



FEDBANK FINANCIAL SERVICES LIMITED

ANNUAL REPORT
FOR THE YEAR ENDED MARCH 31, 2019

BUSINESS HIGHLIGHTS

(₹ in crore)

Particulars	2018-19	2017-18	2016-17	2015-16
Branch Network (Nos)	152	123	107	112
Loan Disbursements	1049	802	515	342
Loan Assets Under Management	2,004	1,422	962	611
Net worth	462	260	230	208
Borrowing	1,600	1,155	725	403
Total Revenue	259	198	135	89
Net Interest Income	110	94	71	54
Profit Before Tax	49	49	35	19
Profit After Tax	35	31	23	12

Key Ratios				
Gross NPA (%)	2.05%	0.92%	0.22%	0.39%
Net NPA (%)	1.80%	0.80%	0.18%	0.31%
Capital Adequacy Ratio (%)	22.50	17.22	22.98	32.81
Return on Total Asset (ROTA) (%)	1.94	2.48	2.73	2.20
Return on Equity (ROE) (%)	9.72	12.57	10.28	6.07
Basic Earnings Per Share (₹)	1.71	1.62	1.19	0.64
Diluted Earnings Per Share (₹)	1.71	1.62	1.19	0.64

Message from MD & CEO:



ANIL KOTHURI

It gives me great pleasure to present my first annual report as Managing Director of Fedfina. When I assumed charge in August last year, I was ready for another year of growth in the fascinating NBFC story in our country. However, in less than two months of my arrival, the story rewrote itself.

The Changing Environment

The NBFC sector has grown significantly over the past ten years with the Assets Under Management (AUM) growing from INR 3.5 Trillion in March 2008 to INR 20 Trillion in March 2018. This growth was, at least in part, owing to the fact that banks were not able to lend aggressively owing to their issues with bad loans. The ability of NBFCs to originate loans and scale up operations became the only determinant of their success, especially since retail NPAs were benign in an enabling operating environment.

However, all this changed quite dramatically after the events of September-October 2018. Suddenly, the ability of NBFCs to raise funds and manage their liquidity became more important than loan origination or operating efficiency. Many prominent players suspended lending and many others scaled down their operations. The AUM of the NBFC sector declined by 12% in the year.

All this has precipitated a re-evaluation of the role of NBFCs in India and the method of their operation. With liquidity becoming tight and expensive, NBFCs have begun to sell down their portfolios to banks and enter into co-origination arrangements with them.

Impact on Fedfina

However, the worst of times for the industry were the best of times for Fedfina. While liquidity dried up for several market participants, our parentage stood us in good stead. We saw term loans as well

as commercial paper borrowings relatively easy to come by. Our cost of borrowings, though, inched up marginally, which was offset by a higher lending rate.

The supply of loans fell sharply while the demand continued to rise steadily. We were able to step into the vacuum created and increase our business. The constrained supply also meant that we could grow preserving our profitability as well as credit standards.

The two quarters after the crisis saw us disbursing more loans than we ever did before (INR 643 Cr. in HY-2 vs INR 406 Cr. in HY-1 2018-19).

Our Operating Performance

Building on the momentum established over the past two years, Fedfina's Balance Sheet grew to INR 2004 Cr. (YoY growth of 41%). This was on the back of loan origination of INR 1049 Cr. (growth 31%) in FY 2018-19. Our origination of retail loans in the current financial year went up to INR 815 Cr. (Up 110%). All this resulted in a Profit after tax of INR 35.08 cr. (14% up), giving an average Return of Equity of 9.72%.

We continued to broaden our footprint. We opened 25 branches to close the year with 137 branches across Andhra Pradesh, Telangana, Tamil Nadu and Karnataka.

Other Developments

We broad based our capital structure this year. True North fund VI LLP, a leading Private Equity firm, has infused equity of INR 169 Cr. in November 2018. Further they have obtained approvals from the Reserve Bank of India to infuse further capital over the coming years. The equity base of the company as on March 31, 2019 stands at

INR 462 Cr.

The Road Ahead

Fedfina enters the new financial year with several advantages. We have a robust platform, a good culture of risk, adequate growth capital, a talented workforce of a thousand employees and a pedigree that helps us access debt markets on our terms.

All these advantages have emboldened us to shift gears and aspire to enter a higher trajectory of growth. The Board of Directors has approved a long term plan for the company's growth, which plan envisages reaching a Balance Sheet of INR 15,000 Cr. by FY 2024, delivering an average Return of Equity of 18% by then.

With that destination in mind, an exciting journey has begun within the organisation. There is heightened activity all around. We have begun to expand our branch network, recruit people and make technological changes at a rapid pace.

The coming year will be a crucial one in this journey. We enter with a lot of promise and potential with the hope that by the end of it, we will metamorphosise and grow wings, which will help us fly in the years to come.

Anil Kothuri
MD & CEO

CORPORATE INFORMATION

Board Members

Chairman

Mr. Dilip Sadarangani (DIN: 06610897)

Non-Executive Independent Director

Mrs. Gauri Shah (DIN: 06625227)

Non-Executive Director

Mr. Shyam Srinivasan (DIN: 02274773)

Nominee Director

Mr. Sumit Kakkar (DIN: 08387675)

Mr. Maninder Juneja Singh (DIN: 02680016)

Managing Director & Chief Executive Officer

Mr. Anil Kothuri (DIN: 00177945)

Key Managerial Personnel

MD & CEO

Mr. Anil Kothuri

Chief Financial Officer

Mr. Sudeep Agrawal

Company Secretary

Mr. Ankit Kawa

Holding Company

The Federal Bank Ltd

Committees of Board

Audit Committee

Nomination and Remuneration Committee

Corporate Social Responsibility Committee

Risk Management Committee

Credit Committee

IT Strategy Committee

Auditors

Statutory Auditors:

M/s. Varma & Varma,

Chartered Accountants,

Unit no.101, Option Primo,

Plot no. X-21, MIDC Road No.21,

Andheri-East, Mumbai-400093.

Secretarial Auditors:

M/s. SVJS & Associates,

Company Secretaries,

65/2364A, Ponoth Road,

Kaloor, Kochi, Ernakulam- 682017

Bankers & Financial Institution

Federal Bank Ltd

Bajaj Finance

DCB Bank

ICICI BANK

HDFC Bank Ltd

SIDBI

Jammu & Kashmir Bank Ltd

Indian Bank

Karnataka Bank

Registered and Corporate Office

Fedbank Financial Services Limited

CIN: U65910KL1995PLC008910

Registered Office:

Federal Towers, Alwaye,

Ernakulam, Kerala- 683101

Ph.: 011- 0484 2634411,

Corporate Office:

Kanakia Wall Street, A-Wing,

5th Floor, Unit No.501/502/511/512

Andheri – Kurla Road,

Chakala, Andheri East,

Mumbai, Maharashtra – 400093

Contact: 022 6852 0601

E-Mail: customercare@fedfina.com

Website: www.fedfina.com

Registrar & Share Transfer Agent for Fully paid-up Equity Shares

Link Intime India Pvt. Limited

C-13, Pannalal Silk Mills Compound,

L.B.S. Road, Bhandup West, Mumbai-400078

Tel No.: 022-2496 3838

HR INITIATIVES FY 2018-19

At Fedbank we believe in bringing out the best in our employees by identifying their true potential and helping them develop optimally to meet our organizational objectives. We do this by encouraging self and collective capabilities towards enhanced team performance. We give our employees the power to design their workday, and life, according to their unique styles and needs.



FILTER KAPPI

A mega outreach initiative hosted by the Branch HR Head in joint partnership with Senior Leaders from HR & Business - A tryst to Connect & Engage. It is a leader connect providing employees an opportunity to express

A branch connect is a medium to connect with every member working at Fedfina to understand what are the ground level challenges and provide amicable solutions for the challenges faced. A consolidated feedback of branch visits is published region wise every month. All the key inputs voiced out by the employees are duly shared with key stakeholders. The concerns addressed are discussed with the owners and basis their inputs possible actions are taken.



BRANCH CONNECT



EMPLOYEE EVENT-FUN & WORK

Fedbank is constantly working towards managing various events for employees to keep them relaxed, motivated and updated, giving sometime away for the normal job routine. DREAM 11 – The fed Cricket Match commenced across all locations with participants from inter departments.

With an objective to accelerate growth by enhancing productivity the Academy ignites the career of every associate at Fedfina. Armed with an enriching Training framework the Organisation ensures appropriate trainings are imparted to every employee, focussed at improving behaviour & skills resulting in higher productivity.

Fedfina has a very strong value system and the business conduct, each day, is governed by values and ethics. The Organisation upholds highest levels of governance, integrity, empowerment & meritocracy. We foster an inclusive culture encouraging employees to challenge status quo, ask questions, and give suggestions. Ignite – The fed training academy serves as an interface to acclimatize young talent into the strong ecosystem of the Organisation



THE LAUNCH: FED LEARNING CENTRE



EMPLOYEE SATISFACTION SURVEY

Fedbank's employee satisfaction is predicated on understanding how many employees enjoy working with the organization. Are all the employees happy? Are they satisfied with their benefits and day-to-day demands? To ensure a well-planned employee engagement, HR team comes up with various initiatives and activities. In order to measure the effectiveness of the same, "employee satisfaction surveys" are valuable for learning about several topics, as all of them directly related to employee morale, satisfaction, and involvement with the company. At Fedbank the ESS is rolled out every year where the questions are rolled out to 3 different set of employee's grade, i.e. Probationers, Level 1 & 2 and Level 3 & above.



TALENT DEVELOPMENT

TALENT DEVELOPMENT
New Employee Orientation
Managerial Interventions
Mandatory Trainings
Roll Based Trainings
Train the Trainer
HR News Letter
STEP - P&P



CAP

The Key Objective of the Program:

- § Strengthen Fedbank's commitment to foster High Performance Culture which values and rewards meritocracy.
- § Provide a transparent career progression to the team which is directly linked with their target achievement, thus attracting and retaining talent and removing disparity & dissatisfaction. This will eliminate subjectivity in promoting.
- § Boost Employee Morale and improve retention.

Recognize and reward outstanding contributions & efforts of an employee by enabling his/her success .Fedbank launched FED STARS – the rewards and recognition program with the theme Oscars for the first time in its history in grandeur and style inviting 300 employees across locations



REWARDS AND RECOGNITION



Highlights - Great Place to Work® Trust Index© Employee Survey TRUST INDEX© Score at your organization – 71 Percentage
The Organisation for the first time participated in the survey. The Trust Index© score is the percentage of employees that shared a positive response (rated 4 or 5 on a 5 point scale) to the 56 statements of the survey. This score is the average of the scores across the 56 statements. All these statements are summarized below under the five dimensions of the Great Place to Work® Trust Index© Model along with your organization's score across these dimensions.

CSR INITIATIVE



Health camps for Betterment of Community (Amount Spent INR 22,11,000).

- 12 health camps for General Health Check-up, Vision testing, Blood Sugar testing, Gynecological check-up, Children's health screening, Medical referral.
- Outreach: 4340 adults.
- Locations: Mumbai, Maharashtra; Ahmedabad, Gujarat and Bangalore, Karnataka.
- Implementing Agency: United Way Mumbai, Maharashtra

Installation of Water ATMs in Public Places (Amount Spent INR 39,27,907)

- 11 Water ATMs installed for providing filtered and safe drinking water to the visitors
- Locations: Ahmedabad, Gujarat and Bangalore, Karnataka
- Implementing Agency: Swayam Shikshan Prayog, Pune

Distribution of Deskits (desk cum bag) in schools (Amount Spent INR 7,57,020)

- 1508 deskits distributed to the needy students in government schools.
- Outreach : Parents and Students
- Locations : Vizianagarm & Guntur, Andhra Pradesh
- Implementing Agency: Bala Vikasa Social Service Society, Telangana

Adopt a school project (Amount Spent INR 13,97,500)

- 2 Moti Bhojan Primary schools were adopted and are transformed to model schools
- Locations : Ahmedabad, Gujarat
- Outreach : Over 1000 students in both schools
- Components include: Digital Classrooms, Play areas, Primary STEM Labs, Herbal Garden, Painting and Repairing
- Implementing Agency: Narottam Lalbhai Rural Development Fund, Ahmedabad

Nutritional Outreach Program (Amount Spent INR 30,00,000)

- Programs: Nutritionist at hospital, providing supplements, Meal Supplementation & Ration Basket for families;
- Program Reach: Tata hospital, Wadia Hospital, Sion Hospital, Nair Hospital, KEM Hospital, Deenanath Hospital, Pune, Bharti Hospital, AIIMS, Delhi, NRS Hospital, Kolkata, Saroj Gupta Hospital, Kolkata, SGPGI, Lucknow, Mhaskar, Mumbai, Thalassemi Unit, Mumbai, CMC, Vellore
- Implementing Agency: Cuddle Foundation, Mumbai

GLIMPSE OF CSR



Community sensitization



Distribution of Desks



Blood Sugar Testing

Adopt a School

బోయలమోటిని బె శాలామాం వివిధ ఔతిక సువిధా ఉల్లి కరఱ

గాధీనగర | జిల్లానా కలొల తాల్కుకానా ఔయలమోటి గామనీ బె సరకారీ ప్రాథమిక శాలానాంబాం కేరల ఔక కారణాన్వయల సర్వీసీస లిమిటెండ్ అనె అరవీండ్ లిమిటెండ్ పొతానా సీఎస్ఆర డెకం బన్నె శాలామాం రూండ్ కలాసరూం, విజ్ఞాన సెంటర్, రమత గామత మెడన, రంగకాం, కలాసరూంబాం శీక్షణ్నిక చిత్రొ, కే-సీంగి సజితనీ ఔతిక సువిధాంబొలి సజ్జ కరవామాం ఆచీ డె. జూరె అరవీండ్ లిమిటెండ్నా సీఎస్ఆర డెకం నీరజ లాల అనె కేరల బెంకనా అమిళెక శాంబె శిక్షణ్నిక పరీవార, సమాజ అనె గామనొ వికాస యతొ ఓవాన్ శ్రాన్యం ఉన్. ఆ ప్రసంబె శిక్షకొ, గామనా అగ్రణీంబొ, అలెనొ, ఎస్ఎంసీనా సత్యొ డెంజ శులనా విఱ్యార్థీంబొ ఉపస్థిత రక్షా ఉతా.



