds		
Net assets value - increase by 100 bps (100 bps)	1,037,685	-
Net assets value - decrease by 100 bps (100 bps)	(1,037,685)	-

38 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.

39 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 2020 (31 March 2019: Nil). 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 2020. For the year ended 31 March 2020, the Company has recorded an additional investment of ₹ 39,119,882 (31 March 2019: Nil) in the 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 2020 (31 March 2019: Nil). 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 2020. For the year ended 31 March 2020, the Company has recorded an additional investment of ₹ 10,677,266 (31 March 2019: Nil) in the Fincare Small Finance Bank Limited.

ESOP Plan 2019 - III

The 'Fincare Business Services Stock Option Scheme' (the 'Plan II') 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.

Pursuant to the Plan, the Company granted 3,340,400 options till 31 March 2020 (31 March 2019: Nil). 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 2020. For the year ended 31 March 2020, the Company has recorded an additional investment of ₹ Nil (31 March 2019: Nil) in the Fincare Small Finance Bank Limited.

	No. of options	Weighted average exercise price
Options outstanding as at 01 April 2019	**-**	**-**
Granted during the year - Plan I	2,177,200	30.50
Granted during the year - Plan II	2,885,300	40.50
Granted during the year - Plan III	3,340,400	52.50
Options outstanding as at 31 March 2020	**8,402,900**	**42.68**

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	3.50
ESOP Plan II - 1 year vesting period	41.95%	0.00%	6.17%	40.50	9.09	3.50
ESOP Plan III - 1 year vesting period	41.09%	0.00%	5.82%	52.50	8.54	3.50
ESOP Plan III - 2 year vesting period	41.75%	0.00%	6.36%	52.50	10.99	4.50

40 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:

	For the year ended 31 March 2020	For the year ended 31 March 2019
Type of service		
Fee and commission income	22,813,172	190,763,007
	22,813,172	**190,763,007**
Geographical markets		
India	22,813,172	190,763,007
Outside India	-	-
	22,813,172	**190,763,007**
Timing of revenue recognition		
Services transferred over time	22,813,172	190,763,007
	22,813,172	**190,763,007**

Assets and liabilities related to contracts with customers

	As at 31 March 2020	As at 31 March 2019
Trade receivables	1,124,064	28,512,755
Contract liabilities	-	-
	Year ended 31 March 2020	**Year ended 31 March 2019**
Revenue recognised in the period from:		
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 2019-20 (2018-19: 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:

	As at 31 March 2020	As at 31 March 2019
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

	For the year ended 31 March 2020	For the year ended 31 March 2019
Revenue as per contract	22,813,172	190,763,007
Adjustments	-	-
Revenue from contract with customers	**22,813,172**	**190,763,007**

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.

41 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 of LOK was transferred to the Company with effect from the appointed date at the respective book values in the financial statements of FBSL. Further, the difference between the investments in 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	68,418,582
Bank balances other than cash and cash equivalents	133,133,779
Receivables	
Trade receivables	28,512,755
Loans	19,880,476
Investments	509,999,938
Other financial assets	6,088,860
Non-financial Assets	
Current tax assets (net)	15,596,946
Deferred tax assets (net)	3,194,000
Property, plant and equipment	3,734,440
Other intangible assets	10,402
Other non-financial assets	4,076,227
TOTAL	**792,646,405**
Liabilities and Equity	
Liabilities	
Financial Liabilities	
Other financial liabilities	48,137,706
Non-Financial Liabilities	
Contract liabilities	-
Current tax liabilities (net)	-
Provisions	776,348
Other non-financial liabilities	3,042,486
Equity	
Equity share capital	186,285,790
Other equity	554,404,075
Total Liabilities and Equity	**792,646,405**

42 Core Investment Company (CIC) Compliance Ratios:

Sl. No.	Particulars	As at 31 March 2020	As at 31 March 2019
i	Investments in equity shares of group companies as a proportion of Net Assets	99.46%	96.31%
ii	Capital ratio (%) [Adjusted net worth/Risk weighted assets]	90.33%	103.80%
iii	Leverage ratio (Times) [Outside liabilities/Adjusted net worth]	0.003	0.008

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 2020**

Particulars	Liabilities	Advances	Investments
Upto 1 month	16,672,776	38,492,816	103,768,465
Over 1 month to 2 months	20,487	1,124,064	-
Over 2 months upto 3 months	-	-	-
Over 3 months upto 6 months	-	-	-
Over 6 months upto 1 year	-	-	-
Over 1 Year to 3 Years	-	143,395,381	186,974,674
Over 3 Years to 5 Years	766,636,496	-	-
Over 5 Years	-	-	7,449,496,080
Total	**783,329,759**	**183,012,261**	**7,740,239,219**

Asset Liability Management — **As on 31 March 2019**

Particulars	Liabilities	Advances	Investments
Upto 1 month	50,658,189	256,610,132	-
Over 1 month to 2 months	2,322,505	28,512,755	-
Over 2 months upto 3 months	-	-	-
Over 3 months upto 6 months	-	-	-
Over 6 months upto 1 year	-	-	-
Over 1 Year to 3 Years	-	120,734,918	-
Over 3 Years to 5 Years	-	-	287,582,168
Over 5 Years	-	-	6,505,150,495
Total	**52,980,694**	**405,857,805**	**6,792,732,663**

	Particulars	As at 31 March 2020	As at 31 March 2019
	Liabilities side		
1	Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:		
	a) Debentures		
	Secured	-	-
	Unsecured (other than falling within the meaning of public deposits)	-	-
	b) Deferred credits	-	-
	c) Term loans including accrued interest but not paid	-	-
	d) Inter-corporate loans and borrowings	-	-
	e) Commercial paper	-	-
	f) Other loans	-	-

42 Core Investment Company (CIC) Compliance Ratios: (contd...)

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

	Particulars	As at 31 March 2020	As at 31 March 2019
	Assets side		
2	Breakup of loans and advances including bills receivables		
	a) Secured	-	-
	b) Unsecured	-	-
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	40,000,000	-
4	Breakup of investments		
	Current 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		
	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	103,768,465	-
	iv Government securities	-	-
	v Others	-	-

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

Particulars	As at 31 March 2020	As at 31 March 2019
2 Unquoted		
i Shares	-	-
a) Equity	7,399,698,932	6,505,150,495
b) Preference	-	-
ii Debentures and bonds	186,548,853	286,782,265
iii Units of mutual funds	-	-
iv Government securities	-	-
v Others	-	-

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

Category	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	-	-	-
	-	-	-

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 2020	As at 31 March 2019
1 Related parties	-	-
a) Subsidiaries	7,586,247,785	6,791,932,760
b) Companies in the same group	-	-
c) Other related parties	-	-
2 Other than related parties	-	-
	7,586,247,785	**6,791,932,760**

7 Other information

Particulars	Market value/break up or fair value or NAV(*)	
	As at 31 March 2020	As at 31 March 2019
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 2020	As at 31 March 2019
Number of frauds reported during the year	1	-
Amount involved in such frauds	949,456	-
Provision made during the year (net of recovery)	949,456	-
Unamortised provision debited from other reserves	-	-

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

As at 31 March 2020, 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.

44 COVID 19 - Impact on financial statements

The novel coronavirus (COVID-19) pandemic (as declared by WHO) is causing significant disturbance and slowdown of economic activities globally and in India. 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, investment properties, right of use assets and investments as at 31 March 2020. 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 results at this time. However, the full extent of impact of the COVID-19 pandemic on the operations, and financial metrics (including impact on provisioning on financial instruments) will depend on government and regulatory guidelines and future developments which are uncertain and incapable of estimation at this time.

As per our report of even date.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013
Sd/-
Manish Gujral
Partner
Membership No.: 105117

Mumbai
29th June, 2020

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

Sd/-
G. Dasarathareddy
Managing Director
DIN: 01760054
Bengaluru
29th June, 2020

Sd/-
Dhiraj Poddar
Director
DIN: 01946905
Mumbai
29th June, 2020

Sd/-
K. Uma Sankar Rao
Chief Financial Officer
Bengaluru
29th June, 2020

Sd/-
Deepa Gussain
Company Secretary
M. No.: ACS32849
Bengaluru
29th June, 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of Fincare Business Services Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of Fincare Business Services Limited ('the Holding 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 31 March 2020, 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 a summary of the significant accounting policies & other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the consolidated state of affairs of the Group, as at 31 March 2020, and their consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the 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

4. We draw attention to Note 55 to the accompanying consolidated financial statements, which describes the economic and social disruption the Group is facing as a result of COVID-19 pandemic including the moratorium period offered to borrowers as directed by the Reserve Bank of India. The full extent of impact of the events on the Group's operations and financial metrics including the impact on the impairment provision recognized towards the loan assets outstanding as at 31 March 2020 will depend on future developments which are uncertain at this time.

   Our opinion is not modified in respect of this matter.

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

5. The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Director's Report, but does not include the consolidated financial statements and our auditor's report thereon.

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

   If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. Reporting under this section is not applicable as no other information is obtained at the date of this auditor's report.

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

6. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated state of affairs (consolidated financial position), consolidated profit or loss (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 Ind AS specified under section 133 of the Act. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records

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

7. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of 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 the Board of Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

8. Those Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

11. 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.

Report on Other Legal and Regulatory Requirements

12. As required by section 197(16) of the Act, based on our

audit on separate financial statements of the subsidiaries, associates and joint ventures, we report that the Holding Company paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act. Further, we report that the provisions of section 197 read with Schedule V to the Act are not applicable to the subsidiary company, since the company is a banking company, as defined under the Banking Regulation Act, 1949 and reporting under section 197(16) in relation to whether the remuneration paid by the subsidiary company is in accordance with the provisions of section 197 of the Act and whether any excess remuneration has been paid in accordance with the aforesaid section is not applicable.

13. As required by Section 143 (3) of the Act, based on our audit on separate financial statements and other financial information of the subsidiary, 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 purpose of our audit of the aforesaid consolidated financial statements;

   b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;

   c) the consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

   d) in our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act;

   e) on the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company its subsidiary company, none of the directors of the Group companies, are disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

   f) with respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, and its subsidiary company, and the operating effectiveness of such controls, refer to our separate report in 'Annexure II'; and

   g) 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 and based on the audit on separate financial statements as also the other financial information of the subsidiary:

      i. the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, as detailed in Note 42 to the consolidated financial statements;

      ii. the Holding Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2020;

      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 company, during the year ended 31 March 2020; and

      iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these consolidated financial statements. Hence, reporting under this clause is not applicable.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013
Sd/-
Manish Gujral
Partner
Membership No.: 105117
UDIN: 20105117AAAAEV2492

Place: Mumbai
Date: 3rd August, 2020

Annexure I

Annexure I to the Independent Auditor's Report of even date to the members of Fincare Business Services Limited on the consolidated financial statements for the year ended 31 March 2020

List of entities included in the Statement

Subsidiary:

(a) Fincare Small Finance Bank Limited

This space has been intentionally left blank

Annexure II

Annexure II to the Independent Auditor's Report of even date to the members of Fincare Business Services Limited on the consolidated financial statements for the year ended 31 March 2020

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

1. In conjunction with our audit of the consolidated financial statements of Fincare Business Services Limited ('the Holding Company') and its subsidiary (the Holding Company and its subsidiary together referred to as 'the Group'), as at and for the year ended 31 March 2020, we have audited the internal financial controls with reference to financial statements of the Holding Company and its subsidiary company, which are companies covered under the Act, as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The respective Board of Directors of the Holding Company and its subsidiary company, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 the Company's 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 Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company and {its subsidiary company, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

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

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiary company as aforesaid.

