



**FEDBANK FINANCIAL SERVICES LIMITED**

Financial Statement for the year ended March 31, 2020

**INDEPENDENT AUDITOR'S REPORT ON SPECIAL PURPOSE FINANCIAL STATEMENTS**

To,

The Auditors,  
Federal Bank Limited,  
Holding Company of Fedbank Financial Services Limited

**Report on special purpose financial statements**

1. This report is issued in accordance with the terms of our engagement letter dated March 15, 2020.
2. We have audited the accompanying financial statements of M/s Fedbank Financial Services Limited ("the Company"), which comprise the balance sheet as at March 31, 2020, the statement of profit and loss, and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by the management of M/s Fedbank Financial Services Limited.

**Management's Responsibility for the Financial Statements**

3. Management is responsible for the preparation of these special purpose financial statements in accordance with the Accounting Standards (Not Indian Accounting Standards) issued by Institute of Chartered Accountants of India, to the extent considered relevant by it for the purpose for which these special purpose financial statements have been prepared based on the accounting principles generally accepted in India.
4. This responsibility also includes the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting the 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.



**Auditor's Responsibility**

5. Our responsibility is to express an opinion on these special purpose financial statements 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). Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

8. In our opinion and to the best of our information and according to the explanations given to us, the special purpose financial statements, together with the notes thereon and attached thereto, fairly present, in all material respects, in conformity with the accounting principles generally accepted in India:
  - i. In the case of Balance Sheet, the state of affairs of the Company as at March 31, 2020;
  - ii. In the case of the Statement of Profit and Loss, the profit for the year ended on that date; and;
  - iii. In the case of the Cash flow statement, of the cash flows for the year ended on that date.



**Basis for Opinion**

9. We conducted our audit in accordance with the Standards on Auditing (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements, 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**

10. We draw attention to Note 46.1 to the special purpose financial statements, which describes the extent to which the COVID-19 Pandemic will impact the company's financial performance may be impacted by Covid-19 pandemic will depend on future developments, which are highly uncertain. The financial statements do not include any adjustments that might result from the outcome of this uncertainty except to the extent stated in the said note.

Our Opinion is not modified in respect of this matter.

**Other Matters**

11. On account of the lockdown, the corporate office of the company and many of the branches have not been opened for business from 23 March 2020 till the date of this report. This has restricted our access to original loan documents, security documents, valuation certificates, records, vouchers etc. We have carried out our audit based on electronic copies of these documents that were made available to us by the management. In respect of loans sourced through business partners, KYC documents were available but electronic copies of loan documentation were not available owing to the lockdown. We have relied on system reports and representations made by the management.

Our Opinion is not modified in respect of these matters.



**Basis of Accounting and Restriction on Distribution and Use**

12. We draw attention to Note 2.1 to the special purpose financial statements, which describes the basis of its preparation. These special purpose financial statements are not the statutory financial statements of the Company.
13. This special purpose financial statements have been prepared for the purpose of providing information to Federal Bank Limited to enable it to prepare consolidated financial statements. and accordingly, the presentation and disclosures to the extent applicable for that purpose have been included in these financial statements by the Management and the intended users of the special purpose financial statements for the purposes for which those have been prepared. As a result, these financial statements may not be suitable for another purpose. Our report is intended solely for the auditors of Federal Bank Limited, the holding company, for the purposes of Consolidation and should not be distributed to or used by parties other than Federal Bank Limited.

For **VARMA & VARMA**  
Chartered Accountants  
FRN 004532S



A handwritten signature in blue ink that reads 'Georgy Mathew' with a double underline.

**Georgy Mathew**  
**Partner**

Place: Bengaluru  
Date: May 23,2020

M No. 209645  
ICAI UDIN 20209645AAAADI7520

(INR in Lakhs)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' Funds</b>			
(a) Share Capital	3	27,437	23,004
(b) Reserves and Surplus	4	41,967	23,219
<b>2 Non-Current Liabilities</b>			
(a) Long Term Borrowings	5	2,09,923	97,381
(b) Other Long Term liabilities	6	48	21
(c) Long-Term Provisions	7	936	572
<b>3 Current Liabilities</b>			
(a) Short-Term Borrowings	8	26,636	28,983
(b) Trade Payables	9		
'- Total Outstanding dues payable to Micro Small & Medium Enterprises		10	8
'- Total Outstanding dues other than Micro Small & Medium Enterprises		860	661
(c) Other Current Liabilities	10	93,681	38,225
(d) Short-Term Provisions	11	2,012	781
<b>TOTAL</b>		<b>4,03,510</b>	<b>2,12,855</b>
<b>II. ASSETS</b>			
<b>1 Non-Current Assets</b>			
(a) Property, Plant & Equipment	12		
(i) Tangible Assets		1,713	501
(ii) Intangible Assets		198	80
(iii) Capital Work in progress		42	31
(b) Non-Current Investments	13	438	1,251
(c) Deferred Tax Assets (Net)	14	438	380
(d) Long-Term Loans and Advances	15	2,12,391	1,35,163
<b>2 Current Assets</b>			
(a) Current Investments	16	3,692	-
(b) Trade Receivables	17	232	119
(c) Cash and Cash Equivalents	18	21,728	5,911
(d) Short-Term Loans and Advances	19	1,62,457	68,796
(e) Other Current assets	20	181	623
<b>TOTAL</b>		<b>4,03,510</b>	<b>2,12,855</b>
Corporate Information & Significant Accounting Policies	1-2		
Other Notes to Accounts	28-47		

Sudeep Agrawal  
CFO

S Rajaraman  
Company Secretary  
M.No.F3514

As per our report of even date attached  
**For Varma & Varma**  
Chartered Accountants  
FRN : 0045325

For and on behalf of Board of Directors

Balakrishnan Krishnamurthy  
Chairman  
DIN:00034031

Gauri Rushabh Shah  
Director  
DIN:06625227

Shyam Srinivasan  
Director  
DIN:02274773

Georgy Mathew  
Partner  
M.No: 209645  
Place: Bangalore  
Date: 23<sup>rd</sup> May, 2020

Maninder Juneja  
Director  
DIN:02680016  
Place: Mumbai  
Date: 23<sup>rd</sup> May, 2020

Ashutosh Khajuria  
Director  
DIN:05154975

Anil Kothuri  
MD & CEO  
DIN:00177945

FEDBANK FINANCIAL SERVICES LIMITED  
CIN : U65910KL1995PLC008910  
Statement of Profit and Loss for the year ended March 31, 2020

(INR in Lakhs)

Particulars	Note No.	Year Ended March 31, 2020	Year Ended March 31, 2019
<b>I) Revenue:</b>			
a Revenue from Operations	21	45,526	25,463
b Other Income	22	1,601	428
<b>Total Revenue (a+b)</b>		<b>47,127</b>	<b>25,891</b>
<b>II) Expenses:</b>			
a Employee Benefit Expenses	23	9,921	4,762
b Finance Costs	24	19,601	11,197
c Depreciation & Amortization Expense	12	517	180
d Provisions & write offs	25	1,474	565
e Other Expenses	26	9,959	4,252
<b>Total Expenses ( a+b+c+d+e)</b>		<b>41,472</b>	<b>20,956</b>
<b>III) Profit / (Loss) before tax</b>		<b>5,655</b>	<b>4,935</b>
<b>Tax Expenses:</b>			
Current tax		1,806	1,500
Deferred tax [Refer Note 14]		(58)	(73)
Tax adjustments of previous year (net)		(47)	-
<b>Profit/(Loss) for the Year</b>		<b>3,954</b>	<b>3,508</b>
<b>Earnings Per Equity Share</b>			
Basic (Face value of INR 10 per Equity Share)	27	1.62	1.71
Diluted (Face value of INR 10 per Equity Share)		1.62	1.71
<b>Corporate Information &amp; Significant Accounting Policies</b>	1-2		
<b>Other Notes to Accounts</b>	28-47		

Sudeep Agrawal  
CFO

S Rajaraman  
Company Secretary  
M.No.F3514

As per our report of even date attached  
**For Varma & Varma**  
Chartered Accountants  
FRN : 004532S

For and on behalf of Board of Directors

Balakrishnan Krishnamurthy  
Chairman  
DIN:00034031

Gauri Rushabh Shah  
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Director  
DIN:02274773

**Georgy Mathew**  
Partner  
M.No: 209645  
Place : Bangalore  
Date: 23<sup>rd</sup> May, 2020

Maninder Juneja  
Director  
DIN:02680016

Ashutosh Khajuria  
Director  
DIN:05154975

Anil Kothuri  
MD & CEO  
DIN:00177945

Place : Mumbai  
Date: 23<sup>rd</sup> May, 2020

FEDBANK FINANCIAL SERVICES LIMITED  
CIN : U65910KL1995PLC008910  
Cash flow Statement for the year ended March 31, 2020

(INR in Lakhs)

Particular	Year Ended March 31, 2020	Year Ended March 31, 2019
<b>Cash Flow from Operating Activities</b>		
<b>Net Profit before tax as per Statement of Profit &amp; Loss</b>	<b>5,655</b>	<b>4,935</b>
<b><u>Adjustments for</u></b>		
Provision for Standard Assets	654	222
Provision for Fraud	-	3
Provision for Loss Assets	30	4
Provision for Sub Standard Asset	72	242
Provision for Doubtful Debts	82	94
Additional Provisioning for Non Performing Assets	547	-
Bad Debts	17	-
Special Provision as per RBI	72	-
Finance Cost	19,601	11,197
Depreciation	517	180
Employee Compensation Expenses	72	-
Share Issue Expenses	-	2
Interest from Debentures	(143)	(191)
Dividend on Mutual Fund	(23)	-
Interest on FD	(371)	(122)
(Profit)/Loss on sale of tangible assets	18	(1)
Profit on Sale Of Mutual Fund units (Net)	(8)	(71)
<b>Operating Profit before Working Capital changes</b>	<b>26,792</b>	<b>16,494</b>
<b><u>Adjustments for Working Capital Changes</u></b>		
Trade Receivables	(113)	(66)
Short-term Loans and Advances	(93,661)	(14,200)
Lease equalisation charge	27	-
Other Current Assets	442	(359)
Long term Loans & Advances	(77,228)	(45,157)
<b>(Increase)/ Decrease in Receivables</b>	<b>(1,70,533)</b>	<b>(59,782)</b>
Long-term Provisions	(290)	(80)
Trade Payables	201	451
Other Current Liabilities	3,944	(878)
Short-term Provisions	411	30
<b>Increase/(Decrease) in Trade/Other payables</b>	<b>4,266</b>	<b>(477)</b>
<b>Cash generated from Operations</b>	<b>(1,39,475)</b>	<b>(43,765)</b>
Taxes (paid) / refunded	(1,759)	(1,500)
<b>Cash Flow before extraordinary items</b>	<b>(1,41,234)</b>	<b>(45,265)</b>
<b>Net Cash inflow / (outflow) from Operating Activities</b>	<b>(1,41,234)</b>	<b>(45,265)</b>
<b>Cash Flow from Investment Activities</b>		
Purchase of tangible assets	(1,876)	(608)
Sale of tangible assets	-	215
Interest on fixed deposits	371	122
Investment in NCD	121	(322)
Investment in FD	(3,000)	-
Dividend on Mutual Fund	23	-
Profit on Sale Of Mutual Fund units (Net)	8	71
Interest from Debentures	143	191
<b>Net Cash inflow / (outflow) from Investment Activities</b>	<b>(4,210)</b>	<b>(331)</b>



FEDBANK FINANCIAL SERVICES LIMITED  
CIN : U65910KL1995PLC008910  
Cash flow Statement for the year ended March 31, 2020

(INR in Lakhs)

Particular	Year Ended March 31, 2020	Year Ended March 31, 2019
<b>Cash Flow from Financing Activities</b>		
Short Term Borrowings (Net)	(2,347)	(1,479)
Long Term Borrowings (Net)	1,12,542	31,820
Finance Cost	(19,601)	(11,197)
Equity Shares Issued	4,433	4,004
Share Premium	14,910	12,856
Share Issue Expenses	(188)	(273)
Current Maturities of Long Term Borrowings (Net)	51,512	14,357
<b>Net Cash inflow / (outflow) from Financing activities</b>	<b>1,61,261</b>	<b>50,088</b>
<b>Net increase / (decrease) in cash and cash Equivalents (A+B+C)</b>		
Opening Balance of Cash and Cash Equivalents	5,911	1,419
<b>Closing Balance of Cash and Cash Equivalents</b>	<b>21,728</b>	<b>5,911</b>

Note:

1) The above Cash Flow Statement have been prepared under indirect method set out in Accounting Standard (AS)-3 Cash Flow Statement in accordance with the accounting standards specified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.

