



Driven by **Opportunities.**
Ignited by **Growth.**

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COMPANY OVERVIEW



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INVESTOR INFORMATION

Market Capitalisation (As of 31 st March, 2024)	₹ 4,188.9 Crores
CIN	L65910MH1995PLC364635
BSE Code	544027
NSE Symbol	FEDFINA
AGM Date	19 th September, 2024
AGM Venue/Mode	Through Video Conferencing or Other Audio Visual Means

For more investor-related information, please visit:
<https://www.fedfina.com/investors/#>



OR Scan this QR code

Disclaimer

This document contains statements about expected future events and financials of Fedbank Financial Services Limited ('The Company'), which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that the assumptions, predictions, and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as several factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the Management Discussion and Analysis section of this Annual Report.

Driven by Opportunities. Ignited by Growth.

In the dynamic world of lending, Fedfina stands resolute at the crossroads of growth and opportunities. Anchored to our vision, we adeptly navigate economic change, tapping into underserved markets and bridging crucial credit gaps. Our expansion across the length and breadth of India and focus on the aspiring self-employed segment signifies not just growth but a commitment to accessibility and empowerment.

With our vision in mind and focus on our core values, we have strategically expanded our operations across 18 states and union territories. Our approach is meticulously aligned with our values i.e. E.P.I.C (Execution Excellence, People Focus, Integrity, and Customer Centric), ensuring that every action we take is aimed squarely at addressing the real needs of emerging India. By maintaining this commitment to our principles, we are uniquely positioned to make a meaningful impact in the diverse and dynamic landscape of the country. Our seasoned management team is at the helm, capitalising on sizeable opportunities in the MSME (Micro, Small, and Medium Enterprises) segments, steering rapid growth and expansion. Backed by our strong promoter, Federal Bank, Fedfina benefits from robust institutional support, enhancing our ability to navigate the financial landscape effectively.

As we chart our course for the future, our focus remains on harnessing opportunities that enhance our service portfolio and enrich the lives of our customers. At Fedfina, we are



**Driven by
Opportunities.
Ignited by Growth.**



A Journey driven by Opportunities

Established on 17th April, 1995, and headquartered in Mumbai, Fedbank Financial Services (Fedfina), a subsidiary of The Federal Bank, stands as a dynamic entity in India's vibrant financial landscape. As one of the few bank-led Non-Banking Financial Companies (NBFCs), we inherit a legacy of trust and governance, committed to serving the ambitions and aspirations of emerging India through our diverse range of financial products. Our product portfolio includes Gold Loans, Mortgage Loans, and Business Loans.

Our offerings extend beyond conventional lending. With a strategic presence across India, our network promotes financial inclusion, reaching deep into underserved areas and empowering communities nationwide, which highlights our commitment to stability, integrity, and excellence in the financial realm. As an NBFC recognised by the Reserve Bank of India (RBI), Fedbank Financial Services Limited is a Systemically Important Non-Deposit taking NBFC (NBFC-ND-SI).



4,298
Employees

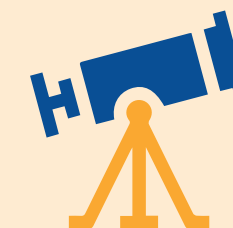
18
States & UTs

₹ 122 Billion
AUM

Our Guiding Principles

Our goal is to provide credit to those often overlooked by traditional financial institutions. With 621 branches in 18 states and union territories, our extensive network broadens our market presence while enabling close engagement with borrowers, offering solutions tailored to their unique needs. Our focussed approach is designed to manage and minimise credit risks while maximising opportunities for mutual benefit. For many borrowers, our loan offerings often represent their first significant opportunity to access formal financial services, effectively bridging gaps and empowering underserved communities.

OUR VISION



**Empower Emerging India
with Easy Access to Loans**

OUR VALUES

E	P	I	C
Execution Excellence	People Focus	Integrity	Customer Centric
Clear Objectives	Empowerment	Transparency	Customer Goals
Resource Optimisation	Development Opportunities	Accountability	Clear Communication
Adaptability	Recognition and Rewards	Building Trust	Customer Support
Continuous Improvement	Work-Life Integration	Ethical Decisioning	Seamless Experience

Our Operational Roadmap

Our clearly defined ambitions and distinct value system have laid the roadmap for achieving our objectives, encapsulated in 'EPIC', which shapes the character of our organisation. Key components of our strategic approach include:

- ▶ **Market Penetration:** Established strong presence in expansive, underserved markets with considerable potential for growth.
- ▶ **Specialised Loan Offerings and Product Roadmap:** Emphasis on retail loan offerings that capitalise on a collateralised lending model designed for the MSME sector, which is both unique and challenging to replicate. Additionally, we aim to increase the concentration of secured granular high-yielding products, while continuing to off-load Medium Ticket LAP and Business loans portfolios to conserve capital and lower risk.
- ▶ **Risk Management:** Strong underwriting capabilities and a presence in specific customer segments, complemented by robust risk management practices that prioritise effective underwriting and diligent collections.
- ▶ **Experienced Management:** A seasoned and accomplished management team with a proven track record of adeptly steering through various economic cycles successfully.
- ▶ **Funding Diversification:** Well-diversified funding profile, providing the advantage of lower cost of funds.
- ▶ **Technology:** Leveraging cutting-edge technology to drive our operational efficiency, enhance customer experience, and automate workflows through seamless digital integrations.

Product Offerings

We provide a meticulously curated range of products tailored to fulfil the varied requirements of our customers.

Product Offerings

Mortgage Loan



▶ **Small Ticket Loan Against Property**

▶ **Housing Loans**

▶ **Medium Ticket Loan Against Property**

Gold Loan



Business Loan



Our Core Strengths and Strong Geographical Presence

CORE STRENGTHS



Pedigree

Access to diversified and low cost of funds



Phygital Model

Branches coupled with digital distribution



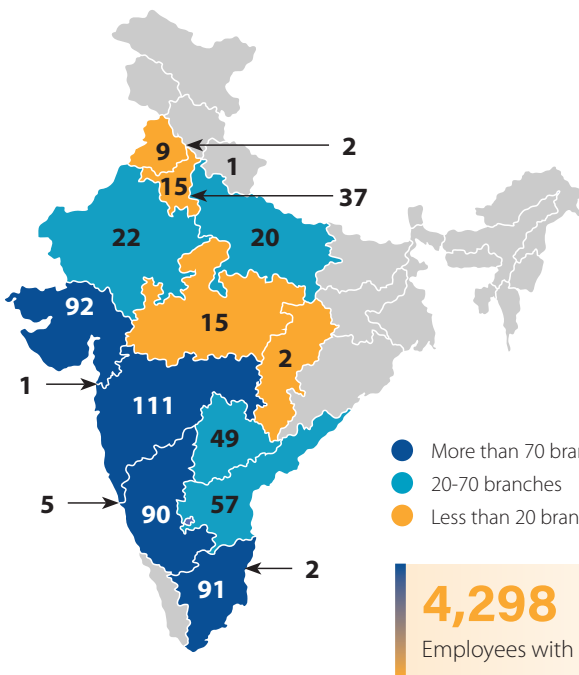
People

Great Place to Work certified 5 times in a row



Risk Management

Well-established risk mitigation process



9 15 1 2 22 20 37 92 15 2 1 111 49 2 5 90 57 91 2

● More than 70 branches
● 20-70 branches
● Less than 20 branches

Disclaimer: This map is a generalised illustration only for the ease of the reader to understand the locations, and it is not intended to be used for reference purposes. The representation of political boundaries and the names of geographical features/states do not necessarily reflect the actual position. The Company or any of its directors, officers or employees, cannot be held responsible for any misuse or misinterpretation of any information or design thereof. The Company does not warrant or represent any kind of connection to its accuracy or completeness.

621
Branches

18
States and UTs

2,000+
Local Channel Partners

% of AUM	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Maharashtra	18.7%	18.0%	19.4%	20.8%
Karnataka	25.6%	22.4%	18.6%	16.1%
Tamil Nadu	19.3%	18.2%	16.6%	15.3%
Top 3 States	63.6%	58.6%	54.6%	52.2%

4,298
Employees with 621 Branches

Presence in 18 States
With 2,000+ Local Channel Partners

We have an extensive and prominent presence in the southern and western regions, enabling us to effectively cater to the demands of diverse markets and customer segments. Additionally, we are gradually expanding our footprint in northern India to further enhance our reach and service capabilities. Our strategic focus remains on catering to the self-employed segment.

BRANCH EXPANSION				
Branch Type	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Gold Loan	301	407	437	438
MSME Hubs	58	109	138	183
Total	359	516	575	621

Reflecting on Our Journey

1995

- Incorporation of our Company in Kochi, Kerala
- Granted Certificate of Incorporation & Certificate of Commencement

2007

- Commenced business of distribution of housing loans, home equity Mortgage Loans, personal loans and car loans for the Federal bank

2010

Granted RBI license to operate as an NBFC

2011

Commenced the Gold Loans distribution business



2012

Commenced medium ticket LAP business

2015

- Milestone year as we crossed 100 branches
- The Company's loan book crossed ₹ 5,000 Million

2018

- Commenced business of small ticket LAP and Business Loans
- The Company's loan book crossed ₹ 10,000 Million
- Commenced business of distribution of unsecured Business Loans
- Received investment of ₹ 1,686 Million by True North



2024

- 621 branches and growing
- AUM ₹ 122 Billion
- Improved credit ratings: CRISIL AA/positive, CARE AA+; Stable, India Ratings & Research AA+/Stable

2023

- The Company's net worth crossed ₹ 13,500 Million
- The Company's loan book crossed ₹ 80,000 Million
- IPO Listing: NSE & BSE, with a total IPO Size of ₹ 10.9 Billion



2021

- Registered office of the Company shifted to Mumbai, Maharashtra
- Crossed 500 branches
- The Company's net worth crossed ₹ 10,000 Million
- Started operations of door-step Gold Loans
- AUM crossed ₹ 50,000 Million

2020

- Initiated digital transformation journey
- Branches 303
- The Company's loan book crossed ₹ 38,382 Million
- Net Worth ₹ 6,912 Million



Chairman's Message

Dear All,

It brings me joy to present the inaugural annual report for your company following its public offering. This comprehensive document captures our journey, marked by significant milestones including a successful IPO launch and surpassing ₹ 12,000 Crores in AUM. We remain true to our commitment to empower emerging self-employed individuals, thereby contributing to the betterment of their lives. Together, we will continue to drive and empower emerging India.

Economy

In recent times, the global economy has encountered increasing challenges arising from various geopolitical crises. These challenges span across various domains, including inflation, conflicts in Europe, and supply chain disruptions. While economic activity has decelerated across some major economies, it has not halted.

Despite such instances of global instability, India's economy remains politically stable and holds significant growth potential, putting it in a goldilocks phase. According to the provisional estimates by the National Statistical Office (NSO), India's real GDP is estimated to have grown by 8.2% in FY 2023-24, up from 7.0% in FY 2022-23. Driven by the Government's proactive

measures towards economic expansion, the country is currently positioned among the fastest-growing major economies.

As per the RBI, the average Consumer Price Index (CPI) inflation is projected at 4.5% in FY 2024-25, decreasing considerably from 5.4% in FY 2023-24. This development could spur consumer spending and investments. Moving forward, the trajectory of inflation will depend significantly on the evolving dynamics of food inflation.

For October 2023, the bank credit to Non-Banking Financial Companies (NBFCs) saw a notable 22% growth year-on-year as per CareEdge Ratings. The banking sector's exposure to the NBFC reached ₹ 14.8 Trillion, indicating a credit demand surge in the economy. Looking ahead, the demand for credit, particularly among Micro, Small, and Medium Enterprises (MSMEs) and retail sectors, is expected to remain robust, with a projected growth rate of 13.5-14.0%. Consequently, these sectors would play a significant role in fostering the growth of the NBFC industry and building its resilience.

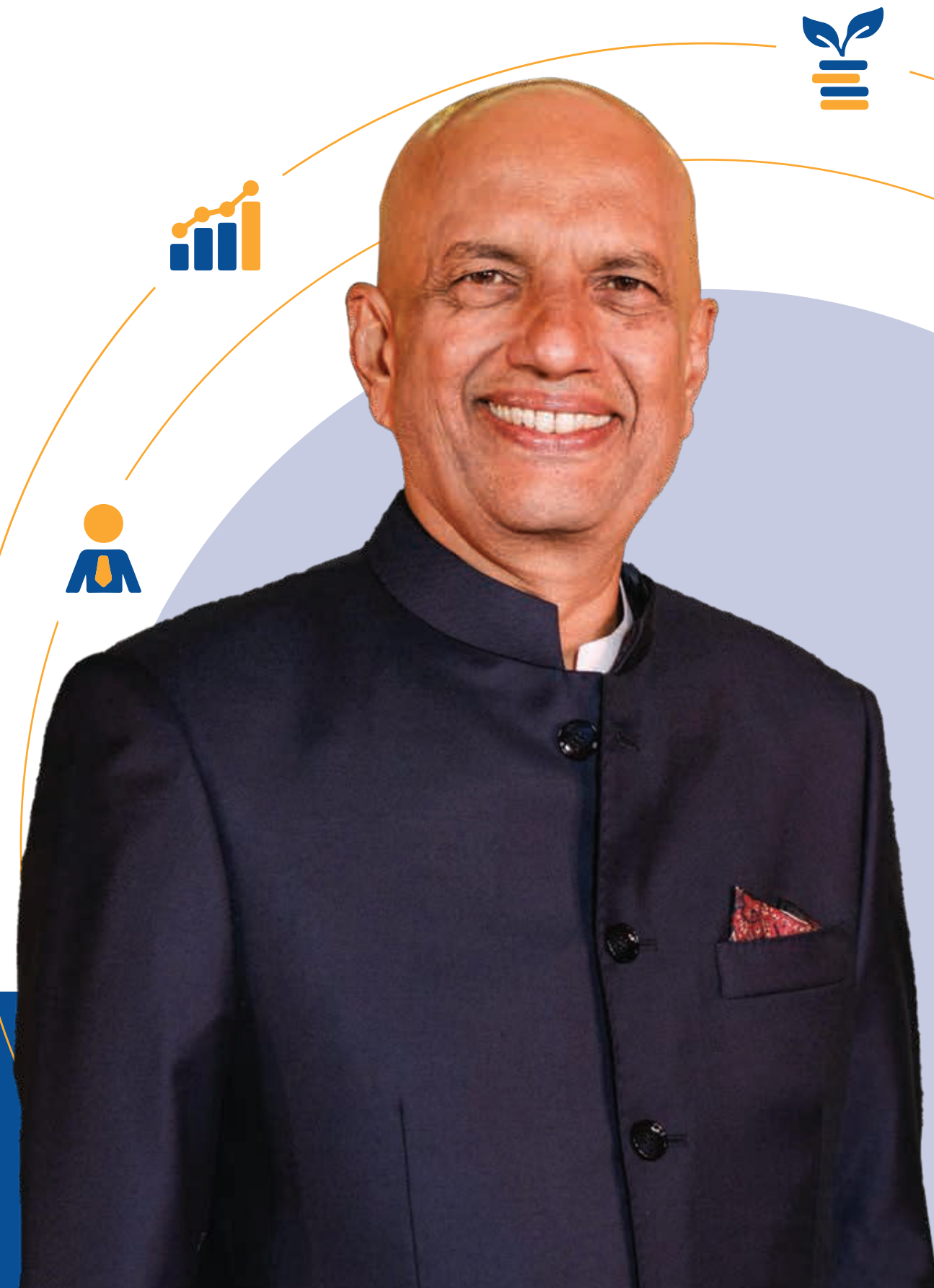
Speaking of gold prices for 2024, a surge was witnessed in March-April as financial markets were anticipating more pronounced policy rate reductions for the year. This expectation was evident in



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We opened 46 branches during the year to increase our presence to 621 branches across 18 states.



declining bond yields and a depreciating US dollar. The upward trend in gold prices persisted, with the figures reaching record highs in March. Notably, the rise was fuelled by mounting expectations of interest rate cuts by the US Federal Reserve, coupled with demand from central banks and Chinese investors.

The projected credit expansion for FY 2024-25, estimated between ₹ 19.0 to 20.5 Trillion, is anticipated to be moderated by challenges in deposit mobilisation and regulatory measures. This growth, expected to range between 11.7% to 12.5% year-on-year, would follow the record-high credit expansion of over ₹ 22.2 Trillion (16.3%) witnessed in FY 2023-24. It is estimated that credit costs will hold steady at 0.8% of advances throughout FY 2024-25, consistent with FY 2023-24 figures. This stability is expected to provide banks with resilience against a potential compression in interest margins.

Harnessing India's growth engine, we are committed to introducing innovative financial products and focussing on local market penetration. Our product suite matches customer needs,

primarily MSMEs with broad offerings like Mortgage Loans, Gold Loans and Business Loans.