Meaning of Internal Financial Controls with Reference to Financial Statements

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

directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

Opinion

8. In our opinion, the Holding Company and its subsidiary company, which are companies covered under the Act, have in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013
Sd/-
Manish Gujral
Partner
Membership No.: 105117
UDIN: 20105117AAAAEV2492

Place: Mumbai
Date: 3rd August, 2020

Consolidated Balance Sheet as at 31 March 2020

(All amounts in INR millions, unless stated otherwise)

Particulars	Notes	As at 31 March 2020	As at 31 March 2019
Assets			
Financial Assets			
Cash and cash equivalents	3	10,763.01	4,971.33
Bank balances other than cash and cash equivalents	4	104.27	474.12
Trade receivables	5	1.12	28.51
Loans	6	51,671.92	33,986.84
Investments	7	10,408.43	7,025.40
Other financial assets	8	1,112.12	600.22
Non-financial Assets			
Current tax assets (net)	9	33.82	78.34
Deferred tax assets (net)	10	510.28	364.96
Property, plant and equipment	11	1,095.95	307.84
Capital work in progress		-	0.34
Goodwill	13	418.33	418.33
Other intangible assets	12	27.10	28.87
Other non-financial assets	14	215.51	169.81
Total Assets		**76,361.86**	**48,454.91**
Liabilities and Equity			
Liabilities			
Financial Liabilities			
Payables			
Other than trade payables			
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		202.72	111.85
Debt securities	15	766.64	424.47
Borrowings (Other than debt securities)	16	17,410.66	18,432.69
Deposits	17	46,539.86	20,378.82
Subordinated liabilities	18	1,806.58	710.64
Other financial liabilities	19	374.35	743.11
Non-Financial Liabilities			
Current tax liabilities (net)	20	1.35	3.78
Provisions	21	126.55	99.69
Contract liabilities	22	189.22	119.27
Other non financial liabilities	23	96.57	72.01
Equity			
Equity share capital	24	328.42	328.42
Other equity	25	7,910.98	6,577.58
Equity attributable to equity holders of the parent company		8,239.40	6,906.00
Non-controlling interest		607.96	452.58
Total equity		8,847.36	7,358.58
Total liabilities and equity		**76,361.86**	**48,454.91**
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 Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013
Sd/-
Manish Gujral
Partner
Membership No.: 105117

Mumbai
3rd August, 2020

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

Sd/-
G. Dasarathareddy
Managing Director
DIN: 01760054
Mumbai
3rd August, 2020

Sd/-
Dhiraj Poddar
Director
DIN: 01946905
Mumbai
3rd August, 2020

Sd/-
K. Uma Sankar Rao
Chief Financial Officer
Mumbai
3rd August, 2020

Sd/-
Deepa Gussain
Company Secretary
M. No.: ACS32849
Mumbai
3rd August, 2020

Consolidated Statement of Profit and Loss for the year ended 31 March 2020

(All amounts in INR millions, unless stated otherwise)

Particulars	Notes	For the year ended 31 March 2020	For the year ended 31 March 2019
Revenue from operations			
Interest income	26	11,060.71	6,697.58
Fee and commission income	27	433.05	316.32
Net gain on fair value changes	28	0.59	13.06
Net gain on derecognition of financial instruments under amortised cost category	29	-	92.18
Other operating income	30	435.58	76.24
Total revenue from operations		**11,929.93**	**7,195.38**
Other income	31	75.27	75.71
Total Income		**12,005.20**	**7,271.09**
Expenses			
Finance cost	32	4,697.28	2,733.20
Net loss on fair value changes		-	0.13
Impairment on financial instruments	33	1,123.69	345.15
Employee benefit expenses	34	2,655.83	1,838.54
Depreciation and amortization	35	271.16	124.40
Other expenses	36	1,390.68	986.23
Total Expenses		**10,138.64**	**6,027.65**
Profit before tax		**1,866.56**	**1,243.44**
Tax expense			
Prior year tax	37	1.99	1.09
Current tax	37	791.87	342.91
Deferred tax	37	(186.48)	42.33
Profit for the year		**1,259.18**	**857.11**
Other Comprehensive Income			
Items that will not be reclassified to profit and loss			
Remeasurement of the net defined benefit plans		(11.22)	(7.61)
Income tax relating to the above	10	2.83	2.22
Items that will be reclassified to profit and loss			
Changes in fair value of Investments		211.36	55.65
Income tax relating to above item	10	(51.00)	(18.52)
Other comprehensive income for the year, net of tax		**151.97**	**31.74**
Total comprehensive income for the year		**1,411.15**	**888.85**
Profit for the year attributable to:			
Owners of the Company		1,163.50	809.02
Non-controlling interest		95.68	48.09
		1,259.18	**857.11**
Other Comprehensive Income attributable to:			
Owners of the Company		140.95	29.40
Non-controlling interest		11.02	2.34
		151.97	**31.74**
Total Comprehensive Income attributable to:			
Owners of the Company		1,304.45	838.42
Non-controlling interest		106.70	50.43
		1,411.15	**888.85**
Earning per equity share	38		
Basic (In INR)		3.54	2.53
Diluted (In INR)		3.51	2.53
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 Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013
Sd/-
Manish Gujral
Partner
Membership No.: 105117

Mumbai
3rd August, 2020

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

Sd/-
G. Dasarathareddy
Managing Director
DIN: 01760054
Mumbai
3rd August, 2020

Sd/-
Dhiraj Poddar
Director
DIN: 01946905
Mumbai
3rd August, 2020

Sd/-
K. Uma Sankar Rao
Chief Financial Officer
Mumbai
3rd August, 2020

Sd/-
Deepa Gussain
Company Secretary
M. No.: ACS32849
Mumbai
3rd August, 2020

Consolidated cash flow statement for the year ended 31 March 2020

(All amounts in INR millions, unless stated otherwise)

Particulars	For the year ended 31 March 2020	31 March 2019
Cash flow from operating activities		
Profit before tax	1,866.56	1,243.44
Adjustment for :		
Depreciation and amortisation expenses	271.43	124.40
Profit on sale of Investment	(19.98)	(20.44)
Loss on sale of non-convertible debentures	4.01	-
Amortisation of Investments	9.12	5.64
Loss on disposal of fixed assets	0.65	0.47
Loan Portfolio written off	454.36	101.57
Employee stock option expense	49.80	-
Share and debenture issue expense	-	4.70
Provision on portfolio loans	721.79	53.15
Provision for other contingencies	(15.26)	-
Provision/depreciation-Investments	(0.79)	-
Net loss/(gain) on derecognition of financial instruments under amortised cost category	20.29	(20.29)
Interest accrued on securitized assets	16.44	(1.47)
Interest accrued on non-performing assets	(3.57)	45.05
Liability no longer required written back	-	(15.21)
Amortization of upfront fees/premium on securitisation	177.36	98.51
Fair valuation of financial instruments under amortised cost category	(5.52)	(1.29)
Interest expense on lease obligation	61.64	-
Deferral of debit card income and expense	56.18	81.41
Unrealized gain/loss on fair valuation of investments	(0.32)	(15.26)
Balances written off	-	2.42
Remeasurement of defined benefit obligations reclassified to other comprehensive income	(12.01)	(7.61)
Operating profit before working capital changes	**3,652.18**	**1,679.19**
Changes in working capital:		
Increase in deposits	24,855.89	13,310.30
(Increase) in investments	(3,075.70)	(4,286.94)
(Increase) in loans and advances	(19,292.95)	(13,324.92)
(Increase) in other financial and non financial assets	585.69	(372.96)
Increase/(decrease) in other financial and non financial liabilities	(413.24)	559.89
Cash generated from/ (used in) operating activities	**6,311.87**	**(2,435.44)**
Income taxes paid (net of refunds)	(751.81)	(326.55)
Net cash flow generated from / (used in) operating activities	**5,560.06**	**(2,761.99)**
Cash flows from investing activities		
Purchase of mutual funds	(6,080.29)	(22,563.97)
Proceeds from sale of mutual funds	5,996.56	22,742.20
Proceeds from term money lending	899.90	-
Purchase of property, plant and equipment	(243.49)	(231.44)
Proceeds from sale of property, plant and equipment	0.72	0.76
Investment in fixed deposits	-	45.30
Maturity of fixed deposits	105.29	-
Net cash flow generated from/ (used in) investing activities	**678.69**	**(7.15)**
Cash flow from financing activities		
Proceeds from issuance of equity share capital	48.68	1,052.70
Proceeds from borrowing under the LAF segment	1,030.00	-
Proceeds from borrowings (other than debt securities)	4,250.00	15,324.86

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Repayment of borrowings (other than debt securities)	(7,063.67)	(11,118.71)
Proceeds from issue of subordinated liabilities	1,097.49	461.60
Indemnification received	-	77.07
Payment of lease obligation	(123.32)	-
Share and debenture issue expenses	(11.25)	(4.70)
Proceeds from issue of debt securities	750.00	-
Proceeds from redemption of debt securities	(425.00)	(327.51)
Net cash flow generated from/ (used in) financing activities	**(447.07)**	**5,465.31**
Net increase in cash and cash equivalents (A + B + C)	**5,791.68**	**2,696.17**
Cash and cash equivalents at the beginning of the year	**4,971.33**	**2,275.16**
Cash and cash equivalents at the end of the year	**10,763.01**	**4,971.33**
Components of cash and cash equivalents		
Cash on hand	180.79	79.28
Balances with banks in current accounts	1,402.22	1,937.40
Balances with others (RBI)	9,180.00	-
Balance in fixed deposit account (maturity less than 3 months)	-	401.16
Money at call and short notice	-	2,553.49
Total cash and cash equivalents (note 3)	**10,763.01**	**4,971.33**
Summary of Significant Accounting Policies 1 - 2		
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.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013
Sd/-
Manish Gujral
Partner
Membership No.: 105117

Mumbai
3rd August, 2020

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

Sd/-
G. Dasarathareddy
Managing Director
DIN: 01760054
Mumbai
3rd August, 2020

Sd/-
Dhiraj Poddar
Director
DIN: 01946905
Mumbai
3rd August, 2020

Sd/-
K. Uma Sankar Rao
Chief Financial Officer
Mumbai
3rd August, 2020

Sd/-
Deepa Gussain
Company Secretary
M. No.: ACS32849
Mumbai
3rd August, 2020

Consolidated Statement of Changes in Equity as at 31 March 2020

(All amounts in INR millions, unless stated otherwise)

A Equity share capital

Particulars	Balance as at 1 April 2018	Change in equity share capital during the period	Balance as at 31 March 2018	Change in equity share capital during the period	As at 31 March 2020
Equity shares of ₹1 each, issued, subscribed and fully paid up	304.22	24.20	328.42	0.00	328.42