2) All figures in brackets indicate outflows.

Sudeep Agrawal  
CFO

S Rajaraman  
Company Secretary  
M.No.F3514

As per our report of even date attached  
**For Varma & Varma**  
Chartered Accountants

For and on behalf of the Board

FRN : 004532S

Balakrishnan Krishnamurthy  
Chairman  
DIN:00034031

Gauri Rushabh Shah  
Director  
DIN:06625227

Shyam Srinivasan  
Director  
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Georgy Mathew  
Partner  
M.No: 209645

Place: Bangalore  
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Anil Kothuri  
MD & CEO  
DIN:00177945

Place: Mumbai  
Date: 23<sup>rd</sup> May, 2020

**FEDBANK FINANCIAL SERVICES LIMITED**

**CIN : U65910KL1995PLC008910**

**Significant Accounting Policies and Notes to Accounts**

**1 CORPORATE INFORMATION**

The Company was incorporated on 17th April 1995 and is a subsidiary of The Federal Bank Ltd. The Company was registered as a Non banking Financial Company(NBFC) on 24th August 2010. The Company deals in loans against Gold, Property, and also distributes retail loan/insurance products for a fee. The Company currently operates through 250 Gold Loan locations mainly spread across India, and 52 locations shared between Distribution vertical, LAP, MSE LAP, Business Loans, Housing Finance, Personal Loans, Wholesale Lending business and business correspondence alliances

The Company is presently categorized as a Systemically Important Non-Deposit taking Non-Banking Financial company (NBFC-ND-SI) in accordance with the guidelines of Reserve Bank of India.

**2 SIGNIFICANT ACCOUNTING POLICIES**

**2.1 Basis of preparation of accounts**

These special purpose financial statements have been prepared for the purposes of including the same in consolidated financial statements of the holding company. These have been prepared in accordance with generally accepted accounting principles in India under the historical cost convention on accrual basis and comply in all material aspects with the accounting standards issued by The Institute of Chartered Accountants of India, to the extent applicable for the purpose for which these special purpose financial statements have been prepared (the "accounting principles generally accepted in India"). The special purpose financial statements are not the statutory financial statements of the Company, and are not intended to, and do not include all possible disclosures required for such statutory financial statements.

**2.2 Use of Estimates**

The preparation of financial statements in conformity with the generally accepted accounting principles in India requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and revenue and expenses. Actual results could differ from those estimates. The management believes that the estimates used in the preparation of the Financial Statements are prudent and reasonable.

**2.3 Revenue Recognition**

Revenue is recognized as and when it is earned and no significant uncertainty exists as to its realization or collection. Interest Income is recognized on accrual basis, except in case of interest on non-performing assets which are recognized on receipt basis in accordance with "Systemically Important Non-Banking Financial (Non Deposit Accepting or Holding) Companies Prudential Norms ( Reserve Bank) Direction,2016 " and the Accounting Standards specified under Section 133 of the Companies Act,2013 read with rule 7 of the Companies (Accounts) Rules, 2014 and the guidelines issued by the Reserve Bank of India as applicable to a NBFC-ND-SI. Overdue charges are recognized when the Company is certain of its realization.

Interest on securities is accounted for on accrual basis except where the ultimate collection cannot be established with reasonable certainty.

Processing Fees & Penal Charges are recognized on receipt basis.

**FEDBANK FINANCIAL SERVICES LIMITED**

CIN : U65910KL1995PLC008910

**Significant Accounting Policies and Notes to Accounts****2.4 Property, Plant & Equipment and Depreciation****(a) Tangible Assets:**

Tangible Assets are carried at their cost of acquisition less accumulated depreciation and impairment losses, if any. Cost Includes Freight, duties, taxes and other incidental expenses and expenses on installation of the assets.

Depreciation/amortization on assets is charged based on the useful life of the assets as prescribed under Schedule II of the Companies Act, 2013.

Asset Type	Useful Life (In Years)	Method	Rate of Depreciation (%)
Computer Equipment's	3	SLM	31.67
Server	6		15.83
Office Equipment's	5	WDV	45.08
Furniture & Fixtures	10		25.88
Vehicles - Cars	8		31.24

Lease hold improvements are being amortized over the period of lease.

**(b) Intangible Assets:**

Intangible assets include computer software which are carried at cost of acquisition less accumulated amortization and amortized on an Straight Line Method (SLM) basis over the estimated useful lives of 3 years on a pro rata basis.

**2.5 Employee Benefits****(a) Short Term Employee Benefits:**

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and the undiscounted amounts are recognized as expenses in the Profit & Loss Statement of the year in which the related services are rendered.

**(b) Defined Contribution Plan :**

The company has defined contribution plans for employees comprising of Provident Fund and Employee State Insurance. The contributions paid/payable to these plans during the year are charged to Statement of Profit & Loss for the Year.

**(c) Defined Benefit Plan:**

Payment of gratuity to employees is covered by the "Exide Life Group Gratuity Unit Linked Scheme" of the Exide life Insurance Company Limited, which is a defined benefit scheme and the company makes contribution under the said scheme. The net present value of the obligation for gratuity benefits as determined on the independent actuarial valuation, conducted annually using the projected unit credit method, as adjusted for unrecognised past service cost if any and as reduced by the fair value of planned asset is recognized in the accounts. Actuarial gains and losses are recognized in full in the statement of profit & loss for the period in which they occur.

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

**2.6 Taxes on Income**

**(i)** Income tax is accounted in accordance with Accounting Standard on Accounting for Taxes on Income (AS-22), which includes current taxes and deferred taxes. Provision for current tax is made based on the tax payable under the Income Tax Act, 1961.

**(ii)** Deferred tax on account of timing difference between taxable and accounting income that originates in one period and are capable of reversal in one or more subsequent period, are accounted using the tax rates and the tax laws enacted or substantively enacted by the balance sheet date. Deferred tax assets in respect of unabsorbed depreciation or carried forward losses are recognised if there is virtual certainty of realisation of such assets. Other deferred tax assets are recognised to the extent there is reasonable certainty of their realisation.

## 2.7 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial period of time to get ready for its intended use are capitalized. Other borrowing costs are recognized as expenditure for the period in which they are incurred.

## 2.8 Impairment of Assets

The company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. As asset is identified as impaired, when the carrying value of the asset exceeds its recoverable value. Based on such assessment, impairment loss, if any, is charged to the Profit & Loss Statement in the period in which, an asset is identified as impaired. The impairment loss recognised in the prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

## 2.9 Provisions, Contingent Liabilities and Contingent Assets:

- i. Provisions are recognised when the company has a present obligation as a result of a past event, for which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the correct management estimates.
- ii. Secured Loans are classified/provided for, as per the management's best estimates, subject to the minimum provision required as per Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.
- iii. Other loans are classified/provided for, as per the management's best estimates, subject to the minimum provision required as per Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

Contingent Liabilities are disclosed when the company has a possible obligation or a present obligation and it is probable that a cash flow will not be required to settle the obligation.

Contingent assets are neither recognised nor disclosed in the accounts.

Company follows a write back policy of provisions which are carried forward for more than 15 months, excluding those pertaining to holding company, employee benefits or any kind of provision which is in dispute with regulatory authority.

## 2.10 Advances:

Advances are classified as Performing Assets or Non-performing Assets and Provisions required are made as per the guidelines of the Reserve Bank of India on matters relating to Prudential Norms as applicable to "Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016".

## 2.11 Segment Reporting:

The company has classified its operations into three segments - Distribution (retail loan/insurance products), Retail Finance and Whole sale Finance. For presentation of segment information, directly attributable income and assets are allocated as such and the other income, expenses and other assets and liabilities are apportioned on appropriate basis.

## 2.12 Earnings Per Share

The company reports basic and diluted earnings per share in accordance with Accounting Standard 20 on "Earnings per Share". Basic earnings per share are computed by dividing the net Profit or Loss for the year attributable to equity share holders (after deducting attributable taxes) by the weighted average number of Equity Shares outstanding during the period.

Diluted earnings per share are computed by dividing the net Profit or Loss for the year attributable to equity share holders (after deducting attributable taxes) by the weighted average number of Equity Shares outstanding during the period as adjusted for the effects of all diluted potential Equity Shares outstanding as at the year end.

Significant Accounting Policies and Notes to Accounts

**2.13 Investments**

Investments that are readily realizable and intended to be held for not more than a year are classified as Current Investments.

All other investments are classified as Long Term Investments.

Investments held as long-term investments are carried at cost comprising of acquisition and incidental expenses. Provision for diminution in value of investments, if any, is made if in the opinion of management, such diminution is other than temporary. Any premium on acquisition is amortised over the remaining maturity of the security on a constant yield to maturity basis. Such amortisation of premium is adjusted against interest income from investments. The book value of investment is reduced to the extent of amount amortised during the relevant accounting period.

Investments other than long-term investments are classified as current investments and valued at lower of cost or fair value.

**2.14 Derivative Accounting:**

The company enters into derivative contracts in the nature of Cross Currency Interest Rate Swaps, Foreign Currency Forwards, etc with an intention to hedge its existing assets and liabilities in foreign currency. Derivative contracts which are closely linked to the existing assets and liabilities are accounted as per the policy stated for foreign currency transactions and translations.

Derivative contracts designated as a hedging instrument for highly probable forecast transactions are accounted as per the policy stated for Hedge Accounting.

All other derivative contracts are marked to market and losses are recognised in the statement of Profit and Loss. Gains arising on the same are not recognised, until realised, on grounds of prudence.