Water ATM's installed

Dear Stakeholders,

Your Directors present to you their Twenty-Fourth Annual Report along with audited financial statements of the Company for the Financial Year ended 31st March 2019.

Financial Performance:

(INR In Cr.)

Financial Highlights	FY2019	FY2018
Total Revenue	258.92	197.66
Net Interest Income (NII)	110.47	93.62
Fees and Other Income	39.50	30.29
Operating Expenses	98.71	68.75
Profit Before Tax (PBT)	49.35	49.34
Net Profit	35.08	30.80
Appropriations:		
Transfer To Reserve Fund	7.02	6.16
Transfer To General Reserve	0	0
Transfer To Capital Reserve	0	0
Proposed Dividend	0	0
Balance Carried Over To Balance Sheet	28.06	24.64
Total Advances	2,004.25	1445.98
Total Borrowings	1,600.43	1155.01
Total Assets (Balance Sheet Size)	2,128.53	1479.68
Net Worth	462.23	259.68
Ratios:		
Return on Average Assets (%)	1.94	2.48
Return on Equity (%)	9.72	12.57
Earnings per share (INR)	1.71	1.62
Book Value per share (INR)	20.09	13.67
Cost to Income ratio (%)	57.98	50.94
Capital Adequacy Ratio (%)	22.50	17.22

INTERPRETATION:

The past year has been an eventful one for your company amidst an uncertain environment. The quantum of business done (Disbursements) has increased by 31% to INR 1049 crs. as compared to INR 802 cr. last year. Further the mix of the business has changed. The retail business grew by 110% while the wholesale business declined by 43%. Consequently, the Balance Sheet is now composed of 81% of Retail Loans (69% last year).

The portfolio of loans has grown by **41%** over last year to INR 2004.25 crs.

The Non-Performing Loans have increased from **0.92%** of the Principal to **2.05%**. The breakup of NPAs is as follows:

(INR in Cr.)

	2017-18	2018-19
Gold	0.34	22.39
Others	12.70	18.70

The growth in the NPAs for the Gold Loan business are owing to a change in policy during the course of the year. While hitherto the customer's gold would be auctioned as soon as the loan turned NPA, we now give the customer a chance to regularize his loan as long as there is sufficient collateral cover.

Hence, while the NPA number for Gold Loans has grown, it is more than covered by the value of gold held as collateral security.

Total revenue for your Company has grown by 31% from INR. 197.66 Crs. in FY18 to INR. 258.92 Crs. in FY19. Similarly, NII grew by 18% from INR. 93.62 Crs. in FY18 to INR. 110.47 Crs. in FY19.

Operating expenses grew by 44% from INR. 68.75 Crs. in FY18 to INR. 98.71 Crs. in FY19, and the Cost to Income ratio increased Y-o-Y from 51% in FY18 to 58% in FY19.

As at 31st March 2019, aggregate borrowings of your Company stood at INR 1600.43 Cr as compared to INR 1155.01 Cr as at 31st March 2018.

NETWORK EXPANSION:

Your Company further expanded its geographical presence by reaching out to different locations and increased its footprint by opening new branches and making it more accessible to its customers. With the opening of 25 branches in FY 19, the network has now increased to 137 branches across 4 states as follows.

State	Branches
Tamil Nadu	49
Andhra Pradesh	20
Telangana	26
Karnataka	42

For Mortgages we opened 8 more markets, extending our footprint in locations like Vapi, Daman, Silvassa, Valsad, Hyderabad & Guntur taking out count of sourcing locations to more than 30.

OUTLOOK

The year gone by has been one of transformation and clarification. The NBFC landscape has been altered significantly. The intensity of competition has come down. We are also armed with a war chest of capital and the promise of debt.

All these factors portend well for our growth. We have drawn a 5 year plan to significantly increase the business of our company. The coming year is the first one which will see this plan in action.

The elements of the plan includes:

- Beefing up management strength
- Opening up lines of debt
- Launch of new products
- Technological transformation of the business
- Sector Leading employee practices

DIVIDEND:

In view of the planned business growth, your Directors deem it proper to preserve the resources of the Company for its activities and therefore, do not propose any dividend for the financial year ended 31 March, 2019.

AMOUNT PROPOSED TO BE CARRIED TO RESERVES:

Your Board of Directors have proposed a transfer of INR.7.02 Crores to the Statutory Reserve maintained under Section 451C of the RBI Act, 1934.

ASSET-LIABILITY MANAGEMENT:

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

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

STATE OF COMPANY’S AFFAIRS:**Share Capital:**

At the beginning of the year, Paid up share capital of the Company was INR 1,900,000,000 divided into 190,000,000 Equity shares of INR 10 each. During the year under review, 40,042,500 Equity shares of face value of INR. 10/- each were issued on preferential allotment basis. Consequently as at 31st March, 2019, the issued, subscribed & Paid up share capital of the Company stood at INR. 2,300,425,000/- divided into 230,042,500 Equity shares of INR 10 each.

Further Company has not issued any right issue, bonus issue during the year. The Company has not issued shares with differential voting rights, sweat equity shares nor has it granted any stock options.

Board of Directors:**i) Composition:**

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

- Mr. Dilip Sadarangani (DIN: 06610897), Chairman & Independent Director
- Mr. Shyam Srinivasan (DIN: 02274773), Non Executive Director
- Mrs. Gauri Rushabh Shah (DIN: 06625227), Independent Director
- Mr. Sumit Kakkar (DIN: 08387675), Nominee Director
- Mr. Maninder Juneja (DIN: 02680016), Nominee Director
- Mr. Anil Kothuri (DIN: 00177945), MD & CEO

The Board of Directors, based on the recommendation of the Nomination and Remuneration Committee, at their meeting dated December 10, 2018, proposed the appointment of Mr. Anil Kothuri as Managing Director & CEO (KMP) of the Company for a period of 5 years with effect from 11th December, 2018 subject to the approval of the Shareholders.

Further, The Board of Directors, based on the recommendation of the Nomination and Remuneration Committee, vide its Circular Resolution dated December 29, 2018 noted resignation of Mr. Rajagopalan Santhanam as Nominee Director, representative of True North Fund VI LLP and approved appointment of Mr. Maninder Juneja as Nominee Director (True North Fund VI LLP) with effect from 20th December 2018.

Further, The Board of Directors, based on the recommendation of the Nomination and Remuneration Committee, vide its Circular Resolution dated March 14, 2019 noted resignation of Mr. Ganesh Sankaran as Nominee Director, representative of the Federal Bank Ltd w.e.f 15th February 2019 and approved appointment of Mr. Sumit Kakkar as Nominee Director (the Federal Bank Ltd) with effect from 15th March 2019.

We wish to place on record the significant contributions made by Mr. Rajagopalan Santhanam and Mr. Ganesh Sankaran during their tenure as Nominee Director of the Company.

ii) No. of Meetings held during the year:

During the FY 2018-19, your Board of Directors met 8 times and the gap between any two meetings was less than one hundred and twenty days.

The dates on which the meetings were held are 26th April, 2018, 12th July, 2018, 8th August, 2018, 25th October, 2018, 12th November, 2018, 13th November, 2018, 10th December, 2018 & 6th February, 2019.

iii) Attendance record of each Director and other details for FY 2018-19:

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

Name of Director	Category	Meetings held	Meetings attended
Mr. Dilip Sadarangani	Chairman & Independent Director	8	8
Mrs. Gauri Rushabh Shah	Independent Director	8	7
Mr. Shyam Srinivasan	Non-Executive Director	8	8
Mr. Ganesh Sankaran	Nominee Director	8	6
Mr. Rajagopalan Santhanam	Nominee Director	1	1
Mr. Maninder Singh Juneja	Nominee Director	1	1
Mr. Sumit Kakkar	Nominee Director	-	-
Mr. Anil Kothuri	MD & CEO	1	1

Note:

- Mr. Anil Kothuri appointed as MD & CEO of the Company w.e.f 11th December, 2018.
- Mr. Rajagopalan Santhanam who was appointed as Nominee Director w.e.f 13th November, 2018 ceased to be the Director w.e.f. 20th December, 2018.
- Mr. Maninder Singh Juneja appointed as Nominee Director w.e.f 20th December, 2018.
- Mr. Ganesh Sankaran ceased to be the Nominee Director w.e.f 15th February, 2019.
- Mr. Sumit Kakkar appointed as Nominee Director w.e.f 15th March, 2019. No Board Meeting held subsequent to his appointment on the Board.

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

Audit Committee:

i) Composition:

The Audit Committee of Board consists of three Directors as follows:

- Mrs. Gauri Rushabh Shah (DIN: 06625227)—Chairperson
- Mr. Dilip Sadarangani (DIN: 06610897)
- Mr. Sumit Kakkar (DIN: 08387675)

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

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

Terms of reference and role of the audit committee includes the matters specified under the Companies Act 2013. Broad terms of reference includes: to oversights of financial reporting process, to review financial results and related information, to approve or modify any related party transactions, to review Internal financial controls and risk management system, to evaluate performance of statutory and internal auditors, effectiveness of audit process, to recommend for the appointment and payments of auditors.

ii) No. of Meetings held during the year:

During the FY 2018-2019, the Audit Committee of the Board met 4 times on 6th April 2018, 8th August, 2018, 13th November, 2018 & 6th February, 2019.

iii) Attendance record of Audit Committee for FY 2018-19:

The names, designation and categories of the Directors on the Audit Committee, their attendance at the Meetings held during the year are given herein below.

Name of Director	Designation in the Committee	Category	Meetings held	Meetings attended
Mrs. Gauri Rushabh Shah	Chairperson	Independent Director	4	4
Mr. Dilip Sadarangani	Member	Independent Director	4	4
Mr. Ganesh Sankaran	Member	Nominee Director	4	3
Mr. Sumit Kakkar	Member	Nominee Director	0	0

Note:

- Mr. Ganesh Sankaran ceased to be the Nominee Director w.e.f 15th February, 2019.
- Mr. Sumit Kakkar appointed as Nominee Director w.e.f 15th March, 2019

Nomination & Remuneration Committee:
i) Composition:

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

- Mrs. Gauri Shah (DIN: 06625227) - Chairperson
- Mr. Dilip Sadarangani (DIN: 06610897)
- Mr. Shyam Srinivasan (DIN: 02274773)
- Mr. Maninder Singh Juneja (DIN: 02680016)

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

Terms of reference of the Nomination & Remuneration Committee includes the matters specified under the Companies Act 2013. Broad terms of reference includes: to formulate the Nomination and Remuneration policy, to set criteria for determining qualifications, positive attributes and independence of a director, to formulate criteria for evaluation of independent directors and the Board and criteria for appointment of directors and senior management.

ii) No. of Meetings held during the year:

During the FY 2018-2019, the Nomination & Remuneration Committee of the Board met 3 times on 12th July, 2018, 13th November, 2018 & 10th December, 2018.

iii) Attendance record of Nomination & Remuneration Committee for FY 2018-19:

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

Name of Director	Designation in the Committee	Category	Meetings held	Meetings attended
Mrs. Gauri Rushabh Shah	Chairperson	Independent Director	3	3
Mr. Dilip Sadarangani	Member	Independent Director	3	3
Mr. Shyam Srinivasan	Member	Non Executive Director	3	3
Mr. Maninder Juneja	Member	Nominee Director	0	0

Note:

- Mr. Maninder Singh Juneja appointed as Nominee Director w.e.f 20th December, 2018.

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

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

As on March 31, 2019, the Board consisted of 6 members.

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

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

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

Corporate Social Responsibility (CSR) Committee:

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

i) Composition:

The CSR Committee of Board consists of Four Directors as follows:

- Mr. Dilip Sadarangani (DIN: 06610897)—Chairman
- Mr. Shyam Srinivasan (DIN: 02274773)
- Mrs. Gauri Shah (DIN: 06625227)
- Mr. Anil Kothuri (DIN: 00177945)

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

Terms of reference of the CSR Committee includes the matters specified under the Companies Act 2013. Broad terms of reference includes: to formulate and recommend to the Board a CSR Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act 2013, to recommend the amount of expenditure to be incurred on the CSR Activities and to institute a transparent monitoring mechanism for implementation of the CSR activities.

ii) No. of Meetings held during the year:

During the FY 2018-2019, the CSR Committee of the Board met only 1 time on 6th February, 2019.

iii) Attendance record of CSR Committee for FY 2018-19:

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

Name of Director	Designation in the Committee	Category	Meetings held	Meetings attended
Mr. Dilip Sadarangani	Chairman	Independent Director	1	1
Mr. Shyam Srinivasan	Member	Non Executive Director	1	1
Mrs. Gauri Shah	Member	Independent Director	1	1
Mr. Anil Kothuri	Member	MD & CEO	0	0

iv) CSR Activities & Its Reporting:

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

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

During the year under review, your Company spent INR. 1.13 cr. on various corporate social responsibility (CSR) projects/programs. Your Company is in compliance with the statutory requirements in this regard.

Further Annual Report on Corporate Social Responsibility (CSR) Activities pursuant to clause (o) of sub-section (3) of section 134 of the Act

and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014 is set out in Appendix-I.