B Other equity

Particulars	Reserve fund u/s 45-IC of RBI Act 1934 (refer note 1)	Reserve fund u/s 17(2) of Banking Regulation Act, 1949 (refer note 2)	Capital reserve	Securities premium	Investment fluctuation reserve	Stock option reserve	Retained earnings	Other Compre-hensive income	Total other equity	Non controlling interest	Total
Balance as at 1 April 2017	**225.33**	**-**	**134.67**	**4,083.39**	**-**		**(127.29)**	**-**	**4,316.10**	**331.63**	**4,647.73**
Profit for the year	-	-	-	-	-		(185.49)	-	(185.49)	(31.12)	(216.61)
Transfers to statutory reserves	(44.99)	44.99	-	-	-		(4.18)	-	(4.18)	-	(4.18)
Add: Addition during the year	4.18	-	447.77	-	-		-	-	451.95	-	451.95
Add: Premium on issue of equity shares	-	-	-	184.55	-		-	-	184.55	-	184.55
Add: Changes in fair value of Investments (net of tax)	-	-	-	-	-		-	(25.04)	(25.04)	(2.57)	(27.61)
Add: Remeasurement of the net defined benefit asset (net of tax)	-	-	-	-	-		(0.09)	-	(0.09)	-	(0.09)
Income tax to items of other comprehensive income									-		-
Balance as at 1 April 2018	**184.52**	**44.99**	**582.44**	**4,056.89**	**-**	**-**	**(105.99)**	**(25.05)**	**4,737.80**	**297.94**	**5,035.75**
Profit for the year	-	-	-	-	-	-	809.02	-	809.02	48.09	857.11
Transfers to Statutory reserves	-	-	-	-	-	-	(262.37)	-	(262.37)	-	(262.37)
Add: Addition during the year	7.41	254.96	77.07	-	31.13	-	(31.13)	-	339.44	106.55	445.99
Add: Premium on issue of equity shares	-	-	-	924.29	-	-	-	-	924.29	-	924.29
Add: Changes in fair value of Investments (net of tax)	-	-	-	-	-	-	-	34.79	34.79	-	34.79
Add: Remeasurement of the net defined benefit asset (net of tax)	-	-	-	-	-	-	(5.39)	-	(5.39)	-	(5.39)
Balance as at 31 March 2019	**191.93**	**299.95**	**659.51**	**4,981.18**	**31.13**	**-**	**404.14**	**9.74**	**6,577.58**	**452.58**	**7,030.16**

Consolidated Statement of Changes in Equity as at 31 March 2020

(All amounts in INR millions, unless stated otherwise)

B Other equity (contd...)

Particulars	Reserve fund u/s 45-IC of RBI Act 1934 (refer note 1)	Reserve fund u/s 17(2) of Banking Regulation Act, 1949 (refer note 2)	Capital reserve	Securities premium	Investment fluctuation reserve	Stock option reserve	Retained earnings	Other Compre-hensive income	Total other equity	Non controlling interest	Total
Adoption of Ind AS 116 w.e.f. April 1, 2019 (net of tax)	-	-	-	-	-	-	(20.85)	-	(20.85)	-	(20.85)
Profit for the year	-	-	-	-	-	-	1,163.50	-	1,163.50	95.68	1,259.18
Transfers to Statutory reserves	-	-	-	-	-	-	(358.66)	-	(358.66)	-	(358.66)
Add: Addition during the year	-	358.66	-	-	43.34	-	(43.34)	-	358.66	59.70	418.36
Add: Stock options granted during the year	-	-	-	-	-	49.80	-	-	49.80	-	49.80
Add: Premium on issue of equity shares	-	-	-	-	-	-	-	-	-	-	-
Add: Changes in fair value of Investments (net of tax)	-	-	-	-	-	-	-	149.35	149.35	-	149.35
Add: Remeasurement of the net defined benefit asset (net of tax)	-	-	-	-	-	-	(8.40)	-	(8.40)	-	(8.40)
Balance as at 31 March 2020	**191.93**	**658.61**	**659.51**	**4,981.18**	**74.47**	**49.80**	**1,136.39**	**159.09**	**7,910.98**	**607.96**	**8,518.94**

1 The transfer to statutory reserve u/s 45(IC) of the RBI Act, 1934 for the year ended 31 March 2018 was computed on the profit after tax reported under the previous GAAP for FBSL and has not been adjusted for IND AS adjustments

2 The transfer to statutory reserve u/s 17(2) of the Banking Regulation Act, 1949 for the year ended 31 March 2019 and 31 March 2020 was computed on the profit after tax reported under the GAAP for FSFBL and has not been adjusted for IND AS adjustments

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

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013
Sd/-
Manish Gujral
Partner
Membership No.: 105117
Mumbai
3rd August, 2020

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

Sd/-
G. Dasarathareddy
Managing Director
DIN: 01760054
Mumbai
3rd August, 2020

Sd/-
Dhiraj Poddar
Director
DIN: 01946905
Mumbai
3rd August, 2020

Sd/-
K. Uma Sankar Rao
Chief Financial Officer
Mumbai
3rd August, 2020

Sd/-
Deepa Gussain
Company Secretary
M. No.: ACS32849
Mumbai
3rd August, 2020

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2020

(All amounts in ₹, unless stated otherwise)

1. Summary of significant accounting policies and other explanatory information

a) Group overview

Fincare Business Services Limited (formerly 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.

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 East Region, Ministry of Corporate Affairs, Hyderabad on 03 March 2020 and the Company made changes in MOA and reported to the 'RBI'.

The consolidated financial statements for the year ended 31 March 2020 were authorized and approved for issue by the Board of Directors on 03 August 2020.

The consolidated financial statements comprise 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 2020	31 March 2019
Subsidiary:			
Fincare Small Finance Bank Limited	India	92.75%	92.48%

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 comprise the Consolidated Balance Sheet as at 31 March 2020, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year ended 31 March 2020, and a summary of significant accounting policies and other explanatory information (together hereinafter referred to as 'consolidated financial statements').

The consolidated financial statements have been prepared using the significant accounting policies and measurement bases summarised below. These accounting policies have been used throughout all periods presented in these consolidated financial statements, except where the Group has applied certainaccounting policies and exemptions upon transition to Ind AS.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments measured at fair values at the end of each reporting period, as explained in the accounting policies below.

The Novel Coronavirus (COVID-19) pandemic (declared as such by the World Health Organization on 11 March 2020) continues to spread across the globe and India, which has contributed to a significant decline and volatility in the economic activity, in global and Indian markets. The Government of India announced a 40-day nation-wide lockdown to contain the spread of the virus till 03 May 2020, which was further extended till 31 May 2020 and subsequently, the respective state governments have announced specific lockdowns on a need basis.

As 'Fincare Business Services Limited' is an NBFC-CIC-ND-SI, our balance sheet is substantially the investment in our subsidiary company, Fincare Small Finance Bank Limited (the 'Bank"). COVID-19 has impacted the livelihood of borrowers and various other aspects, consequently impacting the Bank's regular operations including lending and collection activities due to restrictions on the movement of employees across different states/districts to reach the borrowers.

The full extent of the impact of the pandemic on the Bank's operations and financial metric (including impact on provision for loan portfolio) will depend on future developments including governmental and regulatory measures and the Bank'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.

(ii) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 March 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights, including potential voting rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee 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 investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, 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 investee 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 members of 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. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

b) 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.

c) 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 inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income 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 members of 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.

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
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 fivestep 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 nontaxable 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.

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.

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 43. 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 MFIs. 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 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 r etained in the transfer.

Non-derivative financial liabilities

Other 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 and debentures 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. Nonmonetary 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 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
- 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 2020

(All amounts in INR millions, unless stated otherwise)

3 Cash and cash equivalents

	As at 31 March 2020	As at 31 March 2019
Cash on hand	180.79	79.28
Balances with banks in current account	1,402.22	1,937.40
Balances with others (RBI)	9,180.00	-
Money Market Instruments (inclusive of accrued interest)	-	2,553.49
Term deposits for original maturity of 3 months or less with scheduled banks (inclusive of accrued interest)	-	401.16
	10,763.01	**4,971.33**

(i) 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 2020	As at 31 March 2019
Term deposits with bank (inclusive of accrued interest)	76.43	9.21
Margin money deposits with bank (inclusive of accrued interest)[1 2]	27.84	464.91
	104.27	**474.12**

(i) The Group earns a fixed rate of interest on these term deposits.

1 Includes term deposits amounting to INR 25 million (31 March 2019: INR 48 million) lien marked towards term loans availed from banks and financial institutions and INR 41 million (31 March 2019: INR 251 million) placed as cash collateral in connection with assignment / securitisation of advances.

2 Includes term deposits amounting to INR 24 million (31 March 2019: INR 128 million) held as pledged against FLDG commitments.

5 Trade receivables

	As at 31 March 2020	As at 31 March 2019
Unsecured, considered good	1.12	28.51
Unsecured, considered doubtful	-	-
Provision for expected credit loss	-	-
	1.12	**28.51**

6 Loans

	As at 31 March 2020	As at 31 March 2019
At amortised cost		
Term loans	52,835.92	34,562.16
Loans repayable on demand	208.81	105.57
Total - Gross	**53,044.73**	**34,667.73**
Less: Allowance for impairment loss	(1,372.81)	(680.89)
Total - Net (A)	**51,671.92**	**33,986.84**
Secured by tangible assets	10,478.83	6,723.12
Unsecured	42,565.90	27,944.61
Total - Gross	**53,044.73**	**34,667.73**
Less: Allowance for impairment loss	(1,372.81)	(680.89)
Total - Net (B)	**51,671.92**	**33,986.84**
Loans in India		
Public sector	-	-
Others	53,044.73	34,667.73
Total - Gross	**53,044.73**	**34,667.73**
Less: Allowance for impairment loss	(1,372.81)	(680.89)
Total - Net (C)	**51,671.92**	**33,986.84**
Loans outside India	**-**	**-**
Less: Allowance for impairment loss for loan assets	-	-
Total - Net (D)	**-**	**-**

7 Investments

	As at 31 March 2020	As at 31 March 2019
At fair value through profit and loss account		
Mutual funds (Quoted)	103.77	-
At fair value through other comprehensive income		
Government securities	10,304.66	7,025.40
	10,408.43	**7,025.40**
Investments outside India	-	-
Investments in India	10,408.43	7,025.40
	10,408.43	**7,025.40**
Less: Allowance for impairment loss	-	-
Total Investments - net	**10,408.43**	**7,025.40**

8 Other financial assets

	As at 31 March 2020	As at 31 March 2019
Security deposits (unsecured, considered good)	86.51	69.13
Interest accrued	1,001.60	458.95
Term Deposits with Financial Institutions	-	3.04
Excess Interest Spread Receivable	-	29.19
Others	24.01	39.91
	1,112.12	**600.22**

9 Current tax assets (net)

	As at 31 March 2020	As at 31 March 2019
Advance tax [net of provision for tax]	33.82	78.34
	33.82	**78.34**

10 Deferred tax assets (net)

	As at 31 March 2020	As at 31 March 2019
Tax effect of items constituting deferred tax assets:		
Depreciation and amortisation	33.26	25.66
Provision for employee benefits	34.20	33.17
Financial assets at amortised cost	133.00	90.44
Fair valuation of financial instruments through profit and loss	330.92	-
Impairment loss allowance and first loss default guarantee	13.66	114.42
MAT credit asset	4.90	110.76
Lease accounting under Ind AS 116	16.02	-
Others	0.89	1.31
Tax effect of items constituting deferred tax liabilities:		
Fair valuation of financial instruments through profit and loss	-	(5.17)
Fair valuation of loan assets through other comprehensive income	(56.57)	(5.63)
Total Deferred tax assets (net)	**510.28**	**364.96**