**2.15 Hedge accounting**

The company uses Cross Currency Interest Rate Swaps, Foreign Currency Forward contracts, etc to hedge its risk associated with foreign currency fluctuation relating to highly probable forecast transactions. The company designates such forward contracts/Interest rate swap in a cash flow hedging relationship by applying the hedge accounting principles set out in "Guidance Note on Accounting for Derivative contracts" issued by ICAI. These forward contracts/interest rate swap are stated at fair value at each reporting date. Changes in the fair value of these forward contracts that are designated and effective as hedges of future cash flows are recognized directly in Cash Flow Hedge Reserve under Reserves and surplus and ineffective portion is recognised immediately in the statement of Profit & Loss. Amounts accumulated in the Cash flow hedge reserve are reclassified to the statement of Profit & Loss in the same periods during which the forecasted transaction affects Profit & Loss. Hedge accounting is discontinued when hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for Hedge accounting. For forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in cash flow hedge reserve is retained until the forecasted transaction occurred. If the forecasted transaction is no longer expected to occur, the net cumulative gain or loss recognised in cash flow hedge reserve is immediately transferred to statement of Profit & Loss.

**FEDBANK FINANCIAL SERVICES LIMITED**

**CIN : U65910KL1995PLC008910**

**Significant Accounting Policies and Notes to Accounts**

**2.16 Cash and cash equivalents**

Cash and cash equivalent for the purpose of cash flow statement comprises of cash in hand and balance with bank including fixed deposits from banks or other financial institutions

**2.17 Profit/loss on sale of non-performing assets**

Gain/loss on sale of non-performing assets is recognised in line with extant RBI Guidelines.

**2.18 Share Issue Expenditure**

Share issue expenses are debited to securities premium account in accordance with provisions of section 52 of Companies Act, 2013.

**2.19 Accounting for employee stock options**

Stock options granted to employees under the stock option schemes are accounted using the intrinsic value method prescribed in the guidance note on Employees Share Based Payments issued by The Institute of Chartered Accountants of India. The intrinsic value of the option being excess of market value of the underlying share immediately prior to date of grant over its exercise price is considered as deferred employee compensation. The expense on deferred employee compensation is recognized in Profit and Loss Statement on straight line basis over the vesting period of the option. The options that lapse are reversed by a credit to expense, equal to the amortized portion of value of lapsed portion.

**2.20 Securitisation & Direct Assignment**

The Company enters into securitisation / assignment transactions and assets are de-recognised upon sale only if the Company surrenders the control over the contractual rights that comprises in the financial assets i.e. when they meet true sale criteria. The Company has adopted the accounting policy for securitisation / assignment transactions, as notified by RBI in its circular "Revision to the guidelines on transfer of assets through Securitisation and Direct Assignment of cash flows" issued on August 21, 2012.

Gains arising out of securitisation of assets are recognised over the tenure of the securities issued by Special Purpose Vehicle (SPV), losses if any are recognised upfront.

The amount of cash profit on assignment transaction is held under "Cash Profit on loan transfer transactions pending recognition" maintained on an individual transaction basis. The amortisation of cash profit arising out of loan assignment transaction is done at every reporting period end as prescribed by RBI in the afore mentioned circular. The unamortised portion is reflected as "Other long term liabilities" / "Other current liabilities".

## 3 Share Capital

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Authorised:</b>		
29,00,00,000 (Previous Year 30,00,00,000) Equity Shares of INR. 10 each	29,000	30,000
1,00,00,000 Optionally Cummulative Redeemable Preference Shares of INR.10 each	1,000	-
	<b>30,000</b>	<b>30,000</b>
<b>Issued, subscribed and paid up:</b>		
27,34,23,425 (Previous Year 23,00,42,500) Equity Shares of INR. 10 each fully paid up	27,342	23,004
47,29,730 0.01% Non -Cumulative Optionally Convertible Redeemable Preference Shares of INR.10 each partly paid up of INR. 2 each	95	-
	<b>27,437</b>	<b>23,004</b>

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

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of Shares	Rupees in Lakhs	Number of Shares	Rupees in Lakhs
<b>- Equity shares</b>				
Balance at the beginning of the year	23,00,42,500	23,004	19,00,00,000	19,000
Add: Fresh Allotment of shares - Private Placement to "True North Fund VI LLP"	2,67,14,257	2,671	4,00,42,500	4,004
Add: Additional equity shares Issued to existing shareholders - Right issue	1,66,66,668	1,667	-	-
<b>Balance at the end of the year</b>	<b>27,34,23,425</b>	<b>27,342</b>	<b>23,00,42,500</b>	<b>23,004</b>
<b>- Preference shares</b>				
Balance at the beginning of the year	-	-	-	-
Add: Fresh allotment of partly paid up shares (FV INR 10/- partly paid INR 2/- )to Mr. Anil Kothuri	47,29,730	95	-	-
<b>Balance at the end of the year</b>	<b>47,29,730</b>	<b>95</b>	<b>-</b>	<b>-</b>

3.1 During the year company issued 2,67,14,257 number of equity share of face value of Rs 10/- each to True North Fund VI LLP on private placement basis. The Board of Directors approved this allotment in its meeting held on 27<sup>th</sup> September, 2019. The shares were issued at a total consideration of INR 11,248 including premium of INR 8,577. These shares carry same rights as existing shares as given in Note No. 3(b).Vide terms of agreements dated 11<sup>th</sup> May 2018, True North Fund VI LLP has utilized its rights to subscribe to 26,714,257 (Two Crore Sixty Seven Lakhs Fourteen Thousand Two Hundred and Fifty Seven) Equity Shares. The shareholding of True North Fund VI LLP in the company post such subscription has increased to 26.0%.Further during year on March 30<sup>th</sup>, 2020 company issued 1,66,66,668 number of equity shares to all existing shareholders in their holding proportion at INR 48/- per share. The Board of directors approved this allotment in its meeting held on March 30<sup>th</sup>, 2020. Total consideration is INR 8,000 including securities premium of INR 6,333. In FY 18-19, the company issued 4,00,42,500 number of equity share of face value of Rs 10/- each to True North Fund VI LLP on private placement basis. The shares were issued at a total consideration of INR 16,860 including premium of INR 12,856. These shares carry same rights as existing shares as given in Note No. 3(b)

3.2 During the year company issued 47,29,730 number of Optionally Convertible Redeemable Preference Shares (OCRPS) to the Managing Director of the company Mr. Anil Kothuri of face value of INR 10 each of which INR 2 per share is paid up. The Board of Directors approved this allotment in its meeting held on October 31<sup>st</sup>, 2019.

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

(i) For Equity shares :The Company has only one class of Equity shares having face value of INR 10/- each per share. Each holder of Equity shares is entitled to one vote per share.

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

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Notes to the financial statements as at March 31, 2020

(INR in Lakhs)

(ii) **For Preference Shares** : The preference shares shall carry the voting rights which are provided in the Companies Act and shall not have any other voting rights. However, preference shareholders shall have voting rights on any matter affecting the preference shares holder directly or indirectly. Preference shares shall be non-participating and the no participation in surplus fund shall be given to preference shares .No participation in surplus assets and profits, on winding-up which may remain after the entire capital has been repaid shall be given to preference shares .The payment of dividend on preference shares shall be on non-cumulative basis

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

Particulars	As at March 31, 2020		As at March 31, 2019	
	Percentage Of Holding	Rupees in Lakhs	Percentage Of Holding	Rupees in Lakhs
<b>Equity Shares</b>				
Equity Shares Held by holding company				
- Federal Bank Limited	74.00%	20,233	82.59%	19,000
(Including 405 shares held by nominees)				
- True North Fund VI LLP	26.00%	7,109	17.41%	4,004
<b>Preference Shares</b>				
Optionally convertible redeemable preference shares held by Mr. Anil Kothuri	100.00%	95	0.00%	-



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

No other securities is issued other than OCRPS .The conversion of OCRPS into equity shares shall be as under:

- Out of the total OCRPS of 47,29,730 shares, certain OCRPS will be eligible for conversion into equity shares on the lapsation of time (40,20,270 OCRPS) and certain OCRPS will be eligible to convert into equity shares on the occurrence of an Exit Linked Event of the Investor (7,09,460 OCRPS).
- Each time based OCRPS shall be convertible into 1(one) Equity Share, at the option of the Subscriber, in the following manner:

Conversion date	Number of OCRPS eligible for conversion	Number of Equity Shares to be issued upon conversion of the OCRPS
November 1, 2019	6,70,045	6,70,045
September 1, 2020	6,70,045	6,70,045
September 1, 2021	6,70,045	6,70,045
September 1, 2022	6,70,045	6,70,045
September 1, 2023	6,70,045	6,70,045
September 1, 2024	6,70,045	6,70,045

- In the event that the Subscriber does not exercise his right to convert (i.e. by issue of a Conversion Notice as per the provisions below) any of the aforesaid OCRPS before December 31, 2025, then the same shall be redeemed by the Company on December 31, 2025 at par.

- In the event that the Subscriber resigns from the Company or his/her Employment contract is terminated:

i. With respect to the time based OCRPS, before any of the OCRPS are due for conversion (as specified in the table above), all OCRPS due for conversion after the event shall not be due for conversion and be redeemed by the Company at Subscription price.

ii. With respect to the Exit Linked OCRPS, before the exit by the Investor, all such OCRPS will be redeemed at the Subscription price.

- (e)** The aggregate value of calls unpaid by directors and also officers of the company for Optionally Convertible Redeemable Preference Shares as on 31st March 2020 is Nil.

## 4 Reserves and Surplus

Particulars	As at March 31, 2020	As at March 31, 2019
<b>(a) Reserves</b>		
<b>(i) Statutory Reserve</b>		
Balance at the beginning of the year	2,507	1,805
Add: Transferred from surplus in Statement of Profit & Loss ( Refer Note 4.1)	791	702
	<b>3,298</b>	<b>2,507</b>
<b>ii) General Reserve</b>		
Balance at the beginning of the year	10	10
	<b>10</b>	<b>10</b>
<b>iii) Securities Premium</b>		
Balance as at the beginning of the year	12,585	
Addition during the year	14,910	12,856
Less : Share issue expenses adjusted	(188)	(271)
	<b>27,307</b>	<b>12,585</b>
<b>iv) Surplus in the Statement of Profit and Loss</b>		
Balance as at the beginning of the year	8,117	5,311
Net Profit for the year	3,954	3,508
Less : Appropriations Transfer to Statutory Reserve (Refer Note 4.1)	(791)	(702)
	<b>11,280</b>	<b>8,117</b>
<b>v) Share Option Outstanding Account</b>		
Balance as at the beginning of the year	-	-
Addition during the year	72	-
	<b>72</b>	<b>-</b>
<b>Total of Reserves &amp; Surplus</b>	<b>41,967</b>	<b>23,219</b>

4.1. Statutory Reserve represents the Reserve fund created under Section 45-IC of the Reserve Bank of India Act, 1934. For the year an amount of INR 791 represents 20% of Profit for the year has been transferred to it. (Previous Year INR 702)

**5 Long Term Borrowings**

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Secured Loans (Refer notes 5.1 and 5.2)</b>		
<b>Term Loan From Banks:</b>		
- From Related parties :		
Federal Bank	68,735	45,542
- From Other Banks :		
Allahabad Bank	3,000	-
Axis Bank	19,474	-
Bank of Baroda	14,000	-
DCB Bank	157	864
HDFC Bank	30,588	7,965
ICICI Bank	17,833	12,722
Indian Bank	10,000	15,000
J & K Bank	3,333	5,556
Karnataka Bank	1,480	3,013
Karur Vysya Bank	3,750	-
South Indian Bank	4,000	-
State Bank of India	16,000	-
<b>Term Loan From Other Financial Institutions :</b>		
Bajaj Finance Limited	2,813	1,719
SIDBI	12,260	2,500
<b>Unsecured Loans (Refer notes 5.1 and 5.2)</b>		
<b>Term Loan From Other Financial Institutions :</b>		
Bajaj Finance Limited	2,500	2,500
	<b>2,09,923</b>	<b>97,381</b>