Performance

To begin with, our Company's performance has been marked by improved disbursements, which has led to higher AUM growth, increased revenues and rise in profitability. We have experienced favourable outcomes from heightened yields. Our operating expenses growth has remained lower than the business growth, indicating higher efficiency. The operating expenses to average assets under management (AUM) has decreased. This has ultimately resulted in the enhancement of operating profits. Alongside, our credit costs have remained minimal, contributing to improved Return on Assets (RoA) and Return on Equity (RoE).

Another noteworthy trend was a marked increase in our Profit after Tax, which stood at ₹ 2,447 Million as of 31st March, 2024, indicating the success of our strategic endeavours and operational efficiencies. Our AUM also experienced growth, expanding by 34% year-on-year

(Y-o-Y) to ₹ 121.9 Billion in FY 2023-24. These figures reflect our effectiveness in managing business operations effectively, signifying its operational efficiency and commendable financial performance. For our way forward, we are diligently improving our growth, asset quality and profitability. As of 31st March, 2024, approximately 85% of our assets were backed by gold or property, consistent with our goal of maintaining a secured granular portfolio. These accomplishments showcase our adaptability and robustness in seizing opportunities within the dynamic NBFC sector.

Growth Pivots

One of our strong competitive advantages over our peers is that we boast a formidable lineage as a subsidiary of the Federal Bank, which endows us with several distinct advantages. Firstly, our association with a bank brand instils trust among investors, regulators, and customers alike. Secondly, we adhere to rigorous governance standards akin to those of a private bank, ensuring transparency and accountability in all our operations. Lastly, we benefit from lower

borrowing costs resulting in a reduced risk profile and improved margins compared to our peers.

Not just strong pedigree, but our twin-engine model also helps us keep our loan book stable. Our twin-engine model revolves around two core components: installment loans and Gold Loans. Our model capitalises on secured retail products, focussed on the MSME segment, which thrive during economic upturns. Conversely, Gold Loans flourish during downturns, providing a hedge against economic fluctuations in our portfolio. This twin-engine strategy ensures growth in diverse conditions and strengthens our company's position in the market.

Additionally, our off-book strategy underpins our commitment to diversification and risk mitigation. This strategic approach encompasses co-lending agreements with other banks for our Gold Loan portfolio, coupled with direct assignment, primarily focussed on retail installment loans. These attributes further help minimise our risks considerably. Moreover, we have expanded our borrowing sources to lessen reliance on specific channels, manage liquidity, reduce costs, and counter risks linked to market fluctuations.

We integrate digital and physical strategies to deliver tailored customer services across all products, ensuring optimal use of technology. This innovative approach combines digital efficiency with personalised interactions, ensuring a seamless experience for our customers. Our technology platforms also support diverse functions, including loan origination, underwriting, optimising branch operations, risk management, and increasing customer satisfaction through tailored services and enhanced relationships.

Beyond Business

For our Company, the environment we operate in and the communities we serve are vital cornerstones that propel us forward. As such, we duly recognise the impact that our employees, customers, third-party providers and partners can have on these crucial elements. Our Environment, Social and Governance policy supports us in achieving our core commitment towards responsible lending. Thus, we focus on maximising development impact and minimising ESG risks (like climate hazard, insensitivity to customers or employees, wastage of natural resources) in a responsible, inclusive and sustainable manner. We ensure that our organisation is both safe and enjoyable to work in. Our fifth consecutive year of receiving the Great Place to Work award underscores our commitment to making it a place where people feel at home.

Way Forward

At Fedfina, we recognise that India continues to present favourable economic conditions amid the global turbulence, offering us several opportunities for enhanced growth. Some of these include higher consumer credit and lucrative interest rates.

Notably, our developmental strategy focuses on granular secured retail loans. These products are specifically designed to meet the needs of the emerging self-employed segment. Our goal is to bridge a significant credit gap, offering a tailored suite of products that meet the unique needs of these customer segments.

Our operational efficiency will be driven by increasing the productivity of our workforce and expanding our branch network, consequently facilitating higher disbursements. With a robust risk management framework as our backbone, we are well-prepared to

leverage future growth opportunities. Together, we remain committed to our vision.

I extend my heartfelt gratitude to our stakeholders, employees, and valued customers for their persistent support. Thank you for being an integral part of our story, and here's to a future brimming with prosperity and excellence.

Best Wishes,

Mr. Balakrishnan Krishnamurthy
Chairman



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MD & CEO's Message

The financial year that has gone by has been a busy one for Fedfina. It is my privilege to share the details of the Company's progress with you.

Coming of Age

The highlight of the year gone by was the IPO of Fedfina, which resulted in the net worth of the Company going up by ₹ 6.0 Billion. The issue was oversubscribed 2.2 times, and our investor base grew to 2.5 Lakhs in the wake of the IPO.

I thank all those who reposed their trust in Fedfina and endorsed our vision to empower emerging India with easy access to loans.

Industry, Environment and Regulatory Landscape

Low penetration of consumer credit

Retail credit has doubled over the last five years; it has grown from ₹ 30 Trillion in FY 2017-18 to ₹ 60 Trillion in FY 2022-23. The credit gap is much larger in case of small self-employed individuals. Despite such a high growth in retail loans, India's household debt to GDP still remains low at ~40% compared to the neighbouring China, where it stands at 62%.

MSMEs – Underserved segment

Out of over 64 Million MSMEs in India, only 14% have access to formal credit.

Traditional institutions have historically faced challenges in providing credit to underserved MSMEs and self-employed individuals due to high-risk perceptions and the costs associated with physical service delivery. Consequently, these entities often turn to informal sources for credit. This untapped market presents significant growth opportunities for financial institutions.

RBI's nudge towards diversified NBFCs

Over the past year, the business models of concentrated NBFCs have come under the RBI's lens. The regulator has highlighted the increased risk, in case of any segmental issues. If any of these segments faces economic stress, there can be significant impact on the financials of those NBFCs and, in turn, on their lenders including banks. Therefore, RBI is nudging the NBFCs to reconsider their business models to reduce the concentration risk.

Our Strategic Underpinnings

Presence in large, underpenetrated markets with strong growth potential

Fedfina is present in product market segments that contribute to over two-thirds of the consumer lending pie.



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The Indian retail credit market is large, has good growth prospects and is largely underpenetrated. The credit gap is much larger in case of self-employed segments. Thus, it is expected to continue to remain a key focus area for banks and NBFCs.

The retail credit growth is expected to benefit from factors such as formalisation of the economy, growing working population, increasing urbanisation and increasing digital adoption, and all of these factors are expected to contribute to the retail credit growth.

Twin Engine strategy ensuring growth and risk insulation across economic cycles

We have a 'Twin Engine' business model, which focuses on two complementary retail products, namely retail installment loans and Gold Loans to MSMEs. This business model provides us with growth opportunities while mitigating the risk across economic cycles. The credit demand for working capital loans drives our business when the economy does well. On the other hand, the demand for Gold Loan peaks when there is a downturn in the economy.

Further, the low credit cost on Gold Loans provides risk insulation to the portfolio. This ensures that our credit costs stay within an acceptable range.

Finally, the low tenor of Gold Loans gives us greater manoeuvrability to manage the asset liability cycle. The maturity of our assets is shorter than that of our liability, thus providing us wiggle room to borrow for short tenors as and when that option becomes attractive.

Our Business Performance

Fedfina continued to consolidate its operations and build on its trajectory of growth. We opened 46 branches during the year, taking the count of branches to 621.

Our expansion coupled with rise in gold prices helped our business grow rapidly. We disbursed ₹ 135.8 Billion during the year, leading to an AUM growth of 34% year-on-year, from ₹ 90.7 Billion in FY 2022-23 to ₹ 121.9 Billion in FY 2023-24. The Net Profit was up by 36% over the previous year, to ₹ 2,447 Million.

Liabilities

In a regime where the policy rates have peaked, we managed to limit the increase in our cost of borrowing by 108 bps to 8.8%, compared to the previous year, leading to a lower pressure on our spreads.

The borrowing costs were further aided, in part by the fact that we've received an



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upgrade in our credit rating by multiple credit rating agencies. CARE and India Ratings have assigned us AA+/Stable, while CRISIL assigned us AA/Positive rating. The rating action highlights the increased confidence of our stakeholders.

We also firmed up our strategy for efficient usage of capital. This entails having 20% of our AUM off-balance sheet. This will be achieved via co-lending and direct assignment transactions. In the year gone by, we had ₹ 5,221 Million of our Gold Loan AUM through co-lending. We also did portfolio sell down (direct assignment) transactions of ₹ 14,609 Million. At the end of the year 18.7% of our AUM was off book.

Owing to this approach, we will make our capital go further. It will also enhance our return on equity significantly.

Risk Management

Reflecting the improving environment overall, our cost of credit in the year gone by was 0.7%, less than the long-term average. Our asset quality (GNPA) improved to 1.7% from 2.0% the previous year.

As a matter of prudence, we increased LGD's on Mortgage Loans to >22%, compared to 20% earlier. For the Business Loans, we do a technical write-off on 90th DPD.

As the economy continues to improve, we are confident that the small self-employed segment will continue to thrive and our risk parameters will remain in much control.

Employees and Culture

Fedfina has over 4,200 employees across India. All of us share a set of common

values that are encapsulated by the acronym EPIC - Execution excellence, People focus, Integrity, and Customer centric. We aspire to epitomise these values through our daily actions and customer interactions. Fedfina has been certified with a 'Great Place to Work' rating for the fifth consecutive year.

Way Forward

The coming years are expected to be a Goldilocks period for Indian lending industry with higher growth, moderate credit costs, and declining interest rates. This environment is likely to provide opportunities of growth for everyone.

Fedfina is uniquely poised to take advantage of this enabling environment. We aspire to deliver steady growth, improved credit quality and higher returns. We have all ingredients to do so.

Our parentage and credit rating provide us the ability to raise equity and debt on competitive terms, as and when required. Further, most of our lending is the Priority Sector and can be used to access borrowing from Developmental Financial Institutions. We have a suite of products that can scale up manifold from here, given the underpenetrated product market segments that we address.

To harness the advantages on both the asset and liability side, we have the following

- A management team with over 220 years of experience, across business cycles
- A committed work force of 4,298 people
- Distribution across 18 States and Union Territories in the country
- A fully built-out technology platform

As we look to the future with hope and optimism, I extend my heartfelt gratitude to the following stakeholders who have all enabled our progress

- Our investors, old and new for their belief and trust in the Fedfina story
- Our Board of Directors for their sagacious counsel
- The employees of Fedfina for all that they do every day

Thank you.

Anil Kothuri
MD & CEO



Fedfina is uniquely poised to take advantage of this enabling environment. We aspire to deliver steady growth, improved credit quality and higher returns. We have all ingredients to do so.



Growth-Driven Management Team

Our senior management team with over 220 years of collective experience in the financial services sector, boasts a diversified track record. Their extensive experience in managing major assignments from previous roles in leading institutions, spanning across various significant events in India's economic history, equips us with the agility to respond to changes, and innovate solutions to address economic challenges effectively. Additionally, our Managing Director & Chief Executive Officer brings decades of invaluable experience.

Experienced Management Team



Anil Kothuri

MD & CEO



C.V. Ganesh

Chief Financial Officer



Siddharth K

Chief Operating Officer



Shardul Kadam

Chief Risk Officer



Anila Rajneesh

Chief Human Resource Officer



Vikas Srivastava

CBO – Mortgage (Small Ticket)



K Sureshkumar

CBO – Mortgage (Medium Ticket)