10 Deferred tax assets (net) (contd...)

Movement in above mentioned deferred tax assets and (liabilities)

Particulars	As at 1 April 2018	Recognised in statement of profit and loss	Recognised in other comprehensive income	As at 31 March 2019	Adoption of Ind AS 116 as at 1 April 2019	Recognised in statement of profit and loss	Recognised in other comprehensive income	As at 31 March 2020
Depreciation and amortisation	16.57	9.09	-	25.66	-	7.60	-	33.26
Provision for employee benefits	21.21	11.96	-	33.17	-	1.03	-	34.20
Expenses deductible on payment basis	-	(2.22)	2.22	-	-	(2.83)	2.83	-
Financial assets at amortised cost	29.72	60.72	-	90.44	-	42.56	-	133.00
Fair valuation of financial instruments through profit and loss	0.36	(5.53)	-	(5.17)	-	336.09	-	330.92
Fair valuation of loan assets through other comprehensive income	13.90	(1.02)	(18.52)	(5.63)	-	0.06	(51.00)	(56.57)
Provision for service tax reconciliation	1.40	(1.40)	-	-	-	-	-	-
Impairment loss allowance and first loss default guarantee	149.40	(34.98)	-	114.42	-	(100.76)	-	13.66
Accumulated losses	190.05	(190.05)	-	-	-	-	-	-
MAT credit asset	-	110.76	-	110.76	-	(105.86)	-	4.90
Adoption of Ind AS 116 - Leases	-	-	-	-	7.01	9.01	-	16.02
Others	0.98	0.33	-	1.31	-	(0.42)	-	0.89
	423.59	**(42.34)**	**(16.30)**	**364.96**	**7.01**	**186.48**	**(48.17)**	**510.28**

11 Property, Plant and Equipment

	Right-of-use asset (*)"	Land	Furniture and Fixtures	Computers & equipments	office Equipment	Leasehold improvement	Vehicles	Total
Gross Block								
Balance as at 01 April 2018	**-**	**2.35**	**36.62**	**80.88**	**47.23**	**58.18**	**3.93**	**229.19**
Additions during the year	-	-	39.82	62.20	59.21	72.28	1.34	234.85
Disposals during the year	-	-	0.09	0.76	0.86	-	1.15	2.86
Balance as at 31 March 2019	**-**	**2.35**	**76.35**	**142.32**	**105.58**	**130.46**	**4.12**	**461.18**
Adoption of Ind AS 116 as at 01 April 2019(*)	592.54	-	-	-	-	-	-	592.54
Additions during the year	306.97	-	37.58	74.43	55.54	51.84	-	526.36
Disposals during the year	-	-	0.12	0.80	2.91	0.28	-	4.11
Balance as at 31 March 2020	**899.51**	**2.35**	**113.81**	**215.95**	**158.21**	**182.02**	**4.12**	**1,575.97**
Accumulated depreciation								
Balance as at 01 April 2018	**-**	**-**	**7.69**	**21.94**	**11.74**	**10.40**	**0.69**	**52.46**
Charge for the year	-	-	14.22	39.90	24.36	23.43	0.60	102.51
Disposals during the year	-	-	0.04	0.61	0.67	-	0.31	1.63
Balance as at 31 March 2019	**-**	**-**	**21.87**	**61.23**	**35.43**	**33.83**	**0.98**	**153.34**
Adoption of Ind AS 116 as at 01 April 2019(*)	84.20	-	-	-	-	-	-	84.20
Charge for the year	100.86	-	16.08	61.45	29.44	36.49	0.64	244.96
Disposals during the year	-	-	0.11	0.57	1.77	0.03		2.48
Balance as at 31 March 2020	**185.06**	**-**	**37.84**	**122.11**	**63.10**	**70.29**	**1.62**	**480.02**
Net block								
Balance as at 01 April 2018	**-**	**2.35**	**28.93**	**58.94**	**35.49**	**47.78**	**3.24**	**176.73**
Balance as at 31 March 2019	**-**	**2.35**	**54.48**	**81.09**	**70.15**	**96.63**	**3.14**	**307.84**
Balance as at 31 March 2020	**714.45**	**2.35**	**75.97**	**93.84**	**95.11**	**111.73**	**2.50**	**1,095.95**

(*) Refer note 50

12 Other Intangible assets

	Computer Software
Gross Block	
Balance as at 01 April 2018	**63.17**
Additions during the year	0.87
Disposals during the year	-
Balance as at 31 March 2019	**64.04**
Additions during the year	24.43
Disposals during the year	-
Balance as at 31 March 2020	**88.47**
Amortisation	
Balance as at 01 April 2018	**13.28**
Charge for the year	21.89
Disposals during the year	-
Balance as at 31 March 2019	**35.17**
Charge for the year	26.20
Disposals during the year	-
Balance as at 31 March 2020	**61.37**
Net block	
Balance as at 01 April 2018	**49.89**
Balance as at 31 March 2019	**28.87**
Balance as at 31 March 2020	**27.10**

13 Goodwill

	As at 31 March 2020	As at 31 March 2019
Opening balance	418.33	418.33
Written off during the year	-	-
Closing balance	**418.33**	**418.33**

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 2020, 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 2020	As at 31 March 2019
Prepaid expenses	81.31	61.45
Balance with government authorities	97.85	92.35
Advances to suppliers	18.76	9.66
Gratuity (excess of plan assets over obligation)	1.09	-
Others	16.50	6.35
	215.51	**169.81**

15 Debt securities

	As at 31 March 2020	As at 31 March 2019
At amortised cost		
Bonds and debentures		
Secured	-	-
Unsecured	766.64	424.47
Total - (A)	**766.64**	**424.47**
Debt securities in India	766.64	424.47
Debt securities outside India	-	-
Total - (B)	**766.64**	**424.47**
Refer note 39		

16 Borrowings (other than debt securities)

	As at 31 March 2020	As at 31 March 2019
At amortised cost (Refer note 39)		
Term loans - Secured		
i) from Banks	-	581.25
ii) from other parties	5,043.85	7,031.07
Term loans - Unsecured		
i) from Banks	300.00	648.19
ii) from other parties	10,276.60	10,172.18
Lease liabilities	760.21	-
LAF - Reserve Bank of India - Unsecured	1,030.00	-
Total - (A)	**17,410.66**	**18,432.69**
Borrowings in India	17,410.66	18,432.69
Borrowings outside India	-	-
Total - (B)	**17,410.66**	**18,432.69**

17 Deposits

	As at 31 March 2020	As at 31 March 2019
At amortised cost		
Public deposits	25,285.84	9,198.14
From banks	16,700.17	7,433.44
From Others	4,553.85	3,747.24
Total - (A)	**46,539.86**	**20,378.82**
Deposits in India	46,539.86	20,378.82
Deposits outside India	-	-
Total - (B)	**46,539.86**	**20,378.82**
Details of deposits received from Key management personnel		
Key management personnel		
Mr. Rajeev Yadav	2.50	4.38
Mr. Keyur Doshi	3.00	10.20
Ms. Shefaly Kothari	1.70	2.32
Relative of key management personnel	26.40	55.46
	33.60	**72.36**

18 Subordinated Liabilities

	As at 31 March 2020	As at 31 March 2019
At amortised cost (Refer note 39)		
Unsecured redeemable debentures/bonds	1,806.58	710.64
Total - (A)	**1,806.58**	**710.64**
Subordinated liabilities in India	1,806.58	710.64
Subordinated liabilities outside India	-	-
Total - (B)	**1,806.58**	**710.64**

19 Other financial liabilities

	As at 31 March 2020	As at 31 March 2019
Collateral against Rural Micro Enterprise Loans (RMEL)	-	7.04
Interest accrued	60.21	150.37
Payable towards assignment of loans	-	143.67
Employee related payable	146.83	109.00
Provision for first loss default guarantee	1.61	5.75
Advances towards deposits	-	22.07
Amount payable under business correspondence operations	7.14	30.95
Payable to deposit holders	-	52.56
Interbank payables towards ATM transactions	25.25	167.37
Others	133.31	54.33
	374.35	**743.11**

20 Current tax liabilities

	As at 31 March 2020	As at 31 March 2019
Provision for tax (net)	1.35	3.78
	1.35	**3.78**

21 Provisions

	As at 31 March 2020	As at 31 March 2019
Provision for employee benefits		
Gratuity	41.78	46.81
Compensated absences	75.53	46.02
Other provisions	9.24	6.86
	126.55	**99.69**

22 Contract liabilities

	As at 31 March 2020	As at 31 March 2019
Income received in advance	189.22	119.27
	189.22	**119.27**

23 Other non financial liabilities

	As at 31 March 2020	As at 31 March 2019
Statutory dues payable	96.57	72.01
	96.57	**72.01**

24 Equity share capital

Particulars	As at 31 March 2020	As at 31 March 2019
Authorised equity share capital		
835,000,000 (31 March 2019:835,000,000) Equity shares of ₹ 1 each	835.00	835.00
22,000,000 (31 March 2019:22,000,000) Equity shares of ₹ 10 each	220.00	220.00
10,000,000 (31 March 2019:10,000,000) Preference shares of ₹ 10 each	100.00	100.00
	1,155.00	**1,155.00**
Issued, subscribed and paid up equity share capital		
328,417,440 (31 March 2019: 328,417,440) Equity shares of ₹ 1 each	328.42	328.42
	328.42	**328.42**

i) Rights, preferences and restrictions attached to equity shares:

Each holder of an equity share is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuring Annual General Meeting, except interim dividend. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive 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.

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

	As at 31 March 2020		As at 31 March 2019	
	No. of shares	**₹**	**No. of shares**	**₹**
Equity share capital of ₹ 1 each fully paid up				
Balance at the beginning of the year	328,417,440	328.42	304,221,490	304.22
Add: Issued during the year	-	-	24,195,950	24.20
Balance at the end of the year	**328,417,440**	**328.42**	**328,417,440**	**328.42**

iii) Shareholders holding more than 5% of shares of the Company as at balance sheet date:

	As at 31 March 2020		As at 31 March 2019	
	No. of shares	**% holding**	**No. of shares**	**% holding**
Equity shares of ₹ 1 each, fully paid up				
1) True North Fund V LLP	6,565,906	19.99%	6,565,906	19.99%
2) Wagner Limited	5,853,504	17.82%	5,853,504	17.82%
3) INDIUM IV (Mauritius) Holdings Limited	5,408,598	16.47%	5,408,598	16.47%
4) Omega TC Holdings Pte. Ltd.	2,777,233	8.46%	2,777,233	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) There are no shares of the Company reserved for issue under any option, contracts, commitments for the sale of share or disinvestment.

25 Other equity

Particulars	As at 31 March 2020	As at 31 March 2019
Reserve fund u/s 45-IC of RBI Act 1934	191.93	191.93
Reserve fund u/s 17(2) of Banking Regulation Act, 1949	658.61	299.95
Capital reserve	659.51	659.51
Securities premium	4,981.18	4,981.18
Investment fluctuation reserve	74.47	31.13
Retained earnings	1,136.39	404.14
Stock option reserve	49.80	-
Other comprehensive income	159.09	9.74
	7,910.98	**6,577.58**

Nature and purpose of reserves

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.

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.