Risk Management Committee:

i) Composition:

Present Risk Management Committee of Board consists of Four Directors as follows:

- Mr. Dilip Sadarangani (DIN: 06610897) – Chairman
- Mr. Sumit Kakkar (DIN: 08387675)
- Mr. Maninder Juneja (DIN: 02680016)
- Mr. Anil Kothuri (DIN: 00177945)

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

Broad terms of reference of the Committee includes: to approve and monitor the Company’s Risk Management Policies and procedures, to review portfolio & its delinquency at a product level and NPA Management.

ii) No. of Meetings held during the year:

During the FY 2018-2019, the Risk Management Committee of the Board met 4 times on 26th April, 2018, 12th July, 2018, 10th December, 2018 & 6th February, 2019.

iii) Attendance record of Risk Management Committee for FY 2018-19:

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

Name of Director	Designation in the committee	Category	Meetings held	Meetings attended
Mr. Dilip Sadarangani	Chairman	Independent Director	4	4
Mrs. Gauri Shah	Member	Independent Director	4	4
Mr. Ganesh Sankaran	Member	Nominee Director	4	3*

* Mr. Ganesh Sankaran ceased to be the Nominee Director w.e.f 15th February, 2019.

POST MEETING MECHANISM:

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

DIRECTORS AND KEY MANAGERIAL PERSONNEL:

In accordance with the provisions of section 152(6) of the Act and the Articles of Association of the Company, Mr. Shyam Srinivasan, Director (DIN: 02274773) is proposed to retire by rotation at the forthcoming Annual General Meeting (AGM), and being eligible, offers himself for re-appointment. Necessary resolution for this purpose is being proposed in the Notice of the ensuing Annual General Meeting for approval by the members.

Further, Mr. Shardul Kadam stepped down from the post of Manager & KMP w.e.f. 10th December, 2018.

We wish to place on record the significant contributions made by Mr. Shardul Kadam during his tenure as Manager (KMP) of the Company.

SEPARATE MEETING OF THE INDEPENDENT DIRECTORS:

During the year under review, The Independent Directors met once on 27th February, 2019. The Meetings were conducted in an informal manner without the presence of the Non-Executive Non-Independent Directors or any other Management Personnel and broadly the following issues were discussed in detail:

- I) Reviewed the performance of the Nominated directors and the Board as a whole;
- II) Reviewed the performance of the Chairperson of the Company, in his absence by taking into account the views of all the Non-Executive Directors;
- III) Assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board as necessary for the Board to functioning effectively and to perform their duties.

DECLARATION FROM INDEPENDENT DIRECTORS:

Both the Independent Directors have given declarations that they meet the criteria of independence laid down under Section 149 of the Companies Act, 2013.

As on 31st March, 2019, the following Non-Executive Directors are Independent in terms of Section 149(6) of the Companies Act, 2013:-

1. Mr. Dilip Sadarangani (DIN:06610897)
2. Mrs. Gauri Rushabh Shah (DIN:06625227)

THE CHANGE IN THE NATURE OF BUSINESS, IF ANY:

There was no change in the nature of business of the Company during the financial year ended 31st March, 2019.

BOARD EVALUATION:

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

The performance evaluation of the Independent Directors were carried out by the entire Board, excluding the director being evaluated. The performance evaluation of the Chairman, the Non-Independent Directors and board as a whole were carried out by the Independent Directors. Further, the performance evaluation of every Directors were carried out by the Nomination & Remuneration Committee.

The Board also carried out annual performance evaluation of the working of its Committees.

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

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES:

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

HUMAN RESOURCE – TALENT POOL – PERFORMANCE MANAGEMENT:

In line with the increase in the quantum of business and the plans for the future, the strength of the company grew from by 36% to 935 by the end of the year. The annual employee survey indicated an Employee Satisfaction level of 89% at Probationers level, 87% at Grade 1A-2 and 74% at Grade 3 & above.

The Company continues to focus on various initiatives in training and developing employees across levels to improve productivity, service quality, personal effectiveness and supervisory quality. Three training centres were inaugurated during the course of the year and 97 training programs were conducted.

PARTICULARS OF EMPLOYEES:

Your Company had 1 employee drawing salary in excess of the limits specified in section 197 of the Companies Act 2013 read with Rule 5(2) and rule 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Detail of the same are as follows:

- a) Employed throughout the year: Nil
- b) Employed for part of the year: 1

Details of the employee drawing salary in excess of the limit specified is as follows:

- a. Name of the employee: Mr. Anil Kothuri
- b. designation of the employee: MD & CEO
- c. Remuneration received: INR. 15,00,000 per month
- d. nature of employment, whether contractual or otherwise: Permanent Full time employee
- e. qualifications and experience of the employee: MBA from IIM - Ahmedabad & B. Tech.
- f. date of commencement of employment: 8th August, 2018
- g. the age of such employee: 49 Years

- h. the last employment held by such employee before joining the company: CEO of Edelweiss Housing Finance Ltd.
- i. the percentage of equity shares held by the employee in the company within the meaning of clause (iii) of sub-rule (2) above: NIL
- j. whether any such employee is a relative of any director or manager of the company and if so, name of such director or manager: No

CAPITAL ADEQUACY:

Your Company's capital adequacy ratio stood at 22.50% as on March 31, 2019 which is well above the threshold limit of 15% prescribed by the Reserve Bank of India. Tier-I Capital ratio alone stood at a healthy 20.99%.

CREDIT RATING:

Rating Agency	Type of Instrument	Rating*	Remarks
CARE Ratings Limited (Formerly Known Credit Analysis & Research Limited)	Long Term Bank Facilities & Non-Convertible Debenture issue	CARE AA-/Stable	Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.
CRISIL Limited	Commercial Paper Program	CRISIL A1 +'	The 'A1'+ rating indicates the Highest Level of Rating. Instruments with this rating are considered to have very strong degree of safety regarding timely payment of Financial obligations. Such instruments carry lowest credit risk.
Acuite Ratings & Research	Commercial Paper Program	Acuite A1 +'	The 'A1'+ rating indicates the Highest Level of Rating. Instruments with this rating are considered to have very strong degree of safety regarding timely payment of Financial obligations. Such instruments carry lowest credit risk.

*The ratings mentioned above were reaffirmed by the Rating Agencies during the Financial Year 2018-19.

PUBLIC DEPOSITS:

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

RISK MANAGEMENT POLICY:

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

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

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

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

AUDITORS:

1. STATUTORY AUDITORS & THEIR REPORT

M/s Varma and Varma, Chartered Accountants (Firm Registration No.004532S) were appointed as Statutory Auditors of your Company at the Twenty First Annual General Meeting (AGM) held on August 11, 2016 from the conclusion of the said AGM till conclusion of Twenty Sixth Annual General Meeting. They have confirmed their eligibility for the FY 2019-20 under Section 141 of the Companies Act, 2013 and the Rules framed thereunder.

The Audit Report submitted by M/s Varma and Varma, Chartered Accountants, for FY 2019 does not contain any qualification, reservation or adverse remark.

2. SECRETARIAL AUDITORS & THEIR REPORT

M/s. SVJS & Associates, Company Secretaries, were re-appointed as the Secretarial Auditors to conduct the Secretarial Audit for the financial year ended March 31, 2019. The Report of the secretarial auditor in the prescribed Form MR-3 is set out in Appendix-II to this Report. The Secretarial Audit Report does not contain any qualifications, reservation or adverse remark.

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

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

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

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

Your Company believes that strong internal control system and processes play a critical role in the health of the Company. Your Company's well-defined organizational structure, documented policy guidelines, defined authority matrix and internal controls ensure efficiency of operations, compliance with internal policies and applicable laws and regulations as well as protection of resources. The internal control system is supplemented by extensive internal audits, regular reviews by the management and standard policies and guidelines which ensure reliability of financial and all other records. The Internal Audit reports are periodically reviewed by the Audit Committee. Your Company's Internal Audit department performed regular reviews of business processes to assess the effectiveness of internal controls. Internal Audits were carried out to review the adequacy of the internal control systems, compliance with policies and procedures.

During the year, your Company's control framework was tested and no reportable material weaknesses in the design or operation were identified.

INTERNAL FINANCIAL CONTROLS AND THEIR ADEQUACY:

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

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

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

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

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

RELATED PARTY TRANSACTIONS:

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

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

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

FRAUD REPORTING:

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

During the year under review, two instances of fraud total amounting to INR.11.28 lakhs were detected and the same has been timely reported to the Board as well as to the Reserve Bank of India (RBI). Subsequently INR. 6.43 lakhs was recovered by the company.

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

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY:

No material changes and commitments have occurred after the closure of the Financial Year 2018-19 till the date of this Report, which would affect the financial position of your Company.

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

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

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

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

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

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

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

The following is a summary of sexual harassment complaints received and dealt with during the year 2018-19:

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

RBI GUIDELINES:

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

Year	No. of Loan Accounts	Principal Amount outstanding at the dates of auctions (A)	Interest Amount outstanding at the dates of auctions (B)	Total (A+B)	Total value fetched
2018-19	1441	INR. 81,645,687.88	INR. 14,715,727.47	INR. 96,361,415.35	INR. 124,596,587.77

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

VIGIL MECHANISM:

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

This Vigil mechanism of the Company is overseen by the Audit Committee and provides adequate safeguard against victimisation of employees and also provide direct access to the Chairman of the Audit Committee in exceptional circumstances.

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

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

EXTRACT OF ANNUAL RETURN:

The details forming part of the extract of the Annual Return in form MGT 9 is set out in Appendix-IV. Pursuant to section 92 (1) of the Companies Act 2013, the Annual Return for the year 2018 – 19 also uploaded on the website of the Company.

EMPLOYEE STOCK OPTION SCHEME:

With a view to appraise, motivate and reward the Employees for their past association and performance leading to growth and profitability of the Company, your company had formulated and implemented Fedbank Financial Services Limited-Employee Stock Option Plan 2018(ESOP Plan) in accordance with the provisions of Companies Act, 2013 (the Act). The Nomination and Remuneration Committee of the Board of Directors of the Company, inter alia, administers and monitors the ESOP Plan in accordance with the applicable provisions of the Act.

No options were granted to any of employees of the Company as on 31st March 2019. However, the information pertaining to ESOP Plan in terms of Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 are as follows:

- (a) Number of options granted: NIL
- (b) Number of options vested: NIL
- (c) Number of options exercised: NIL
- (d) The total number of shares arising as a result of exercise of option: NIL
- (e) Options lapsed: NIL
- (f) The exercise price: NA
- (g) Variation of terms of options: NA
- (h) Money realized by exercise of options: NA
- (i) Total number of options in force: NA
- (j) Employee wise details of options granted to:
 - (i) Key managerial personnel: NIL
 - (ii) Any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year: NIL
 - (iii) Identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant: NIL

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

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

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

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

DIRECTORS' RESPONSIBILITY STATEMENT:

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

- I. in the preparation of the annual accounts, the applicable accounting standards have been followed;
- II. such accounting policies have been selected and applied consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31,2019 and the profits of the Company for the financial year ended on that date;
- III. proper and sufficient care had been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- IV. the annual accounts have been prepared on going concern basis;
- V. internal financial controls have been laid down and the same are adequate and were operating effectively; and
- VI. proper systems had been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

ACKNOWLEDGEMENT:

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

EMPLOYEES RELATIONSHIP:

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

CAUTIONARY NOTE:

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

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

Date: 3rd May 2019
Mumbai

Dilip Sadarangani
Chairman
DIN:06610897

Annex-I
THE ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility Policy) Rules, 2014]

1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

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

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

2. The Composition of the CSR Committee:

- Mr. Dilip Sadarangani (DIN: 06610897) : Chairman
- Mr. Shyam Srinivasan (DIN: 02274773) : Member
- Mrs. Gauri Rushabh Shah (DIN: 06625227) : Member
- Mr. Anil Kothuri (DIN: 00177945) : Member

3. Average net profit of the company for last three financial years: INR 34.55 Crores

4. Prescribed CSR Expenditure (2% of the amount as in item No. 3 above): INR 69.11 Lakhs

5. Details of CSR spent during the financial year 2018-19:

(a) Total amount to be spent for the financial year 2018-19: INR 111.02 [i.e. 41.91 Lakhs (FY 18) + INR 69.11 Lakhs (FY 19)]

(b) Amount unspent, if any: Nil

(c) Manner in which the amount is spent is detailed below:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No	CSR project or activity identified	Sector In which The Project Is Covered.	Projects or programs 1) Local area or other 2) Specify the State and district where projects or programs was undertaken.	Amount outlay (budget) project or programs wise. (INR)	Amount spent on the projects or programs Sub-heads: (INR) 1) Direct on projects or programs- 2) Overheads:	Cumulative Expenditure up to the reporting Period. (INR)	Amount spent Direct or through implementing Agency.
1.	Health Camps (For General Health checkup, Visioncare, Diabetes, Awareness)	Eradicating hunger, poverty and malnutrition, promoting health care, sanitation & safe drinking water	4 health camps in Bangalore, Karnataka; 4 health camps in Hyderabad, Telangana; 4 health camps in Ahmedabad, Gujarat	INR 1,84,250 / camp INR 22,11,000 for 12 health camps	INR 1,84,250 / camp INR 22,11,000 Overhead: none	INR 22,11,000	Implementing Agency:- United Way Mumbai
2.	Water ATMs at public places to make water accessible to people visiting the public places	Eradicating hunger, poverty and malnutrition, promoting health care, sanitation & safe drinking water	5 Water ATMs in Ahmedabad, Gujarat 6 Water ATMs in Bengaluru, Karnataka	INR 3,57,082 / Water ATM INR 39,27,907 for 11 Water ATMs	INR 3,57,082 / Water ATM INR 39,27,907 for 11 Water ATMs	INR 39,27,907	Implementing Agency:- Swayam Shikshan Prayog
3.	Deskits for school students. Government school students do not have provision of school desks to keep their books and study. Deskits have been distributed to these students in different govt schools which serves as desks and convertible into school bags.	Promotion of education, special education and vocational skills	Guntur and Vizianagaram , Andhra Pradesh	INR 7,57,020 for distribution of 1508 deskits distribution in 5 schools	INR 7,57,020 for distribution of 1508 deskits distribution in 5 schools	INR7,57,020	Implementing Agency:- Bala Vikasa Social Service Society

4.	Adopting two schools in Ahmedabad (Components included: Digital Classroom setup STEM science centre, Play areas, Color work and Paintings, Fencing, herbal garden)	Promotion of education, special education and vocational skills	Ahmedabad, Gujarat	INR 6,98,750 / school INR 13,97,500 for two schools	INR 6,98,750 / school INR 13,97,500 for two schools	INR 13,97,500	Implementing Agency:- Narottam Lalabhai Rural Development Fund
5.	Nutritional Outreach Program	Child Welfare	Maharashtra, Delhi & Uttar Pradesh	INR 30,00,000	INR 30,00,000	INR 30,00,000	Implementing Agency:- Cuddles Foundation

6. In case the Company fails to spend the 2% of the average net profit of the last 3 financial years, the reasons for not spending the amount shall be stated in the Board Report: NA

7. Responsibility statement, of the CSR Committee, that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and policy of the Company duly signed by Director and Chairperson of the CSR Committee.