Jagadeesh Rao

CBO – Gold Loan



Ramchandrarao

CBO – Business Loan

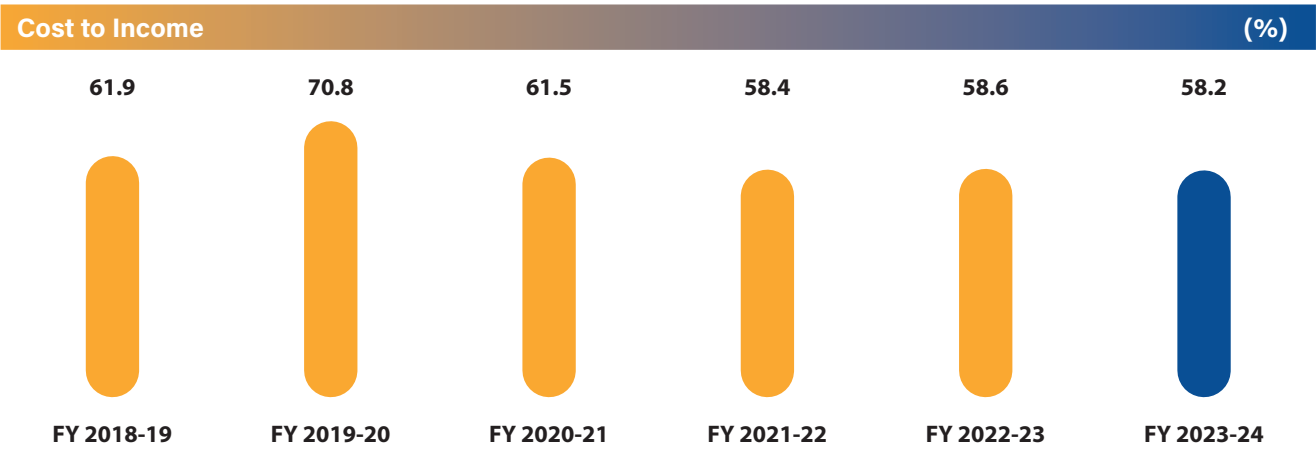
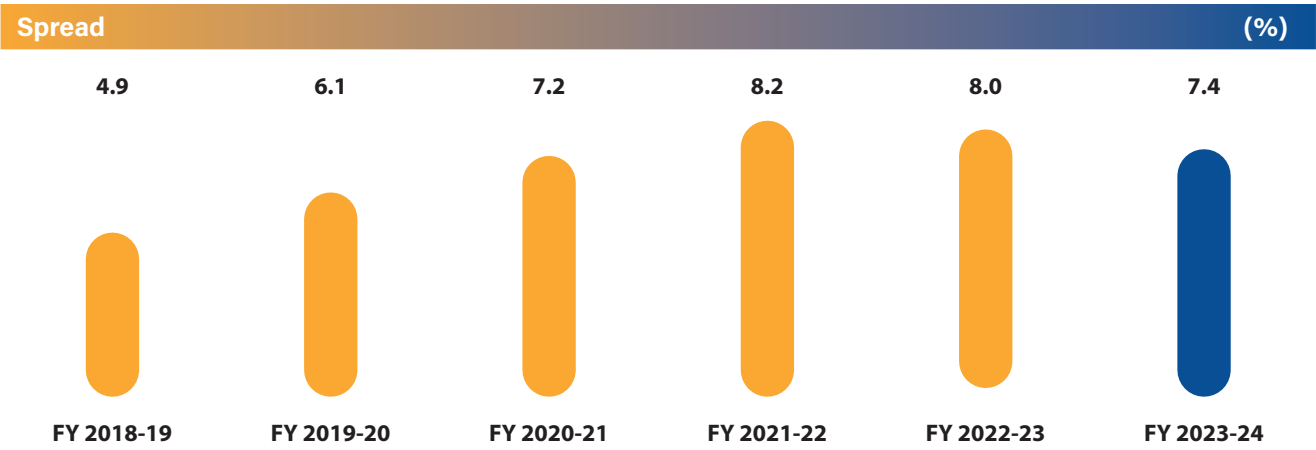
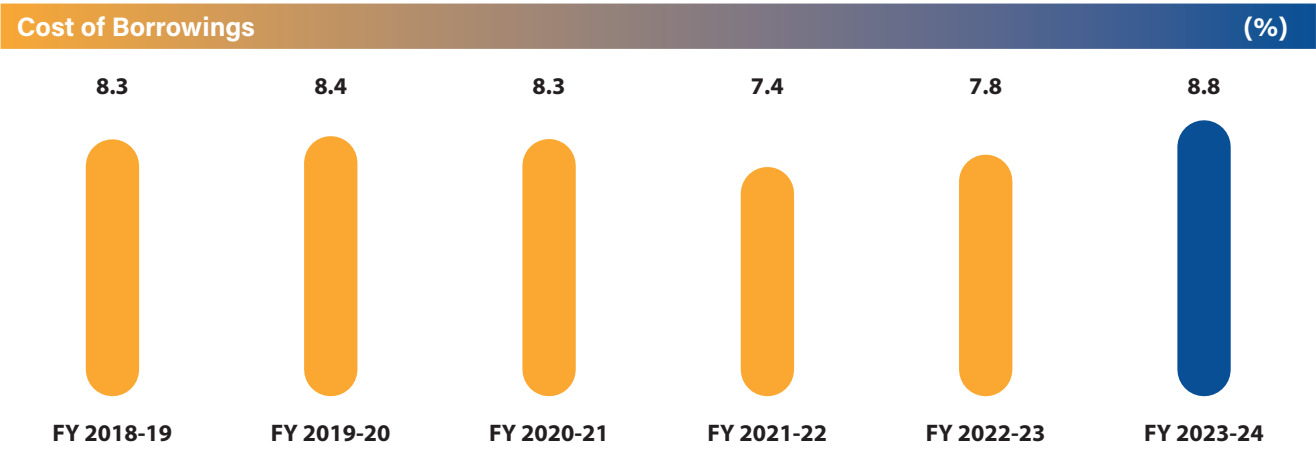
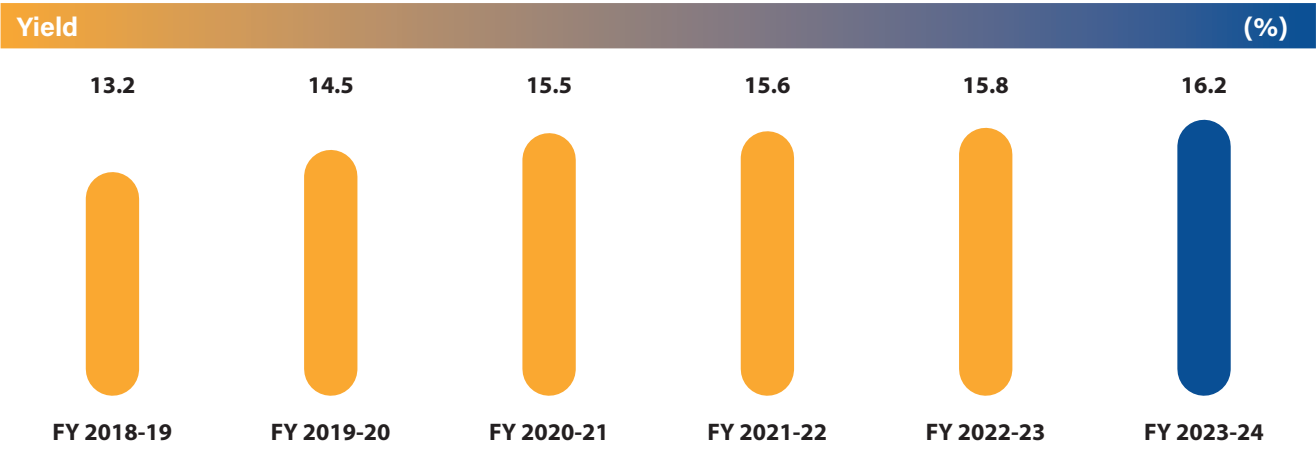
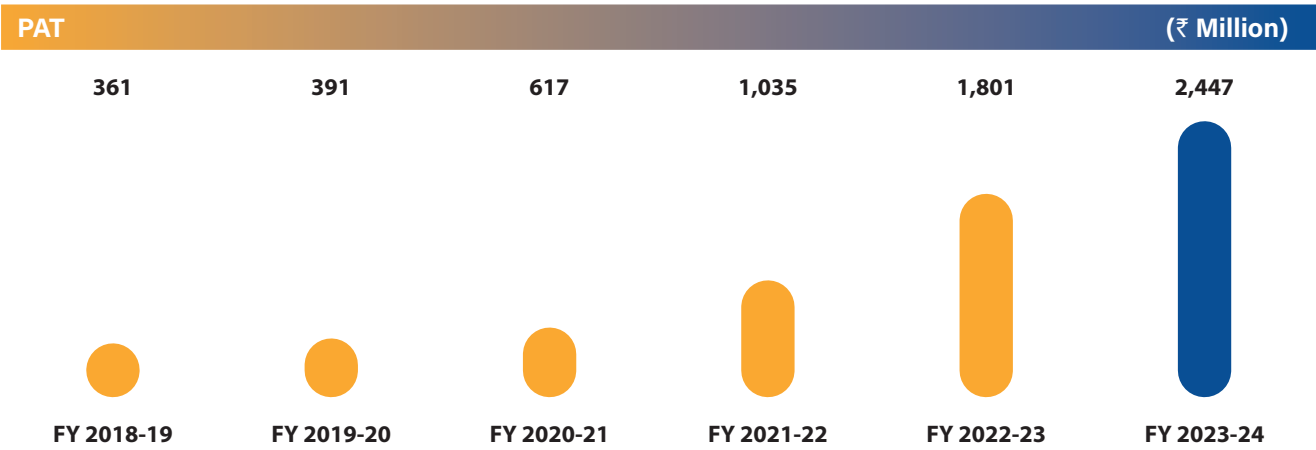
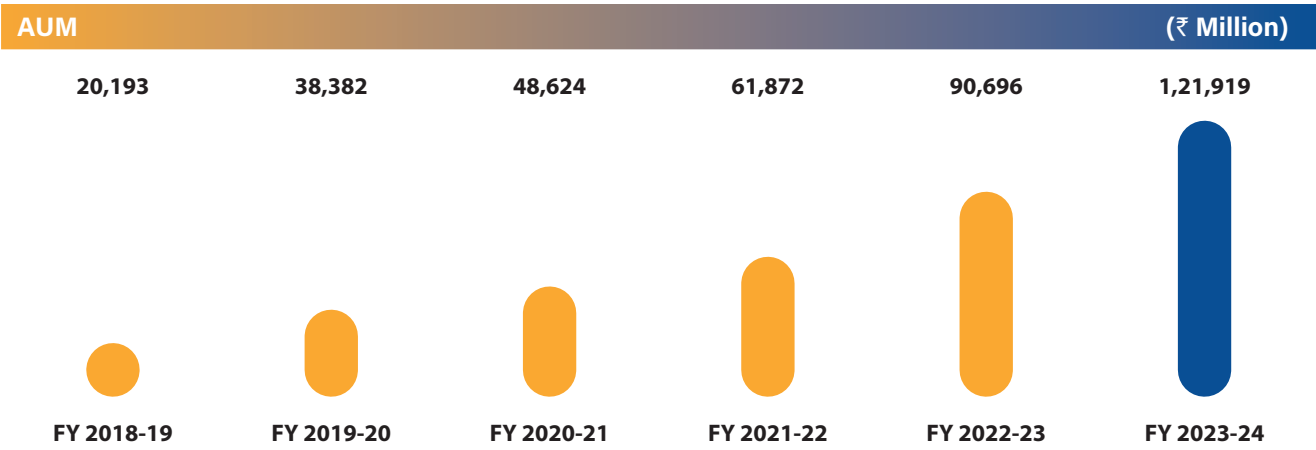
Key Financial and Operational Highlights

Our progress is rooted in prudent financial management and strategic decision-making, which have driven consistent improvements across key metrics. Over the years, we have demonstrated steady growth in our asset base even while navigating challenging market conditions. Our consistent increase in AUM, stable asset quality and improving profit highlights our ability to navigate the dynamic market landscapes with resilience and stability, all while delivering enduring value to our stakeholders.

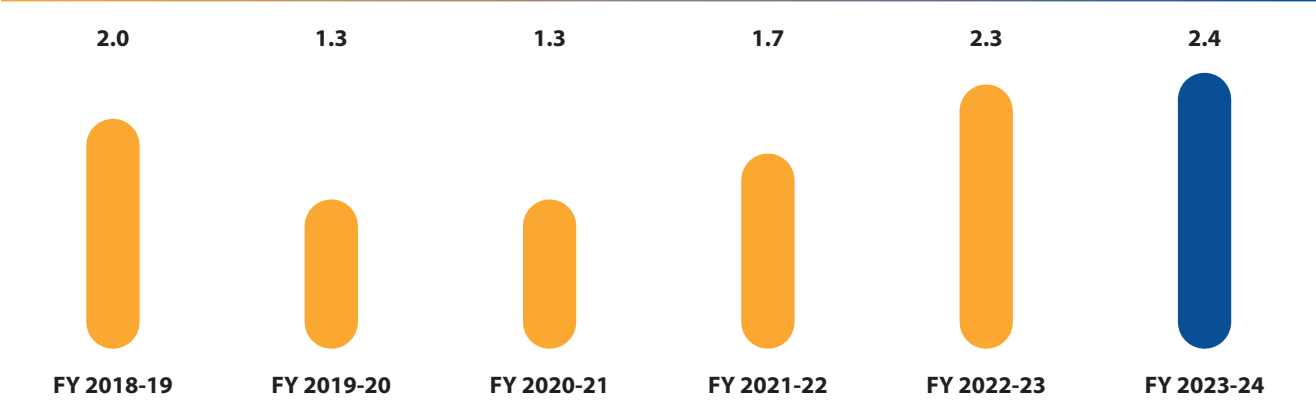
In FY 2023-24, our Assets Under Management (AUM) witnessed notable growth, marking a substantial 34% increase year-on-year. This impressive performance translated into robust profitability, with our net profit for FY 2023-24 soaring to ₹ 2,447 Million, a remarkable 36% increase from the previous year. This growth signifies the trust our customers place in us and also positions us favourably for future growth and profitability. Improved efficiency is expected to reduce our Cost/AAUM ratio, leveraging economies of scale. Additionally, the expansion of our branch network will further enhance our geographical reach, contributing to consistent improvement.

23.5%

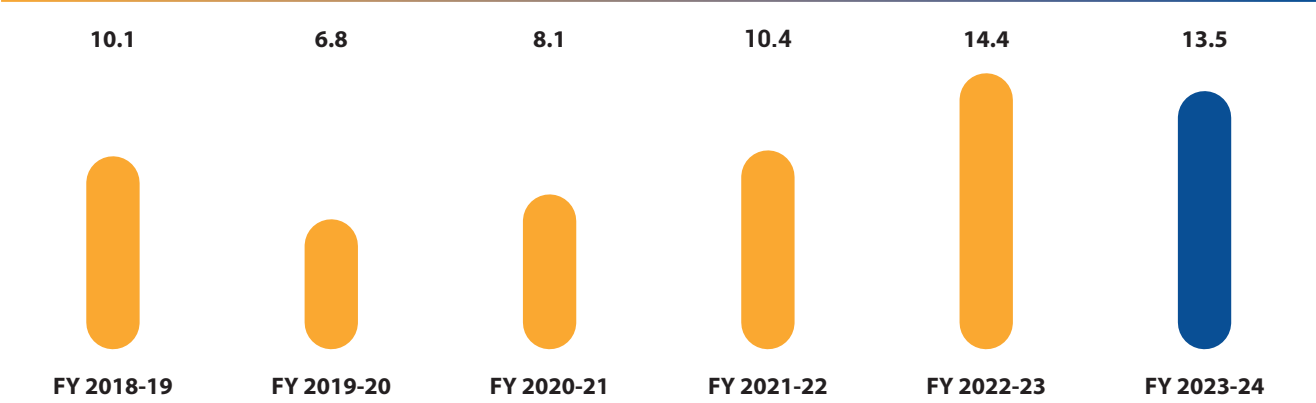
Capital Adequacy Ratio (As of 31st March 2024)



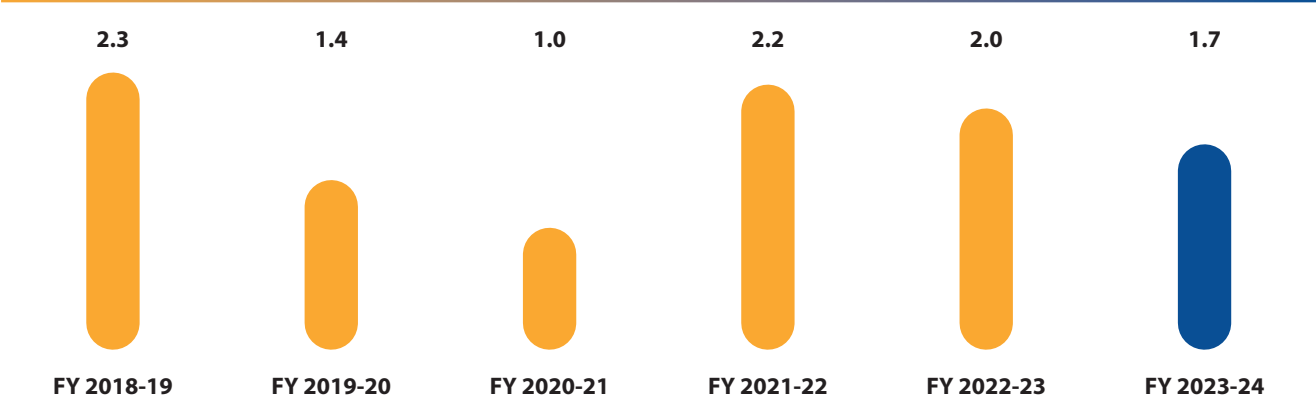
RoA (%)



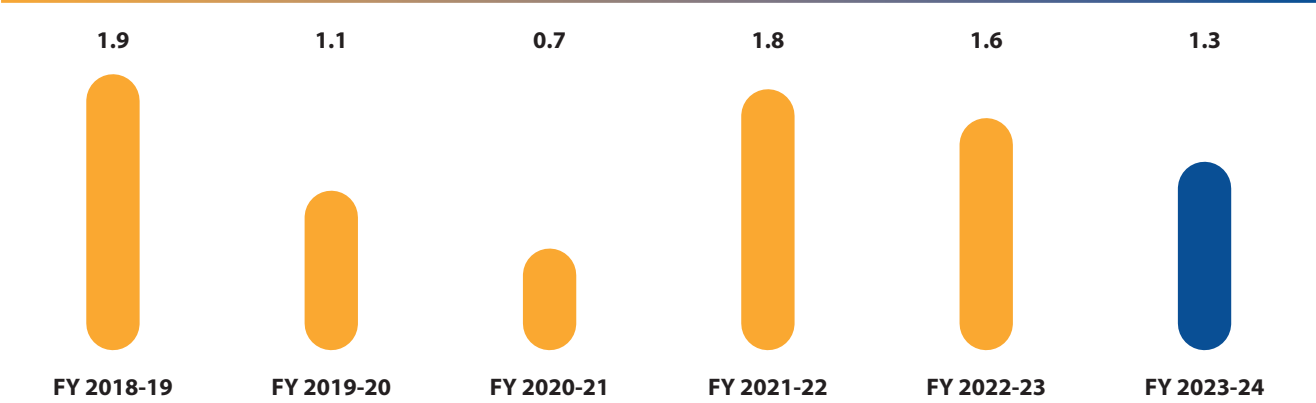
RoE (%)



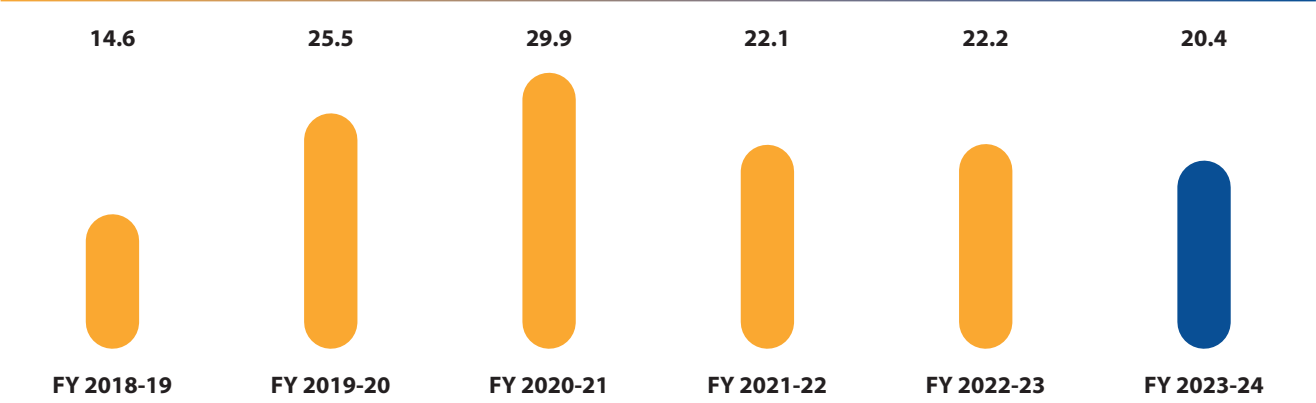
GNPA (%)