Capital Reserve

The Group has on-boarded new investors post 28 February 2017 and has entered into a share purchase and share subscription agreement (SPSSA) with the new investors as on 9 January 2017. The net worth of group companies was expected to be significantly impacted due to the scheme of demonetization introduced by the Government of India. Therefore, in order to maintain the net worth of the group at a level agreed in the SPSSa, an agreement was entered into wherein a certain group of shareholders infused additional paid in capital in respect of the direct impact if demonetization. The company will in turn infuse these funds into group companies.

Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

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.

Retained earnings

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

Stock option reserve

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

Other comprehensive income

Other comprehensive income comprises of fair valuation impact of investments made in equity instruments.

26 Interest Income

	For the year ended 31 March 2020	For the year ended 31 March 2019
On Financial Assets measured at Amortised Cost		
Interest on loans	10,184.48	6,292.09
Interest income on money market instruments	21.29	57.16
Interest income on deposits, certificate of deposits and commercial papers	348.67	39.96
	10,554.44	**6,389.21**
On Financial Assets measured at fair value through other comprehensive income		
Interest income from investments	506.27	308.37
	506.27	**308.37**

27 Fee and commission income

	For the year ended 31 March 2020	For the year ended 31 March 2019
Fee income recognised over a certain period of time (Refer note 49)	370.40	268.50
Fee income recognised at a point of time (Refer note 49)	62.65	47.82
	433.05	**316.32**

28 Net gain on fair value changes

	For the year ended 31 March 2020	For the year ended 31 March 2019
Net gain on financial instruments at fair value through profit or loss		
On trading portfolio		
- Investments	0.59	13.06
Total net gain on fair value changes	**0.59**	**13.06**
Fair value changes:		
- Realised	-	13.06
- Unrealised	0.59	-
Total net gain on fair value changes	**0.59**	**13.06**

29 Net gain on derecognition of financial instruments under amortised cost category

	For the year ended 31 March 2020	For the year ended 31 March 2019
Gain on sale of loan portfolio through assignment	-	92.18
	-	**92.18**

30 Other operating income

	For the year ended 31 March 2020	For the year ended 31 March 2019
Income from sale of priority sector lending certificate	433.79	76.07
Profit on sale of investments	1.79	0.17
	435.58	**76.24**

31 Other income

	For the year ended 31 March 2020	For the year ended 31 March 2019
Liability no longer required written back	-	15.21
Other interest income	5.56	4.09
Income from professional service	0.71	8.54
Income from space sharing arrangement	38.17	18.16
Profit on sale of mutual funds	18.19	20.27
Miscellaneous	12.64	9.44
	75.27	**75.71**

32 Finance cost

	For the year ended 31 March 2020	For the year ended 31 March 2019
On financial liabilities measured at amortised cost		
Interest on deposits	3,019.46	1,158.11
Interest on borrowings (other than debt securities)	1,420.49	1,466.59
Interest on debt securities	158.88	77.10
Interest on subordinated liabilities	91.30	31.30
Other interest expense	7.15	0.10
	4,697.28	**2,733.20**

33 Impairment on financial instruments

	For the year ended 31 March 2020	For the year ended 31 March 2019
On Financial Assets measured at Amortised Cost		
Loans	1,123.69	345.15
	1,123.69	**345.15**

34 Employee benefit expenses

	For the year ended 31 March 2020	For the year ended 31 March 2019
Salaries and wages	2,312.32	1,636.07
Contributions to provident and other funds	141.26	100.47
Gratuity expense (Refer note 40)	28.86	23.21
Compensated absences (Refer note 40)	47.37	24.00
Share based payment to employees (Refer note 43)	49.80	-
Staff welfare expenses	76.22	54.79
	2,655.83	**1,838.54**

35 Depreciation and amortization

	For the year ended 31 March 2020	For the year ended 31 March 2019
Depreciation of tangible assets	244.96	102.51
Amortisation of intangible assets	26.20	21.89
	271.16	**124.40**

36 Other expenses

	For the year ended 31 March 2020	For the year ended 31 March 2019
Rent, taxes and energy costs (*)	167.75	184.58
Credit bureau charges	81.68	-
Repairs and maintenance - others	71.73	83.68
Insurance	21.53	8.89
Travelling and conveyance	100.02	88.78
Postage, telegrams, telephones, etc.	123.04	79.71
Communication costs	26.41	13.84
Printing and stationery	67.53	42.15
Legal and professional charges	278.62	208.95
Auditor's fees and expenses (Refer note i below)	9.17	6.28
Directors' fees, allowances and expenses	10.07	8.02
Advertisement and publicity	102.93	64.80
Contribution towards CSR expenses (Refer note ii below)	5.54	4.69
ATM recycler charges	121.74	62.44
Fees and commission	55.19	14.52
Losses on securitisation	-	59.98
Loss on sale of fixed assets	0.65	-
Foreign exchange loss	0.08	-
Balances written off	4.08	-
Loss on sale of debt securities	4.01	-
Miscellaneous expenses	138.91	54.92
	1,390.68	**986.23**

(*) Rent expense for the year ending 31 March 2020 comprises of leases whose lease term is less than 12 months from the date of initial application of Ind AS 116. (Refer note 49)

(i) Payment to auditors (including GST)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Audit fees	6.81	4.92
Tax audit fees	0.11	0.21
Other audit services	1.39	0.65
Reimbursement of expenses	0.86	0.50
	9.17	**6.28**

(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 2020 is INR 5.54 million (31 March 2019: INR 4.69 million).

Amount spent during the year :

	For the year ended 31 March 2020	For the year ended 31 March 2019
a Construction/ acquisition of any asset		
In cash	-	-
Yet to be paid	-	-
	-	**-**
b On purpose other than (b) above		
In cash	5.54	4.69
Yet to be paid		-
	5.54	**4.69**
	5.54	**4.69**

37 Tax expense

	For the year ended 31 March 2020	For the year ended 31 March 2019
Prior period tax	1.99	1.09
Current tax	791.87	342.91
Deferred tax charge/(credit) (Refer Note 10)	(186.48)	42.33
	607.38	**386.33**
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:		
Profit before tax	1,866.56	1,243.44
Statutory income tax rate	25.17%	29.12%
Expected income tax expense	**469.81**	**362.09**
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense		
Adjustment for tax expense pertaining to prior years	(12.02)	1.09
Impact of brought forward losses set off against taxable profit	13.79	(8.37)
Reversal of deferred tax on service tax provision	-	1.40
Reversal/(creation) of deferred tax asset on brought forward losses	109.87	4.31
Tax on expense not eligible for deduction	30.82	2.83
Other deductions availed under income tax act	(34.75)	
Impact of change in tax rates	37.67	20.71
Other adjustments	(7.80)	2.27
	607.38	**386.33**

38 Earning per equity share

	For the year ended 31 March 2020	For the year ended 31 March 2019
Net profit attributable to equity shareholders	1,163.50	809.02
Weighted average number of shares outstanding for computing basic EPS (nos)	**328,417,440**	**319,534,543**
Add: Effect of potential shares for conversion of ESOPs (nos)	3,149,483	-
	331,566,923	**319,534,543**
Weighted average number of shares outstanding for computing basic and diluted EPS (nos)		
Earning per equity share - Basic (In INR)	3.54	2.53
Earning per equity share - Diluted (In INR)	3.51	2.53
Nominal value - per equity share (In INR)	1.00	1.00

39 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 2020	Balance outstanding as at 31 march 2019
Fixed rate borrowings					
Monthly repayment					
Less than 2 years	-	-	-	-	-
2-3 years	-	-	-	-	-
3-5 years	-	-	-	-	-
More than 5 years	-	-	-	-	-
Quarterly repayment					
Less than 2 years	-	-	-	-	-
2-3 years	-	-	-	-	-
3-5 years	-	-	-	-	-
More than 5 years	10.75%	-	-	-	74.97
Bullet repayment					
Less than 2 years	10.25%-11.35%	-	-	-	349.50
2-3 years	8.00%	250%	-	766.64	-
3-5 years	-	-	-	-	-
More than 5 years	-	-	-	-	-
Total				**766.64**	**424.47**

b Borrowings (Other than debt securities)

Original maturity of loan	Rate of interest	Book Debt collateral	Cash collateral	Balance outstanding as at 31 March 2020	Balance outstanding as at 31 march 2019
Fixed rate borrowings					
Monthly repayment					
Less than 2 years	9.25%-15.00%	105%	5,425.61	4,971.50	2,395.92
2-3 years	11.44%-15.30%	110%	50.00	-	-
3-5 years	9.50%-15.25%	110%	1,439.17	-	710.90
More than 5 years	10.86%-11.70%	100%	135.11	-	49.14
Quarterly repayment					
Less than 2 years	9.00%-14.00%	-	-	3,189.96	-
2-3 years	9.00%-14.00%	-	25.00	399.64	2,132.33
3-5 years	9.00%-12.25%	-	25.00	-	1,347.47
More than 5 years	-	-	-	-	-
Bullet repayment					
Less than 2 years	0.06%-15.75%	-	-	-	3,875.00
2-3 years	8.25%	-	-	499.50	-
3-5 years	-	-	-	-	-
More than 5 years	-	-	-	-	-
Half yearly					
Less than 2 years	8.25%-11.50%	115%	-	3,166.10	-
2-3 years	8.25%-11.50%	115%	-	1,493.75	-
3-5 years	8.25%-11.50%	115%	-	1,600.00	-
More than 5 years	8.25%-11.25%	115%	-	-	6,692.50
Floating rate borrowings					
Monthly repayment					
Less than 2 years	-	-	-	-	-
2-3 years	-	-	-	-	-
3-5 years	10.10%-12.70%	100%	-	-	759.54
More than 5 years	-	-	-	-	-
Quarterly repayment					
Less than 2 years	9.85%-13.25%	110%	37.50	300.00	114.16
2-3 years	11.10%-13.55%	110%	4.00	-	135.14
3-5 years	10.00%-11.50%	110%	-	-	220.59
More than 5 years	-	-	-	-	-
Lease liability					
Fixed rate borrowing					
Monthly repayment					
Tenure ranging 2-6 years	9.00%	-	-	760.21	-
LAF - Reserve Bank of India					
Bullet repayment					
Less than 2 years	3%-5.15%	-	-	1,030.00	-
Total				**17,410.66**	**18,432.69**

c Subordinated liabilities

Original maturity of loan	Rate of interest	Book Debt collateral	Cash collateral	Balance outstanding as at 31 March 2020	Balance outstanding as at 31 march 2019
Fixed rate borrowings					
Bullet repayment					
Less than 2 years	11.30%-12.60%	-	-	-	710.64
2-3 years	12.60%	-	-	249.29	-
3-5 years	11.30%	-	-	562.04	-
More than 5 years	12.87%	-	-	995.25	-
Total				**1,806.58**	**710.64**

40 Employee benefit obligations

Amount recognised in the balance sheet is as under:

Particulars	31 March 2020	31 March 2019
Defined benefit plans		
Gratuity	41.78	46.81
Leave encashment	75.53	46.02

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 2020	For the year ended 31 March 2019
Current service cost	27.46	20.69
Interest cost (net)	3.59	2.39
Expected Return on plan assets	(2.27)	(1.10)
Past Service Cost	0.08	1.23
Actuarial loss recognised during the year	11.22	7.69
Amount recognised in total comprehensive income	**40.08**	**30.90**

(iii) Movement in the present value of defined benefit obligation recognised in the balance sheet