The CSR Committee hereby confirms that the implementation and monitoring of CSR policy is in compliance with CSR objectives, Policy of the Company and in accordance with the provisions of the Companies Act, 2013.

For Fedbank Financial Services Limited

Anil Kothuri

MD & CEO

DIN: 00177945

Dilip Sadarangani

Chairman-CSR Committee & the Board

DIN: 06610897

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2019

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

To

The Members

Fedbank Financial Services Limited

Federal Towers, Alwaye

Ernakulam -683101

We, SVJS & Associates, Company Secretaries, have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Fedbank Financial Services Limited [CIN: U65910KL1995PLC008910]** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31.03.2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **Fedbank Financial Services Limited** ("the Company") for the financial year ended on 31.03.2019 according to the provisions of:

- (i) The Companies Act, 2013 and the Rules made there under;
- (ii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder
- (iii) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;- There was no Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings
- (iv) The following Regulation and Guideline prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client

- (v) As informed to us, the following other laws are specifically applicable to the Company:

1. Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016
2. Master Direction - Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016
3. Master Direction - Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016
4. Master Direction - Know Your Customer (KYC) Direction, 2016
5. The Prevention of Money Laundering Act, 2002 and the Rules made there under
6. Master Direction- Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016
7. Issuance of Non-Convertible Debentures (Reserve Bank) Directions, 2010
8. Reserve Bank Commercial Paper Directions, 2017
9. Reserve Bank of India Act, 1934.

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

(i) Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India.

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

We further report that:-

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and at shorter notice in certain cases in accordance with the provisions of the Act and Secretarial Standards, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

There were no dissenting views on any decisions of the Board, as recorded in the Minutes of Board meetings.

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

We further report that during the audit period there were no instances of:

- (i) Public/Right issues or issue of sweat equity.
- (ii) Redemption / buy-back of securities
- (iii) Merger / amalgamation / reconstruction
- (iv) Foreign technical collaborations

During the period, the following issue has taken place:-

Sl. No.	Method of Issue	Mode of Approval	Date of Approval	Number of shares issued/Amount
1.	Private Placement	Shareholders' approval by way of special resolution in the Annual General Meeting	08.08.2018	Shareholders' approval obtained on 08.08.2018 for issuing of Secured/Unsecured Redeemable Non-Convertible Debentures on a private placement basis for an amount not exceeding INR 200 Crore, within the overall borrowing limits.
2.	Preferential Issue and Private Placement	Shareholders' approval by way of special resolution in the Extra Ordinary General Meeting	12.11.2018	Shareholders' approval obtained on 12.11.2018 for issue of 66,756,757 equity shares at a price of INR 42.1052631578 including a premium of INR 32. 1052631578. 40,042,500 equity shares allotted on 13.11.2018.
3.	Employee Stock Option Plan 2018	Shareholders' approval by way of special resolution in the Extra Ordinary General Meeting	13.11.2018	Shareholders' approval obtained on 13.11.2018 to introduce and implement "Fedbank Financial Services Limited Employee Stock Option Scheme and to create, grant, offer, issue and allot ESOP.

We further report that during the audit period:

The company has taken Shareholders' approval at the Annual General Meeting held on 08.08.2018 pursuant to Sec 180(1)(c) to borrow a sum not exceeding INR 3000 crores (Rupees Three Thousand Crores Only).

The company has taken Shareholders' approval at the Annual General Meeting held on 08.08.2018 pursuant to Sec 180(1)(a) to increase limits for creation of charge/security on the assets of the Company upto an amount of INR 3000 Crores to secure its borrowings.

This report is to be read with **Annexure A** of even date and the same forms an integral part of this report.

For SVJS & Associates
Company Secretaries

Kochi
03.05.2019

P. D. Vincent
Managing Partner
CP No.:7940

Annexure A

ANNEXURE TO THE SECRETARIAL AUDIT REPORT OF EVEN DATE

To

The Members

Fedbank Financial Services Limited

Federal Towers, Alwaye

Ernakulam -683101

Our Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of the secretarial records is the responsibility of the management of the Company. Our responsibility as Secretarial Auditors is to express an opinion on these records, based on our audit.
2. During the audit, we have followed the practices and processes as were appropriate, to obtain reasonable assurance about the correctness of the contents of the secretarial records. We believe that the process and practices we followed provide a reasonable basis for our report.
3. The correctness and appropriateness of financial records and Books of Accounts of the Company have not been verified.
4. We have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc., wherever required.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards etc. is the responsibility of management. Our examination was limited to the verification of the procedures and compliances on test basis.
6. While forming an opinion on compliance and issuing the Secretarial Audit Report, we have also taken into consideration the compliance related actions taken by the Company after 31st March 2019 but before issue of the Report.
7. We have considered actions carried out by the Company based on independent legal/professional opinion as being in compliance with law, wherever there was scope for multiple interpretations.

For SVJS & Associates
Company Secretaries

Kochi

03.05.2019

P. D. Vincent
Managing Partner
CP No.:7940

Appendix-IV:

Form No. AOC-2

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

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

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

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

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

- (a) Name(s) of the related party and nature of relationship: Refer "Note 1"
- (b) Nature of contracts /arrangements/transactions: Refer "Note 1"
- (c) Duration of the contracts/arrangements/transactions: Refer "Note 1"
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any: Refer "Note 1"
- (e) Justification for entering into such contracts or arrangements or transactions: Competitive pricing and value of services rendered.
- (f) Date(s) of approval by the Board: N.A.
- (g) Amount paid as advances, if any: N.A.

Note 1:

Name of the related party	Nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions *	Value (INR In Lakhs)
The Federal Bank Ltd	Holding Company	Commission Income	-	Commission received during the year for normal business Transactions.	2
The Federal Bank Ltd	Holding Company	Cash credit Facility and Term Loan- Interest Paid	1 year	Interest paid at contractual interest rate.	3,821
The Federal Bank Ltd	Holding Company	Issuing & Paying Agent Charges	-	At market price	2
The Federal Bank Ltd	Holding Company	Rent paid	5 years	Use of office space – at market rates.	1
The Federal Bank Ltd	Holding Company	Processing Fees	As per sanction letter of Federal Bank	Processing Fees	311
The Federal Bank Ltd	Holding Company	Re-imbursements of Expenses by Holding Company	-	Reimbursement of Expenses	4
The Federal Bank Ltd	Holding Company	Income from Distribution Business	1 year	Recovery of expenses incurred on behalf of Bank for sourcing distribution verticals products	1,809

True North Fund VI LLP	Enterprises controlling voting power / significant influence	Share Application money	-	Investment by True North	16,860
True North Managers LLP	Enterprises over which related party has significant influence/control	Meeting Event Expenses	-	Reimbursement of Expenses for Conference	1
Managing Director	Key Managerial Personnel	Remuneration	-	Remuneration	55
President	Key Managerial Personnel	Remuneration	-	Remuneration	64
Chief Financial Officer	Key Managerial Personnel	Remuneration	-	Remuneration	37
Company Secretary	Key Managerial Personnel	Remuneration	-	Remuneration	13

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

For and on behalf of the Board of Directors

Date: 3rd May 2019
 Place: Mumbai

Dilip Sadarangani
 Chairman
 DIN: 06610897

Appendix-IV:
Form MGT- 9

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

Extract of the Annual Return as on the financial year ended on March 31, 2019:

I. REGISTRATION AND OTHER DETAILS:

CIN	U65910KL1995PLC008910
Registration Date	17.04.1995
Name of the Company	FEDBANK FINANCIAL SERVICES LIMITED
Category / Sub-Category of the Company	Public Company, Limited by Shares, Non-govt Company, NBFC
Address of the Registered Office, Corporates office and contact details	Registered Office: Federal Towers, Alwaye, Ernakulam, Kerala-683101, Tel: 0484 2634411. Corporate office: Kanakia Wall Street, A-Wing, 5th Floor, Unit No.501/502/511/512 Andheri – Kurla Road, Chakala, Andheri East, Mumbai, Maharashtra – 400093 Contact Details : Tel: 022 6852 0601, Email ID: customercare@fedfina.com Website: www.fedfina.com
Whether listed company	No
Name, Address and contact details of Registrar & Transfer Agents (RTA), if any	Link Intime India Pvt. Limited C-13, Pannalal Silk Mills Compound, L.B.S. Road, Bhandup West, Mumbai-400078 Tel No.: 022-2496 3838

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of main products / Services	NIC Code of the Product/ service	% to total turnover of the company
1	Non-Banking Financial Services (Lending)	649	90.61%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	THE FEDERAL BANK LTD Federal Towers, PB No: 103, Aluva, Ernakulam, Kerala-683101.	L65191KL1931PLC000368	Holding	82.59%	Section 2(46) of Companies Act, 2013

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total	Demat	Physical	Total	% of Total	
A. Promoters									
1) Indian									
a) Individual / HUF	-	405	405	0.001	405	-	405	0.001	Nil
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	18,99,99,595	18,99,99,595	99.99	18,99,99,595	-	18,99,99,595	82.59	17.41
f) Any Other...	-	-	-	-	-	-	-	-	-
Sub-total (A) (1) :-	-	19,00,00,000	19,00,00,000	100	19,00,00,000	-	19,00,00,000	82.59	17.41
2) Foreign									
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other...	-	-	-	-	-	-	-	-	-
Sub-total (A) (2) :-	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	-	19,00,00,000	19,00,00,000	100	19,00,00,000	-	19,00,00,000	82.59	17.41
B. Public Shareholding									
1) Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1) :-	-	-	-	-	-	-	-	-	-
2) Non-Institutions									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individuals shareholders holding nominal share capital upto Rs.1 lakh	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total	Demat	Physical	Total	% of Total	
ii) Individuals shareholders holding nominal share capital in excess of Rs.1 lakh	-	-	-	-	-	-	-	-	-
c) Others (True North Fund VI LLP)	-	-	-	-	4,00,42,500	-	4,00,42,500	17.41	17.41
Trusts	-	-	-	-	-	-	-	-	-
Custodians / Clearing member	-	-	-	-	-	-	-	-	-
NRIs	-	-	-	-	-	-	-	-	-
Sub-total(B)(2) :-	-	-	-	-	4,00,42,500	-	4,00,42,500	17.41	17.41
Total Public Shareholding (B)=(B)(1)+(B)(2)	-	0	-	-	4,00,42,500	-	4,00,42,500	17.41	17.41
C. Shares held by Custodian for GDRs & ADRs"	-	0	-	-	0	-	0	0	-
Grand Total (A+B+C)	-	19,00,00,000	19,00,00,000	100	23,00,42,500	-	23,00,42,500	100	

(ii) Shareholding of Promoters:

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		(As on 1st April 2018)			(As on 31st March 2019)			
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	The Federal Bank Ltd	189999595	99.99	Nil	189999595	82.59	Nil	17.41
2	Mr. Shyam Srinivasan*	200	0.00	Nil	200	0.00	Nil	Nil
3	Mr. Ashutosh Khajuria*	1	0.00	Nil	1	0.00	Nil	Nil
4	Mr. Sampath D*	1	0.00	Nil	0	0.00	Nil	0
5	Mr. Girish Kumar Ganapathy*	1	0.00	Nil	1	0.00	Nil	Nil
6	Mr. Ganesh Sankaran*	100	0.00	Nil	100	0.00	Nil	Nil
7	Mrs. Shalini Warriar*	100	0.00	Nil	100	0.00	Nil	Nil
8	Mr. Sumit Kakkar*	1	0.00	Nil	1	0.00	Nil	Nil
9	Mr. Baby K P*	1	0.00	Nil	1	0.00	Nil	Nil
10	Mr. Ajith Kumar K K	0	0.00	Nil	1	0.00	Nil	0
	Total	190000000	100		190000000	82.59		17.41

* jointly with the Federal Bank Ltd

(iii) Change in Promoters' Shareholding:

Sl. No.	Name of Shareholder's	Shareholding at the beginning of the year		Change during the year		Cumulative Shareholding during the year	
		(01/04/2018)				(01/04/2018 to 31/03/2019)	
		No of shares	% of total shares of the company	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Mr. Sampath D*						
	Opening Balance as on 01/04/2018	1	0.00				
	Share Transfer on 12/11/2018			-1	0.00		
	Closing Balance as on 31/03/2019					0	0.00
2	Mr. Ajith Kumar K K*						
	Opening Balance as on 01/04/2018	0	0.00				
	Share Transfer on 12/11/2018			1	0.00		
	Closing Balance as on 31/03/2019					1	0.00

* jointly with the Federal Bank Ltd

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) :

Sl. No.	Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		(01/04/2018)		(01/04/2018 to 31/03/2019)	
		No of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	True North Fund VI LLP				
	Opening Balance as on 01/04/2018	0	0.00		
	Closing Balance as on 31/03/2019			40042500	17.41

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		(01/04/2018)		(01/04/2018 to 31/03/2019)	
		No of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Mr. Shyam Srinivasan (DIN: 02274773)				
	Opening Balance as on 01/04/2018	200	0.00		
	Closing Balance as on 31/03/2019			200	0.00
2	Mr. Sumit Kakkar (DIN: 8387675)				
	Opening Balance as on 01/04/2018	1	0.00		
	Closing Balance as on 31/03/2019			1	0.00

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment as on March 31,2019:

(₹in Crore)