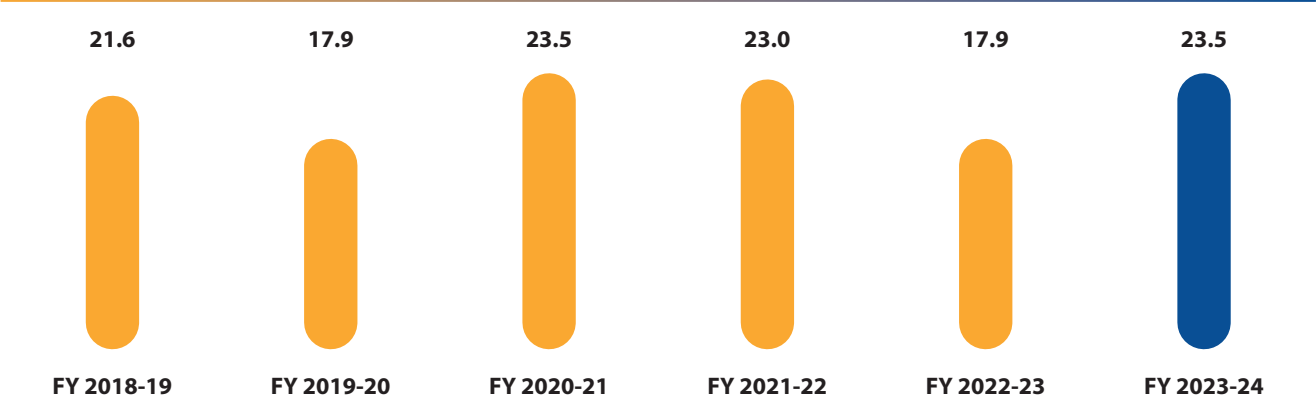
NNPA (₹ Million)



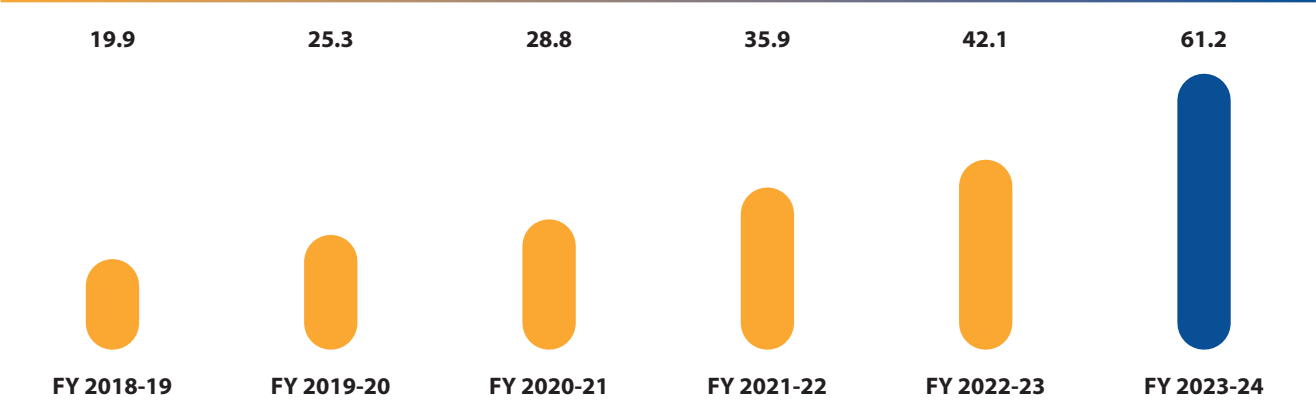
Provision Coverage Ratio (%)



CRAR (%)

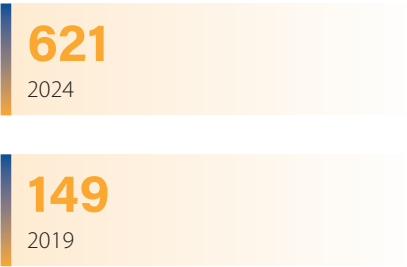


Book Value per Share (₹)

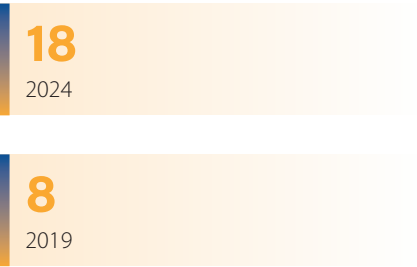


BRANCHES

Number of Branches



Presence in States and UTs



Operating Environment

The NBFC space is undergoing seismic shifts due to evolving economic, regulatory, and technological trends. In this dynamic environment, we are compelled to adapt swiftly, and capitalise on emerging opportunities, while navigating challenges. This section delves into key trends shaping the NBFC landscape and how we navigate these continuous changes.

Regulatory Evolution

The Reserve Bank of India (RBI) has affirmed that the Indian banking system is sufficiently capitalised and well-regulated. The Central Bank has adopted a layered approach, assigning incremental obligations to each layer as NBFCs progress based on their asset size, scale of activity, and perceived riskiness.

In November 2023, the RBI increased the risk weights by 25 percentage points to 125% on retail loans concerning consumer credit exposure of commercial banks and NBFCs. This measure excludes housing loans, education loans, vehicle loans, and gold-backed loans.



Our Approach

At Fedfina, we emphasise our core strength in providing working capital loans over personal loans. Therefore, we remain unaffected by the recent regulatory adjustments on retail personal loans. Our approach involves proactive adaptation and strategic alignment with RBI regulations. By maintaining a dedicated compliance team, we ensure prompt updates and responses to new guidelines, effectively navigating the regulatory landscape.

Technological & Digital Advancements

The BFSI sector is actively embracing advanced technologies such as AI, biometrics, blockchain, and chatbots to streamline processes, enhance the customer experience, and improve operational efficiency. The digital payments industry in India is poised for significant growth, presenting lucrative opportunities for NBFCs to offer innovative payment solutions and diversify their financial services offerings.



Our Approach

Our approach is centred around fostering a culture of innovation while being a customer-centric organisation and leveraging data-driven insights. We are continuously exploring new avenues to integrate emerging technologies into our operations, that enable us to stay ahead of the curve and meet the ever-evolving needs of our diverse customer base.

Financial Inclusion

The Indian government has implemented several policy initiatives including the Emergency Credit Line Guarantee Scheme, Subordinate Debt Scheme, Pradhan Mantri Mudra Yojana, and Regulatory Retail Portfolio Threshold revision, with an aim to give a fillip to the MSME sector. This has helped create an environment that is conducive for NBFCs to thrive and contribute to the nation's financial inclusion goals. NBFCs can play a pivotal role in promoting financial inclusion by focussing on building innovative products and catering to low-income, urban customers in unorganised sectors.



Our Approach

Our approach is centred around understanding the unique needs and challenges faced by low-income and unorganised sector borrowers. We develop tailored products and services that cater to their specific requirements, ensuring affordability, accessibility, and transparency.

Formal Credit Gap

The credit gap in the MSME sector is estimated at ₹ 92 Trillion, highlighting the disparity between the demand for external credit and the availability of formal financing sources. This draws attention to a significant gap in the availability and accessibility of financial services, particularly in remote rural areas. Overcoming the hurdles of establishing technical infrastructure and enabling the delivery of financial services in these regions remains a major challenge even today.



Our Approach

At Fedfina, we are keenly aware of the formal credit gap that exists in the country, as we strive to bridge this divide through novel solutions and a customer-centric approach. Our mission is to extend the reach of formal financial services to underserved communities, empowering individuals, and promoting economic growth and development.

Sustainability

Driven by increasing stakeholder awareness, regulatory developments, and the recognition of the long-term benefits of sustainable practices, NBFCs are proactively responding to the call for responsible and sustainable finance.



Our Approach

We believe that sustainable business practices not only contribute to environmental preservation and social well-being but also drive long-term value creation for our stakeholders. By embedding sustainability into our core business operations, we contribute to a more sustainable future while positioning ourselves as a responsible and forward-thinking financial institution.

Unveiling Fedfina's Dynamics

We remain in pole position, strengthened by our robust brand value, emerging opportunities, and diverse product suite. Our primary objective centres on extending our reach and making a significant impact. Fuelled by our strong pedigree and commitment to maintaining credit quality, we are well-equipped to navigate a path towards sustained growth and excellence.

We strive to increase the productivity of our branches, to increase our AUM without the necessity of expanding the branch network in direct proportion to the increase in AUM. Our focus is on retail products utilising a collateralised lending model, specifically targeting individuals and the growing medium-scale businesses.



43%

AUM CAGR between FY 2018-19 and FY 2023-24

47%

PAT CAGR between FY 2018-19 and FY 2023-24

Our Strengths

Product Diversification

Fedfina employs a 'Twin Engine' business model, focussing on both Instalment Loans for MSMEs and Gold Loans, for their working capital needs. This strategy allows us to achieve growth in diverse market conditions. By leveraging these two core products, Fedfina aims to maintain a competitive edge, drive sustainable growth, and navigate market fluctuations effectively.

Strong Parentage - Federal bank

Our extensive operating experience, proven track record, management proficiency, and the esteemed 'Federal Bank' brand have helped build a competitive market position, along with securing funds at low cost. Moreover, they have played a pivotal role in building trust among our customers, lenders, regulators, and investors.

Experienced Management and Robust Governance

Our seasoned senior management team, with a cumulative experience of over 220 years in the financial services domain, is instrumental in driving our business strategy while adhering to fair and transparent practices. Drawing upon their diverse expertise spanning various economic phases in India, they demonstrate the agility to adapt to changing landscapes, drive innovation, and implement solutions to navigate economic challenges effectively.

Enhanced Asset Quality & Improved Credit Ratings

Gross NPA and Net NPA have decreased to 1.7% in FY 2023-24 from 2.0% in FY 2022-23 and 1.3% in FY 2023-24 from 1.6% in FY 2022-23, respectively, indicating improved asset quality. Our credit rating has been upgraded to AA+/Stable by CARE ratings and AA/Positive by Crisil also, which helps us to borrow funds at lower rates.

Higher Yields and Healthy Spreads

Owing to the rising cost of borrowings from 7.8% FY 2022-23 to 8.8% in FY 2023-24, i.e. a rise of 108 bps, our spreads have only declined by ~70 bps to 7.4% in FY 2023-24, when compared to 8.0% in the FY 2022-23. The rise in yields is driven by a rising mix of high yielding products.

% of AUM	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Yield	13.2%	14.5%	15.5%	15.6%	15.8%	16.2%
Cost of Borrowings	8.3%	8.4%	8.3%	7.4%	7.8%	8.8%
Spread	4.9%	6.1%	7.2%	8.2%	8.0%	7.4%

Expanding Geographical and Digital Presence

Since 2018, our Company has strategically expanded its presence from the southern states to include the western and later northern regions, gradually extending into the neighbouring states, thereby fuelling our growth trajectory. As of FY 2023-24, Fedfina has extended its geographical footprint to a total of 621 branches. While extending our geographical footprint, we are also focussing on enhancing our digital presence. The majority of our Gold Loans are disbursed through online channels.



Product Offerings: Igniting Opportunities

Our comprehensive suite of products and services are tailored to meet the diverse and evolving needs of our customers. By continuously studying market trends, leveraging technological advancements and fostering strategic partnerships, we seek to introduce cutting-edge solutions that empower our customers and drive growth.

Our business is organised into three distinct segments of retail lending: Mortgage, Gold and Business Loans. Through these segments, we provide services such as Gold Loans, Medium and Small ticket LAP, Housing Loans and Business Loans. Additionally, we have a distribution vertical, which specialises in disbursing various financial products, including housing loans, personal car loans, personal loans, home equity Mortgage Loans, and retail asset products for our parent, the Federal Bank.

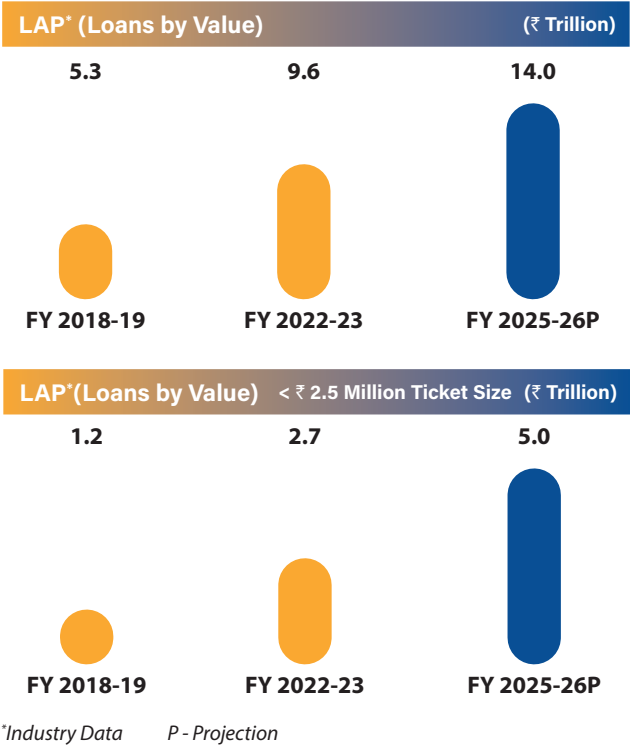
Mortgage Loans

Loan Against Property (LAP) is a secured lending product where borrowers can obtain a loan by mortgaging their residential or commercial property as collateral. This form of financing has gained significant traction in recent years, with the overall LAP segment in India experiencing robust growth. From FY 2018-19 to FY 2022-23, the LAP market has expanded at a Compound Annual Growth Rate (CAGR) of 16%, growing from ₹ 5.3 trillion to ₹ 9.6 Trillion. Notably, smaller LAP loans (below ₹ 2.5 Million) have shown even stronger performance, achieving a CAGR of 22% during the same period. This growth is driven by increasing penetration of formal lending channels and greater lender comfort with these products.



India's Home Loan Market is valued at USD 300 Billion and is expected to register a CAGR of 22.5% during the 2024-2029 period. The home loan market in India has experienced significant growth over the past decade, driven by increasing urbanisation, rising disposable incomes, and various government initiatives to promote affordable housing.

Our mortgage product portfolio is segmented into two categories. The first category comprises small ticket loan against property (ST LAP) and home loans (HL). The second category is medium ticket loan against property offerings. They are tailored to meet the requirements of MSMEs, encompassing traders, wholesalers, distributors, retailers, self-employed professionals, and small manufacturing enterprises. Our loans serve various purposes such as injecting capital, expanding businesses, securing working capital, acquiring assets, and funding capital expenditures. The target customer base typically boasts established income sources.



Growth Enablers

Diversification of Portfolio

By focussing on Mortgage Loans, NBFCs diversify their lending portfolio towards secured assets, reducing risk exposure and enhancing financial stability. This diversification strategy attracts more investors and borrowers, further boosting the AUM of NBFCs.

Collaborations and Partnerships

Collaborating with banks, and other financial institutions provide NBFCs with access to a broader customer base and alternative financing options. Such partnerships fuel growth in the AUM and showcase the acceptance of the portfolio built.

Leveraging Technology

Adopting advanced technologies has helped NBFCs streamline their LAP processes, improve credit assessment, and enhance customer experience. This leads to faster loan disbursements, reduced operational costs, and increased customer satisfaction.

We offer medium ticket LAPs through select strategic locations across India, including Mumbai, Delhi, Chennai, Bengaluru, Hyderabad, Jaipur, Ahmedabad, Surat, Pune, Coimbatore, Meerut and Chandigarh, among others. These loans are typically secured against, self-occupied residential and commercial properties, enhancing the collateral value.

The tenure for our Mortgage Loans extends up to 15 years. The duration varies based on the product, loan purpose, customer age, and customer segment.

Financial and Operational Stats

Medium Ticket LAP

₹ 30,453 Million
AUM

₹ 13,591 Million
Disburseals

₹ 5.4 Million
Average Ticket Size

53.6%
Loan to Value

72%
CIBIL Score (>700)

Small Ticket LAP & Housing

₹ 31,726 Million
AUM

₹ 14,750 Million
Disburseals

₹ 1.3 Million
Average Ticket Size

52.8%
Loan to Value

55%
CIBIL Score (>700)

USPs

- Extensive experience in the retail loan sector, particularly with MSME clients
- Ability to offer loans to the borrowers with limited documents
- Ability to address varied customer needs with tailored and customised solutions at a lower TAT

Gold Loan

India stands as the world's second-largest consumer of gold. From CY 2019, even prior to the pandemic, there has been a notable uptick in gold consumption, increasing by 10% until CY 2023. The outlook for domestic gold demand appears promising, buoyed by deep-rooted cultural connections, enduring traditions, and its status as a sought-after safe-haven asset class. This momentum is further increased amidst escalating geopolitical uncertainties, positioning gold as a preferred investment avenue for many in India.

In the realm of Gold Loans, we utilise doorstep Gold Loan model and branch-on-wheels initiatives to widen our presence. These innovative strategies effectively broaden our coverage and enhance our Gold Loan offerings.

Our focus is on individual customers for our Gold Loan offerings, beginning from ₹ 3,000 with an average loan amount of ₹ 0.1 Million. Our clientele for Gold Loans mainly comprises of traders, owners of service and manufacturing units, their staff receiving informal cash wages, and individuals without regular income facing urgent financial needs (such as housewives).