Note 5.1

Lender	Loan	Repayment Mode	Installemnt Amount (INR in Lakhs)	Repayment		Rate Of Interest	Security	Margin	Other Terms Initial Repayment		
				Beginning Date	End Date						
The Federal Bank Ltd	Term Loan - 2	Quarterly	625	29-May-17	28-Feb-21	6.90% to 9.90% p.a	First Pari passu charge by way of hypothecation of receivables (except gold loan receivables)	1.15 Times	Moratorium of 12 Months		
The Federal Bank Ltd	Term Loan - 3	Quarterly	188	23-Nov-18	28-Aug-22			1.15 Times	Moratorium of 12 Months		
The Federal Bank Ltd	Term Loan - 3	Quarterly	125	28-Nov-18	28-Aug-22			1.15 Times	Moratorium of 12 Months		
The Federal Bank Ltd	Term Loan - 3	Quarterly	188	29-Dec-18	29-Sep-22			1.15 Times	Moratorium of 12 Months		
The Federal Bank Ltd	Term Loan - 3	Quarterly	63	31-Jan-19	31-Oct-22			1.15 Times	Moratorium of 12 Months		
The Federal Bank Ltd	Term Loan - 3	Quarterly	375	29-Mar-19	29-Dec-22			1.15 Times	Moratorium of 12 Months		
The Federal Bank Ltd	Term Loan - 4	Quarterly	313	29-Jun-19	29-Mar-23			1.15 Times	Moratorium of 12 Months		
The Federal Bank Ltd	Term Loan - 4	Quarterly	156	26-Sep-19	26-Jun-23			1.15 Times	Moratorium of 12 Months		
The Federal Bank Ltd	Term Loan - 4	Quarterly	156	27-Sep-19	27-Jun-23			1.15 Times	Moratorium of 12 Months		
The Federal Bank Ltd	Term Loan - 5	Quarterly	625	26-Dec-19	26-Sep-23			1.15 Times	Moratorium of 12 Months		
The Federal Bank Ltd	Term Loan - 6	Quarterly	1,111	26-Jul-19	26-Oct-23			1.15 Times	Moratorium of 6 Months		
The Federal Bank Ltd	Term Loan - 7	Quarterly	556	30-Oct-20	30-Jan-25			1.15 Times	Moratorium of 6 Months		
The Federal Bank Ltd	Term Loan - 8	Quarterly	556	30-Sep-20	31-Dec-24			1.15 Times	Moratorium of 6 Months		
The Federal Bank Ltd	Term Loan - 9	Quarterly	1,667	24-Feb-20	24-May-24			1.15 Times	Moratorium of 6 Months		
HDFC Bank	Term Loan- 1	Quarterly	294	13-Jul-17	13-Jul-21				First Pari passu charge by way of hypothecation of LAP and CF	1.15 Times	Moratorium of 9 Months
HDFC Bank	Term Loan- 2	Quarterly	100	03-Dec-15	03-Sep-20				First Pari passu charge by way of hypothecation of LAP	1.15 Times	No Moratorium
HDFC Bank	Term Loan- 3	Quarterly	333	13-Apr-18	13-Apr-20		First Pari passu charge by way of hypothecation of LAP and CF	1.15 Times	Moratorium of 9 Months		
HDFC Bank	Term Loan- 4	Quarterly	250	30-Mar-18	30-Dec-22			1.15 Times	Moratorium of 9 Months		
HDFC Bank	Term Loan- 5	Quarterly	417	31-Jan-19	30-Oct-21		Pari Passu charge on entire eligible receivables of the company	1.15 Times	No Moratorium		
HDFC Bank	Term Loan -6	Quarterly	94	27-Mar-20	27-Dec-23			1.15 Times	No Moratorium		
HDFC Bank	Term Loan -7	Quarterly	125	27-Mar-20	27-Dec-23		Pari Passu charge on entire eligible receivables of the company	1.15 Times	No Moratorium		
HDFC Bank	Term Loan -8	Quarterly	200	30-Mar-20	30-Dec-24			1.15 Times	No Moratorium		
HDFC Bank	Term Loan -9	Quarterly	100	30-Mar-20	30-Dec-24		Pari Passu charge on entire eligible receivables of the company	1.15 Times	No Moratorium		
HDFC Bank	Term Loan -10	Quarterly	31	27-Mar-20	27-Dec-23			1.15 Times	No Moratorium		
HDFC Bank	Term Loan -11	Quarterly	417	20-Nov-19	20-Aug-22		Pari Passu charge on entire eligible receivables of the company	1.15 Times	No Moratorium		
HDFC Bank	Term Loan -12	Quarterly	250	20-Nov-19	20-Aug-22			1.15 Times	No Moratorium		
HDFC Bank	Term Loan -13	Quarterly	313	19-Jun-20	19-Mar-24		Pari Passu charge on entire eligible receivables of the company	1.15 Times	No Moratorium		
HDFC Bank	Term Loan -14	Quarterly	750	18-Jun-20	18-Mar-25			1.15 Times	No Moratorium		
ICICI Bank	Term Loan- 1	Quarterly	111	31-Dec-17	31-Mar-22		First Pari passu charge by way of hypothecation of receivables	1.15 Times	Moratorium of 6 Months		
ICICI Bank	Term Loan- 1	Quarterly	167	31-Mar-18	30-Jun-22			1.15 Times	Moratorium of 6 Months		
ICICI Bank	Term Loan- 2	Quarterly	56	30-Jun-18	30-Sep-22			1.15 Times	Moratorium of 6 Months		
ICICI Bank	Term Loan- 2	Quarterly	222	31-May-19	31-Aug-23			1.15 Times	Moratorium of 6 Months		
ICICI Bank	Term Loan- 3	Quarterly	167	30-Nov-19	26-Feb-24			1.15 Times	Moratorium of 6 Months		
ICICI Bank	Term Loan- 3	Quarterly	250	31-Dec-19	26-Feb-24			1.15 Times	Moratorium of 6 Months		
ICICI Bank	Term Loan- 4	Quarterly	417	30-Jun-21	03-Mar-24		First Pari passu charge by way of hypothecation of receivables	1.15 Times	Moratorium of 12Months		
ICICI Bank	Term Loan- 4	Quarterly	333	30-Jun-21	05-Mar-24						
SIDBI Bank	Term Loan- 1	Quarterly	250	10-Oct-17	10-Jul-22		First Pari passu charge on hypothecation of book debts, receivables and current Asset	1.15Times	6 MonthsMoratorium		
SIDBI Bank	Term Loan- 1	Quarterly	265	10-Jan-20	10-Jul-24		First Pari passu charge on hypothecation of book debts and receivables of secured laons provided by the borrower to MSME	1.15Times	5 Months Moratorium		
SIDBI Bank	Term loan -2	Quarterly	265	10-Jan-20	10-Jul-24			1.15Times	5 Months Moratorium		

Note 5.1

Lender	Loan	Repayment Mode	Installemnt Amount (INR in Lakhs)	Repayment		Rate Of Interest	Security	Margin	Other Terms Initial Repayment
				Beginning Date	End Date				
SIDBI Bank	Term loan -3	Quarterly	265	10-Dec-19	10-Jun-24	Previous year :8.28 % 10%)		1.15Times	5 Months Moratorium
Karnataka Bank	Term Loan- 1	Quarterly	156	28-Jun-19	28-Mar-23		First Pari passu charge by way of hypothecation of receivables (except gold	1.10 Times	Moratorium of 12 Months
Karnataka Bank	Term Loan- 2	Quarterly	227	29-Nov-18	29-May-21		First Pari passu charge by way of hypothecation of receivables	1.10 Times	Moratorium of 12 Months
J&K Bank	Term Loan- 1	Quarterly	556	30-Apr-18	30-Jul-22		First Pari passu charge by way of hypothecation of receivables	1.15 Times	Moratorium of 6 Months
Indian Bank	Term Loan- 1	Quarterly	625	12-Mar-19	12-Dec-22		First Pari passu charge by way of hypothecation of receivables (except gold	1.15 Times	Moratorium of 12 Months
Indian Bank	Term Loan- 2	Quarterly	625	30-Sep-19	30-Jun-23		First Pari passu charge by way of hypothecation of receivables	1.15 Times	Moratorium of 12 Months
Bajaj Finance Ltd	Term Loan- 1	Quarterly	156	28-Feb-19	30-Nov-22		First Pari passu charge by way of hypothecation of receivables	1.10 Times	Moratorium of 12 Months
Bajaj Finance Ltd	Term Loan- 2	Quarterly	156	31-Jan-20	31-Oct-23		First Pari passu charge by way of hypothecation of receivables	1.15 Times	No Moratorium
Bajaj Finance Ltd	Unsecured Loan	Bullet	2,500	02-May-25			NA	NA	NA
DCB Bank	Term Loan- 1	Quarterly	156	30-Sep-18	30-Jun-21		First Pari passu charge by way of hypothecation of receivables	1.15 Times	No Moratorium
DCB Bank	Term Loan- 1	Quarterly	83	30-Sep-18	30-Jun-20			1.15 Times	No Moratorium
DCB Bank	Term Loan- 2	Quarterly	174	31-Mar-17	30-Sep-19			1.15 Times	No Moratorium
DCB Bank	Unsecured Loan	Bullet		3750 - 11-Sep-2020 1250- 11-Dec-2020			NA	NA	NA
Bank of Baroda	Term Loan	Quarterly	1,000	31-Dec-19	30-Sep-24		Pari Passu frist charge on Standard Loan receivables & other current Assets	1.10 Times	No Moratorium
Axis Bank	Term Loan -1	Quarterly	684	16-Mar-20	16-Mar-23		Pari Passu frist charge on Standard Loan receivables	1.10 Times	No Moratorium
Axis Bank	Term Loan -2	Quarterly	105	28-May-20	28-Nov-24			1.10 Times	No Moratorium
Axis Bank	Term Loan -3	Quarterly	789	30-Sep-20	31-Mar-25		Pari Passu frist charge on Standard Loan receivables	1.10 Times	No Moratorium
State Bank of India	Term Loan- 1	Quarterly	250	14-May-20	14-Feb-25		First charge over entire receivables and current asset of the company both present and future , on par ipassu basis	1.15 Times	No Moratorium
State Bank of India	Term Loan- 2	Quarterly	250	27-May-20	27-Feb-25			1.15 Times	No Moratorium
State Bank of India	Term Loan- 3	Quarterly	250	28-May-20	28-Feb-25			1.15 Times	No Moratorium
State Bank of India	Term Loan- 4	Quarterly	250	30-May-20	28-Feb-25	1.15 Times		No Moratorium	
South Indian Bank	Term Loan	Quarterly	250	25-May-20	25-Feb-25	Pari Passu Charge on onward lending receivables	1.10 Times	No Moratorium	
Allahabad Bank	Term Loan	Quarterly	500	30-Jun-20	30-Sep-22	First Pari Passu charge on receivables both present and future	1.15 Times	Moratorium of 6 Months	
Karur Vyasa Bank	Term Loan-1	Quarterly	208	30-Sep-20	30-Jun-23	Pari Passu frist charge on Standard Loan receivables	1.15 Times	Moratorium of 12 Months	
Karur Vyasa Bank	Term Loan-2	Quarterly	156	31-May-20	29-Feb-24	Pari Passu frist charge on Standard Loan receivables	1.15 Times	No Moratorium	

Note 5.2 There has been no default as on Balance Sheet date in repayment of loans and payment of interest.