	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	940.07	214.95	-	1155.02
ii) Interest due but not paid	0.00	0.00	-	0.00
iii) Interest accrued but not due	6.69	0.00	-	6.69
Total (i+ii+iii)	946.76	214.95	-	1161.71
Change in Indebtedness during the financial year				
• Addition	4660.19	746.73	-	5406.92
• Reduction	4221.54	740.00	-	4961.54
Net Change	438.65	6.73	-	445.38
Indebtedness at the end of the financial year				
i) Principal Amount	1378.72	221.68	-	1600.40
ii) Interest due but not paid	0.00	0.00	-	0.00
iii) Interest accrued but not due	1.43	0.01	-	1.44
Total (i+ii+iii)	1380.15	221.69	-	1601.84

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager :

Sl. No.	Particulars of Remuneration	Mr. Shardul Kadam, Manager (ceased to Manager w.e.f 10.12.2018)	Mr. Anil Kothuri, Managing Director (Appointed w.e.f 11.12.2018)	Total Amount (INR in Lakhs)
1	Gross Salary			
	a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	67.75	55.16	122.91
	b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	0	0	0.00
	c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	0	0	0.00
2	Stock Option	0	0	0.00
3	Sweat Equity	0	0	0.00
4	Commission	0	0	0.00
	: as % of profit			0.00
	: others, specify.....			0.00
5	Others, please specify	0	0	0.00
	Total(A)	67.75	55.16	122.91
	Ceiling as per the Act		-	

B. Remuneration to other directors :

Sl. No.	Particulars of Remuneration	Mrs. Gauri Shah	Mr. Dilip Sadarangani	Total Amount (INR in Lakhs)
1	Independent Directors			
	• Sitting Fees for attending board / committee meetings	7.40	7.90	15.30
	• Commission	-	-	-
	• Others, please specify	-	-	-
	Total(1)	7.40	7.90	15.30
2	Other Non-Executive Directors			
	• Sitting Fees for attending board / committee meetings	-	-	-
	• Commission	-	-	-
	• Others, please specify	-	-	-
	Total(2)	-	-	-
	Total(B)=(1+2)	7.40	7.90	15.30
	Total Managerial Remuneration	It should be noticed that except sitting fees, no other remuneration is paid to any director.		
	Overall sitting fees Ceiling as per the Act	INR 1 lakh per meeting		

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD:

Sl. No.	Particulars of Remuneration	Mr. Sudeep Agrawal, Chief Financial Officer	Mr. Ankit Kawa, Company Secretary	Total Amount (INR in Lakhs)
1	Gross Salary			
	a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	37.23	13.38	50.61
	b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	0.00	0.00	0.00
	c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	0.00	0.00	0.00
2	Stock Option	0.00	0.00	0.00
3	Sweat Equity	0.00	0.00	0.00
4	Commission	0.00	0.00	0.00
	: as % of profit	0.00	0.00	0.00
	: others, specify.....	0.00	0.00	0.00
5	Others, please specify	0.00	0.00	0.00
	Total	37.23	13.38	50.61

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

Type	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/COURT]	Appeal made,if any
A. COMPANY			
Penalty	Nil		
Punishment			
Compounding			
B. DIRECTORS			
Penalty	Nil		
Punishment			
Compounding			
C. OTHER OFFICERS IN DEFAULT			
Penalty	Nil		
Punishment			
Compounding			

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

Dilip Sadarangani
Chairman
DIN: 06610897

Date: 3.5.2019
Place: Mumbai



Addendum to Directors' Report for the Financial Year 2018-19

Reappointment of Independent Directors:

Mr. Dilip Sadarangani (DIN: 06610897), Independent Director holds office up to the date of ensuing AGM and the Board of Directors decided to recommend to the shareholders for his reappointment from the date of the ensuing AGM for a period of One year or till the time he retires from the Board of the holding Company (The Federal Bank Ltd), whichever is earlier.

First Term of Mrs. Gauri Shah (DIN: 06625227), Independent Director shall expires on 12.02.2020. The Board of Directors have decided to recommend to the shareholders for her reappointment for a further period of five years from 13.02.2020.

Necessary Special Resolutions have been placed for the approval of shareholders. The detailed profile of Mr. Dilip Sadarangani and Mrs. Gauri Shah is enclosed with the Notice of the 24th AGM of the Company.

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

Date: 7th June 2019
Mumbai

Dilip Sadarangani
Chairman
DIN:06610897

INDEPENDENT AUDITORS' REPORT

To,
The Members,
Fedbank Financial Services Limited

Report on the audit of Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **M/s Fedbank Financial Services Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the statement of Profit and Loss and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019 and its profit, and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with the requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Board's report, including Annexure to Board Report, and Shareholders Information but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder.

This responsibility also includes the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Company's ability to continue as a going concern,

disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure A, a statement on the matters specified in Paragraphs 3 and 4 of the said Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

- c) The Balance Sheet, the Statement of Profit and Loss and Statement of Cash Flow dealt with by this report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on March 31, 2019, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019, from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in **"Annexure B"**.
- g) With respect to the other matters to be included in the Auditors Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- h) With respect to the other matters to be included in the Auditor's report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company has disclosed the impact of pending litigations, if any, on its financial position in its financial statements. Refer Note 27 to the financial statements.
 - ii. the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any on long term contracts.
 - iii. there were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Company.

For VARMA & VARMA
Chartered Accountants
FRN 004532S

Georgy Mathew
Partner
M No. 209645

Place: Mumbai

Date: May 3, 2019

ANNEXURE A TO THE AUDITORS' REPORT

Annexure referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our Independent Auditors Report of even date on the Financial Statement of **M/s Fedbank Financial Services Limited** for the year ended March 31, 2019, we report that:

- i. a. The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
b. These fixed assets have been physically verified by the management during the year; and no material discrepancies were noticed on such verification. In our opinion the frequency of verification of fixed assets of the company is adequate.
c. The company does not own any immovable property, thus, paragraph 3(i)(c) of the Order is not applicable to the Company.
- ii. The Company is a service company and it does not hold any inventory of goods. Thus, Para 3(ii) of the Order is not applicable to the Company.
- iii. The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013, thus, paragraph 3(iii)(a) to 3(iii)(c) of the Order are not applicable to the Company.
- iv. According to the information and explanation given to us, and based on the audit procedures conducted by us, the Company has not given loans, guarantees, investments or securities which fall under the purview of Sections 185 & 186 of the Companies Act, 2013 made
- v. The Company has not accepted any deposits. Hence the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder are not applicable to the Company.
- vi. As per the information and explanation given to us, the Central Government has not prescribed the maintenance of cost records under sub-section (l) of section 148 of the Companies Act, 2013 for any of the services rendered by the Company.
- vii. a. According to the information and explanation given to us and as per our verification of the records of the company, the Company has been generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and services tax, cess and any other statutory dues with the appropriate authorities and no material statutory dues have been outstanding for more than six months from the due date as at the year end.
b. According to the information and explanations given to us, there are no material statutory dues which have not been deposited with the appropriate authorities on account of any dispute except, the Company has filed an appeal u/s 246 of Income Tax Act, 1961 with ACIT against assessment order for AY 2011-12. Amount payable as per assessment order is INR. 32.18 lakhs of which INR. 5.02 lakhs have been paid in response to the assessment order and balance INR. 27.16 lakhs are adjusted against refund received for the AY 2013-14.
- viii. According to the information and explanations given to us and as per our verification of the records of the Company, the Company has not defaulted in repayment of its loans or borrowings to a financial institution or bank. The Company has not borrowed any amount from Government or debenture holders.
- ix. The Company has not raised any money by way of Initial Public Offer or further public offer (including debt instruments), and with respect to term loans availed by the Company, they have been applied for the purpose for which such loans were obtained.
- x. According to the information and explanations given to us and as per the records of the Company examined by us, during the year the Company has reported to the Reserve Bank of India two instances of frauds against the Company amounting to INR 11.28 Lakhs, out of which INR 6.43 Lakhs has since been recovered by the Company.
- xi. According to the information and explanations given to us and based on our examination of the records of the Company, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable, and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards..

- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the company has made private placement of its equity shares during the year under review and the requirement of section 42 of the Companies Act, 2013 have been complied with and the amount raised has been used for the purposes for which the funds were raised
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. The Company is registered under section 45-IA of the Reserve Bank of India Act 1934.

For VARMA & VARMA
Chartered Accountants
FRN 004532S

Georgy Mathew
Partner
M No. 209645

Place: Mumbai
Date: May 3,2019

ANNEXURE - B TO THE AUDITORS' REPORT

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting M/s Fedbank Financial Services Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any

evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For VARMA & VARMA
Chartered Accountants
FRN 004532S

Georgy Mathew
Partner
M No. 209645

Place: Mumbai

Date: May 3,2019

Balance Sheet as at March 31, 2019

(INR in Lakhs)

Particulars		Note No.	As at March 31, 2019	As at March 31, 2018
I.	EQUITY AND LIABILITIES			
1	Shareholders' Funds			
(a)	Share Capital	3	23,004	19,000
(b)	Reserves and Surplus	4	23,219	6,968
2	Non-Current Liabilities			
(a)	Long Term Borrowings	5	97,381	65,719
(b)	Other Long Term liabilities	6	21	21
(c)	Long-Term Provisions	7	572	430
3	Current Liabilities			
(a)	Short-Term Borrowings	8	28,983	30,462
(b)	Trade Payables	9		
	-Total Outstanding dues payable to Micro Small & Medium Enterprises		9	1
	-Total Outstanding dues other than Micro Small & Medium Enterprises		609	217
(c)	Other Current Liabilities	10	38,274	24,746
(d)	Short-Term Provisions	11	781	408
	TOTAL		2,12,853	1,47,972
II.	ASSETS			
1	Non-Current Assets			
(a)	Property, Plant & Equipment	12		
	(i) Tangible Assets		501	325
	(ii) Intangible Assets		80	40
	(iii) Capital Work in progress		31	33
(b)	Non-Current Investments	13	1,251	-
(c)	Deferred Tax Assets (Net)	14	380	307
(d)	Long-Term Loans and Advances	15	1,35,162	90,006

2	Current Assets			
(a)	Current Investments	16	-	929
(b)	Trade Receivables	17	119	53
(c)	Cash and Cash Equivalents	18	5,911	1,419
(d)	Short-Term Loans and Advances	19	68,815	54,596
(e)	Other Current assets	20	603	264
	TOTAL		2,12,853	1,47,972
Corporate Information & Significant Accounting Policies		1-2		
Other Notes to Accounts		28-38		

Sudeep Agrawal
CFO

Ankit Kawa
Company Secretary
M.No.A44317

As per our report of even date attached

For Varma & Varma
Chartered Accountants
FRN : 0045325

For and on behalf of Board of Directors

Dilip Sadarangani
Chairman
DIN:06610897

Gauri Rushabh Shah
Director
DIN:0662522

Shyam Srinivasan
Director
DIN:02274773

Georgy Mathew
Partner
M.No: 209645

Place: Mumbai
Date: 3rd May, 2019

Maninder Juneja
Director
DIN:02680016

Sumit Kakkar
Director
DIN:8387675

Anil Kothuri
MD & CEO
DIN:00177945

Place: Mumbai
Date: 3rd May, 2019

FEDBANK FINANCIAL SERVICES LIMITED

Statement of Profit and Loss for the year ended March 31, 2019

(INR in Lakhs)

Particulars		Note No.	Year Ended March 31, 2019	Year Ended March 31, 2018
I)	Revenue:			
a	Revenue from Operations	21	25,463	19,655
b	Other Income	22	429	111
	Total Revenue (a+b)		25,892	19,766
II)	Expenses:			
a	Employee Benefit Expenses	23	4,754	3,435
b	Finance Costs	24	11,187	7,696
c	Depreciation & Amortization Expense	12	180	156
d	Provisions & write offs	25	564	359
e	Other Expenses	26	4,272	3,186
	Total Expenses (a+b+c+d+e)		20,957	14,832
III)	Profit / (Loss) before tax		4,935	4,934
	Tax Expenses:			
	Current tax		1,500	1,875
	Deferred tax [Refer Note 13]		(73)	(21)
	Profit/(Loss) for the Year		3,508	3,080
	Earnings Per Equity Share			
	Basic and Diluted (Face value of INR 10 per Equity Share)	27	1.71	1.62
	Corporate Information & Significant Accounting Policies	1-2		
	Other Notes to Accounts	28-38		

 Sudeep Agrawal
 CFO

 Ankit Kawa
 Company Secretary
 M.No.A44317

As per our report of even date attached

For Varma & Varma
 Chartered Accountants
 FRN : 0045325

For and on behalf of Board of Directors

Dilip Sadarangani
 Chairman
 DIN:06610897

Gauri Rushabh Shah
 Director
 DIN:0662522

Shyam Srinivasan
 Director
 DIN:02274773

Georgy Mathew
 Partner
 M.No: 209645

 Place: Mumbai
 Date: 3rd May, 2019

Maninder Juneja
 Director
 DIN:02680016

Sumit Kakkar
 Director
 DIN:8387675

Anil Kothuri
 MD & CEO
 DIN:00177945

 Place: Mumbai
 Date: 3rd May, 2019

FEDBANK FINANCIAL SERVICES LIMITED

Cash flow Statement for the year ended March 31, 2019

(INR in Lakhs)

Particular	Year Ended March 31, 2019	Year Ended March 31, 2018
Cash Flow from Operating Activities		
Net Profit before tax as per Statement of Profit & Loss	4,935	4,934
Adjustments for		
Provision for Standard Assets	222	227
Provision for Fraud	3	-
Provision for Loss Assets	4	2
Provision for Sub Standard Asset	241	91
Provision for Doubtful Debts	94	39
Depreciation	180	156
Share Issue Expenses	2	-
Interest from Debentures	(191)	(248)
Dividend on Mutual Fund	-	(1)
Interest on FD	(122)	-
(Profit)/Loss on sale of tangible assets	(1)	1
Profit on Sale Of Mutual Fund units (Net)	(71)	(4)
Operating Profit before Working Capital changes	5,296	5,197
Adjustments for Working Capital Changes		
Trade Receivables	(66)	69
Short-term Loans and Advances	(14,219)	(8,757)
Lease equalisation charge	(0)	6
Other Current Assets	(339)	(143)
Long term Loans & Advances	(45,156)	(36,869)
(Increase)/ Decrease in Receivables	(59,780)	(45,694)
Long-term Provisions	142	206
Trade Payables	400	125
Other Current Liabilities	(829)	382
Short-term Provisions	(190)	(182)
Increase/(Decrease) in Trade/ Other payables	(477)	531
Cash generated from Operations	(54,961)	(39,966)
Taxes (paid) / refunded	(1,500)	(1,875)
Cash Flow before extraordinary items	(56,461)	(41,841)
Net Cash inflow / (outflow) from Operating Activities	(56,461)	(41,841)
Cash Flow from Investment Activities		
Purchase of tangible assets	(608)	(262)
Sale of tangible assets	215	1

FEDBANK FINANCIAL SERVICES LIMITED
Cash flow Statement for the year ended March 31, 2019 (CONTD...)