Growth Enablers

Substantial Household Gold Holdings

India boasts of the world's largest private gold holdings, with a substantial part of our business revolving around our Gold Loan products. With an increasing numbers of households considering monetising their gold assets for personal or business requirements, and with the process of obtaining a Gold Loan becoming more convenient, the potential market for financiers is poised to expand considerably.

Co-Lending Model

Co-lending arrangements allow NBFCs to partner with banks and other financial institutions to widen their pool of borrowers. Through co-lending, banks and NBFCs share the credit risk in a predetermined ratio as mandated by RBI guidelines.

Quicker and Easy Disbursals

Gold loans offer a streamlined and expedited process compared to other loan types, which often involve extensive paperwork and documentation. This efficiency not only enables lenders to secure their loans effectively but also provides borrowers with a hassle-free experience and swift access to funds.

Financial and Operational Stats

₹ 39,694 Million

AUM

₹ 93,771 Million

Disbursals

₹ 0.1 Million

Average Ticket Size

70.5%

Loan-to-Value Ratio

438

Gold Loan Branches

USPs

- Predominantly cashless disbursals across all the branches
- Doorstep Gold Loan services, with immediate disbursement at customers' doorstep
- Top-notch security and surveillance system to ensure safety of the precious belongings of our customers
- Technology-driven solutions for customer KYC and seamlessly fast disbursement to customers' bank accounts

Business Loan

Micro, Small and Medium Enterprises, commonly known as (MSMEs) play a vital role in India's economy, contributing significantly to employment generation, exports, and GDP growth. They contribute nearly 30% to India's GDP and are responsible for 50% of the country's total exports. The Udyam portal serves as an online platform to streamline the registration process for Micro, Small, and Medium Enterprises (MSMEs) in India. As of March 2024, the total number of registered enterprises on the government's Udyam portal surpassed the significant milestone of 4 Crores.

This offering is designed to cater to the credit requirements of self-employed professionals, non-professionals, and salaried doctors, among others. Our focus is on customers with an annual turnover of around ₹ 10.0 Million and a minimum of five years of business experience in their current field or profession.



Growth Enablers

Government Support

Favourable government policies and initiatives have created a more conducive environment for NBFCs to expand their mortgage lending activities. This includes measures such as tax incentives, regulatory relaxations, or targeted subsidies for specific segments of the population.

Rising Entrepreneurship

As more individuals embark on entrepreneurial ventures, there is a corresponding rise in demand for financial services, including Business Loans, to fuel growth and innovation. By supporting aspiring entrepreneurs with accessible financing options, NBFCs can cater to the diverse needs of startups, small and medium enterprises (SMEs), and emerging businesses.

Expanding Branch Network

Strategically expanding branch network, particularly in underserved areas, can help NBFCs reach a larger customer base and increase their market share, while capitalising on financial needs of customers located in tier 2-3 cities who do not have many formal credit options. This can be done through acquisitions as well.

Financial and Operational Stats

₹ 18,255 Million

Business Loan AUM

₹ 13,675 Million

Disbursals

₹ 2.4 Million

Average Ticket Size

89%

CIBIL Score (>700)

USPs

- Customised to meet the diverse needs of MSMEs
- Responsive assistance through multiple channels, ensuring prompt resolution of queries and concerns
- Attractive rates, providing cost-effective financing solutions

Strategy

Our strategic initiatives intersect with our mission to empower emerging India through accessible financial solutions for the underserved. These foundations have steered our growth path while enabling our transition from a small entity to a mid-sized one in the financial services industry. By continuously evolving and implementing forward-thinking strategies, we have redefined boundaries to create a deep impact in the lives of our borrowers.

Strategic Priorities

Product Offerings



Small Ticket LAP and Housing Loans (On-Book Focus)



- Flagship product for our Company
- Distribution via our extensive network of 180+ branches
- Grow the book through expansion and higher productivity
- Continue to increase the concentration on the own book



Gold Loans - Short-Term and Transactional (On-book as well as Co-Lending Focus)



- Distribution via our extensive network of 400+ branches
- Continue to grow in the favorable environment
- Continue to increase the co-lending pool



LAP and Business Loans - Medium-Term (Off-Book Focus)



- Origination aligned with off-book strategy
- Warehousing for a set minimum period before divestment
- Managed by a dedicated team of approximately 250 employees

Integrating Technology

At the heart of our strategic approach lies the integration of technology, a cornerstone that amplifies both our service delivery and operational efficiency. Through the adoption of cutting-edge digital solutions, we guarantee seamless customer experiences while prioritising robust data security measures, thereby cultivating a culture of trust and reliability.



From automated loan processing systems to tech-driven risk assessment tools, our technology adoption underscores our commitment to staying at the forefront of industry trends while enhancing our ability to meet the evolving needs of our customers.

We have made investments in technology and are committed to ongoing investments in technology and digitisation to enhance our information technology systems across various functions. We anticipate that these investments will lead to improved recoveries, reduced operating expenses, lower customer acquisition costs, and decreased credit expenses over time.



Operational Excellence

Operational excellence remains our steadfast pursuit, characterised by the relentless drive for continuous process optimisation, higher efficiency, and rigorous cost management. Through these efforts, we aim to enhance our cost-to-Average AUM ratio and scale our operations intelligently, ensuring that we maintain a competitive edge in the dynamic landscape of NBFCs. In our quest for operational excellence, we prioritise efficiency in every facet of our operations, from streamlined loan processing workflows to stringent risk management practices.

Strong Underwriting Approach

In the NBFC realm, a robust underwriting approach stands as a bedrock of financial stability and risk management. Our underwriting practices are anchored in meticulous risk assessment methodologies, which enable us to effectively evaluate the creditworthiness of borrowers and mitigate potential risks. Additionally, our underwriting processes are complemented by stringent compliance measures and adherence to regulatory guidelines, ensuring the integrity and transparency of our lending practices.

Our underwriting processes vary depending on the loan amount. For Mortgage Loans under ₹ 25 Lakhs, we utilise the assessed income method, engaging with customers to evaluate their business, cash flows, and estimated income to determine suitable loan amounts. For amounts exceeding ₹ 25 Lakhs, we rely on formal documentation of income/turnover to assess debt servicing capability.

Underwriting Process

Hind Sighting Process

This involves revisiting disbursed loans based on specific triggers, prompting us to re-underwrite the case and reverify certain facts, ensuring our underwriting team remains vigilant.

Portfolio Analysis

We identify performing and non-performing loans for appropriate action.

Feedback Loop

We gather feedback from our collections team on our underwriting process when they interact with customers, which informs our continuous improvement efforts. This data feeds into an upcoming scorecard system, allowing us to underwrite loans based on scorecard criteria, potentially rejecting the bottom 5-10% of loans.

Future Strategic Moves

Moving forward, we are poised to embark on a strategic journey aimed at further improving our technological infrastructure, with substantial investments earmarked for enhancing digital capabilities and expanding our suite of integrated services. This strategic thrust towards digital transformation will enable us to broaden our customer base while facilitating the delivery of personalised financial solutions tailored to individual needs. Concurrently, we are committed to expanding our physical footprint strategically, targeting new geographical markets to ensure inclusive growth and market penetration.

Our future priorities also encompass a heightened focus on sustainability principles, with initiatives geared towards minimising our environmental impact and fostering community engagement through impactful programmes such as financial literacy initiatives and inclusive financing schemes.

Looking ahead at FY 2024-25, we plan to focus on hiring for business-facing roles with an aim to improve efficiency.

Overarching Goals

Maximise shareholder value

Optimise capital efficiency through off-book strategy, aiming for

- Enhanced ROE
- Liability optimisation
- Risk mitigation

Reinforce brand loyalty, particularly in core segments, to bolster profitability during challenging periods

Prioritise high-yield products in our business mix

Pursue geographical diversification to minimise portfolio vulnerability to localised adverse events

Leverage our secured product suite for

- Adaptable growth across economic cycles
- Enhanced risk protection
- Effective asset-liability management

Empowering Our Human Resources

In the ever-changing landscape of NBFC, the role of human resources (HR) is pivotal in driving organisational success and fostering a culture of excellence. At our institution, we recognise the significance of our human capital as the driving force behind our achievements. Our HR practices are designed to attract, retain, and develop top talent, ensuring that we have the right people in place to execute our strategic objectives effectively. Through competitive compensation packages, performance-based incentives, and opportunities for professional development, we strive to create an environment where employees feel valued, motivated, and empowered to reach their full potential.



Technology

Technological advancements are reshaping the landscape of the NBFC industry. In an age marked by rapid digital progress, our dedication to harnessing technology for improved growth and efficiency has remained unwavering. Through investments in state-of-the-art systems and the enhancement of our digital infrastructure, we are positioned to elevate our service standards and optimise our operational processes to unprecedented levels.

Technology plays a crucial role in the NBFC industry, it helps streamline operations, improve efficiency, and enhance customer experience. Furthermore, technology allows NBFCs to build robust information security controls, ensuring protection against rising threats. Overall, technology is a key enabler for NBFCs to stay competitive, drive innovation, and meet the evolving needs of their customers.

Tech-Enabled Underwriting

Technology forms the building block of our underwriting model, seamlessly amalgamating electronic data and physical information, culminating in a comprehensive document collection process. When undertaking the underwriting process for a loan, we meticulously collect a diverse array of data points from the customer, encompassing both subjective and objective information. This helps us identify borrowers who have a low risk of defaulting.

Fedfina is committed to leveraging cutting-edge technology to enhance operational efficiency and customer experience. Our digital initiatives focus on implementing a Digital Loan Origination System (LOS) for seamless customer onboarding, transitioning to paperless processes to reduce our carbon footprint, and automating workflows through API integrations for faster processing.



Tech-Enabled Disbursals and Customer Service

We facilitate immediate loan disbursement directly into our customers' bank accounts through seamless integration with diverse fund transfer APIs. Additionally, we have made investments in a comprehensive loan and branch operations management tool that consolidates different modules and systems. Complementing our customer-centric focus, we have introduced multi-channel customer service options including E-mail, web portal, and mobile applications, along with gateways for EMI payments.

In FY 2020-21, we introduced a web portal offering customers self-service capabilities accessible round the clock. Our capacity to expand our customer reach, enhance customer satisfaction, and boost revenues hinges on our adept use of technology. We are committed to ongoing investments in STRAET and digitalisation to optimise various functions like loan origination, credit underwriting, risk management, collections, customer service, and retention.

We have also developed a robust portal and mobile app that has garnered over 8.5 Lakhs downloads, demonstrating its popularity and utility. Additionally, we have created digital microsites and listings to improve accessibility. These digital platforms significantly reduce the need for human intervention, offering our customers unparalleled convenience.

Investments in Tech

We have invested in deploying diverse technologies and a comprehensive platform for loan origination, lead management, and credit underwriting. This empowers our credit officers to assess an individual's creditworthiness effectively. The platform evaluates various factors including internal and external credit ratings, income, banking information, and asset details to provide comprehensive insights. Utilising this platform, our credit officers make informed decisions with a transparent audit trail in place.

We have also established a disaster recovery site in Hyderabad to guarantee the continuity of essential information technology systems. Each critical IT system has defined Recovery Time Objectives (RTO) and Recovery Point Objectives (RPO), with an annual disaster recovery drill conducted and documented by our IT department to validate adherence to set objectives.

Robust Infrastructure and Security

At Fedfina, we prioritise data and system security. We have implemented a next-generation firewall, established a 24x7 Security Operations Centre (SOC), and deployed automated security tools. Our branches are equipped with sensor-based surveillance and dual links, ensuring fraud prevention, and maintaining the requisite uptime for seamless operations.

Governance and Oversight

To ensure appropriate governance of our technology initiatives, we have established an IT Steering and Strategy Committee that reviews and approves information technology strategies, aligning them with our corporate objectives. Furthermore, our Board oversees cybersecurity measures and IT governance, ensuring that our technological advancements are in line with our overall business strategy and risk management framework.

Through these technological advancements, Fedfina continues to enhance its operational efficiency, improve customer experience, and maintain a competitive edge in the financial services sector. Our commitment to technology-driven innovation underscores our dedication to meeting evolving customer needs and staying at the forefront of the industry.



Responsible Sustainable Practices

Adopting sustainable practices is not merely a recipe for long-term prosperity; it's an indispensable requirement for building resilience in today's rapidly evolving world. Fuelled by our unshakable commitment to Environmental, Social, and Governance (ESG) principles, we have intricately woven sustainability into the heart of our operations. Our approach seamlessly combines responsible business practices with environmental stewardship for a sustainable future.

We strive to build a consistently profitable business with a focussed approach on sustainability by adopting a robust ESG policy. This policy aligns with our commitment to responsible lending, maximising development impact and minimising ESG risks in a responsible, inclusive, and sustainable manner. We have formed an Operational Committee that oversees ESG implementation. Governance plays a crucial role in our ESG framework. Although we have made significant progress over the years, securing external validation and certification remains a top priority.

Environment

We recognise the need for environmental sustainability, and this remains our prominent commitment which includes a comprehensive array of activities to conserve natural resources, minimise environmental impact, and foster eco-friendly practices. Complementing this ethos, our lending policy reflects our commitment to the environment by excluding industries considered harmful or illegal, reducing the risk of ecological damage. Furthermore, we have undertaken concerted and multifaceted efforts to minimise environment risks intrinsic to our operations, proactively addressing climate-related hazards and implementing measures to curtail the wastage of natural resources. Through this multidimensional approach, we resolutely endeavour to integrate responsible environmental practices into the core tenets of our operations, envisioning a future where our business success and environmental stewardship are harmoniously intertwined.



Social

In our commitment to social responsibility, we have embraced a multifaceted approach aimed at uplifting communities and fostering positive social change. Our Corporate Social Responsibility (CSR) policy serves as the base for these efforts, guiding us in initiatives that prioritise education, vocational training, and healthcare accessibility. Partnering with organisations like the Cuddles Foundation, we extend critical healthcare services to underprivileged children facing cancer, offering counselling, nutrition management, and caregiver support. Preserving cultural heritage and promoting sports further enrich our communities, while maintaining a safe and supportive work environment remains paramount. Through local engagement and recruitment, we provide employment opportunities, strengthen our social impact, and contribute to local economic growth. We are deeply invested in promoting gender equality and empowering women, ensuring equal opportunities and non-discrimination across all aspects of our operations. These initiatives reflect our commitment towards creating lasting social value.

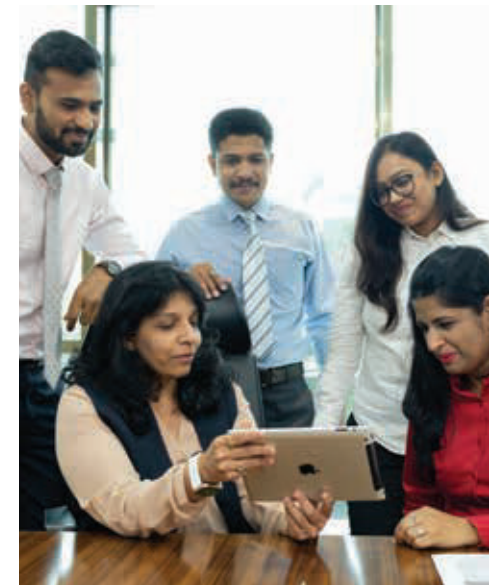


Diversity and Inclusion

Target > 25%

Representation of Women by 2025

Return to Work



The Company offers opportunities for female employees who have taken a break or sabbatical, whether for medical reasons or maternity leave, to return to work. We are committed to hiring these women, providing them with a chance to restart their careers within the organisation.

Additionally, the Company has initiated a women's support group called 'Sakhi' on Women's Day to further support and empower female employees, with an aim of creating a supportive and inclusive work environment for women.

The Company celebrates various successes through interactions where business leaders share the vision, mission, and business plans with employees. The alignment of individual goals with organisational objectives fosters a culture where employees are motivated to achieve both personal and the Company's growth. The Company emphasises a meritocracy culture, where success is based on merit and individual achievements, promoting a sense of shared growth between employees and the organisation.

Career Development

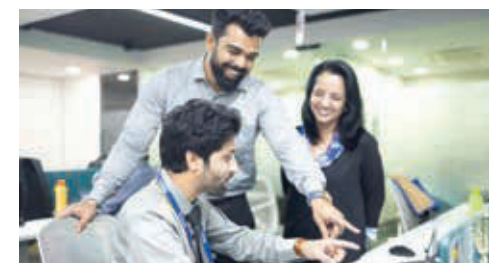


The Company offers a professional development policy for employees aiming to enhance their professional capabilities and knowledge in specific fields that can positively impact their career progression. This policy includes a professional development allowance of up to 15% of their annual CTC, which employees can utilise for courses relevant to their career growth. Several employees have taken advantage of this opportunity to further their skills and knowledge within the organisation.