**6 Other Long Term Liabilities**

Particulars	As at March 31, 2020	As at March 31, 2019
Lease Equalisation Credit	48	21
	<b>48</b>	<b>21</b>

**7 Long Term Provisions**

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Provision for employee benefits (Refer Note 23.1)</b>		
Provision for Compensated Absences	93	35
Provision for Gratuity	-	-
	<b>93</b>	<b>35</b>
Contingent Provision Against Standard Assets (Refer Note 11.3)	843	537
	<b>936</b>	<b>572</b>

**8 Short Term Borrowings**

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Secured Loans</b>		
<b>Loans Repayable on demand</b>		
<b>Working Capital Loan Facility</b>		
Axis Bank	1,813	-
ICICI Bank	2,100	-
<b>Overdraft Facility</b>		
DCB Bank	2,200	-
<b>From Others:</b>		
<b>Working Capital Loan Facility</b>		
Bajaj Finance Limited	1,000	-
<b>Loans from related parties :</b>		
Cash Credit from Federal Bank (Refer Note No 8.1 & 8.2)	1,345	6,315
Working Capital Loan Facility from Federal Bank	6,000	3,000
<b>Unsecured Loans</b>		
Commercial Paper (Refer Note 8.3)		
- From Others	12,500	20,000
Less: Unexpired Discount	(322)	(332)
	<b>26,636</b>	<b>28,983</b>

8.1. The above facilities are secured by way of first Pari passu charge on entire receivables of the company.

8.2 These facilities carry interest rates in the range of 8.75% - 10%

8.3. Unexpired discount on commercial papers to be redeemed within next one year is INR 322 ( Previous year- INR 332 ) (Net) towards interest accrued but not due. The carrying interest rate @ 6.98% to 9% p.a ( Previous Year 6.75% to 8.25% p.a.) In respect of commercial paper maximum amount outstanding during the year was INR 92,000 ( Previous Year INR 37,000)

**9 Trade Payables**

Particulars	As at March 31, 2020	As at March 31, 2019
Trade Payables		
- Total Outstanding dues of Micro, Small & Medium Enterprises -(Refer Note 9.1 & 9.2)	10	8
- Total Outstanding dues other than Micro, Small & Medium Enterprises	860	661
	<b>870</b>	<b>669</b>

9.1. The Company has taken steps to identify the suppliers who qualify under the definition of micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006. The aforementioned is based on responses received by the company to its enquires with suppliers with regard to applicability under the said Act.

9.2. The details of amounts outstanding to Micro, Small and Medium Enterprises based on available Information with Company is as under :

Particulars	As at March 31, 2020	As at March 31, 2019
Principal amount remaining Unpaid as at the end of accounting year	10	8
Interest due on above and remaning unpaid as at the end of accounting year	1	1
Amount of Interest paid alongwith amount of payment made to supplier beyond the appointed day	-	-
Interest due on principal amounts paid beyond the due date during the year but without the interest amounts under this act.	-	-
Interest accrued and remaining unpaid	-	-
Amount of Further Interest remaining due and payable in succeeding years	-	-

**10 Other Current liabilities**

Particulars	As at March 31, 2020	As at March 31, 2019
Liability Towards Capital Contracts/goods	57	18
Liability Towards Non Capital Contracts/goods	1	1
Book Overdraft (Refer Note 10.2)	1,322	1,718
<b>Current Maturities of Long Term Borrowings ( Refer Note 5.1)</b>		
<b>Current Maturities of Secured Loans</b>		
<b>From Related Parties :</b>		
Federal Bank	30,140	13,021
<b>From Other Banks :</b>		
Allahabad Bank	2,000	-
Axis Bank	5,526	-
Bank of Baroda	4,000	-
DCB Bank	708	1,307
HDFC Bank	13,493	6,540
ICICI Bank	3,889	3,056
Indian Bank	5,000	4,375
J & K Bank	2,222	2,222
Karnataka Bank	1,533	1,533
Karur Vysya Bank	1,250	-
South Indian Bank	1,000	-
State Bank of India	4,000	-
<b>From Other Financial Intitutions:</b>		
Bajaj Finance Limited	1,250	625
SIDBI	4,180	1,000
<b>Current Maturities of Unsecured Loans</b>		
<b>From Other Banks :</b>		
DCB Bank	5,000	-
<b>Other Payables:</b>		
Undisputed Statutory Dues	287	142
Interest accrued but not due	636	144
Employee Related Payables	926	553
Advances From Customers	2,945	881
Auction Related Payables	97	91
Payable to Directors	3	-
Commission Payable	882	397
Account Payable - Stale Cheque	277	153
Interest Payable to MSME Vendors	1	1
Other Payables (Refer Note 10.1)	1,056	447
	<b>93,681</b>	<b>38,225</b>

Note 10.1 Other payable includes amount due to The Federal Bank (Holding Company) INR NIL (Previous year - INR NIL).

Note 10.2 Book Overdraft includes amount due to The Federal Bank (Holding Company) INR NIL (Previous year - INR 1718)



**11 Short Term Provisions**

Particulars	As at March 31, 2020	As at March 31, 2019
<b><u>Provision for Employee benefits: (Refer Note No 23.1)</u></b>		
Provision for Compensated Absences	79	19
Provision for Gratuity*	20	-
	<b>99</b>	<b>19</b>
<b><u>Other Provisions ( Refer Note 11.1)</u></b>		
Provision Against Non Performing Assets (Refer Note 11.2)	696	512
Additional Provisioning as per RBI for Monatorium accounts	72	-
Additional Provisioning on Loans and Advances (Refer Note 11.4)	547	-
Provision for Burglary Gold	2	2
Contingent Provision Against Standard Assets (Refer Note 11.3)	596	248
	<b>2,012</b>	<b>781</b>

\*Liability is net off Receivable from Fedbank Employees Group Gratuity Trust INR 11

**11.1. Movement of Provision for Standard and Non-Performing Assets**

As per the Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, the Company has created provision for Standard assets as well as Non Performing Assets.

Particulars	As at March 31, 2020	As at March 31, 2019
<b><u>Provision for Standard Assets</u></b>		
Standard Assets	3,60,142	1,95,065
Provision at the beginning of the year	785	563
Additional provision/ (Excess Reversal) Net during the year	654	222
<b>Provision at the close of the year</b>	<b>1,439</b>	<b>785</b>
<b><u>Provision for Non-Performing Assets</u></b>		
Total Non Performing Assets	4,933	4,108
Provision at the beginning of the year	512	173
Additional provision/ (Excess Reversal) Net during the year	184	339
<b>Provision at the close of the year</b>	<b>696</b>	<b>512</b>

11.2. Provision against Non Performing Assets have been classified in accordance with RBI Guidelines, and has been made to the extent specified in such guidelines and has not been netted of against the value of assets disclosed under short term loans and advances (Note No 19).

11.3. Contingent Provision of INR 654 (Previous Year INR 222) on a net basis has been made during the current year against standard assets as per Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 as modified from time to time.

11.4. Company has made an additional provision of INR 547 (Previous Year INR Nil) which is over and above the prescribed RBI guideline due to COVID 19.

12 Property, Plant & Equipment

12.1 Tangible Assets

(INR in Lakhs)

Particulars	Computer Equipments	Office Equipments	Lease Hold improvements ( Interior Furnishings)	Furniture & Fixtures	Vehicles - Cars	Server	Total Tangible Assets
Gross Block as at April 1, 2019	294	390	798	372	20	150	2,024
Gross Block as at April 1, 2018	(233)	(334)	(677)	(324)	(19)	(120)	(1,707)
	-	-	-	-	-	-	-
Additions during FY 19-20	348	258	687	312	-	45	1,650
Adjustments during FY 19-20			59				59
Additions during FY 18-19	(61)	(75)	(121)	(48)	(1)	(30)	(336)
	-	-	-	-	-	-	-
Deletions during FY 19-20	0	31	44	23	-	-	98
Deletions during FY 18-19	-	(19)	-	-	-	-	(19)
<b>Gross Block as at March 31, 2020</b>	<b>642</b>	<b>618</b>	<b>1,499</b>	<b>662</b>	<b>20</b>	<b>195</b>	<b>3,634</b>
<b>Gross Block as at March 31, 2019</b>	<b>(294)</b>	<b>(390)</b>	<b>(798)</b>	<b>(372)</b>	<b>(20)</b>	<b>(150)</b>	<b>(2,024)</b>
Accumulated depreciation as at April 1, 2019	217	299	600	298	12	97	1,523
Accumulated depreciation as at April 1, 2018	(194)	(274)	(545)	(274)	(9)	(87)	(1,383)
	-	-	-	-	-	-	-
Additions during FY 19-20	86	112	124	91	3	16	431
Adjustments during FY 19-20			59				59
Additions/Adjustments during FY 18-19	(23)	(43)	(55)	(24)	(3)	(10)	(158)
	-	-	-	-	-	-	-
Deletions during FY 19-20	0	29	41	21	-	-	91
Deletions during FY 18-19	-	(18)	-	-	-	-	(18)
<b>Accumulated depreciation as at March 31, 2020</b>	<b>303</b>	<b>382</b>	<b>742</b>	<b>369</b>	<b>15</b>	<b>113</b>	<b>1,922</b>
<b>Accumulated depreciation as at March 31, 2019</b>	<b>(217)</b>	<b>(299)</b>	<b>(600)</b>	<b>(298)</b>	<b>(12)</b>	<b>(97)</b>	<b>(1,523)</b>
<b>Net block as at March 31, 2020</b>	<b>339</b>	<b>236</b>	<b>757</b>	<b>293</b>	<b>5</b>	<b>82</b>	<b>1,713</b>
<b>Net Block as at March 31, 2019</b>	<b>(77)</b>	<b>(91)</b>	<b>(198)</b>	<b>(74)</b>	<b>(8)</b>	<b>(53)</b>	<b>(501)</b>

## 12.2 Intangible Assets

Particulars	Computer Software
Gross Block as at April 1, 2019	494
Gross Block as at April 1, 2018	(432)
	-
Additions/Adjustments during FY 19-20	217
Additions/Adjustments during FY 18-19	(62)
	-
Deletions during FY 19-20	34
Deletions during FY 18-19	-
<b>Gross Block as at March 31, 2020</b>	<b>677</b>
<b>Gross Block as at March 31, 2019</b>	<b>(494)</b>
Accumulated depreciation as at April 1, 2019	414
	(392)
	-
Additions/Adjustments during FY 19-20	86
Additions/Adjustments during FY 18-19	(22)
	-
Deletions during FY 19-20	21
Deletions during FY 18-19	-
<b>Accumulated depreciation as at March 31, 2020</b>	<b>479</b>
<b>Accumulated depreciation as at March 31, 2019</b>	<b>(414)</b>
<b>Net block as at March 31, 2020</b>	<b>198</b>
<b>Net Block as at March 31, 2019</b>	<b>(80)</b>