	As at 31 March 2020	As at 31 March 2019
Present value of defined benefit obligation as at the beginning of the year		
Opening defined benefit obligation	62.03	34.07
Interest cost	3.59	2.39
Current service cost	31.69	19.50
Benefits paid	(3.24)	(1.77)
Actuarial loss on obligation	12.70	7.84
Present value of defined benefit obligation as at the end of the year	**106.77**	**62.03**
(iv) **Movement in the plan assets recognised in the balance sheet**		
Fair value of plan assets at the beginning of the year	15.28	15.33
Expected return on plan assets	2.27	1.10
Actuarial gain on plan assets	1.48	0.16
Contributions	46.04	1.70
Benefits paid	-	(1.77)
Admin expenses /taxes paid from plan assets	(0.08)	(1.24)
Fair value of plan assets at the end of the year	**64.99**	**15.28**

40 Employee benefit obligations (contd...)

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

	As at 31 March 2020	As at 31 March 2019
Present value of funded obligation as at the end of the year	106.77	62.03
Fair value of plan assets as at the end of the period funded status	64.99	15.28
(Unfunded) net liability recognized in balance sheet	**(41.78)**	**(46.81)**

(vi) Actuarial loss recognised in other comprehensive income:

	As at 31 March 2020	As at 31 March 2019
Actuarial (gain) on assets	**(1.48)**	**(0.16)**
Actuarial (gain) / loss on liabilities		
Actuarial (gain) from change in demographic assumption	(0.93)	8.59
Actuarial loss from change in financial assumption	12.61	(0.84)
Actuarial loss from experience adjustment	1.02	0.09
Total Actuarial loss on liabilities	**12.70**	**7.84**
Total actuarial loss	**11.22**	**7.68**

(vii) Actuarial assumptions used for determination of the liability of the Company:

	As at 31 March 2020	As at 31 March 2019
Discount rate	6.03%	7.44%-7.62%
Expected rate of return on assets	6.03%	7.08%-7.21%
Rate of increase in compensation levels	30.00%	30.00%
Salary escalation rates	11.00%	11.00%-12.00%
Retirement age	60 Yrs	60 Yrs
Expected average remaining working lives of employees (in years)	9.24	8.64

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 2020	As at 31 March 2019
Impact of change in discount rate		
Present value of obligation at the end of the year	106.77	62.03
- Impact due to increase of 100 bps	(8.05)	(4.40)
- Impact due to decrease of 100 bps	9.37	5.08
Impact of change in salary increase		
Present value of obligation at the end of the year	106.77	62.03
- Impact due to increase of 100 bps	7.44	4.16
- Impact due to decrease of 100 bps	(6.79)	(3.72)
Impact of change in attrition rate		
Present value of obligation at the end of the year	106.77	62.03
- Impact due to increase of 100 bps	(3.18)	(1.58)
- Impact due to decrease of 100 bps	3.55	1.76

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 2020	As at 31 March 2019
Within next 12 months	10.67	6.54
Between 1-5 years	26.82	13.60
Beyond 5 years	160.14	12.85

(x) Category of plan assets

	As at 31 March 2020	As at 31 March 2019
Fund managed by issuer	64.74	15.28

The Company expects to contribute ₹ 0.83 million (previous year ₹ 1.20 million) to its gratuity plan for the next year.

41 Operating segments

The Group is primarily engaged in business of micro finance and the business activity falls within one operating segment, as this is how the chief operating decision maker of the Group looks at the operations. All activities of the Group revolve around the main business. The Group operates primarily in India and there is no other geographical segment.

42 Contingent liabilities and commitments

(i) Claims against the Company not acknowledged as debts

	As at 31 March 2020	As at 31 March 2019
i) Cash collateral1	65.13	379.01
ii) Unfunded guarantee	30.47	269.99
iii) Principal subordination	64.72	343.92
iv) Interest subordination	47.73	282.19
	208.05	**1,275.11**
Income tax demand for AY 2015-16 (refer note (a) below)	150.15	150.15

(a) The Company received a notice from the Income Tax Department on 30 December 2017 under section 156 of the Income Tax Act 1961, financial year 2015 for a demand of ₹ 150,155,120. The Company has filed an appeal against the disputed amount and paid is ₹ 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 favor of the Company.

(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 Bank basis its wage structure and believes that it will not have any material adverse effect on the financial position and results of its operations.

43 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 Group granted 2,177,200 options till 31 March 2020 (31 March 2019: Nil). The stock compensation cost is computed under the fair value method and has been recognised as employee cost on a straight line basis over the vesting period upto 31 March 2020. For the year ended 31 March 2020, the Group has recorded an additional employee cost of ₹ 39,119,882 (31 March 2019: Nil) in the Consolidated Statement of Profit or Loss.

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 Group granted 2,885,300 options till 31 March 2020 (31 March 2019: Nil). The stock compensation cost is computed under the fair value method and has been recognised as employee cost on a straight line basis over the vesting period upto 31 March 2020. For the year ended 31 March 2020, the Group has recorded an additional employee cost of ₹ 10,677,266 (31 March 2019: Nil) in the Consolidated Statement of Profit or Loss.

ESOP Plan 2019 - III

The 'Fincare Business Services Stock Option Scheme' (the 'Plan II') 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 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 Group granted 3,340,400 options till 31 March 2020 (31 March 2019: Nil). The stock compensation cost is computed under the fair value method and has been recognised as an additional employee cost on a straight line basis over the vesting period upto 31 March 2020. For the year ended 31 March 2020, the Group has recorded an additional employee cost ₹ Nil (31 March 2019: Nil) in the Consolidated Statement of Profit or Loss.

	No. of options	Weighted average exercise price
Options outstanding as at 01 April 2019	-	-
Granted during the year - Plan I	2,177,200	30.50
Granted during the year - Plan II	2,885,300	40.50
Granted during the year - Plan III	3,340,400	52.50
Options outstanding as at 31 March 2020	**8,402,900**	**42.68**

43 Employee Stock Option Plan (ESOP) (contd...)

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	3.50
ESOP Plan II - 1 year vesting period	41.95%	0.00%	6.17%	40.50	9.09	3.50
ESOP Plan III - 1 year vesting period	41.09%	0.00%	5.82%	52.50	8.54	3.50
ESOP Plan III - 2 year vesting period	41.75%	0.00%	6.36%	52.50	10.99	4.50

44 Related Party transactions

a. Details of related parties:

Description of relationship	Names of related parties	Designation
Subsidiary Company	Fincare Small Finance Bank Limited (Formally known as Disha Microfin Limited)	
Key management personnel (KMP)	Mr. G. Dasaratha Reddy	Managing Director (appointed w.e.f. 7 June 2017)
	Mr. Pankaj Gulati	Director (resigned w.e.f. 15 October 2018)
	Mr. Keyur Doshi	Director (resigned w.e.f. 14 November 2019)
	Mr. Aarti Vimal Chand Punmiya	Director (resigned w.e.f. 26 September 2019)
	Mr.Divya Sehgal	Director
	Mr. Dhiraj Poddar	Director
	Mr. Maninder Singh Juneja	Director (appointed w.e.f. 26 September 2019)
	Mr. Bhavya Gulati	Director
	Mr. Satya Narayan Peravali	Director
	Mr. Aarti Vimal Chand Punmiya	Director
	Ms. Sunakshi Agarwal	Director
	Ms. Kavya Anegundi	Company Secretary (resigned w.e.f 31 January 2019)
	Ms. Deepa Gussain	Company Secretary (appointed w.e.f 01 April 2019)
	Mr. Mathews Pattumakil Mani	Chief Financial officer (resigned w.e.f. 13 July 2018)
	Ms. Snegdha Gupta	Chief Financial officer (appointed w.e.f. 2 January 2019 and resigned w.e.f. 25 June 2019)
	Mr. K. Uma Sankar Rao	Chief Financial officer (appointed w.e.f. 13 November 2019)
	Ms. Poonam Vijayvargiya	Company Secretary (appointed w.e.f 2 July 2018)
	Ms. Snegdha Gupta	Chief Financial Officer (appointed w.e.f 01 Feb 2018, resigned on 02 Jan 2019 and reappointed on 26 June 2019 and resigned on 29 Sep 2019)
	Mrs. Kalavathi Reddy	Relative of Director of Holding company

44 Related Party transactions (contd...)

b. Transactions with Related Parties are as under:

	For the year ended 31 March 2020	31 March 2019
2) Key management personnel (KMP)		
a) Repayment of loans		
Mr. G. Dasarathareddy	11.09	2.22
Mrs. Kalavathi Reddy	11.08	2.90
Mr. Pankaj Gulati	-	6.17
Mr. Keyur Doshi	-	11.75
Mr. Keyur Doshi	-	2.42
b) Interest income		
Mr. G. Dasarathareddy	0.63	0.84
Mrs. Kalavathi Reddy	0.63	0.86
Mr. Keyur Doshi	-	0.83
Mr. Keyur Doshi	-	0.12
Mr. Pankaj Gulati	-	0.48
c) Remuneration		
Mr. G. Dasaratha Reddy	2.27	3.12
Ms. Kavya Anegundi	-	0.42
Ms. Deepa Gussain	0.70	-
Mr. Mathews Pattumakil Mani	-	0.43
Ms. Snegdha Gupta	0.79	0.30
Mr. K. Uma Sankar Rao	1.02	-
Ms. Sunakshi Agarwal	1.56	1.83
Ms. Snegdha Gupta	0.65	1.32
Ms. Poonam Vijayvargiya	0.45	0.28
d) Reimbursement of expenses		
Mr. G. Dasaratha Reddy	0.79	0.79
Mr. K. Uma Sankar Rao	0.12	-
Ms. Sunakshi Agarwal	0.00	-
e) Indemnity amount received		
Mr. Rajeev Yadav	-	1.21
Mr. G. Dasaratha Reddy	-	0.52
Mr. Pankaj Gulati	-	0.40
Mr. Keyur Doshi	-	0.91
f) Sitting fees		
Mr.Satya Narayan Peravali	0.03	0.03
Mr. Aarti Vimal Chand Punmiya	0.04	0.02
g) Interest repayments received during the year on loans		
Mr. Keyur Doshi	-	0.34

(ii) Balances at year end

	As at 31 March 2020	As at 31 March 2019
Key Management Personnel		
Dues to employees		
Ms. Kavya Anegundi	-	0.01
Ms. Snegdha Gupta	-	0.21
Accrued expense		
Mr. G. Dasaratha Reddy	-	0.00

	31 March 2020	31 March 2019
Key management personnel remuneration includes the following expenses:		
Short-term employee benefits (current)	0.91	0.99
Post-employment benefits	-	-
Termination benefits	-	0.01
Total remuneration	**0.91**	**1.00**

45 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 2020	As at 31 March 2019
Financial assets measured at fair value through profit and loss			
Investments	7	103.77	-
Financial assets measured at fair value through other comprehensive income			
Investments	7	10,304.66	7,025.40
Financial assets measured at amortised cost			
Cash and cash equivalents	3	10,763.01	4,971.33
Bank balances other than cash and cash equivalents	4	104.27	474.12
Trade receivables	5	1.12	28.51
Loans	6	51,671.92	33,986.84
Other financial assets	8	1,112.12	600.22
Total		**74,060.87**	**47,086.42**
Financial liabilities measured at amortised cost			
Other payables		202.72	111.85
Debt securities	15	766.64	424.47
Borrowings (Other than debt securities)	16	17,410.66	18,432.69
Deposits	17	46,539.86	20,378.82
Subordinated liabilities	18	1,806.58	710.64
Other financial liabilities	19	374.35	743.11
Total		**67,100.81**	**40,801.58**

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:

	Level 1	Level 2	Level 3	Total
As at 31 March 2020				
Investments measured at fair value through profit and loss	103.77	-	-	103.77
Investments measured at fair value through OCI	-	10,304.66	-	10,304.66
As at 31 March 2019				
Investments measured at fair value through profit and loss	-	-	-	-
Investments measured at fair value through OCI	-	7,025.40	-	7,025.40

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.