I-Learn

With a commitment to fostering learning and facilitating the growth of our employees, our I-Learn programme includes an onboarding and training platform as a part of career and professional development initiatives.

Learning Management System



The Company utilises a Learning Management System (LMS) as an extension of their Human Resource Management system. The LMS houses various programmes where employees can access and engage with training content, stay updated on new information, and undergo appraisals. This platform serves as a valuable resource for employees to enhance their skills, knowledge, and stay informed about relevant training materials and content.

Flexible Work Environment



We trust our employees and offer them a high degree of flexibility. Our employees have the autonomy to choose whether to work from home or the office on any given day. This approach allows employees to make decisions that suit their needs, and this flexibility has proven to be highly successful for us.

ICON – ‘Impeccable Recognition’



We have a Recognition and Rewards (RNR) structure called ICON, which stands for 'Impeccable Contributions'. The Company conducts annual RNR events where employees are acknowledged and rewarded in different categories for their outstanding contributions. This approach emphasises rewarding employees and acknowledging their significant efforts and achievements within the organisation.

Health & Safety



Fedfina has been recognised as a Great Place to Work for the past five years. This certification is testimony to the organisation's commitment to creating a positive workplace environment. The Company prioritises maintaining a hygienic and safe workplace free from health hazards. Measures include regular sanitisation of the office space, especially during the COVID-19 pandemic, which is followed even today. This ongoing commitment to cleanliness and safety ensures a healthy work environment for all employees.

Wellness Checks

The Company offers annual health checkups for all employees, separate from the Group Medical Policy (GMC). These health checkups are aimed at caring for employees' well-being and ensuring their health is monitored effectively. The organisation collaborates with vendors to conduct comprehensive health assessments, covering a range of tests including essential ones like Vitamin D checks, demonstrating a commitment to employee health and wellness.

Family Friday

The Company has implemented several employee well-being initiatives over the past five years. These include 'Family Friday,' allowing employees to leave the office early at 3:00 pm on the second Friday of the month to spend time with their families.

Employee Benevolent Fund

We have introduced an Employee Benevolent Fund where employees contribute ₹ 50, matched by the Company, to create a pool used for employee welfare. This fund supports employees during medical emergencies or in the event of a death by providing financial assistance to cover medical expenses or support their families.

Awards & Recognition

Our ability to attract and retain talent is underscored by our Company's certification as a 'Great Place to Work' for the past five consecutive years by the Great Place to Work Institute, India. Additionally, we were ranked 16th in the Best Places to Work in India 2021 Employee Choice Awards by AmbitionBox. Moreover, in the CY 2023, we were recognised as one of the Top 50 India's Best Workplaces in BFSI 2023 by the Great Place to Work Institute, India.

Emerging from our initial stages as a nascent NBFC, we have attained a commendable level of scale, reputation, and stability. Recognition from the Chamber for MSME in Delhi as the premier upcoming NBFC, along with accolades for innovation, further underscore our achievements. However, our most significant accomplishment remains our consistent performance and steadfast ability to meet our stated objectives.

Governance

As an entity governed by a bank, our foremost objective was to build an organisation focussed on scalability and governance. Our initial investments have been significant, especially in robust governance functions. In comparison to our peers, we boast of a larger team of senior professionals with varied expertise in audit, risk management, and credit operations.

Governance anchors our operations, embodying principles of transparency, integrity, and accountability. With a leadership team that prides itself with an extensive experience in financial services, we prioritise strong governance practices to ensure utmost compliance with regulatory standards. Every policy, whether related to labour, whistleblowers, or risk management, among others, is meticulously crafted and rigorously enforced, highlighting our relentless commitment to ethical conduct. We prioritise transparency and accountability, ensuring that our stakeholders have access to accurate and timely information, enabling them to make informed decisions. Furthermore, we have implemented robust internal control mechanisms and independent audit processes, safeguarding the integrity of our operations and instilling confidence in our stakeholders. Through this holistic approach to governance, we strive to create a culture of excellence, where ethical decision-making, responsible business practices, and environmental stewardship are seamlessly interwoven into the fabric of our organisation.



Prudent Risk Management

We are committed to maintaining strength and stability and have established a robust risk management framework to identify, evaluate, and mitigate risks across all facets of our operations. From financial uncertainties to operational disruptions, regulatory compliance, and reputational challenges, our proactive approach ensures that we are well-prepared to address and mitigate risks effectively.

Our robust risk management framework is governed by a comprehensive governance structure. Our Board of Directors, supported by specialised committees, provides strategic supervision, and ensures effective risk management practices are implemented to safeguard the interests of all stakeholders. Through diligent management, the Board ensures that the organisation maintains a resilient risk management policy aligned with our objectives and values.

We implement strong risk-based underwriting and operational controls for our Gold Loans, Mortgage Loans, and unsecured Business Loans. Our underwriting procedures are digitised, incorporating modules for credit approvals, audit, field verification, and structured around an API-led architecture.

Risk Management Process

The Risk Management Committee, a dedicated Board-level committee, plays a pivotal role in continuously reviewing, approving, and refining our risk management policies and procedures. This committee ensures alignment with regulatory guidelines and industry best practices, fostering a culture of prudent risk-taking.

Our risk management framework encompasses a multi-layered approach, integrating risk identification, assessment, monitoring, and mitigation strategies. Key risks, including credit, market, liquidity, operational, and compliance risks, are meticulously evaluated, and appropriate controls are implemented.

This holistic approach to risk management underpins our ability to navigate uncertainties and seize opportunities while safeguarding the interests of our stakeholders.



Mitigating Risks

Types of Risk	Mitigation Strategies
 Gold Price Fluctuation	To mitigate this risk, a minimum 25% margin is maintained on the value of gold jewellery for calculating the eligible loan amount. Additionally, the Company assesses the collateral value of gold jewellery based solely on its gold content weight, excluding any stones embedded in the jewellery.
 Interest Rate Risk	We have established an Earnings at Risk limit to monitor and control Interest Rate Risk, overseen by the Asset Liability Management Committee (ALCO).
 Credit Risk	We conduct thorough credit assessments of borrowers, diversify our loan portfolio across different sectors and geographies, and regularly monitor and manage our credit exposure. Proactive credit risk management is at the core of our lending operations. Our comprehensive credit policies and rigorous assessment procedures ensure that we maintain a disciplined approach to credit underwriting.
 Market Risk	The Board's Risk Management Commitment periodically reviews interest rates, movements in gold prices, market trends, and their implications for the business.
 Compliance Risk	We are committed to upholding regulatory compliance across all facets of our business operations. This commitment is reflected in the implementation of robust compliance policies and procedures, complemented by regular audits and assessments aimed at mitigating compliance related risks.
 Operational Risk	We have rigorous internal controls and procedures in place and regular risk assessments, diversify our operations to reduce dependency on specific processes or systems, and invest in technology to automate and streamline operations. All these activities help us address operational risks effectively.
 Liquidity Risk	We maintain adequate liquidity reserves, diversify our funding sources, establish contingency funding plans, and closely monitor cash flows and liquidity metrics. Ensuring sufficient liquidity is crucial for our operations, and we take a proactive approach to managing liquidity risk. By diversifying our funding sources, we reduce reliance on any single source and enhance our financial resilience.
 Cyber Risk	We have implemented robust cybersecurity measures such as encryption, multi-factor authentication, and firewalls. We conduct regular vulnerability assessments, provide comprehensive training to our employees on cybersecurity awareness. Ensuring the security of our systems and data is of utmost priority, and we remain vigilant in fortifying our defences against evolving cyber risks.

Corporate Information

Board of Directors

Mr. Balakrishnan Krishnamurthy

Chairman & Independent Director

Date of Appointment: (28-09-2019)

Mr. Balakrishnan joined Fedfina as Chairman & Independent Director in September, 2019. He has over 30 years of professional experience, of which around 25 years have been in the Financial Services business in India, providing strategic and financial advice to a variety of Indian and Multinational Corporations, Financial Sponsors and private business families. With excellent client relationships and domain knowledge, he was instrumental in originating and leading execution of most of these transactions. During his tenure with Lazard, he worked on advisory assignments with a variety of large Indian and multinational clients. He also served as Head of Corporate Finance and Advisory for HSBC Investment Bank and was responsible for the corporate finance and advisory business of HSBC Investment Banking in India. He has also worked with Infrastructure Leasing & Financial Services Ltd, Mumbai, and led teams both on advisory and financing assignments. He holds a Bachelor's degree in Commerce (honours) from the Faculty of Commerce, Osmania University. He is a qualified Chartered Accountant and Company Secretary. He has experience in the financial services sector. Currently, he serves as the Chairman of Kriscore Financial Advisors Private Limited and the Director of Kriscore Ventures Private Limited. Previously, he has been associated with Lazard India Private Limited as Managing Director.

Ms. Gauri Rushabh Shah

Independent Director

Date of Appointment: (13-02-2015)

Mr. Gauri Rushabh Shah joined Fedfina as an Independent Director of the Company in February 2015. She is a qualified Chartered Accountant and had secured the 44th rank in the intermediary examination held by the Institute of Chartered Accountants of India. She comes with over 10 years of experience in Tax, Financial, Business Advisory and Estates & Succession Planning Services. She has worked with Deloitte Haskins & Sells for five years.

Mr. Shyam Srinivasan

Non-Executive Director

Date of Appointment: (18-03-2011)

Mr. Shyam Srinivasan is a Non-Executive Director of our Company. He holds a Bachelor's degree in Engineering from the Faculty of Engineering, University of Madras and Post-Graduate Diploma in management from the Indian Institute of Management, Calcutta. He currently serves as the Director of Ageas Federal Life Insurance Company Limited and Managing Director and Chief Executive Officer of The Federal Bank Limited.

Mr. Maninder Singh Juneja

Nominee Director

Date of Appointment: (20-12-2018)

Mr. Maninder Singh Juneja is a Non-Executive Nominee Director of our Company. Mr. Maninder joined True North in 2016 and is based out of the Mumbai office. His role involves building and managing businesses primarily in the financial services sector. With an MBA degree from the prestigious IIM Lucknow, he brings over 30 years of experience in the banking and financial services industry.

Prior to joining True North, Mr. Maninder held the position of Group Head for ICICI Bank's Retail Banking group. In this role, he oversaw various aspects such as strategy, products, small Business Loans, branch banking, and distribution channels. His expertise in these areas allowed him to make significant contributions to the growth and success of ICICI Bank.

Before joining the ICICI Bank, Mr. Maninder Singh Juneja started his career in the Godrej group as a Branch Manager and moved on to Godrej GE Appliances and GE Transportation financial services.

Mr. Maninder Singh Juneja has previously been associated with SRF Finance Limited as business manager of corporate finance, Whirlpool of India Limited as Business Manager, National Bulk Handling Corporation Private Limited as Managing Director & Chief Financial Officer.

Mr. Anil Kothuri

MD & CEO

Date of Appointment: (11-12-2018)

Mr. Anil Kothuri holds a Bachelor's degree of Technology in Computer Science and Engineering from Andhra University and a Post-Graduate Diploma in Management from the Indian Institute of Management, Ahmedabad. He has over 29 years of experience across various asset businesses including mortgage, SME financing, auto loans, housing finance and unsecured lending. Prior to joining our Company, he has served at Edelweiss Housing Finance Limited as President and at Citibank N.A.

Mr. Ashutosh Khajuria

Nominee Director

Date of Appointment: (30-04-2020)

Mr. Ashutosh Khajuria is a Non-Executive Nominee Director of our Company. He holds a Bachelor's degree in Law from Jiwaji University, Gwalior and a Master's degree in Arts from Doctor Harisingh Gour Vishwavidyalaya, Sagar. Previously, he has served at The Federal Bank Limited in various designations including President and Head of Treasury, following which he was the Executive Director & Chief Financial Officer. He has also served as the Director of Ageas Federal Life Insurance Company. Presently, he is serving as the Chief Mentor at The Federal Bank Limited and oversees the functions of treasury, credit underwriting, credit monitoring and collections, ESG, and the IFSC banking unit (IBU) in GIFT City, Gujarat.

Mr. Sunil Satyapal Gulati

Additional Director

Date of Appointment: (15-03-2024)

Mr. Sunil Satyapal Gulati has three decades of global experience in the banking industry across investment banking, corporate finance, relationship management, risk management and

corporate strategy. Mr. Sunil Satyapal Gulati was a key member of the management teams at RBL Bank Ltd, Yes Bank and ING Group at the stage of their rapid growth and transformation and establishment as mainstream players in the Indian Banking industry.

Mr. Sunil Satyapal Gulati is an accomplished professional serving as an Independent Director on the Boards of various companies, including SBI Mutual Fund Trustee Company, Perfios, Kinara Capital, Samunnati, Revgro Capital, Tapstart, Arthan Finance, KMC Speciality Hospitals, and Sri Kauvery Medical Care. He is also a Non-Executive Director on the Board of Merisis Advisors.

His earlier roles include Chief Risk Officer at RBL Bank during its national expansion and Group President at Yes Bank, overseeing Wholesale Banking. Mr. Sunil holds a B. Tech degree from IIT Delhi and is a Gold Medalist from IIM Ahmedabad.

Mr. Ramesh Sundararajan

Additional Director

Date of Appointment: (15-03-2024)

Mr. Ramesh Sundararajan comes from a Banking Technology background, having worked in Technology and Operations functions with large multinational banks for over three decades. He has been in CIO/COO level positions for more than 15 years. Mr. Ramesh Sundararajan started his career with Standard Chartered Bank in India and then moved to Singapore followed by stints in Philippines, Korea, Indonesia and CIMB Bank, Malaysia over the next 25 years. Upon returning to India in 2021, he took on the role of Country Head, Zan Compute, India, a US based Internet of Things (IoT) startup, where he directly manages the software development and engineering teams based in Coimbatore and client relationships outside US.

Mr. Ramesh Sundararajan is a graduate engineer from IIT Madras and holds a Post-Graduate MBA from IIM Calcutta.

Committees

Audit Committee

- Ms. Gauri Rushabh Shah**
Chairperson
- Mr. Balakrishnan Krishnamurthy**
Member
- Mr. Ashutosh Khajuria**
Member
- Mr. Sunil Satyapal Gulati**
Member

Risk Management Committee

- Mr. Sunil Satyapal Gulati**
Chairman
- Ms. Gauri Rushabh Shah**
Member
- Mr. Ashutosh Khajuria**
Member
- Mr. Maninder Singh Juneja**
Member
- Mr. Anil Kothuri**
Member
- Mr. C.V. Ganesh**
Member
- Mr. K. Siddharth**
Member

CSR Committee

- Ms. Gauri Rushabh Shah**
Chairperson
- Mr. Shyam Srinivasan**
Member
- Mr. Anil Kothuri**
Member

IT Strategy Committee

- Mr. Ramesh Sundararajan**
Chairman

- Ms. Gauri Rushabh Shah**
Member
- Mr. Anil Kothuri**
Member
- Mr. Maninder Singh Juneja**
Member
- Mr. K. Siddharth**
Member
- Mr. Kunal Dikshit**
Member

Nomination and Remuneration Committee

- Ms. Gauri Rushabh Shah**
Chairperson
- Mr. Balakrishnan Krishnamurthy**
Member
- Mr. Shyam Srinivasan**
Member

Stakeholders’ Relationship Committee

- Mr. Ramesh Sundararajan**
Chairman
- Mr. Balakrishnan Krishnamurthy**
Member
- Ms. Gauri Rushabh Shah**
Member
- Mr. Anil Kothuri**
Member

Asset Liability Committee

- Mr. Anil Kothuri**
Chairman
- Mr. Shardul Kadam**
Member
- Mr. CV Ganesh**
Member
- Mr. Sudeep Agrawal**
Member

Capital Raising Committee

- Mr. Balakrishnan Krishnamurthy**
Chairman
- Ms. Gauri Rushabh Shah**
Member
- Mr. Ashutosh Khajuria**
Member
- Mr. Maninder Singh Juneja**
Member
- Mr. Anil Kothuri**
Member

Bankers

- Federal Bank
- Indian Bank
- Canara Bank
- ICICI BANK
- SIDBI
- State Bank of India
- Axis Bank
- HDFC Bank Ltd
- Bank of Baroda
- IDBI
- IndusInd Bank
- HSBC Bank
- Karnataka Bank
- Bank of Maharashtra
- Citi Bank
- Bajaj Finance
- Central Bank of India
- Bank of India
- City Union Bank
- Union Bank of India
- DCB Bank
- Dhanlaxmi Bank
- South Indian Bank

Registered Office

Unit No. 1101, 11th Floor, Cignus,
Plot No. 71A, Powai, Paspoli,
Mumbai - 400 087, Maharashtra, India

Corporate Office

Unit No. 1101, 11th Floor, Cignus,
Plot No. 71A, Powai, Paspoli,
Mumbai - 400 087, Maharashtra, India

Corporate Identification Number

L65910MH1995PLC364635

Statutory Auditors

M/s. BSR & Co. LLP, Chartered Accountants (Firm
Registration No. 101248W/W- 100022)

Registrar & Share Transfer Agent

Link Intime India Private Limited

C-101, 1st Floor, 247 Park
L.B.S. Marg, Vikhroli West
Mumbai - 400 083, Maharashtra, India

Tel: +91 22 4918 6000

E-mail: spg@linkintime.co.in

Website: www.linkintime.co.in

SEBI Registration No.: INR000004058

Chief Financial Officer

Mr. C.V. Ganesh

Company Secretary

Mr. Rajaraman Sundaresan

Management Discussion and Analysis

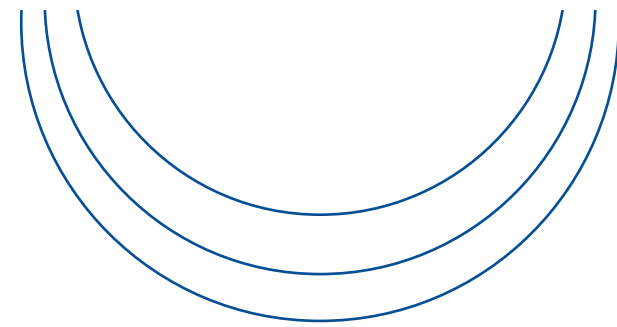
Global Economy

The global economy is navigating a path of moderating inflation alongside steady, albeit below-average growth. The International Monetary Fund's (IMF) World Economic Outlook (WEO) projects 2024 global growth at 3.2%, marginally rising to 3.1% in CY 2025. This upward revision reflects unexpected economic resilience in the United States and key emerging markets bolstered by fiscal support in China. However, these figures remain below the pre-pandemic historical average of 3.8% due to elevated central bank policy rates, fiscal support withdrawal, and sluggish productivity growth dampening economic activity. On a positive note, global inflation is on a decline, expected to fall to 5.8% in CY 2024 and further to 4.4% in CY 2025, indicating a faster-than-anticipated easing across most regions.