Interest on fixed deposits	122	-
Investment in NCD	(322)	(929)
Dividend on Mutual Fund	-	1
Profit on Sale Of Mutual Fund units (Net)	71	4
Interest from Debentures	191	248
Net Cash inflow / (outflow) from Investment Activities	(332)	(937)
Cash Flow from Financing Activities		
Short Term Borrowings (Net)	(1,479)	(13,021)
Long Term Borrowings (Net)	31,820	45,324
Equity Shares Issued	4,004	-
Share Premium	12,585	-
Share Issue Expenses	(2)	-
Current Maturities of Long Term Borrowings (Net)	14,357	11,399
Net Cash inflow / (outflow) from Financing activities	61,285	43,702
Net increase / (decrease) in cash and cash Equivalents (A+B+C)	4,492	924
Opening Balance of Cash and Cash Equivalents	1,419	495
Closing Balance of Cash and Cash Equivalents	5,911	1,419

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

Ankit Kawa
Company Secretary
M.No.A44317

As per our report of even date attached

For Varma & Varma
Chartered Accountants
FRN : 004532S

For and on behalf of Board of Directors

Dilip Sadarangani
Chairman
DIN:06610897

Gauri Rushabh Shah
Director
DIN:0662522

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Partner
M.No: 209645

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Director
DIN:02680016

Sumit Kakkar
Director
DIN:8387675

Anil Kothuri
MD & CEO
DIN:00177945

Place: Mumbai
Date: 3rd May, 2019

Place: Mumbai
Date: 3rd May, 2019

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 is in the business of lending mainly against Gold,Property,Wholesale Lending, Loan Against Shares, loan to other NBFCs' for further lending and also distributes retail loan/insurance products for a fee. The Company currently operates through 137 Gold Loan locations mainly spread across South India, 15 locations of Distribution verticals shared between LAP, MSE LAP, Business Loans, Housing Finance, Personal Loans and Wholesale Lending business.

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

Financial Statements are prepared under the historical cost convention, in compliance with the provisions of the Companies Act, 2013 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.

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."

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."

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. "

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 deposit.

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."

FEDBANK FINANCIAL SERVICES LIMITED

Notes to the financial statements as at March 31, 2019

3 Share Capital

(INR in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Authorised: 30,00,00,000 (Previous Year 30,00,00,000) Equity Shares of INR. 10 each	30,000	30,000
Issued, subscribed and paid up: 23,00,42,500 (Previous Year 19,00,00,000) Equity Shares of INR. 10 each Fully Paid Up	23,004	19,000
	23,004	19,000

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

Particulars	As at March 31, 2019		As at March 31, 2018	
	Number of Shares	Rupees in Lakhs	Number of Shares	Rupees in Lakhs
Balance at the beginning of the year	19,00,00,000	19,000	19,00,00,000	19,000
Add: Fresh Allotment of shares - Private Placement to "True North Fund VI LLP"	4,00,42,500	4,004	-	-
Balance at the end of the year	23,00,42,500	23,004	19,00,00,000	19,000

3.1 During the year company issued 4,00,42,500 number of equity share of face value of INR10/- each to True North Fund VI LLP on private placement basis. The Board of Directors approved this allotment in its meeting held on 13th November, 2018. 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 Vide terms of agreements dated 11th May 2018, True North Fund VI LLP has rights to subscribe to 26,714,257 (Two Crore Sixty Seven Lakhs Fourteen Thousand Two Hundred and Fifty Seven) Equity Shares of the company in future. The shareholding of True North Fund VI LLP in the company post such subscription shall increase to 26.0%."

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

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

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

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

Particulars	As at March 31, 2019		As at March 31, 2018	
	Percentage of Holding	Rupees in Lakhs	Percentage of Holding	Rupees in Lakhs
Equity Shares Equity Shares Held by holding company - Federal Bank Limited" (Including 405 shares held by nominees)	82.59%	19,00,000	100.00%	19,00,000
- True North Fund VI LLP	17.41%	4,00,425	NA	NA

4 Reserves and Surplus

(INR in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
(a) Reserves		
(i) Statutory Reserve		
Balance at the beginning of the year	1,805	1,189
Add: Transferred from surplus in Statement of Profit & Loss (Refer Note 4.1)	702	616

FEDBANK FINANCIAL SERVICES LIMITED

Notes to the financial statements as at March 31, 2019

	2,507	1,805
ii) General Reserve		
Balance at the beginning of the year	10	10
	10	10
iii) Securities Premium		
Balance as at the beginning of the year (Refer Note No. 3(a))		
Addition during the year	12,856	-
Less : Share issue expenses adjusted	(271)	
	12,585	-
iv) Surplus in the Statement of Profit and Loss		
Balance as at the beginning of the year	5,311	2,847
Net Profit for the year	3,508	3,080
Less : Appropriations Transfer to Statutory Reserve (Refer Note 4.1)	(702)	(616)
	8,117	5,311
v) Cash Flow Hedging Reserve	-	(158)
Total of Reserves & Surplus	23,219	6,968

4.17 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 702 represents 20% of Profit for the year has been transferred to it. (Previous Year INR 616)

5 Long Term Borrowings

(INR in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Secured Loans (Refer notes 5.1 and 5.2)		
Term Loan From Banks:		
- From Related parties :		
Federal Bank	45,541	23,563
- From Others:		
HDFC Bank	7,965	9,922
DCB Bank	865	348
DCB Bank - Foreign Currency Term Loan	-	1,823
ICICI Bank - Foreign Currency Non Repatriable Term Loan	-	2,167
ICICI Bank	12,722	2,111
SIDBI	2,500	3,500
Karnataka Bank	3,013	2,500
Jammu & Kashmir Bank	5,556	7,778
Indian Bank	15,000	9,375
Term Loan From Others:		
Bajaj Finance Limited	1,719	2,344
TATA Capital Financial Services Ltd	-	288
Unsecured Loans (Refer notes 5.1 and 5.2)		
Term Loan From Others:		
Bajaj Finance Limited	2,500	-
	97,381	65,719

Note 5.1

(INR in Lakhs)

Lender	Loan	Repayment Mode	Installemnt Amount (INR in Lakhs)	Repayment		Rate Of Interest	Security	Margin	Other Terms Initial Repayment
				Begin-ning Date	End Date				
The Federal Bank Ltd.	Term Loan - 2	Quarterly	625	29-May-17	28-Feb-21	Interest Rates in the range of 8.28% to 10% p.a (Previous year : 8.25 %-9.55%)	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	
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- 2	Quarterly	25	28-Mar-15	28-Dec-19			1.15 Times	No Moratorium
HDFC Bank	Term Loan- 3	Quarterly	222	27-Mar-18	27-Mar-20		First Pari passu charge by way of hypothecation of LAP and CF	1.15 Times	Moratorium of 9 Months
HDFC Bank	Term Loan- 3	Quarterly	333	13-Apr-18	13-Apr-20			1.15 Times	Moratorium of 9 Months
HDFC Bank	Term Loan- 4	Quarterly	250	30-Mar-18	30-Dec-22			1.15 Times	No Moratorium
HDFC Bank	Term Loan- 5	Quarterly	417	31-Jan-19	30-Oct-21		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	
SIDBI Bank	Term Loan- 1	Quarterly	250	10-Oct-19	10-Jul-22	First Pari passu charge by way of hypothecation of receivables (except gold loan receivables)	1.15 Times	Moratorium of 6 Months	
Karnataka Bank	Term Loan- 1	Quarterly	156	28-Jun-19	28-Mar-23		1.10 Times	Moratorium of 12 Months	
Karnataka Bank	Term Loan- 2	Quarterly	227	29-Nov-18	29-May-21		1.10 Times	Moratorium of 2 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 loan receivables)	1.15 Times	Moratorium of 12 Months	
Indian Bank	Term Loan- 2	Quarterly	625	30-Sep-19	30-Jun-23		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.	Unsecured Loan	Bullet	2,500	02-May-25		NA	N.A	N.A	
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	

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

(INR in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Lease Equalisation Credit	21	21
	21	21

7 Long Term Provisions

(INR in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for employee benefits (Refer Note 22.1)		
Provision for Compensated Absences	35	16
Provision for Gratuity	-	56
	35	72
Contingent Provision Against Standard Assets (Refer Note 11.3)	537	358
	572	430

8 Short Term Borrowings

(INR in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Secured Loans		
Loans Repayable on demand		
From Banks:		
Cash Credit From DCB Bank (Refer Note No 8.1 & 8.2)		
From Others:		
Bajaj Finance Limited	-	2,000
Loans from related parties :	-	500
Cash Credit From Federal Bank Ltd. (Refer Note No 8.1 & 8.2)	6,315	6,468
Federal Bank WCDL	3,000	-
Unsecured Loans		
Commercial Paper (Refer Note 8.3)		
- From others	20,000	22,000
Less: Unexpired Discount	(332)	(506)
	28,983	30,462

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% - 10%

8.3 Unexpired discount on commercial papers to be redeemed within next one year is INR 332 (Previous year- INR 506) (Net) towards interest accrued but not due. The carrying interest rate @ 6.75% to 8.25% p.a (Previous Year 6.5% to 8.8% p.a.) In respect of commercial paper maximum amount outstanding during the year was INR 37,000 (Previous Year INR 46,500)

9 Trade Payables

(INR in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Trade Payables		
- Total Outstanding dues of Micro, Small & Medium Enterprises –(Refer Note 9.1)	9	1
- Total Outstanding dues other than Micro, Small & Medium Enterprises	609	217
	618	218

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:

(INR in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Principal amount remaining Unpaid as at the end of accounting year	9	1
Interest due on above and remaining unpaid as at the end of accounting year	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

(INR in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Liability Towards Capital Contracts/goods	18	14
Liability Towards Non Capital Contracts/goods	1	1
Book Overdraft (From Related Party - The Federal Bank Ltd)	1,718	2,859
Current Maturities of Long Term Borrowings (Refer Note 5.1)		
From Related Parties: Federal Bank	13,021	5,938
From Other Banks:		
HDFC Bank	6,540	5,148
DCB Bank	1,307	697
DCB Bank - Foreign Currency Term Loan	-	1,000
ICICI Bank	3,056	667
ICICI Bank - Foreign Currency Non Repatriable Term Loan	-	720
SIDBI	1,000	1,000
Karnataka Bank	1,533	-
Jammu Kashmir Bank	2,222	2,222
Indian Bank	4,375	625
From Others:		
Tata Capital Financial Services Ltd	-	1,150
Bajaj Finance Limited	625	156
Other Payables:		

Undisputed Statutory Dues	148	110
Interest accrued but not due	144	669
Employee Related Payables	570	292
Advances From Customers	904	528
Auction Related Payables	92	100
Provision for CSR Expenses	-	46
MTM of Cross Currency Interest Rate Swap	-	45
Provision for Swap Cost	-	115
Commission Payable	397	253
Account Payable - Stale Cheque	152	69
Interest Payable to MSME Vendors	1	-
Other Expenses Payables (Refer Note 10.1)	450	322
	38,274	24,746

Note 10.1 Other expenses payable includes amount due to The Federal Bank (Holding Company) INR NIL (Previous year - INR 46).

11 Short Term Provisions

(INR in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for Employee benefits: (Refer Note No 22.1)	19	20
Provision for Compensated Absences	-	8
Provision for Gratuity		
	19	28
Other Provisions (Refer Note 11.1)	512	172
Provision Against Non Performing Assets (Refer Note 11.2)	2	2
Provision for Burglary Gold	248	206
Contingent Provision Against Standard Assets (Refer Note 11.3)		
	781	408

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.

(INR in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for Standard Assets		
Standard Assets	1,95,066	1,40,008
Provision at the beginning of the year	563	336
Additional provision/ (Excess Reversal) Net during the year	222	227
Provision at the close of the year	785	563
Provision for Non-Performing Assets		
Total Non Performing Assets	4,110	1,305
Provision at the beginning of the year	173	41
Additional provision/ (Excess Reversal) Net during the year	339	132
Provision at the close of the year	512	173

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 18).