## 12.3 Capital Work in progress

Particulars	CWIP
Gross Block as at April 1, 2019	31
Gross Block as at April 1, 2018	(33)
	-
Additions/Adjustments during FY 19-20	551
Additions/Adjustments during FY 18-19	(41)
	-
Deletions during FY 19-20	539
Deletions during FY 18-19	(43)
<b>Gross Block as at March 31, 2020</b>	<b>42</b>
<b>Gross Block as at March 31, 2019</b>	<b>(31)</b>

(INR in Lakhs)

**13 Non Current Investments:**

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Unsecured:</b>		
Investment in NCDs	438	1,251
	<b>438</b>	<b>1,251</b>

**14. Deferred Tax Assets (Net)**

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Timing difference on account of :</b>		
Depreciation and Amortisation	181	195
Provision for Employee benefits	44	15
Provision for Sub Standards, Doubtful & Loss Assets and Additional Provisioning	175	150
Lease Equalisation Credit	12	6
Other timing differences	26	14
<b>Total Deferred Tax Asset (Net)</b>	<b>438</b>	<b>380</b>

**15 Long Term Loans and Advances**

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Secured &amp; Considered Good:</b>		
<b>Retail Finances:</b>		
Loan Against Property	1,08,670	74,016
MSE Loan Against Property	46,304	32,635
Housing Finance	8,993	1,404
<b>Retained Interest Under Assignment Transaction</b>	2,791	-
<b>Wholesale Finances:</b>		
Loans to Construction Sector (Real Estate Exposure)	10,412	11,318
Loan to other NBFCs'	7,883	10,065
<b>Unsecured considered good</b>		
<b>Retail Finances:</b>		
Personal Loan	2,291	5
Business Loan	18,820	27
Micro Finance	4,544	4,774
<b>Unsecured considered good</b>		
Security Deposits - Rental & Others	1,246	701
Pre Paid Expenses	99	146
Withholding and Other Taxes Receivables ( Net of Provision)	338	52
<b>Unsecured considered Doubtful</b>		
Security Deposits - Rental & Others	-	20
	<b>2,12,391</b>	<b>1,35,163</b>

(INR in Lakhs)

**16 Current Investments: (At Cost or Market Value, whichever is Lower)**

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Unsecured:</b>		
Investment in NCDs*	692	-
Investment in Mutual Funds (Market Value - INR 3000)	3,000	-
	<b>3,692</b>	<b>-</b>

\*Market Value currently not available due to lockdown

**17 Trade Receivables (Unsecured)**

Particulars	As at March 31, 2020	As at March 31, 2019
<b>17.1 Other Trade Receivables</b>		
Considered good		
-More than Six Months	42	3
-Less than Six Months	190	116
	<b>232</b>	<b>119</b>

**18 Cash and Cash Equivalent**

Particulars	As at March 31, 2020	As at March 31, 2019
- Cash in hand	763	350
- Balance with banks		
Current accounts	6,165	561
- Deposit accounts	7,300	-
- Other Bank Balances (Maturity more than 3 Months)		
In other deposit accounts	5,000	2,500
Deposits with financial institutions	2,500	2,500
	<b>21,728</b>	<b>5,911</b>

FEDBANK FINANCIAL SERVICES LIMITED

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Notes to the financial statements as at March 31, 2020

(INR in Lakhs)

**19 Short Term Loans and Advances**

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Secured</b>		
<b>(a) Considered Good</b>		
<b>Retail Finances:</b>		
Loans against Gold (Refer Note 19.2)	1,00,068	41,145
Loans against Property	5,103	3,712
MSE Loan Against Property	1,450	1,086
Housing Finance	288	37
<b>Retained Interest Under Assignment Transaction</b>	157	-
<b>Wholesale Finances:</b>		
Loans to Construction Sector (Real Estate Exposure)	3,566	5,646
Loan to other NBFCs'	15,846	8,618
Loan Against Bill Discounting	-	314
Interest Receivable on Loans	6,215	3,156
	<b>1,32,693</b>	<b>63,714</b>
<b>(b) Considered Doubtful</b>		
Loans against Gold (Refer Notes 11.1, 11.2 & 19.2)	1,413	2,215
Loans against Property	1,291	889
Loans against Property - MSE	405	89
Housing Finance	98	-
Loans against Wholesale Lending	1,621	891
	<b>4,828</b>	<b>4,084</b>
<b>Unsecured:</b>		
<b>(a) Considered Good</b>		
Business Loan	11,091	9
Personal Loan	2,290	1
Micro Finance	9,575	253
Advance to Employees	111	40
Full & Final Recovery from Employees	48	31
Prepaid Expenses	456	287
Withholding and Other Taxes Receivables (Net) [Refer Note 19.1]	562	251
Advances for Supplies & Services	675	99
Security Deposits - Rental & Others	22	-
	<b>24,830</b>	<b>971</b>
<b>(b) Considered Doubtful</b>		
Loans against Gold (Refer Notes 11.1, 11.2 & 19.2)	34	22
Micro Finance	22	2
Business Loans	47	-
Loans against Gold - Burglary cases (Refer Notes 11.1, 11.2 & 19.2)	2	2
Interest Receivable on Gold - Burglary cases	1	1
	<b>106</b>	<b>27</b>
	<b>1,62,457</b>	<b>68,796</b>

19.1 The reconciliation of certain GST balances is under process. Though the company does not expect any significant impact, adjustments if any on completion of such reconciliation will be accounted.

FEDBANK FINANCIAL SERVICES LIMITED

CIN : U65910KL1995PLC008910

Notes to the financial statements as at March 31, 2020

(INR in Lakhs)

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

Particulars	As at March 31, 2020	As at March 31, 2019
Loans granted against collateral of gold Jewellery	1,01,517	43,384
Total assets of the Company	4,03,510	2,12,855
Percentage of Loans granted against collateral of gold jewellery to Total Assets	25.16%	20.38%

20 Other Current Assets

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Unsecured and considered good</b>		
Interest Receivable on Fixed Deposits	3	67
Reimbursement receivable from the Holding company	140	518
Gratuity Fund - Excess of Fund Balance over obligation	-	3
Interest and Other income accrued but not due	15	14
Others	23	21
	<b>181</b>	<b>623</b>

**FEDBANK FINANCIAL SERVICES LIMITED**
**CIN : U65910KL1995PLC008910**
**Notes to the financial statements for the year ended March 31, 2020**
*(INR in Lakhs)*
**21 Revenue from Operations**

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>(a) Retail Finance</b>		
Interest/Other Charges on Gold Loans	12,312	6,613
Interest/Other Charges on Loan Against Property	12,165	7,747
Interest/Other Charges on MSE Loan Against Property	7,122	3,605
Interest/Other Charges on Business Loan	2,513	2
Interest/Other Charges on Housing Loan	772	59
Interest/Other Charges on Personal Loan	246	-
Interest/Other Charges on Micro Finance	2,653	194
<b>(b) Whole sale Finance</b>		
Interest/Other Charges on Construction Finance	2,528	3,567
Interest/Other Charges on NBFC Funding	2,531	1,674
<b>(c) Other Financial Services</b>		
Commission Income- Federal Bank	-	2
Income from Distribution Business	2,385	1,809
<b>(d) Income from Direct Assignment Transaction</b>	156	-
<b>(e) Income from Debentures</b>	133	147
Less : Premium Amortisation (Net)	-	(1)
Add : Premium on Debenture (Net)	10	45
<b>Net Income</b>	143	191
	<b>45,526</b>	<b>25,463</b>

**22 Other Income**

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Fees for Provision of Facilities/ Services	1,031	158
Interest on Income Tax Refunds	19	-
Sublease Income	129	-
Interest on Fixed Deposits	371	122
Profit on sale of Fixed assets (Net)	-	1
Profit on sale Of Mutual Fund units (Net)	8	71
Income From Marketing Services	7	61
Liability no longer required, written back	23	1
Miscellaneous Income	13	14
	<b>1,601</b>	<b>428</b>



## 23 Employee Benefit Expenses

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Salaries and other allowances	9,079	4,408
Employee compensation expenses	72	-
Contribution to Provident and other Funds (Refer Note 23.1)	482	223
Staff Welfare Expenses	288	131
	<b>9,921</b>	<b>4,762</b>

23.1. Disclosures of employee benefits as required by the accounting standard 15 (Revised) employee benefits are as under:

a) **Defined Contribution Plan**

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Provident Fund	445	194
Employee State Insurance	37	29
	<b>482</b>	<b>223</b>

b) **Defined Benefit Plan :**

Gratuity (Funded) & Compensated absences-Vesting (Unfunded).

Particulars	Gratuity		Compensated Absences		
	Current year	Previous Year	Current year	Previous Year	
<b>i</b>	<b>Reconciliation of opening and closing balances of defined benefit Obligation :</b>				
1	PVO at the beginning of the year	107	64	54	34
2	Current Service cost	59	32	86	23
3	Past Service Cost	-	-	-	-
4	Interest Cost	7	4	5	2
5	Actuarial (gains) / losses	19	14	(12)	6
6	Benefits paid	(10)	-	(12)	(11)
7	Benefits paid by the company	(1)	(7)	-	-
8	Short Term Compensated Absence Liability	-	-	-	-
9	Present value of Defined Benefit Obligation as at the end of the year	181	107	120	54

<b>ii</b>	<b>Changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows :</b>				
1	Fair value of Plan assets as at the beginning of the year	110	-	-	-
2	Expected return on plan assets	9	4	-	-
3	Actuarial gains/ (losses)	(1)	1	-	-
4	Actual contributions	41	104	12	11
5	Benefits paid	(10)	-	(12)	(11)
6	Fair value of Plan assets as at the end of the year.	149	110	-	-
7	Short Term Compensated Absence Liability	-	-	52	0
8	Funded Status	(31)	3	(120)	(54)

<b>iii</b>	<b>Reconciliation of Present Value of Defined Benefit Obligation and fair value of plan assets showing amount recognized in the Balance Sheet :</b>				
1	Present value of Defined Benefit Obligation	181	107	120	54
2	Fair value of plan assets	149	110	-	-
3	Funded status	(31)	3	(120)	(54)
4	Unrecognized Past Service Costs	-	-	-	-
5	<b>Net asset/(Liability) recognized in Balance Sheet</b>	<b>(31)</b>	<b>3</b>	<b>(120)</b>	<b>(54)</b>

<b>iv</b>	<b>Expenses recognized in the Profit and Loss statement for the year ended March 31, 2020</b>				
1	Current Service cost	59	32	86	23
2	Interest cost	(2)	0	5	2
3	Expected return on plan assets	1	(1)	-	-
4	Past Service cost	-	-	-	-
5	Actuarial Losses/(Gains)	19	14	(12)	6
6	Short Term Compensated Absence Liability	-	-	-	-
7	<b>Total expense recognized in the Profit &amp; Loss Statement</b>	<b>77</b>	<b>45</b>	<b>78</b>	<b>31</b>

<b>v</b>	<b>Principal Actuarial Assumptions :</b>	<b>Gratuity</b>		<b>Compensated Absences</b>	
1	Discount Rate (%)	5.59%	6.85%	5.90%	6.85%
2	Expected Return on plan assets (%)	-	-	-	-
3	Salary Escalation (%)	6.50%	7.97%	6.50%	7.97%
4	Mortality	Indian Assured Lives Mortality (2006-08) Ultimate			

<b>vi</b>	<b>Experience History</b>	<b>Gratuity</b>		<b>Compensated Absences</b>	
1	(Gain)/Loss due on obligation due to change in assumption	11	18	1	3
2	Experience (Gain)/Loss on Obligation	7	(4)	(13)	3
3	Actuarial Gain/(Loss) on plan assets	(1)	1	-	-

The Discount rate is based on the benchmark yields available on Indian Government bonds as at the Balance Sheet date with terms matching that of the liabilities and the salary increase rates takes into account the inflation, seniority, promotion and other relevant factors.