Declining inflation and continued growth in major economies suggest a softer landing is more likely. Policymakers face the critical task of guiding inflation back to target levels. This would require carefully calibrated monetary policies and a shift towards fiscal consolidation to bolster budgetary fortitude against future shocks. Structural reforms and efficient multilateral coordination are crucial to sustain productive growth.

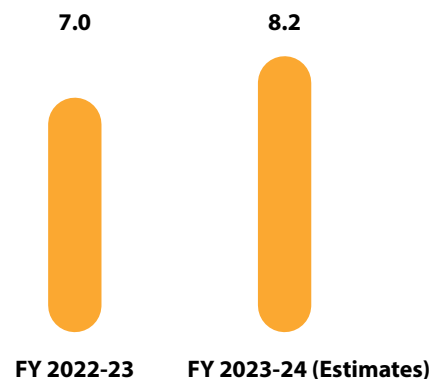
Indian Economy

While the world is grappling with several macro challenges, India's economy remains in the goldilocks, indicating a favourable and balanced state. Despite global headwinds, India's GDP as per provisional estimates grew at 8.2% in FY 2023-24, marking the third consecutive year of over 7% growth. The annual inflation rate, as per the Consumer Price Index (CPI General), stood at 5.08% (Provisional) for June 2024 compared to 4.81% (combined) in June 2023. India's macroeconomic landscape has been shaped by significant developments, positioning it strategically on the global economic forefront. In a world marked by unprecedented volatility, political stability and policy consistency are essential for transforming prospects into reality. Looking ahead, S&P Global forecasts continued vigour, with India's GDP expansion ranging between 6-7.1% annually through fiscal years 2024-2026. This reinforces the country's standing as the fifth-largest global economy.



Growth of the Indian Economy

Real GDP Growth (%)



(Source: Press Information Bureau)

India's economy is strengthened by a combination of macroeconomic stability and improved external position. A key indicator is the significant moderation of the current account deficit coupled with a revival in capital flows. This financial stability, supported by a comfortable buffer of foreign exchange reserves, fostered stability in the Indian Rupee throughout FY 2023-24.

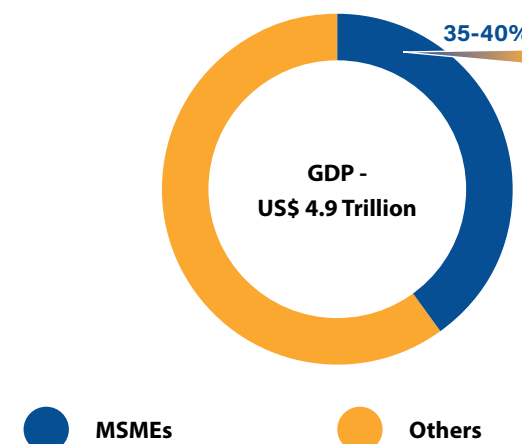
According to the Reserve Bank of India's Monetary Policy Committee (MPC) in its April 2024 meeting, the Indian economy is showing robust momentum. Gold prices have increased due to the demand for safe investments. The financial, real estate, and professional services sectors have shown growth, estimated at 8.9% in FY 2023-24, reflecting the expansion of India's economic base, with nominal GDP growth estimated at 8.9% for the same period.

India's economic outlook remains bright, with projections exceeding US\$ 4 Trillion in FY 2024-25 and reaching US\$ 5 Trillion by FY 2026-27. Strategic economic reforms, macroeconomic stability, and enhanced global positioning solidify India's position as the world's fastest-growing major economy, well-equipped to navigate amid global uncertainties.

(Source: Business Standard)

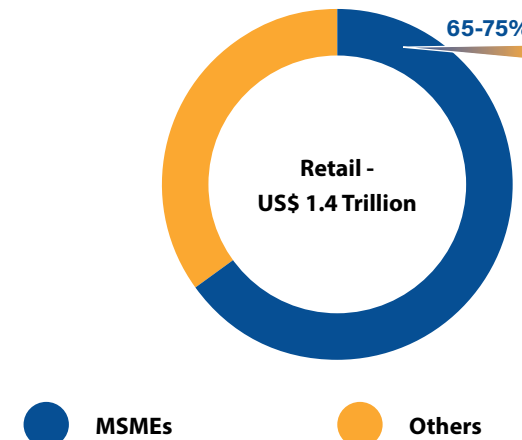
MSME Sector to Drive India's Economic Growth

MSME Opportunity FY 2027P, US\$, Share of GDP



~US\$ 1.8 Trillion
MSME Opportunity

FY 2027P, US\$, Retail



~US\$ 900 Billion
MSME Opportunity

(Source: Redseer IP, Redseer Analysis, Consultancy News Report)

Thanks to initiatives from the Indian Government aimed at boosting manufacturing platforms, MSMEs are projected to contribute between 35-40% of India's total GDP by 2027. Particularly in the retail sector, these smaller businesses could make up to 75% of the sector's US\$ 1.4 Trillion in value. By CY 2027, it is anticipated that 70% of MSMEs will have embraced e-payments resulting in the creation of over 35 Million additional jobs.

Non-Banking Financial Companies Industry

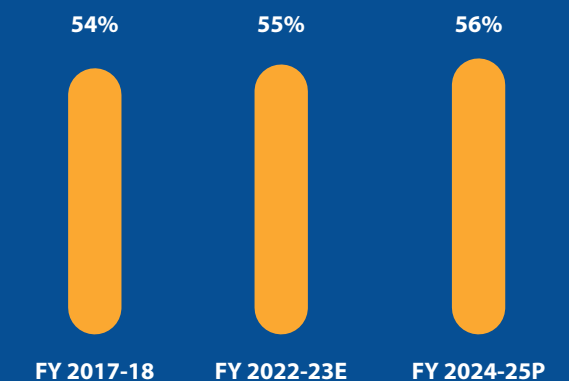
Overview

Since its inception, the Non-Banking Financial Companies (NBFC) sector in India has evolved significantly, driven by contributions from housing finance, microfinance, and consumer finance. This growth has been bolstered by a favourable regulatory environment and a stable macroeconomic landscape. In CY 2023, the NBFC sector expanded impressively, reaching US\$ 326 Billion, underscoring its increasing influence. The sector has remained resilient through strong capitalization, improved asset quality, sufficient provisioning, and increased profitability.

With India's GDP consistently growing above 7% annually, subdued inflation, and double-digit growth in credit offtake, conditions are favourable for NBFCs to thrive. India's GDP is projected to reach US\$ 7 Trillion by CY 2030, further benefiting the sector. Government initiatives such as CGTMSE, which provides collateral-free credit to MSEs, and Pradhan Mantri Awas Yojana (PMAY), offering affordable housing finance, are expected to increase financial requirements, presenting growth opportunities for NBFCs.

(Source: KPMG NBFCs in India: Growth and Stability)

The share of retail credit in total NBFC credit will continue to grow.

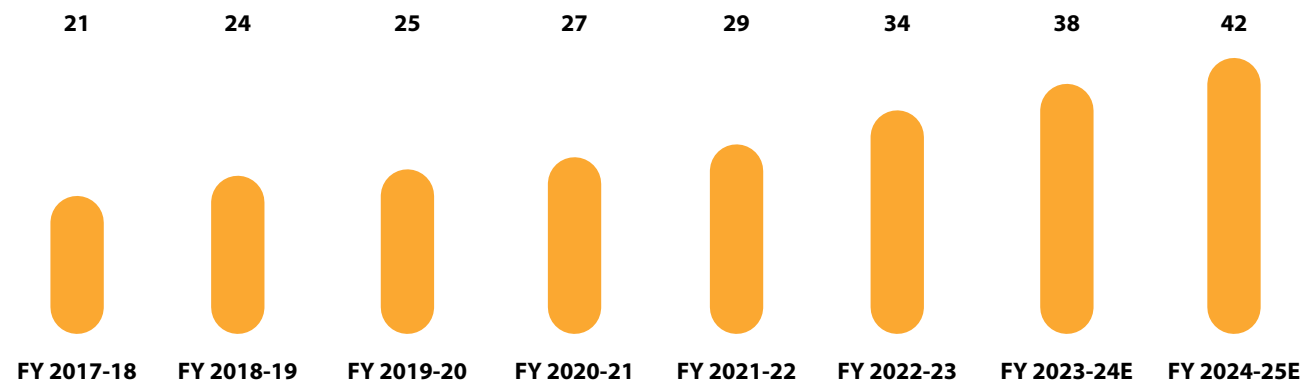


(Source: KPMG NBFCs in India: Growth and Stability)

E - Estimates
O - Projections

Assets Under Management (AUM) for NBFC Credit is projected to grow by 12-14% until FY 2024-25, reaching ₹ 42 Trillion.

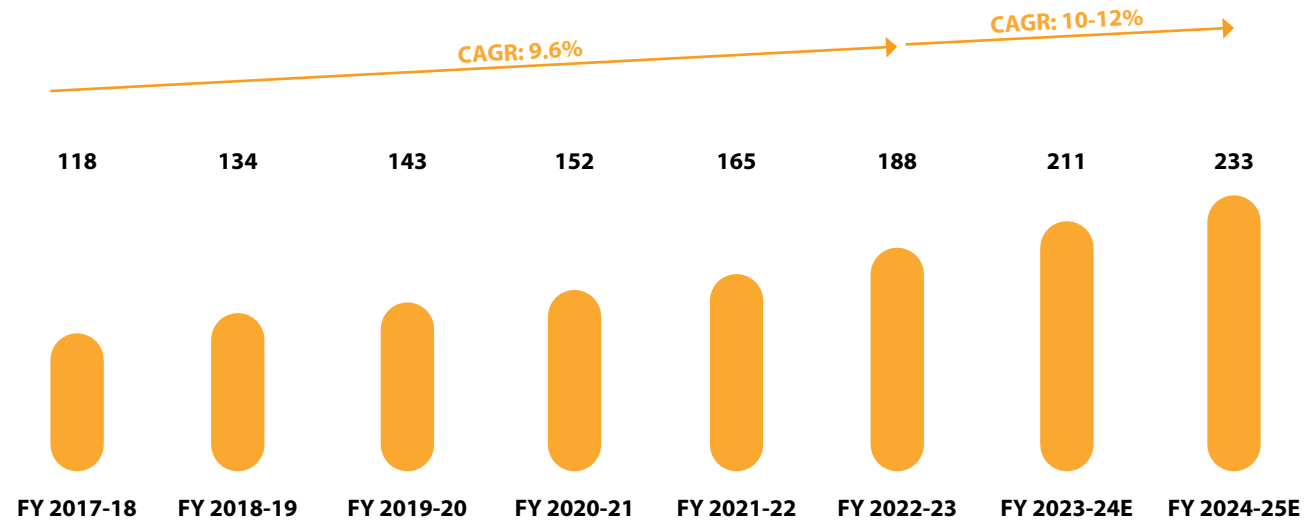
NBFC Credit Is Expected to Expand at a CAGR 12-14% between FY 2022-23 and FY 2024-25 (in ₹ Trillion)



(Source: KPMG NBFCs in India: Growth and Stability)
E - Estimates

Systemic Credit Growth

Systemic Credit Growth by 10-12% Projected from FY 2022-23 to FY 2024-25



E - Estimates
(Source: RBI, Company Reports)



Engines of Growth

High Credit Gap in the MSME Segment

Out of over 64 Million MSMEs in India, only 14% have access to formal credit. Traditional institutions have historically faced challenges in providing credit to underserved MSMEs and self-employed individuals due to high-risk perceptions and the costs associated with physical service delivery. Consequently, these entities often turn to informal sources for credit. This untapped market presents significant growth opportunities for financial institutions.

(Source: Financial Express)

Increased Data Availability and Transparency

The growing adoption of digital initiatives, coupled with their movement towards formalisation and digitisation, has generated a wealth of data for lenders. This data has the potential to improve the precision of credit evaluation and eventually make it easier to offer credit to customer groups overlooked in the past.



Products

Gold Loans



Gold loans have surged in popularity in India due to their liquidity, security, and the cultural affinity for gold. These loans are characterised by small ticket sizes, short durations, convenience, and instant availability. While traditionally provided by local financiers and moneylenders, especially in semi-urban and rural areas, the organised sector has seen notable growth since CY 2008. The stigma associated with gold loans is diminishing, contributing to their growing acceptance.

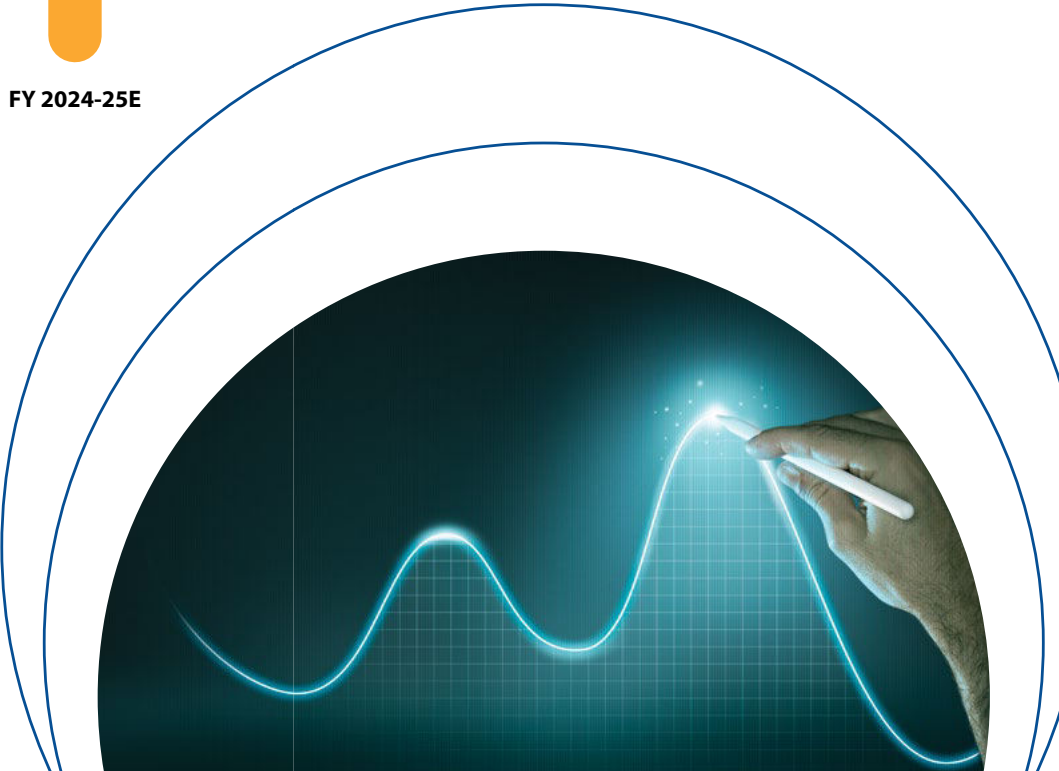
India and China dominate the global jewellery market, accounting for over 50% of the total. Indian households hold about 24,000 tonnes of gold, with only 5,300 tonnes pledged for loans. As of December 2023, the value of Gold Loan advances in India reached ₹ 7,150 Billion. Driven by increasing demand and market expansion, research from a leading firm forecasts that Assets Under Management (AUM) will reach ₹ 7,480 Billion by March 2025, signalling a positive market outlook for the sector. This forecast highlights significant opportunities for NBFCs driven by the increasing demand for gold loans.