11.3 Contingent Provision of INR 222 (Previous Year INR 227) 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.

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, 2018	233	334	677	324	19	120	1,707
Gross Block as at April 1, 2017	(206)	(305)	(617)	(297)	(19)	(91)	(1,535)
Additions/Adjustments during FY 18-19	61	75	121	48	1	30	336
Additions/Adjustments during FY 17-18	(33)	(57)	(60)	(28)	-	(30)	(207)
Deletions during FY 18-19	-	19	-	-	-	-	19
Deletions during FY 17-18	(6)	(29)	-	-	-	-	(35)
Gross Block as at March 31, 2019	294	390	798	372	20	150	2,024
Gross Block as at March 31, 2018	(233)	(334)	(677)	(325)	(19)	(121)	(1,708)
Accumulated depreciation as at April 1, 2018	194	274	545	274	9	87	1,383
Accumulated depreciation as at April 1, 2017	(189)	(265)	(493)	(249)	(4)	(75)	(1,275)
For the year 18-19	23	43	55	24	3	10	158
For the year 17-18	(11)	(36)	(52)	(25)	(5)	(12)	(141)
Deletions during FY 18-19	-	18	-	-	-	-	18
Deletions during FY 17-18	(6)	(27)	-	-	-	-	(33)
Accumulated depreciation as at March 31, 2019	217	299	600	298	12	97	1,523
Accumulated depreciation as at March 31, 2018	(194)	(274)	(545)	(274)	(9)	(87)	(1,383)
Net block as at March 31, 2019	77	91	198	74	8	53	501
Net Block as at March 31, 2018	(39)	(60)	(132)	(50)	(10)	(34)	(325)

12.2 Intangible Assets

(INR in Lakhs)

Particulars	Computer Software
Gross Block as at April 1, 2018	432
Gross Block as at April 1, 2017	(403)
Additions/Adjustments during FY 18-19	62
Additions/Adjustments during FY 17-18	(29)
Deletions during FY 18-19	-
Deletions during FY 17-18	-
Gross Block as at March 31, 2019	494
Gross Block as at March 31, 2018	(432)
Accumulated depreciation as at April 1, 2018	392 (377)
For the year 18-19	22
For the year 17-18	(15)
Deletions during FY 18-19	-
Deletions during FY 17-18	-
Accumulated depreciation as at March 31, 2019	414
Accumulated depreciation as at March 31, 2018	(392)
Net block as at March 31, 2019	80
Net Block as at March 31, 2018	(40)

12.3 Capital Work in progress

(INR in Lakhs)

Particulars	CWIP
Gross Block as at April 1, 2018	33
Gross Block as at April 1, 2017	(2)
	-
Additions/Adjustments during FY 18-19	41
Additions/Adjustments during FY 17-18	(54)
Deletions during FY 18-19	43
Deletions during FY 17-18	(23)
Gross Block as at March 31, 2019	31
Gross Block as at March 31, 2018	(33)

13 Non Current Investments:

(INR in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured:		
Investment in NCDs (Refer note 31.6)	1,251	-
	1,251	-

14. Deferred Tax Assets (Net)

(INR in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Timing difference on account of :		
Depreciation and Amortisation	195	197
Provision for Employee benefits	15	34
Provision for Sub Standards, Doubtful & Loss Assets	150	50
Lease Equalisation Credit	6	6
Other timing differences	14	20
Total Deferred Tax Asset (Net)	380	307

15 Long Term Loans and Advances

(INR in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Secured & Considered Good:		
Retail Finances:		
Loan Against Property	74,017	50,650
MSE Loan Against Property	32,635	9,151
Housing Finance	1,404	-
Wholesale Finances:		
Loans to Construction Sector (Real Estate Exposure)	11,318	22,225
Loan to other NBFCs'	10,065	7,444
Unsecured considered good		
Retail Finances:		

Personal Loan	5	-
Business Loan	27	-
Micro Finance	4,774	-
Unsecured considered good		
Security Deposits - Rental & Others	699	371
Pre Paid Expenses	146	117
Withholding and Other Taxes Receivables (Net of Provision)	52	29
Unsecured considered Doubtful		
Security Deposits - Rental & Others	20	19
	1,35,162	90,006

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

(INR in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured:		
Investment in NCDs (Refer note 31.6)		929
	-	929

17 Trade Receivables (Unsecured)

(INR in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
17.1 Other Trade Receivables		
Considered good		
-More than Six Months	3	39
-Less than Six Months	116	14
	119	53

18 Cash and Cash Equivalents

(INR in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
- Cash in hand	350	403
- Balance with Banks		
Current accounts	561	1,016
- Other Bank Balances		
In other deposit accounts(Maturity more than 3 Months)	2,500	-
Deposits with financial institutions	2,500	
	5,911	1,419

19 Short Term Loans and Advances

(INR in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Secured		
(a) Considered Good		
Retail Finances:		
Loans against Gold (Refer Note 19.2)	41,145	33,919
Loans against Property	3,712	3,105
MSE Loan Against Property	1,086	346
Housing Finance	37	-
Wholesale Finances:		
Loans to Construction Sector (Real Estate Exposure)	5,646	5,763
Loan against securities (Secured by pledge of Securities)	-	3,000
Loan to other NBFCs'	8,618	4,138
Loan Against Bill Discounting	314	267
Interest Receivable on Loans	3,156	2,585
	63,714	53,123
(b) Considered Doubtful		
Loans against Wholesale Lending	891	726
Loans against Gold (Refer Notes 11.1, 11.2 & 19.2)	2,215	15
Loans against Property - MSE	89	-
Loans against Property	889	544
	4,084	1,285
Unsecured:		
(a) Considered Good		
Business Loan	9	-
Personal Loan	1	-
Micro Finance	253	-
Advance to Employees	58	24
Full & Final Recovery from Employees	30	26
Prepaid Expenses	286	40
Withholding and Other Taxes Receivables (Net) [Refer Note 19.1]	257	32
Advances for Supplies & Services	96	45
	990	167
(b) Considered Doubtful		
Loans against Gold (Refer Notes 11.1, 11.2 & 19.2)	22	18
Loans - Micro Finance	2	-
Loans against Gold - Burglary cases (Refer Note 19.2)	2	2
Interest Receivable on Gold - Burglary cases	1	1
	27	21
	68,815	54,596

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.

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

(INR in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Loans granted against collateral of gold Jewellery	43,382	33,951
Total assets of the Company	2,12,853	1,47,972
Percentage of Loans granted against collateral of gold jewellery to Total Assets	20.38%	22.94%

20 Other Current Assets

(INR in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured and considered good		
Interest Receivable on Fixed Deposits	67	-
Reimbursement receivable from the Holding company	518	176
Gratuity Fund - Excess of Fund Balance over obligation	3	-
Interest and Other income accrued but not due	14	31
Premium on NCD	-	56
Others	1	1
	603	264

21 Revenue from Operations

(INR in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
(a) Retail Finance		
Interest/Other Charges on Gold Loans	6,613	6,345
Interest/Other Charges on Loan Against Property	8,202	5,960
Interest/Other Charges on MSE Loan Against Property	3,050	469
Interest/Other Charges on Business Loan	2	-
Interest/Other Charges on Housing Loan	58	-
Interest/Other Charges on Personal Loan	1	-
Interest/Other Charges on Micro Finance	194	-
(b) Whole sale Finance		
Interest/Other Charges on Wholesale Lending	5,299	5,219
Interest/Other Charges on Bill Discounting	42	20
(c) Other Financial Services		
Commission Income- Federal Bank	2	11
Income from Distribution Business	1,809	1,383
(d) Income from Debentures	147	250
Less : Premium Amortisation (Net)	(1)	(2)
Add : Premium on Debenture (Net)	45	-
Net Income	191	248
	25,463	19,655

22 Other Income

(INR in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Fees for Provision of Facilities/ Services	158	62
Interest on Fixed Deposits	122	-
Profit on sale of Fixed assets (Net)	1	-
Profit on Sale Of Mutual Fund units (Net)	71	4
Income From Marketing Services	61	17
Liability no longer required written back	2	12
Miscellaneous Income	14	16
	429	111

23 Employee Benefit Expenses

(INR in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Salaries and other allowances	4,399	3,172
Contribution to Provident and other Funds (Refer Note 22.1)	223	173
Staff Welfare Expenses	132	90
	4,754	3,435

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

a) Defined Contribution Plan

(INR in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Provident Fund	194	151
Employee State Insurance	29	22
	223	173

b) Defined Benefit Plan :
Gratuity (Funded) & Compensated absences-Vesting (Unfunded).

(INR in Lakhs)

Particulars	Gratuity		Compensated Absences		
	Current year	Previous Year	Current year	Previous Year	
i	Reconciliation of opening and closing balances of defined benefit Obligation :				
1	PVO at the beginning of the year	64	46	34	28
2	Current Service cost	32	34	23	22
3	Past Service Cost	-	3	-	-
4	Interest Cost	4	3	2	2
5	Actuarial (gains) / losses	14	(14)	6	(10)
6	Benefits paid	(7)	(8)	(11)	(7)
7	Short Term Compensated Absence Liability		-		
8	Present value of Defined Benefit Obligation as at the end of the year	107	64	54	34

ii Changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows:					
1	Fair value of Plan assets as at the beginning of the year	-	-	-	-
2	Expected return on plan assets	4	-	-	-
3	Actuarial gains/ (losses)	1	-	-	-
4	Actual contributions	104	-	-	7
5	Benefits paid	-	-	-	(7)
6	Fair value of Plan assets as at the end of the year.	110	-	-	-
7	Short Term Compensated Absence Liability	-	-	-	-
8	Funded Status	-	-	(54)	(34)

iii Reconciliation of Present Value of Defined Benefit Obligation and fair value of plan assets showing amount recognized in the Balance Sheet :					
1	Present value of Defined Benefit Obligation	107	64	54	34
2	Fair value of plan assets	110	-	-	-
3	Funded status	262	(64)	(54)	(34)
4	Unrecognized Past Service Costs	-	-	-	-
5	Net asset/(Liability) recognized in Balance Sheet	3	(64)	(54)	(34)

iv Expenses recognized in the Profit and Loss statement for the year ended March 31, 2019					
1	Current Service cost	32	34	23	22
2	Interest cost	4	3	2	2
3	Expected return on plan assets	(4)	-	-	-
4	Past Service cost	-	3	-	-
5	Actuarial Losses/(Gains)	12	(14)	6	(10)
6	Short Term Compensated Absence Liability	-	-	-	-
7	Total expense recognized in the Profit & Loss Statement	45	25	31	14

v Principal Actuarial Assumptions :		Gratuity		Compensated Absences	
1	Discount Rate (%)	6.85%	7.23%	6.85%	7.23%
2	Expected Return on plan assets (%)	-	-	-	-
3	Salary Escalation (%)	7.97%	7.38%	7.97%	7.38%
4	Mortality	Indian Assured Lives Mortality (2006-08) Ultimate			

vi Experience History		Gratuity		Compensated Absences	
1	(Gain)/Loss due on obligation due to change in assumption	18	(10)	3	(3)
2	Experience (Gain)/Loss on Obligation	(4)	(5)	3	(7)
3	Actuarial Gain/(Loss) on plan assets	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

(INR in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Interest on cash credit/WCDL	447	304
Interest on Term Loan (Refer Note 24.1)	9,074	4,526

Discount on Commercial Paper	1,565	2,768
Other Finance Costs	100	98
	11,187	7,696

24.1 Interest on Term Loan include amount due from Federal Bank (Holding Company) INR 3540 (Previous year - INR 1631).

25 Provisions & Write-off

(INR in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Provision/(Excess Reversal) for Loss Assets (Refer Note 11.2)	4	2
Provision for Sub Standard Assets (Net of Recovery)	241	91
Provision for Doubtful Debts	94	39
Provision against Loss incurred due Fraud	3	-
Provision/(Excess Reversal) for Standard Assets (Refer Note 11.3)	222	227
	564	359

26 Other Expenses

(INR in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Rent	653	547
Electricity Charges	94	64
Repairs & Maintenance:		
Machinery	9	9
Others	171	136
Postage & Telephones	149	148
Travelling & Conveyance Expenses	167	136
Insurance	29	22
Processing Fees (Share of Micro Finance Institution)	26	-
Rates & Taxes	9	7
Legal & Professional Charges	454	348
Advertisement & Sales Promotion	51	42
Commission Expenses	1,312	844
Sourcing Expenses	62	46
Office Expenses	69	57
Printing & Stationery	57	46
Recruitment Charges	63	30
Security Expenses	300	267
Valuation Charges	43	28
Loss on sale of tangible fixed Assets (Net)	-	1
Corporate Social Responsibility (CSR) Expenses (Refer Note 26.2)	69	42
Sitting Fees to Directors	15	15
Payment to Auditors (Refer Note 26.1)	17	12
Service Tax & GST Expenses	338	238
Miscellaneous Expenses	115	101
	4,272	3,186

26.1 Payment to Auditors (Excluding Taxes)

(INR in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
As Auditor		
For Statutory Audit	10	9
For Limited Review	2	1
For Other Matters	-	1
For Reimbursement of Expenses	5	1
	17	12

26.2 Corporate Social Responsibility (CSR) Expenditure

The Company has provided INR. 69 (Previous year amount Spent INR 42) towards CSR expenses in accordance with the provisions of The Companies Act, 2013. The details of the same is contained in Annexure - 1 to the Directors' Report.

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, 2019	As at March 31, 2018
Net Profit after tax (INR in Lakhs)	3,508	3,080
Weighted average number of equity shares outstanding	19,00,00,000	19,00,00,000
Add : Effect arising from further equity shares issued during the year	1,52,49,062	-
Considered for Basic & diluted EPS	20,52,49,062	19,00,00,000
Earning Per Share (INR)		
Basic (Face value of INR 10 per share)	1.71	1.62
Diluted (Face value of INR 10 per share)	1.71	1.62

28. Contingent Liabilities (to the extent not provided for)

(INR in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Contingent Liabilities:		
Disputed Income Taxes(1)	32	32
Other Sums contingently liable for(2)	23	23
Total	55	55

[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

[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.

[4]. The Honourable Supreme Court in its judgment dated 28th February 2019 in the case of RPFC (II) West Bengal Vs Vivekananda Vidyamandir and others and other related appeals, ruled that Special allowance if paid to all employees of the organisation and if the same is not linked to performance, needs to be considered as part of basic wages for the purpose of Provident Fund contribution. The CBDT has sought clarification from PFRDA on the Effective date of applicability but the response from PFRDA is awaited. Hence owing to uncertainty of effective date of applicability & also pending disposal of the review petition filed in the Supreme Court, the company has not recognized any liability on the matter.