**24 Finance Costs**

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Interest on cash credit/WCDL	1,227	447
Interest on Term Loan ( Refer Note 24.1)	17,011	9,074
Discount on Commercial Paper	1,116	1,565
Other Finance Costs	247	111
	<b>19,601</b>	<b>11,197</b>

24.1 Interest on Term Loan include amount due to Federal Bank (Holding Company) INR 7,116 (Previous year - INR 3,540).

**25 Provisions & Write-off**

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Bad debt written off	17	-
Provision/(Excess Reversal) for Loss Assets (Refer Note 11.2)	30	4
Provision for Sub Standard Assets ( Net of Recovery)	72	242
Provision for Doubtful Debts	82	94
Additional Provisioning as per RBI for Moratorium accounts	72	-
Additional Provisioning on Loans & Advances (Refer Note 11.4)	547	-
Provision against Loss incurred due to fraud	-	3
Provision/(Excess Reversal) for Standard Assets (Refer Note 11.3)	654	222
	<b>1,474</b>	<b>565</b>

**26 Other Expenses**

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Rent	1,559	653
Electricity Charges	160	94
Repairs & Maintenance:		
Buildings	-	-
Machinery	3	9
Others	297	170
Postage Telephones & Internet Expenses	183	146
Travelling & Conveyance Expenses	411	167
Insurance	68	29
Processing Fee Sharing to Business correspondents and MFI arrangements	91	26
Rates & Taxes	47	6
Legal & Professional Charges	860	446
Advertisement & Sales Promotion	75	59
Commission Expenses	2,948	1,312
Sourcing Expenses	91	56
Office Expenses	146	73
Printing & Stationery	114	57
Recruitment Charges	111	63
Servicing fees to Business Correspondents and MFI arrangements	1,172	63
Security Expenses	519	300
Valuation Charges	53	43
Loss on sale of tangible fixed Assets (Net)	18	-
Corporate Social Responsibility (CSR) Expenses (Refer Note 26.2)	92	69
Sitting Fees to Directors	16	15
Payment to Auditors (Refer Note 26.1)	25	17
Service Tax & GST Expenses	832	338
CWIP written off	19	-
Miscellaneous Expenses	49	41
	<b>9,959</b>	<b>4,252</b>

**26.1 Payment to Auditors (Excluding Taxes)**

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
As Auditor		
For Statutory Audit	16	10
For Limited Review	2	2
For Other Matters	3	-
For Reimbursement of Expenses	4	5
	<b>25</b>	<b>17</b>

**26.2 Corporate Social Responsibility (CSR) Expenditure**

The Company has provided INR. 92 (Previous year amount Spent INR 69) towards CSR expenses in accordance with the provisions of The Companies Act, 2013.

**27. Earnings per Share (Basic and Diluted)**

Basic earnings per share amounts are calculated by dividing the profit/loss for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

Particulars	As at March 31, 2020	As at March 31, 2019
Net Profit after tax (INR in Lakhs)	3,954	3,508
Weighted average number of equity shares outstanding	23,00,42,500	19,00,00,000
Add : Effect arising from further equity shares issued during the year	1,37,40,162	1,52,49,062
<b>Considered for Basic EPS</b>	<b>24,37,82,662</b>	<b>20,52,49,062</b>
Number of shares for ESOP dilution	4,66,704	-
	<b>24,42,49,366</b>	<b>20,52,49,062</b>
<b>Dilution Effect on EPS After ESOP</b>	<b>1.62</b>	<b>1.71</b>
Number of shares for Preference dilution	3,95,436	-
	<b>24,46,44,803</b>	<b>20,52,49,062</b>
<b>Dilution Effect on EPS After ESOP and Preference Shares</b>	<b>1.62</b>	<b>1.71</b>
<b>Earning Per Share (INR)</b>		
Basic (Face value of INR 10 per share)	1.62	1.71
Diluted (Face value of INR 10 per share)	1.62	1.71

28. Contingent Liabilities (to the extent not provided for)	(INR in Lakhs)	
Particulars	As at March 31, 2020	As at March 31, 2019
<b>Contingent Liabilities:</b>		
Disputed Income Taxes <sup>(1)</sup>	34	32
Other Sums contingently liable for <sup>(2)</sup>	23	23
<b>Total</b>	<b>57</b>	<b>55</b>

[1]. The Assessing Officer has disagreed with the treatment of certain expenses in connection with the return of income tax return filed by the company and accordingly raised a demand of INR 32 for AY 2011-12. This has been challenged by the Company before the Income Tax Department. However, during the financial year 2015-16 the disputed demand of INR 32 was adjusted against refund amount for AY 2013-14 by the Income tax Department. In addition to this disputed taxes also includes the amounts of TDS Demand of INR 1.36 as per traces website.

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

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

29. Capital & Other Commitments:	(INR in Lakhs)	
Particulars	As at March 31, 2020	As at March 31, 2019
<b>Capital Commitments</b>		
- Estimated amount of contracts remaining to be executed on capital accounts not provided for (Net of advances)	318	285
<b>Other Commitments towards partly disbursed loans</b>	<b>8,236</b>	<b>7,108</b>

### 30. Related Party Disclosures

(i) List of Related parties and the nature of relationship:

a) **Holding Company**

The Federal Bank Limited

b) **Enterprises controlling voting power / significant influence**

True North Fund VI LLP (w.e.f 13<sup>th</sup> November, 2018)

c) **Enterprises over which related party has significant influence/control**

True North Managers LLP

d) **Key Management Personnel**

Anil Kothuri, Managing Director (w.e.f 11<sup>th</sup> December, 2018)

Shardul Kadam, President (till 10th December, 2018)

Sudeep Agrawal, Chief Financial Officer

Ankit Kawa, Company Secretary (till 14th April, 2020)

S Rajaraman, Company Secretary (w.e.f 18th May, 2020)

(ii) Transactions :-	(INR in Lakhs)	
Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>(a) Holding Company</b>		
<b>Transactions during the year:</b>		
Commission Income	-	2
Income from distribution business	2,385	1,809
Rent for Sub leased premises	129	-
Re-imbursments of Expenses by Holding Company	-	4
Interest paid on Cash Credit Facility & Term Loan	7,953	3,821
Issuing & Paying Agent Charges	1	2
Rent paid	1	1
Processing Fees	158	170
<b>Closing Balances in:</b>		
- Current Account - Receivable/(Payable)	3,456	(3,260)
- Borrowings Cash credit facility	1,345	6,315
- Borrowings:		
- Term Loan	98,875	58,563
- WCDL	6,000	3,000
- Account Receivable & Reimbursements	140	518
- Account Payable	-	-
<b>(b) Enterprises controlling voting power / significant influence</b>		
Investment in Equity Shares - True North Fund VI LLP	13,328	16,860
Investment in Equity Shares - The Federal Bank	5,920	-
Investment in Preference Shares by Mr. Anil Kothuri	95	-
<b>(c) Enterprises over which related party has significant influence/control</b>		
Re-imbursments of Expenses	24	1
<b>(d) Key Management Personnel*</b>		
Remuneration to Managing Director	297	55
Remuneration to President	-	64
Remuneration to Chief Financial Officer	38	37
Remuneration to Company Secretary	16	13
<b>(e) Employee Stock Option Scheme - Key Management Personnel</b>		
No.of Options granted under ESOS (in numbers)	14,51,351	-
No.of Options outstanding under ESOS (in numbers)	14,51,351	-
<b>(f) Advances given balance - Key Management Personnel</b>		
Advance given to Managing Director	32	-

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

31 Break-up of Investments :	Year ended March 31, 2020	Year ended March 31, 2019
<b>Current Investments :</b>		
<b>1 Quoted :</b>		
(i) Shares : (a) Equity	NIL	NIL
(b) Preference	NIL	NIL
(ii) Debentures and Bonds	NIL	NIL
(iii) Units of mutual funds	NIL	NIL
(iv) Government Securities	NIL	NIL
(v) Others (please specify)	NIL	NIL
<b>2 Unquoted :</b>		
(i) Shares : (a) Equity	NIL	NIL
(b) Preference	NIL	NIL
(ii) Debentures and Bonds	692	NIL
(iii) Units of mutual funds	3,000	NIL
(iv) Government Securities	NIL	NIL
(v) Others (please specify)	NIL	NIL
<b>Long Term investments :</b>		
<b>1. Quoted :</b>		
(i) Shares : (a) Equity	NIL	NIL
(b) Preference	NIL	NIL
(ii) Debentures and Bonds	438	1251
(iii) Units of mutual funds	NIL	NIL
(iv) Government Securities	NIL	NIL
(v) Others (please specify)	NIL	NIL
<b>2. Unquoted :</b>		
(i) Shares : (a) Equity	NIL	NIL
(b) Preference	NIL	NIL
(ii) Debentures and Bonds	NIL	NIL
(iii) Units of mutual funds	NIL	NIL
(iv) Government Securities	NIL	NIL
(v) Others (please specify)	NIL	NIL



**32 Investments**

Particulars	As at March 31, 2020	As at March 31, 2019
(1) Value Of Investments		
(i) Gross Value of Investments		
(a) India	4,130	1,251
(b) Outside India	NIL	NIL
(ii) Provision for Depreciation		
(a) India	NIL	NIL
(b) Outside India	NIL	NIL
(iii) Net Value of Investments		
(a) India	4,130	1,251
(b) Outside India	NIL	NIL
(2) Movement of Provisions held towards depreciation on investments		
(i) Opening Balance	5	4
(ii) Add : Provisions made during the year	-	6
(iii) Less : Write Off / write-back of excess provisions during the year	1	5
(iv) Closing Balance	4	5

**33 Registration obtained from Financial Sector Regulators**

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

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

Particular	As at 31st March, 2020	As at 31st March, 2019
Long Term	CARE AA-	CARE AA-
Short Term	ACUITE A1+	ACUITE A1+
Short Term	CRISIL A1+	CRISIL A1+

**35 Provisions and Contingencies**

(INR in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Break up of 'Provisions & Contingencies' shown under the head		
Expenditure in the Profit and Loss Account		
Provision towards NPA	696	512
Provision made towards Income Tax	1,806	1,500
Additional Provisioning as per RBI for Monatorium accounts	72	
Additional Provisioning on Loans & Advances	547	
Other Provision & Contingencies (Refer Note 7, 11 & 28)	668	393
Provision for Standard Asset	1,439	785

Note:7 & 11 Other Provisions includes Provision for Employee Benefits, Burglary.