(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		Carrying Value	
	Notes to schedule	As at 31 March 2020	As at 31 March 2019
Financial assets measured at amortised cost			
Cash and cash equivalents	3	10,763.01	4,971.33
Bank balances other than cash and cash equivalents	4	104.27	474.12
Trade receivables	5	1.12	28.51
Loans	6	51,671.92	33,986.84
Other financial assets	8	1,112.12	600.22
Financial liabilities measured at amortised cost			
Other payables		202.72	111.85
Debt securities	15	766.64	424.47
Borrowings (Other than debt securities)	16	17,410.66	18,432.69
Deposits	17	46,539.86	20,378.82
Subordinated liabilities	18	1,806.58	710.64
Other financial liabilities	19	374.35	743.11

Particulars	Notes to schedule	Fair Value As at 31 March 2020	Fair Value As at 31 March 2019
Financial assets measured at amortised cost			
Cash and cash equivalents	3	10,763.01	4,971.33
Bank balances other than cash and cash equivalents	4	104.27	474.12
Trade receivables	5	1.12	28.51
Loans	6	51,671.92	33,986.84
Other financial assets	8	1,112.12	600.22
Financial liabilities measured at amortised cost			
Other payables		202.72	111.85
Debt securities	15	766.64	424.47
Borrowings (Other than debt securities)	16	17,410.66	18,432.69
Deposits	17	46,539.86	20,378.82
Subordinated liabilities	18	1,806.58	710.64
Other financial liabilities	19	374.35	743.11

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 counter party 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, 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.

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 and security deposits. Credit risk related to these financial assets is managed by monitoring the recoverability of such amounts continuously.

A.2 Expected credit losses for financial assets other than loans

	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
As at 31 March 2020				
Cash and cash equivalents	10,763.01	0%	-	10,763.01
Bank balances other than cash and cash equivalents	104.27	0%	-	104.27
Trade receivables	1.12	0%	-	1.12
Other financial assets	1,112.12	0%	-	1,112.12
As at 31 March 2019				
Cash and cash equivalents	4,971.33	0%	-	4,971.33
Bank balances other than cash and cash equivalents	474.12	0%	-	474.12
Trade receivables	28.51	0%	-	28.51
Other financial assets	600.22	0%	-	600.22

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 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.4.1 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 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.

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 2019.

For the year ended 31 March 2020, the Group did not use GDP as the basis because of the uncertainties involved. Instead the Group created multiple scenarios based on broader market data from reputed credit rating agencies, and its own historical data to determine the forward looking overlays.

A.4.5 Expected credit losses for loans

	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
As at 31 March 2020				
Term loans	52,835.92	2.59%	1,370.08	51,465.84
Loans repayable on demand	208.81	1.31%	2.73	206.08
As at 31 March 2019				
Term loans	34,562.16	1.97%	680.06	33,882.10
Loans repayable on demand	105.57	0.78%	0.83	104.74

A.5 **Credit risk exposure**

	As at 31 March 2020			
	ECL Staging			
Categories	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Term loans				
JLG* (Micro finance)				
- Category 1	2,451.98	0.02	0.28	2,452.28
- Category 2	10,842.21	66.60	86.75	10,995.56
- Category 3	6,668.19	20.67	99.44	6,788.30
- Category 4	390.50	0.27	0.29	391.06
- Category 5	8,896.27	19.51	175.39	9,091.17
- Category 6	2,627.87	6.73	291.80	2,926.40
- Category 7	5,363.83	28.18	172.56	5,564.57
- Category 8	4,310.07	2.10	4.37	4,316.54
LAP (Loan against property)	5,066.08	74.15	116.54	5,256.77
RLAP (Rural loan against property)	304.94	-	0.08	305.02
LAG (Loan against gold)	1,834.91	0.62	0.75	1,836.28
IF (Institutional finance)	2,537.74	3.86	-	2,541.60
RMEL (Rural Micro-enterprise loans)	27.50	0.00	13.75	41.25
AHL (Affordable Housing loans)	201.48	-	-	201.48
STFL (Staff loans)	25.05	-	-	25.05
TWL (Two-wheeler loan)	102.53	0.05	0.05	102.63
Loans repayable on demand				
ODAP (Overdraft against property)	5.03	0.72	8.55	14.30
ODFD (Overdraft against fixed deposit)	102.09	22.90	29.45	154.44
Loan to FEWT (Fincare employee welfare trust)	40.03	-	-	40.03
Gross carrying amount	**51,798.30**	**246.38**	**1,000.05**	**53,044.73**
Loss allowance	1,065.51	63.34	243.96	1,372.81
Carrying amount	**50,732.79**	**183.04**	**756.09**	**51,671.92**

	As at 31 March 2019			
	ECL Staging			
Categories	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Term loans				
JLG* (Micro finance)				
- Category 1	335.05	0.04	0.18	335.27
- Category 2	8,492.08	67.74	38.78	8,598.60
- Category 3	4,667.22	6.12	96.79	4,770.13
- Category 4	251.60	-	-	251.60
- Category 5	5,745.49	6.80	166.41	5,918.70
- Category 6	953.13	9.50	367.20	1,329.83
- Category 7	3,921.72	44.65	194.27	4,160.64
- Category 8	2,442.99	0.61	1.81	2,445.41
LAP (Loan against property)	3,094.18	31.83	59.97	3,185.98
RLAP (Rural loan against property)	64.25	0.21	28.93	93.39
LAG (Loan against gold)	862.96	22.11	1.93	887.00
IF (Institutional finance)	2,555.90	-	-	2,555.90
TWL (Two wheeler loans)	8.55	-	-	8.55
Loan to employees	21.16	-	-	21.16
Loans repayable on demand				
ODAP (Overdraft against property)	16.07	-	2.44	18.51
ODFD (Overdraft against fixed deposit)	67.18	-	-	67.18
Loans to individuals	19.88	-	-	19.88
Gross carrying amount	**33,519.41**	**189.61**	**958.71**	**34,667.73**
Loss allowance	293.00	62.00	325.89	680.89
Carrying amount	**33,226.41**	**127.61**	**632.82**	**33,986.84**

* 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:

Gross amount	Stage 1 12 months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Balance as at 1 April 2018	**20,435.27**	**109.24**	**946.60**	**21,491.11**
New assets originated	26,159.05	91.76	30.11	26,280.92
Transfers from Stage 1	(465.77)	165.40	300.37	-
Transfers from Stage 2	3.54	(85.20)	81.66	-
Transfers from Stage 3	4.29	0.35	(4.64)	-
Assets derecognised or repaid	(12,614.51)	(91.94)	(397.85)	(13,104.30)
Balance as at 31 March 2019	**33,521.87**	**189.61**	**956.25**	**34,667.73**
Balance as at 1 April 2019	**33,521.87**	**189.61**	**956.25**	**34,667.73**
New assets originated	41,163.28	82.64	93.44	41,339.36
Transfers from Stage 1	(760.42)	307.60	452.82	-
Transfers from Stage 2	31.50	(51.06)	19.56	-
Transfers from Stage 3	29.82	2.47	(32.29)	-
Assets derecognised or repaid	(22,187.73)	(284.87)	(489.76)	(22,962.36)
Balance as at 31 March 2020	**51,798.32**	**246.39**	**1,000.02**	**53,044.73**

The following tables explain the changes in the loss allowance between the beginning and the end of the annual period due to these factors:

Gross amount	Stage 1 12 months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Balance as at 1 April 2018	**188.28**	**38.62**	**273.01**	**499.91**
New assets originated	223.00	26.29	21.88	271.17
Transfers from Stage 1	(9.35)	1.55	7.80	-
Transfers from Stage 2	0.90	(31.01)	30.11	-
Transfers from Stage 3	3.73	0.22	(3.95)	-
Assets derecognised or repaid	(113.56)	26.33	(2.96)	(90.19)
Balance as at 31 March 2019	**293.00**	**62.00**	**325.89**	**680.89**
Balance as at 1 April 2019	**293.00**	**62.00**	**325.89**	**680.89**
New assets originated	815.67	20.05	30.36	866.08
Transfers from Stage 1	(12.38)	4.64	7.74	-
Transfers from Stage 2	7.12	(14.47)	7.35	-
Transfers from Stage 3	16.19	1.40	(17.59)	-
Assets derecognised or repaid	(92.20)	(3.73)	(78.23)	(174.16)
Balance as at 31 March 2020	**1,027.40**	**69.89**	**275.52**	**1,372.81**

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 2020 was INR 454.36 million (31 March 2019 INR 101.57 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.

	Less than 1 year	1-5 year	More than 5 years	Total
As at 31 March 2020				
Other payables	202.72	-	-	202.72
Debt securities	59.88	911.61	-	971.49
Borrowings (Other than Debt Securities)	10,752.29	8,265.68	358.38	19,376.35
Subordinated Liabilities	244.36	1,585.91	1,064.88	2,895.15
Deposits	19,725.78	26,811.41	2.12	46,539.31
Other financial liabilities	374.35	-	-	374.35
As at 31 March 2019				
Other payables	111.85	-	-	111.85
Debt securities	424.47	-	-	424.47
Borrowings (Other than Debt Securities)	11,088.41	7,344.28	-	18,432.69
Subordinated Liabilities	-	710.64	-	710.64
Deposits	9,367.79	11,009.15	1.88	20,378.82
Other financial liabilities	743.11	-	-	743.11

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, 2019, the Group is 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 2020	31 March 2019
Debt securities		
Variable rate	-	-
Fixed rate	766.64	424.47
Borrowings (other than debt securities)		
Variable rate	300.00	1,229.44
Fixed rate	17,110.66	17,203.24
Subordinated liabilities		
Variable rate	-	-
Fixed rate	1,806.58	710.64

Sensitivity

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

	For the year ended	
	31 March 2020	**31 March 2019**
Impact on profit before tax		
Interest sensitivity*		
Interest rates-increase by 0.50%	1.50	6.15
Interest rates-decrease by 0.50%	(1.50)	(6.15)

*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 :

	For the year ended	
	31 March 2020	**31 March 2019**
Impact on profit before tax		
Mutual Funds		
Net assets value - increase by 1%	1.04	-
Net assets value - decrease by 1%	(1.04)	-

46 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.