29. Capital & Other Commitments:

(INR in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Capital Commitments - Estimated amount of contracts remaining to be executed on capital accounts not provided for (Net of advances)	285	8
Other Commitments towards partly disbursed loans	7,108	11,765

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 13th 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 11th December, 2018)

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

Sudeep Agrawal, Chief Financial Officer

Ankit Kawa, Company Secretary

(ii) Transactions :-

(INR in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
(a) Holding Company		
Transactions during the year:		
Commission Income	2	11
Income from distribution business	1,809	1,382
Re-imbursements of Expenses by Holding Company	4	-
Interest paid on Cash Credit Facility & Term Loan	3,821	1,793
Issuing & Paying Agent Charges	2	1
Rent paid	1	-
Processing Fees	170	-
Discount on Commercial Papers	-	265
Closing Balances in:		
- Current Account – Receivable/(Payable)	(3,260)	(3,059)
- Borrowings Cash credit facility	6,315	6,468
- Borrowings:		
- Term Loan	58,563	29,500
- WCDL	3,000	-
- Account Receivable & Reimbursements	518	176
- Account Payable	-	46
(b) Enterprises controlling voting power / significant influence		
Investment in Equity Shares	16,860	-
(c) Enterprises over which related party has significant influence/control		
Re-imbursements of Expenses	1	-
(d) Key Management Personnel*		
Remuneration to Managing Director	55	-
Remuneration to President	64	71
Remuneration to Chief Financial Officer	37	34
Remuneration to Company Secretary	13	8

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

31. Schedule appended to the Balance Sheet of a non-deposit taking non-banking financial company (as required in Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016)

(INR in Lakhs)

Particulars	Year ended March 31, 2019		Year ended March 31, 2018	
	Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
Liabilities side :				
31.1. Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:				
(a) Debentures : Secured	NIL	NIL	NIL	NIL
: Unsecured	NIL	NIL	NIL	NIL
(other than falling within the meaning of public deposits*)				
(b) Deferred Credits	NIL	NIL	NIL	NIL
(c) Term Loans	1,31,204	NIL	85,710	NIL
(d) Inter-corporate loans and borrowing	NIL	NIL	NIL	NIL
(e) Commercial Paper	20,000	NIL	22,000	NIL
(f) Cash Credit Facility	6,315		8,467	
(g) Working Capital Demand Loan	-	NIL	500	NIL

Assets side :

(INR in Lakhs)

31.2. Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :	Year ended March 31, 2019	Year ended March 31, 2018
(a) Secured	1,94,080	1,41,293
(b) Unsecured	5,094	20

31.3. Break up of Leased Assets and stock on hire and other assets counting towards AFC activities	Year ended March 31, 2019	Year ended March 31, 2018
(i) Lease assets including lease rentals under sundry debtors :		
(a) Financial lease	NIL	NIL
(b) Operating lease	NIL	NIL
(ii) Stock on hire including hire charges under sundry debtors:		
(a) Assets on hire	NIL	NIL
(b) Repossessed Assets	NIL	NIL
(iii) Other loans counting towards AFC activities		
(a) Loans where assets have been repossessed	NIL	NIL
(b) Loans other than (a) above	NIL	NIL

31.4. Break-up of Investments :

(INR in Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
Current Investments :		
1 Quoted :		
(i) Shares : (a) Equity	NIL	NIL
(b) Preference	NIL	NIL
(ii) Debentures and Bonds	NIL	NIL
(iii) Units of mutual funds	NIL	NIL
(iv) Government Securities	NIL	NIL
(v) Others (please specify)	NIL	NIL
2 Unquoted :		
(i) Shares : (a) Equity	NIL	NIL
(b) Preference	NIL	NIL
(ii) Debentures and Bonds	NIL	929
(iii) Units of mutual funds	NIL	NIL
(iv) Government Securities	NIL	NIL
(v) Others (please specify)	NIL	NIL
Long Term investments :		
1. Quoted :		
(i) Shares : (a) Equity	NIL	NIL
(b) Preference	NIL	NIL
(ii) Debentures and Bonds	1251	NIL
(iii) Units of mutual funds	NIL	NIL
(iv) Government Securities	NIL	NIL
(v) Others (please specify)	NIL	NIL
2. Unquoted :		
(i) Shares : (a) Equity	NIL	NIL
(b) Preference	NIL	NIL
(ii) Debentures and Bonds	NIL	NIL
(iii) Units of mutual funds	NIL	NIL
(iv) Government Securities	NIL	NIL
(v) Others (please specify)	NIL	NIL

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

(INR in Lakhs)

Category	Year ended March 31, 2019			Year ended March 31, 2018		
	Secured	Unsecured	Total	Secured	Unsecured	Total
1. Related Parties						
(a) Subsidiaries	NIL	NIL	NIL	NIL	NIL	NIL
(b) Companies in the same group	NIL	NIL	NIL	NIL	NIL	NIL
(c) Other related parties-Holding Company	NIL	NIL	NIL	NIL	NIL	NIL
2. Other than related parties (Amount net of provision)*	1,94,080	5,094	1,99,173	1,41,293	20	1,41,312
Total	1,94,080	5,094	1,99,173	1,41,293	20	1,41,312

* Contingent Provision on Standard Assets has not been netted off as per prudential norms

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

(INR in Lakhs)

Category	Year ended March 31, 2019		Year ended March 31, 2018	
	Market Value / Break up or fair value or NAV	Book Value	Market Value / Break up or fair value or NAV	Book Value
		(Net of Provisions)		(Net of Provisions)
1. Related Parties				
(a) Subsidiaries	NIL	NIL	NIL	NIL
(b) Companies in the same group	NIL	NIL	NIL	NIL
(c) Other related parties	NIL	NIL	NIL	NIL
2. Other than related parties	1,251	1,251	1,199	929
Total	NIL	NIL	NIL	NIL

Note: The Investment is held for long term and in the absence of valuation, book value is assumed to be market value.

31.7. Other information

(INR in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
(i) Gross Non-Performing Assets		
(a) Related parties	Nil	Nil
(b) Other than related parties	4,108	1,305
(ii) Net Non-Performing Assets		
(a) Related parties	Nil	Nil
(b) Other than related parties	3,596	1,132
(iii) Assets acquired in satisfaction of debt	Nil	Nil

32. Disclosure in balance sheet required as per Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016
32.1 Capital to Risk Assets Ratio (CRAR):

Particulars	As at March 31, 2019	As at March 31, 2018
	%	%
CRAR	22.50	17.22
CRAR - Tier I Capital	20.99	16.85
CRAR - Tier II Capital	1.51	0.37
Amount of subordinated debts raised as tier-II capital (INR in Lakhs)	2,500	-
Amount raised by the issue of perpetual debt instruments	-	-

32.2 Investments

(INR in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
(1) Value Of Investments		
(i) Gross Value of Investments		
(a) India	1,251	929
(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	1,251	929
(b) Outside India	NIL	NIL
(2) Movement of Provisions held towards depreciation on investments		
(i) Opening Balance	4	NIL
(ii) Add : Provisions made during the year	6	4
(iii) Less : Write Off / write-back of excess provisions during the year	5	0
(iv) Closing Balance	5	4

32.3 Asset Liability Management :-

Maturity pattern of certain items of assets and liabilities as at 31st March, 2019. (As compiled by the management)

(INR in Lakhs)

Particulars	1 day to 30/31 days (One Month)	1 Month to 2 Months	2 Months to 3 Months	3 Months to 6 Months	Over 6 Months to 1 Year	Over 1 Year to 3 years	Over 3 Years to 5 years	Over 5 Years	Total
Liabilities :									
Borrowings from banks	4,912 (2,277)	1,543 (913)	3,001 (1,844)	8,504 (3,432)	25,159 (19,823)	64,828 (41,622)	29,927 (24,095)	2,500 -	1,40,374 (94,007)
Market Borrowings	-	10,000 (5,000)	10,000 (7,000)	-	-	-	-	-	20,000 (22,000)
Assets :									
Advances	4,634 (3,279)	4,435 (4,240)	5,502 (8,458)	15,097 (13,747)	31,154 (20,834)	36,834 (31,299)	18,646 (16,852)	82,873 (42,603)	1,99,174 (1,41,311)
Investments	-	-	-	-	-	1,251 -	-	-	1,251 (929)

Figures in brackets are related to the previous year

32.4 Exposure to Real Estate Sector

(INR in Lakhs)

Category	Year ended March 31, 2019	Year ended March 31, 2018
a) Direct exposure		
(i) Residential Mortgages -		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented:	89,523	42,908
(ii) Commercial Real Estate -		
Lending secured by mortgages on commercial real estate's (office buildings, retail space, multipurpose commercial premises, Multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits:	42,227	64,399
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
a. Residential	-	-
b. Commercial Real Estate	-	-

32.5 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*

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

Particular	As at 31st March, 2019	As at 31st March, 2018
Long Term	CARE AA-	CARE AA-
Short Term	ACUITE A1 +	SMERA A1 +
Short Term	CRISIL A1 +	CRISIL A1 +

32.7 Provisions and Contingencies

(INR in Lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Break up of 'Provisions & Contingencies' shown under the head Expenditure in the Profit and Loss Account		
Provision towards NPA	512	172
Provision made towards Income Tax	1,500	1,875
Other Provision & Contingencies (Refer Note 27 & 31.7.1)	393	211
Provision for Standard Asset	785	564

Note: 31.7.1. Other Provision includes Provision for Employee Benefits, Burglary & Corporate Social Responsibilities.

32.8 Concentration of Deposit, Advances, Exposures and NPAs
32.8.1 Concentration of Advances

(INR in Lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Total Advances to twenty largest borrowers	28,359	31,098
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	14.24%	22.01%

32.8.2 Concentration of Exposures

(INR in Lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Total Exposure to twenty largest borrowers/customers	37,847	33,900
Percentage of Exposures to twenty largest borrowers/customers to Total Advances of the NBFC on borrowers/customers	19.00%	21.44%

32.8.3 Concentration of NPAs

(INR in Lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Total Exposure to top four NPA accounts	1,071	981

32.8.4 Sector Wise NPAs

Sector	Percentage of NPAs to total advances in that sector	
	As at 31st March, 2019	As at 31st March, 2018
1. Agriculture & allied activities	-	-
2. MSME	-	-
3. Corporate Borrowers	2.66%	2.65%
4. Services	-	-
5. Unsecured Personal Loans	-	-
6. Auto Loans	-	-
7. Other Personal Loans	1.92%	0.39%

32.9 Movement of NPAs

(INR in Lakhs)

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
(i) Net NPAs to Net Advances (%)	1.80%	0.80%
(ii) Movement of NPAs (Gross)		
a) Opening balance	1,305	212
b) Additions during the year	6,363	1,455
c) Reductions during the year	3,558	362
d) Closing balance	4,110	1,305
(iii) Movement of Net NPAs		
a) Opening balance	1,132	171
b) Additions during the year	5,628	1,286
c) Reductions during the year	3,163	325
d) closing balance	3,598	1,132
(iv) Movement of provision for NPAs (Excluding provisions on standard assets)		
a) Opening balance	172	41
b) Provisions made during the year	735	169
c) Write-off/ write-back of excess provisions	395	37
d) Closing balance	512	172

32.10 Details of Auction conducted during the year

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Number of Loan Accounts	1,441	3,533
Outstanding Amounts (INR in Lakhs)	1,066	2,650
Value fetched from the Auction (INR in Lakhs)	1,246	2,715
Company confirms that none of the related party participated in auctions		

32.11 Details of Customer Complaints

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
(a) No. of complaints pending as at the beginning of the year	1	-
(b) No. of complaints received during the year	11	14
(c) No. of complaints redressed during the year	12	13
(d) No. of complaints pending as at the end of the year	-	1

33 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 31.03.2019	Year ended 31.03.2018						
Segment Revenue	1,811	1,393	18,120	12,774	5,532	5,487	25,463	19,655
Segment Expenditure	1,691	1,302	13,945	9,119	3,106	2,839	18,741	13,261
Allocated Expenditure (Net)	-	-	1,667	1,090	549	482	2,216	1,572
Results	120	91	2,508	2,565	1,877	2,166	4,506	4,822
Unallocated Income							307	111
Interest Income							122	-
Profit/(Loss) before Tax							4,935	4,934
Income Taxes							1,427	1,854
Net Profit/(Loss)							3,508	3,080
Other Information								
Segment Assets	321	283	1,71,240	1,02,205	41,292	45,484	2,12,853	1,47,972
Unallocated Assets							-	-
Total Assets	321	283	1,71,240	1,02,205	41,292	45,484	2,12,853	1,47,972
Segment Liabilities	303	385	1,34,826	86,631	31,502	34,988	1,66,630	1,22,003
Equity & Reserves							46,223	25,968
Total Liabilities	303	385	1,34,826	86,631	31,502	34,988	2,12,853	1,47,972
Capital Expenditure	2	7	259	214	-	16	261	237
Unallocated Capital Expenditure	-	-	-	-	-	-	137	40
Depreciation/ Amortisation	7	6	164	139	9	10	180	156
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. 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.

34. Disclosure on Operating Lease

34.1 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.

(INR in Lakhs)

Particulars	2019	2018
Future minimum lease payments:		
- Up to one year	406	126
- More than one year and upto five years	1,479	241
- More than five years	-	-
Lease payments recognised in the Statement of Profit and Loss with respect to above mentioned operating lease arrangement	126	126

34.2 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 512 (Previous Year INR 419) have been recognised as "Rent Paid" in the Statement of Profit and Loss.

35. 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."

36. 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 31st March 2019			As at 31st March 2018 As at 31st March 2018		
	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	-	-	-	9	43	2,941

37. 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"

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

Sudeep Agrawal
CFO

Ankit Kawa
Company Secretary
M.No.A44317

As per our report of even date attached

For Varma & Varma
Chartered Accountants
FRN : 004532S

For and on behalf of Board of Directors

Dilip Sadarangani
Chairman
DIN:06610897

Gauri Rushabh Shah
Director
DIN:0662522

Shyam Srinivasan
Director
DIN:02274773

Georgy Mathew
Partner
M.No: 209645

Place: Mumbai
Date: 3rd May, 2019

Maninder Juneja
Director
DIN:02680016

Sumit Kakkur
Director
DIN:8387675

Anil Kothuri
MD & CEO
DIN:00177945

Place: Mumbai
Date: 3rd May, 2019