36 Movement of NPAs

(INR in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
(i) Net NPAs to Net Advances (%)	1.16%	1.80%
(ii) Movement of NPAs (Gross)		
a) Opening balance	4,110	1,305
b) Additions during the year	10,412	6,363
c) Reductions during the year	9,589	3,558
d) Closing balance	4,933	4,110
(iii) Movement of Net NPAs		
a) Opening balance	3,598	1,132
b) Additions during the year	8,966	5,628
c) Reductions during the year	8,327	3,163
d) closing balance	4,237	3,598
(iv) Movement of provision for NPAs (Excluding provisions on standard assets)		
a) Opening balance	512	172
b) Provisions made during the year	1,446	735
c) Write-off / write-back of excess provisions	1,262	395
d) Closing balance	696	512

37 Details of Customer Complaints

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
(a) No. of complaints pending as at the beginning of the year	-	1
(b) No. of complaints received during the year	53	11
(c) No. of complaints redressed during the year	52	12
(d) No. of complaints pending as at the end of the year	1	-

38 Penalties imposed by RBI for FY 19 20 - NIL

### 39 Segment Reporting

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

(INR in Lakhs)

Business Segments	Distribution		Retail Finance		Whole Sale Finance		Total	
	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019
Segment Revenue	2,385	1,811	37,939	18,220	5,202	5,432	45,526	25,463
Segment Expenditure	2,271	1,691	30,870	13,945	3,026	3,106	36,167	18,742
Allocated Expenditure ( Net)	-	-	4,491	1,666	814	548	5,305	2,214
<b>Results</b>	<b>114</b>	<b>120</b>	<b>2,578</b>	<b>2,609</b>	<b>1,362</b>	<b>1,778</b>	<b>4,054</b>	<b>4,507</b>
Unallocated Income							1,230	306
Interest Income							371	122
<b>Profit/(Loss) before Tax</b>							<b>5,655</b>	<b>4,935</b>
Income Taxes							1,701	1,427
<b>Net Profit/(Loss)</b>							<b>3,954</b>	<b>3,508</b>
<b>Other Information</b>								
Segment Assets	148	521	3,55,239	1,71,738	48,123	40,596	4,03,510	2,12,855
Unallocated Assets							-	-
<b>Total Assets</b>	<b>148</b>	<b>521</b>	<b>3,55,239</b>	<b>1,71,738</b>	<b>48,123</b>	<b>40,596</b>	<b>4,03,510</b>	<b>2,12,855</b>
Segment Liabilities	255	241	2,83,418	1,25,295	50,434	41,096	3,34,107	1,66,632
Equity & Reserves							69,403	46,223
<b>Total Liabilities</b>	<b>255</b>	<b>241</b>	<b>2,83,418</b>	<b>1,25,295</b>	<b>50,434</b>	<b>41,096</b>	<b>4,03,510</b>	<b>2,12,855</b>
Capital Expenditure	12	2	1,349	259	1	-	1,362	261
Unallocated Capital Expenditure	-	-	-	-	-	-	510	137
Depreciation/ Amortisation	3	7	489	164	25	9	517	180
Impairment of Fixed Assets	-	-	-	-	-	-	-	-
Unallocated Depreciation	-	-	-	-	-	-	-	-

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

#### Segment Composition

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

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

Whole Sale Finance Segment comprises of Construction Finance, Loans to Other NBFC's & Bill Discounting.

#### Note:

Unallocated Income comprises of Other Income earned by the business.

Unallocated Expenses comprises of Tax Expense.

#### 40. Disclosure on Operating Lease

##### 40.1 Details of Operating leasing arrangement

The Company has entered into operating lease arrangement for its Corporate office. The lease is non cancellable and is for a period of 5 years and may be renewed for further period based on mutual agreement of the parties. The lease agreement provide for an increase in lease payment by 5% for every one year.

Particulars	2020	2019
Future minimum lease payments:		
- Up to one year	489	406
- More than one year and upto five years	1,301	1,479
- More than five years	-	-
Lease payments recognised in the Statement of Profit and Loss with respect to above mentioned operating lease arrangement	360	126

40.2 In addition, All other operating lease agreements entered into by the Company are cancellable in nature. Accordingly, the lease rental payments for offices/branches taken on operating lease INR 1,199 (Previous Year INR 512) have been recognised as "Rent Paid" in the Statement of Profit and Loss.

40.3 The company has sublet its office space (at Corporate Avenue- Mumbai) taken on lease to its Holding Company - Federal Bank Ltd. The total rent amount (excluding reimbursement of any amenities charges) credited to the statement of Profit & Loss A/c for the year ended 31st March 2020 on account of sublease is INR 128 (PY Nil)

##### 41. Internal Control System :

During the year, the Company engaged a reputed firm of Chartered Accountants to evaluate that the Internal Financial Controls are in place and also test its effectiveness. The deficiencies identified during the independent review do not reflect any material weakness as the company has compensatory controls in place. The Company has adequate Internal Financial Controls that are commensurate with the nature and size of its business operations; wherein controls are in place and operating effectively and no material weakness exists.

42. The company in accordance with its risk management policies and procedures, enters into foreign currency forward contracts to hedge against foreign currency exposures relating to highly probable forecast transactions. The company does not enter into any derivative instruments for trading or speculative purposes. The counter party is generally a bank. These contracts are for a period between one day and one year.

The following "sell" foreign exchange forward contracts are outstanding:

Foreign Currency (FC)	As at March 31, 2020			As at March 31, 2019		
	No of Contracts	Amount of Forward contracts (FC in Lakhs)	Amount of Forward contracts (INR in Lakhs)	No of Contracts	Amount of Forward contracts (FC in Lakhs)	Amount of Forward contracts (INR in Lakhs)
USD	-	-	-	-	-	-

43. The Company has disbursed loans against mortgage of properties, and the borrowers have assigned lease rentals receivable from the said properties towards repayment of EMIs/instalments. The borrowers have opened Escrow accounts with certain banks under lien to the Company. The aforesaid escrow accounts do not form part of these financial statements

##### 44. Employee Stock Option Scheme (ESOS)

1. Shareholders of the Company had approved Fedbank Financial Services Limited Employee Stock Option Plan 2018" ("ESOP Plan"), the result of which was announced on November 13, 2018, enabling the Board and/or the "Compensation Committee" to grant such number of equity shares, including options, of the Company not exceeding 6% of the aggregate number of paid up equity shares of the Company, in line with the guidelines of SEBI. Pursuant thereto, the Compensation Committee of the Company granted the following options:

Movement in the options outstanding under the Employee Stock Option Plan	(Number of Options)	
	March 31, 2020	March 31, 2019
Outstanding at the beginning of the year	-	-
Surrendered during the year	-	-
Granted during the year	55,71,351	-
Exercised during the year	-	-
Forfeited/lapsed during the year	60,000	-
Outstanding at the end of the year	55,11,351	-
Options exercisable	5,15,028	-

##### Fair Value Methodology

If "Fair Value Method" had been adopted based on "Black-Scholes pricing model" for pricing and accounting of options, net profit would be lower by ₹ 131.46 Lakh (Previous Year: ₹ Nil). The modified basic and diluted earnings per share for the year, had the Company followed Fair Value Method of accounting for ESOS compensation cost would be ₹ 1.64 and ₹1.64 (Previous Year: ₹ Nil and ₹ Nil) respectively

45. Direct Assignment Transaction

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

Particulars	March 31, 2020	March 31, 2019
No. of transactions assigned by the NBFC	2	-
Total Amount Outstanding	11,788	-
Total amount of exposure retained by the NBFC to comply with MRR as on date of balance sheet		
a) Off balance sheet exposures		
- First Loss	-	-
- Others	-	-
b) On balance sheet exposure		
- First Loss	-	-
- Others	2,948	-
Amount of Exposure to assignment transaction other than MRR		
a) Off balance sheet exposures		
i) Exposure to own assignment		
- First loss	-	-
- Others	-	-
ii) Exposure to third party assignment		
- First Loss	-	-
- Others	-	-
b) On balance sheet exposures		
iii) Exposure to own assignment		
- First loss	-	-
- Others	-	-
iv) Exposure to third party assignment		
- First Loss	-	-
- Others	-	-

Part B - Details of Assignment transaction undertaken

Particulars	March 31, 2020	March 31, 2019
No. of Accounts	696	Nil
Aggregate value of accounts sold	12,662	Nil
Aggregate consideration received	12,662	Nil
Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil
Aggregate gain / loss over net book value	Nil	Nil

46.1 COVID-19 virus, a global pandemic has affected the world economy including India leading to significant decline and volatility in financial markets and decline in economic activities. The extent to which the COVID-19 pandemic will impact the Company's provision on assets will depend on the future developments, which are highly uncertain, including among the other things any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government mandated or elected by the Company.

The RBI on 27th March, 2020 and 17th April, 2020, announced 'COVID-19 Regulatory Package' on asset classification and provisioning. In terms of the RBI guidelines, the lending institutions have been permitted to grant a moratorium of three months on payment of all instalments/interest, as applicable, falling due between 1st March, 2020 and 31st May, 2020 ('moratorium period'). As such, in respect of all accounts classified as standard as on 29th February, 2020, even if overdue, the moratorium period, wherever granted, shall be excluded by the lending institutions from the number of days past-due for the purpose of asset classification under RBI's Income Recognition and Asset Classification norms. The provisions held by the Company is higher than the provisions as prescribed by the RBI norms.

**46.2 Disclosure as per Asset Classification and Provisioning circular DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020 of RBI related to COVID19 Regulatory Package**

(i) Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended

Over Due Bucket	Count of cases	Amount in Lakhs*
0 DPD	48,066	20,656
1-30 days	6,727	7,467
31-60 days	77	4,625
61-90 days	29	1,357
<b>Grand Total</b>	<b>54,899</b>	<b>34,105</b>

\* Note - Includes 52 accounts amounting to Rs. 199.40 Lakh of Retained interest in the assigned pool to the extent of Minimum Retention Requirement (MRR)

(ii) Respective amount where asset classification benefits is extended.

Count of cases	Amount in Lakhs
33	1,428
<b>33</b>	<b>1,428</b>

(iii) Provisions made during the Q4 FY2020 in term of paragraph 5 of the above mentioned circular is INR 72 Lakhs

(iv) Provisions adjusted during FY19 -20 on account of slippages and the residual provisions in terms of paragraph 6 of the above mentioned circular is nil.

47. Previous year's figures have been regrouped / reclassified wherever necessary, to make them comparable with the current year's figures.

Sudeep Agrawal  
CFO  
For and on behalf of Board of Directors

S Rajaraman  
Company Secretary  
M.No.F3514

As per our report of even date attached  
For Varma & Varma  
Chartered Accountants  
FRN : 0045325

Balakrishnan Krishnamurthy  
Chairman  
DIN:00034031

Gauri Rushabh Shah  
Director  
DIN:06625227

Shyam Srinivasan  
Director  
DIN:02274773

Maninder Juneja  
Director  
DIN:02680016

Ashutosh Khajuria  
Director  
DIN:05154975

Anil Kothuri  
MD & CEO  
DIN:00177945

Georgy Mathew  
Partner  
M.No: 209645  
Place: Bangalore  
Date: May 23<sup>rd</sup>, 2020

Place: Mumbai  
Date: May 23<sup>rd</sup>, 2020