47 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:

	As at 31 March 2020			As at 31 March 2019		
	Within 12 months	**After 12 months**	**Total**	**Within 12 months**	**After 12 months**	**Total**
Assets						
Financial Assets						
Cash and cash equivalents	10,763.01	-	10,763.01	4,971.33	-	4,971.33
Bank balances other than cash and cash equivalents	104.27	-	104.27	355.97	118.15	474.12
Trade receivables	1.12	-	1.12	28.51	-	28.51
Loans	30,418.70	21,253.21	51,671.91	19,223.90	14,762.94	33,986.84
Investments	4,365.13	6,043.31	10,408.44	4,415.59	2,609.81	7,025.40
Other financial assets	1,054.54	57.58	1,112.12	531.09	69.13	600.22
Non-financial Assets						
Current tax assets (net)	-	33.82	33.82	-	78.34	78.34
Deferred tax assets (net)	-	510.28	510.28	-	364.96	364.96
Property plant and equipment	-	1,095.95	1,095.95	-	307.84	307.84
Capital work in progress	-	-	-	-	0.34	0.34
Goodwill	-	418.33	418.33	-	418.33	418.33
Other intangible assets	-	27.10	27.10	-	28.87	28.87
Other non-financial assets	19.15	196.36	215.51	105.48	64.33	169.81
Total	**46,725.92**	**29,635.94**	**76,361.86**	**29,631.87**	**18,823.04**	**48,454.91**
Liabilities and Equity						
Liabilities						
Financial Liabilities						
Other payables	202.72	-	202.72	111.85	-	111.85
Debt securities	-	766.64	766.64	424.47	-	424.47
Borrowings (Other than Debt Securities)	9,933.69	7,476.97	17,410.66	11,088.41	7,344.28	18,432.69
Deposits	19,726.33	26,813.53	46,539.86	9,367.79	11,011.03	20,378.82
Subordinated Liabilities	-	1,806.58	1,806.58	-	710.64	710.64
Other financial liabilities	374.35	-	374.35	743.11	-	743.11
Non-Financial Liabilities						
Current tax liabilities (net)	1.35	-	1.35	3.78	-	3.78
Provisions	72.56	53.99	126.55	46.02	53.67	99.69
Contract liabilities	189.22	-	189.22	119.27	-	119.27
Other non financial liabilities	96.57	-	96.57	72.01	-	72.01
Total	**30,596.79**	**36,917.71**	**67,514.50**	**21,976.71**	**19,119.62**	**41,096.33**

48 Reconciliation of liabilities arising from Group's financing activities

Particulars	Notes to accounts	As at 31 March 2018	Cash flow		Non-cash	As at 31 March 2019
			Additions	Repayment	Amortisation of upfront fees/ premium on securitisation	
Debt securities	15	751.11	-	(327.51)	0.87	424.47
Borrowings (other than debt securities)	16	14,219.67	15,324.86	(11,118.71)	6.87	18,432.69
Subordinated Liabilities	18	248.88	461.60	-	0.16	710.64
		15,219.66	**15,786.46**	**(11,446.22)**	**7.90**	**19,567.80**

Particulars	Notes to accounts	As at 31 March 2019	Adoption of Ind AS 116	As at 1 April 2019	Cash flow		Non-cash				As at 31 March 2020
					Additions	Repayment	Amortisation of upfront fees/ premium on redemption	Loss on sale of Non-convertible debentures	Additions	Interest expense on lease liabilities	
Debt securities	15	424.47	-	424.47	738.75	(425.00)	28.42	-	-	-	766.64
Borrowings (other than debt securities and lease liability)	16	18,432.69	-	18,432.69	5,280.00	(7,063.67)	1.42	-	-	-	16,650.44
Lease liability	16	-	514.93	514.93	-	(123.32)		-	306.97	61.64	760.21
Subordinated liabilities	18	710.64	-	710.64	1,097.49	-	(5.56)	4.01	-	-	1,806.58
Total liabilities from financing activities		**19,567.80**	**514.93**	**20,082.73**	**7,116.24**	**(7,611.99)**	**24.28**	**4.01**	**306.97**	**61.64**	**19,983.87**

49 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 2020	As at 31 March 2019
Securitisation		
Carrying value and fair value of securitised assets	600.10	2,769.30
Carrying value and fair value of associated liabilities	603.50	3,156.07
IBPC		
Carrying value and fair value of IBPC assets	4,368.00	3,875.00
Carrying value and fair value of associated liabilities	4,368.00	3,875.00

50 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 2020	For the year ended 31 March 2019
Type of service		
Fee and commission income	433.05	316.32
	433.05	**316.32**
Geographical markets		
India	433.05	316.32
Outside India	-	-
	433.05	**316.32**
Timing of revenue recognition		
Services transferred at a point in time	62.65	47.82
Services transferred over time	370.40	268.50
	433.05	**316.32**

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 2020	As at 31 March 2019
Trade receivables	1.12	28.51
Contract liabilities	189.22	119.27

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 2019-20 (2018-19: 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 2020	As at 31 March 2019
Contract liabilities at the beginning of the year	119.26	3.94
Increase due to cash received and decrease as a result of changes in the measure of progress, change in estimate	69.96	115.32
Contract liabilities at the end of the year	**189.22**	**119.26**

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

	For the year ended 31 March 2020	For the year ended 31 March 2019
Revenue as per contract	433.05	316.32
Adjustments	-	-
Revenue from contract with customers	433.05	316.32

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.

51 Changes in accounting policies

Adoption of Ind AS 116

On 30 March 2019, Ministry of Corporate Affairs ('MCA') has clarified that Ind AS 116 is effective for annual periods beginning on or after 01 April 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees - leases of 'low-value' assets and short-term leases (i.e., leases with a lease term of 12 months or less). The Group has adopted this standard using the modified retrospective approach and accordingly, the comparative figures for the year ended 31 March 2019 has not been restated and the impact resulting on account of such adoption has been adjusted to the opening retained earnings. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 01 April 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying Ind AS 17 at the date of initial application.

The effect of adoption of Ind AS 116 as at 01 April 2019 (increase/(decrease)) is as follows:

	₹ in millions
Assets	
Right-of-use assets	508.35
Prepaid expenses	(21.28)
Deferred tax assets	7.01
Total assets	**494.08**
Liabilities	
Lease liability	514.93
	514.93
Total adjustments on equity as at 1 April 2019	
Retained earnings	**(20.85)**

Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

a. Used a single discount rate to a portfolio of leases with reasonably similar characteristics.

b. Relied on its assessment of whether leases are onerous immediately before the date of initial application.

c. Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application.

d. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

52 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 2019 (*)	**508.34**	**508.34**
Additions	306.97	306.97
Depreciation expenses	(100.86)	(100.86)
As at 31 March 2020	**714.45**	**714.45**

(*) Refer note 50

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 2019 (*)	**514.93**	**514.93**
Additions	306.97	306.97
Accretion of interest	61.64	61.64
Payment	(123.32)	(123.32)
As at 31 March 2020	**760.22**	**760.22**

(*) Refer note 50

iii) The effective interest rate for lease liabilities is 9%, with maturity between 2021-28.

Particulars	As at 31 March 2020
Lease payments	
Not later than one year	133.24
Later than one year and not later than five years	558.85
Later than five years	358.38
Total	**1,050.47**

iv) The details of lease commitments in terms of minimum lease payments within the non-cancellable period

Particulars	As at 31 March 2020
Payments falling due	
Within 1 year	30.49
Later than one year but not later than five years	39.48
Later than five years	3.47
	73.44

v) Amount recognised in Consolidated Statement of profit and loss account

	For the year ended 31 March 2020	For the year ended 31 March 2019
Depreciation on right of use assets	100.86	-
Interest on lease liabilities	61.64	-
Expenses relating to short term leases	165.52	-
Expenses relating to low value assets	-	-
Operating lease expense	-	179.64

vi) Amount recognised in Consolidated Cashflow Statement under financing activity

	For the year ended 31 March 2020	For the year ended 31 March 2019
Total cash outflow for leases	(123.32)	-

53 Scheme of Amalgamation (Scheme)

(a) The Board of Directors of the Company at its meeting held on 26 September 2018, 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 01 April 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 01 April 2019, the appointed date.

(c) In accordance with Part II of the Scheme, all of the assets and liabilities of LOK was transferred to the Company with effect from the appointed date at the respective book values in the financial statements of FBSL. Further, the difference between the investments in 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	68.42
Bank balances other than cash and cash equivalents	133.13
Receivables	
Trade receivables	28.51
Loans	19.88
Investments	510.00
Other financial assets	6.09
Non-financial Assets	
Current tax assets (net)	15.60
Deferred tax assets (net)	3.19
Property, plant and equipment	3.73
Other intangible assets	0.01
Other non-financial assets	4.09
TOTAL	**792.65**
Liabilities and Equity	
Liabilities	
Financial Liabilities	
Other financial liabilities	48.14
Non-Financial Liabilities	
Contract liabilities	-
Current tax liabilities (net)	-
Provisions	0.78
Other non-financial liabilities	3.04
Equity	
Equity share capital	186.29
Other equity	554.40
Total Liabilities and Equity	**792.65**

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

As at 31 March 2020, 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 Group on the basis of information available with the Company and have been relied upon by the Auditors.

55 COVID 19 - Impact on financial statements

The Novel Coronavirus (COVID-19) pandemic (declared as such by the World Health Organization on 11 March 2020) continues to spread across the globe and India, which has contributed to a significant decline and volatility in the economic activity, in global and Indian markets. The Government of India announced a 40-day nation-wide lockdown to contain the spread of the virus till 03 May 2020, which was further extended till 31 May 2020 and subsequently, the respective state governments have announced specific lockdowns on a need basis.

As 'Fincare Business Services Limited' is an NBFC-CIC-ND-SI, our balance sheet is substantially the investment in our subsidiary company, Fincare Small Finance Bank Limited (the 'Bank"). COVID-19 has impacted the livelihood of borrowers and various other aspects, consequently impacting the Bank's regular operations including lending and collection activities due to restrictions on the movement of employees across different states/districts to reach the borrowers.

Further, pursuant to the Reserve Bank of India circular dated 27 March 2020 and 23 May 2020 allowing lending institutions (including banks) to offer moratorium to borrowers, the Bank has extended moratorium to its borrowers in accordance with its Board approved policy and other regulatory guidelines.

The full extent of the impact of the pandemic on the Bank's operations and financial metric (including impact on provision for loan portfolio) will depend on future developments including governmental and regulatory measures and the Bank'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.

56 Disclosures mandated by schedule III of Companies Act, 2013, by way of additional information, as at 31 March 2020

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	(0.80%)	(70.58)	(7.44%)	(93.74)	0.00%	-	(6.64%)	(93.74)
Subsidiary								
Fincare Small Finance Bank Limited	93.93%	8,309.98	99.84%	1,257.24	92.75%	140.95	99.08%	1,398.19
Total	**93.13%**	**8,239.40**	**92.40%**	**1,163.50**	**92.75%**	**140.95**	**92.44%**	**1,304.45**
Non-controlling interest in subsidiary	6.87%	607.96	7.60%	95.68	7.25%	11.02	7.56%	106.70
Grand Total	**100.00%**	**8,8473.36**	**100.00%**	**1,259.18**	**100.00%**	**151.97**	**100.00%**	**1,411.15**

As per our report of even date

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013
Sd/-
Manish Gujral
Partner
Membership No.: 105117
Mumbai
3rd August, 2020

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

Sd/-
G. Dasarathareddy
Managing Director
DIN: 01760054
Mumbai
3rd August, 2020

Sd/-
Dhiraj Poddar
Director
DIN: 01946905
Mumbai
3rd August, 2020

Sd/-
K. Uma Sankar Rao
Chief Financial Officer
Mumbai
3rd August, 2020

Sd/-
Deepa Gussain
Company Secretary
M. No.: ACS32849
Mumbai
3rd August, 2020

fincare

REGISTERED OFFICE
3rd Floor, 79/7, K N 1202, Bellandur, Outer ring road, Bangalore,
Bengaluru (Bangalore) Urban, Karnataka - 560103 | www.fincare.com