(Source: The Hindu)

India's Gold Loan industry presents a paradox, with the unorganised sector accounting for approximately 75% of the market. In the organised sector, specialised Gold Loan NBFCs have expanded their branch networks, streamlined processes, and reduced turnaround times, making loans more accessible. As banks and NBFCs tap into this extensive untapped market, they are capturing significant market share from unorganised lenders.

Despite occasional downturns, gold prices have shown a general upward trend, averaging an annual growth rate of about 15% since 2001. In April 2024, prices crossed ₹ 75,000 (24 Carat per 10 grams) due to rising demand and geopolitical factors such as the Russia-Ukraine war, US Fed rate increases, and tensions in the Middle East.

Going forward, Gold Loan penetration is expected to increase further due to geographical diversification, expanding branch networks, and households monetizing their gold holdings. Additionally, the demand from micro-enterprises and individuals for working capital and personal requirements is expected to rise with the pickup in economic activity.



Growth Drivers for Gold Loan

Minimal Documentation, Flexible Repayment Options

Gold loans involve minimal documentation, making the loan application process fast and efficient. It offers multiple payment tenure options with different financial requirements.

Huge Private Gold Holdings

In the realm of private gold holdings, India reigns supreme with the world's largest reserves, nearly three times over the official gold reserves of the United States and double the combined gold holdings of China. This vast collection of gold is a valuable resource that owners can easily access, quickly unlocking funds when they are urgently required.

Underpenetrated Markets Dominated by Unorganised Players

With gold prices soaring, gold loans have become an attractive proposition for banks and NBFCs. According to a research study, India's gold market is grossly underpenetrated at 7%. Gold loans are dominated by unorganised players like moneylenders and pawnbrokers, who have roughly 65% of the market share, while organised players have the remaining share, presenting organised players like banks and NBFCs with a huge opportunity.

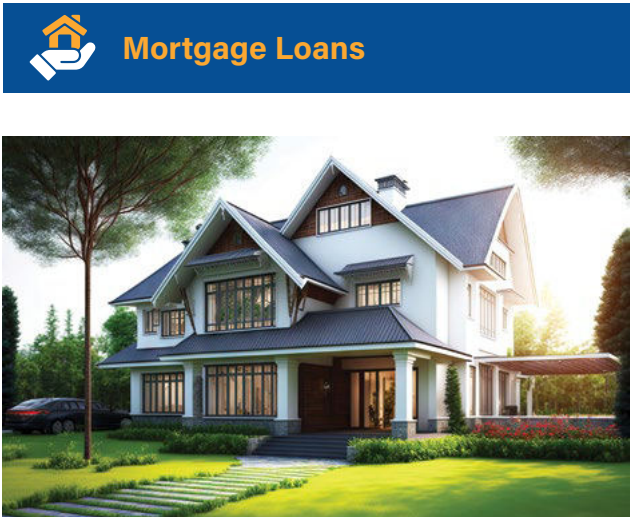
(Source: Economic Times)

Increasing Public Awareness

Rising awareness of gold loans in India, facilitated by extensive campaigns, financial literacy programmes, digital outreach, partnerships with jewellers, and multilingual communication, has resulted in higher disbursements. These loans also provide tax benefits and do not require a high credit score, which makes them a convenient choice.

Strategic Expansion of Branch Networks

A key factor instrumental in the AUM growth of gold-loan NBFCs is the expansion of their branch network. This expansion strategy has played a crucial role in increasing its reach and customer base.

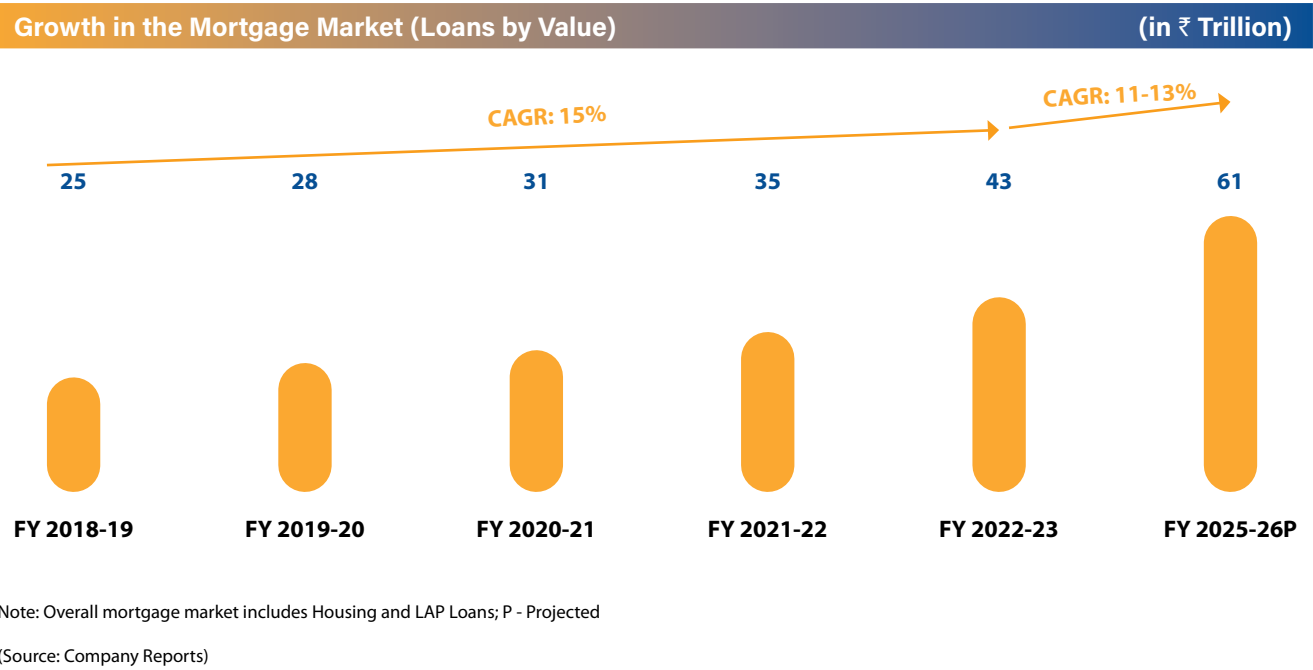


The Indian mortgage market, including housing loans and loans against property, grew at approximately 15% from FY 2018-19 to FY 2022-23. This growth was driven by rising disposable incomes, rapid urbanisation, rise of nuclear families, and government initiatives such as the 'Housing for All' campaign, pandemic stimulus packages, and the NHB Refinance scheme. Expansion in tier-2 and tier-3 cities, easier financing, and the broader reach of financial institutions also contributed significantly.

As per an integrated research house, the mortgage market will continue to maintain a robust CAGR of 11-13% between FY 2022-23 and FY 2025-26, driven by continued urbanisation, growth in tier-2 and tier-3 cities, tax and interest rate incentives, and ongoing government support for the housing sector.

The self-employed segment has significantly fuelled the demand for mortgage lending, showing multi-fold growth over the last three decades and seeking to unlock the value of their properties. Various players, including Scheduled commercial banks, Small Finance Banks (SFBs), NBFCs, and fintech companies, are actively engaging in mortgage lending. NBFCs focus on providing small loans, reaching customers without credit history, and tapping into remote locations. SFBs are also competing in this space.

The Indian MSME sector is set for substantial growth, projected to rise from ₹ 63 Million in March 2024 to ₹ 75 Million MSME units at a 2.5% CAGR, highlighting the increasing need for credit. The sector faces a significant credit gap amid this surge in MSMEs, presenting both opportunities and challenges. Loan Against Property (LAP) offers secured financing by leveraging residential or commercial properties, providing essential capital for MSME expansion and aligning with the broader growth in the mortgage lending market.



Growth Drivers for Mortgage Loans

Rising MSMEs

As on 15th March, 2024, the total number of registered enterprises on Udyam and UAP crossed 40 Million. As emerging businesses, MSMEs are witnessing a growing need for funds. Collateralised lending is on the rise, with entrepreneurs increasingly open to using their properties as security to secure loans. This trend aids NBFCs in risk mitigation while reflecting the expanding landscape of entrepreneurial financing.

Expanding Middle Class

As the middle class expands, there is a corresponding increase in aspirations for homeownership, business ventures, and overall financial stability. This demographic segment often seeks LAP as a means to unlock the value of their property assets to fulfil various financial needs, such as funding business expansions, education expenses, medical emergencies, or debt consolidation.

Tech-Driven Processing

By leveraging the digitisation of LAP, marketplaces provide accelerated disbursements through digital processing. This approach empowers them to focus more effectively on business expansion.



Business Loans



MSMEs form the backbone of India's economy, making up 95% of industrial units and contributing over 30% to GDP. Despite their crucial role, MSMEs have struggled to access the credit needed for growth and operations. Recently, Business Loans have begun transforming this landscape.

According to RBI data, gross bank credit to MSMEs under priority sector lending reached ₹ 24.7 Trillion in March 2024, a 19.2% increase from ₹ 20.7 Trillion in March 2023.

Business Loans are used for working capital, expansion, equipment purchases, inventory financing, technology upgrades, debt consolidation, emergencies, and opportunities. Access to capital through business loans is essential for sustainable growth and maintaining a competitive edge.

Growth Drivers for Business Loans

Government Schemes

The Credit Linked Capital Subsidy Scheme (CLCSS) facilitates MSMEs' access to subsidised capital, offering eligible enterprises a 15% capital subsidy on loans obtained from financial institutions. This initiative plays a pivotal role in nurturing the growth of the SME sector in India. Similarly, the Micro-Units Development and Refinance Agency (MUDRA) empowers borrowers to secure loans up to ₹ 1 Million for non-farm income-generating activities from various financial entities, including banks, MFIs, and NBFCs. Under the PM Mudra Yojana, 430 Million loans totalling ₹ 2.3 Million have been sanctioned, with a significant portion of 300 Million loans dedicated to women entrepreneurs.

(Source: Ministry Of Finance Summary Of The Interim Union Budget 2024-25)

Customised Financing Solutions

Business Loans without collateral are segmented into a variety of products designed to address the unique needs of diverse MSMEs. Whether a business seeks short-term working capital for immediate expenses or funding to enhance its product portfolio and market reach, tailored solutions are readily accessible.

Inclusivity and Accessibility

Flexible eligibility criteria for business loans broaden access to business financing for a wider spectrum of entrepreneurs. Small businesses lacking significant assets can now secure the funding necessary to expand operations, invest in new technologies, or fulfil working capital needs.

Industry Outlook

The Reserve Bank of India (RBI) has taken measures to curb the expanding exposure of the banking sector to non-banking financial companies (NBFCs). This includes raising the risk weight of unsecured lending by banks to NBFCs from 100% to 125%. Consequently, banks are required to set aside additional funds whenever extending loans to NBFCs. With reduced lending opportunities to NBFCs, banks have hiked interest rates on such loans to uphold a substantial revenue flow.

(Source: Live Mint)

As of December 2023, total bank credit extended to small, medium, and large industries increased by 8.6% year-on-year, reaching ₹ 36.7 Trillion, up from ₹ 33.8 Trillion in December 2022. In November 2023, the credit growth for these industries stood at 6.6%, with loans to these entities experiencing a year-on-year growth of 5.9%. It reflects sustained momentum in industrial borrowing, potentially indicating expanding investment and economic activity within various industries.

(Source: Financial Express)

Despite strong competition from banks, gold-loan NBFCs have maintained a market share exceeding 60% from March 2021 to September 2023. Regardless of the presence of banks offering similar financial products, customers continue to prefer the services provided by gold-loan NBFCs, suggesting a high level of trust, lower turnaround, or other factors favouring their offerings.

(Source: Economic Times)

According to a recent report, Non-Banking Financial Companies (NBFCs) are pivoting their attention towards the Small Ticket Loan Against Property (ST-LAP) segment. The market potential for ST-LAP stands at an estimated ₹ 22 Trillion, yet only about ₹ 1.8 Trillion has been utilised by lenders as of March 2023, indicating a penetration rate of less than 10%. NBFCs are likely aiming to capitalise on this potential by redirecting their efforts towards this lucrative market niche, which could lead to increased competition and innovation in S-LAP offerings.

(Source: Financial Express)

Gold loans, with an average ticket size of up to ₹ 1.25 Lakhs, have emerged as a popular alternative for financing and have garnered participation from various BFSIs, attributed to the secured nature of the product and same-day disbursals. Consequently, the Assets Under Management (AUM) for NBFCs is forecasted to expand by 12-14% until FY 2024-25, reaching ₹ 42 Trillion. This forecast reflects the growing demand and adoption of gold loans and underscores the significant role they play in the overall growth trajectory of NBFCs.

(Source: Monetary Policy Statement, February 2022-23)

Sentiment within the services sector continues to remain optimistic, partly propelled by an uptick in the tourism and hotel industry driven by leisure, business, and social travel. Consumption demand, on the other hand, is anticipated to maintain its growth trajectory. Urban demand has showcased resilience, evidenced by a rise in auto sales, fuel consumption, and UPI transactions. Rural demand is also gaining momentum, as indicated by strong growth in sales of two and three-wheelers.

NBFCs are anticipated to play a pivotal role in India's growth narrative by facilitating formalised credit penetration among underserved segments. The growth trajectory of this sector is expected to be shaped by policy incentives, regulatory vigilance, and digital integration throughout the value chain.

Fedbank Financial Services

Overview

Fedbank Financial Services Limited ('Fedbank Financial Services', 'Our Company' or 'We') is a publicly listed company (NSE: FEDFINA; BSE: 544027) established on 17th April 1995, headquartered in Mumbai, and operating as a subsidiary of The Federal Bank Limited. We debuted on the NSE and BSE in November 2023. Our Initial Public Offering (IPO) was oversubscribed. We have raised 6.0 Billion, making us the only listed NBFC of a listed private bank. We operate with a vision to Empower Emerging India with Easy Access to Loans, specialising in lending services with a diversified portfolio that includes Gold Loans, Mortgage and Business Loans. Strategically positioned, each of our businesses has the potential to expand tenfold from their current levels. We have seen multiple credit rating upgrades in the last fiscal, reflecting strong financial health and stability. CARE and India Ratings has upgraded our credit rating to AA+ with a stable outlook in October 2023. Additionally, CRISIL assigned us a rating of AA with a positive outlook in January 2024.

In line with our strategy of efficient utilisation of capital, we progressed on our off-book strategy, presently 18.7% of our total AUM is off-book, which is targeted to improve in the range of 20% in future. This helps us mitigate our customer default risk and use capital efficiently.

Company Performance

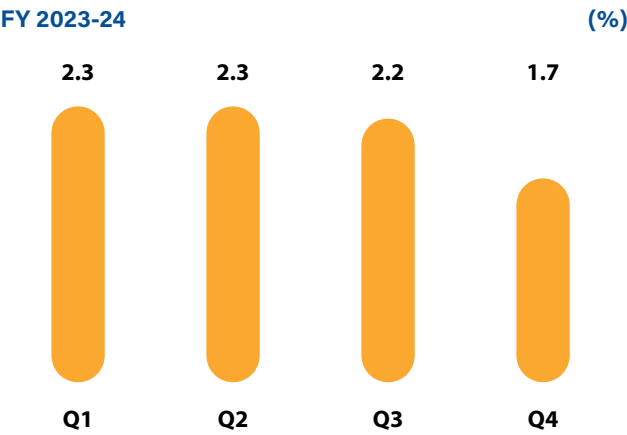
Continuing our trajectory of delivering consistent financial performance, we build upon our past performance to uphold our reputation. Our focus remains on optimising the performance of our branch network, leveraging operational efficiencies to enhance our competitive edge.

We capitalise on our understanding of our customers as the backbone of our strategies, by offering them tailor-made products for their evolving needs. As of 31st March, 2024, our AUM increased by 34% as compared to FY 2022-23, and stood at ₹ 121.9 Billion. Our PAT also improved by 36% compared to FY 2022-23 and stood at ₹ 2,447 Million.

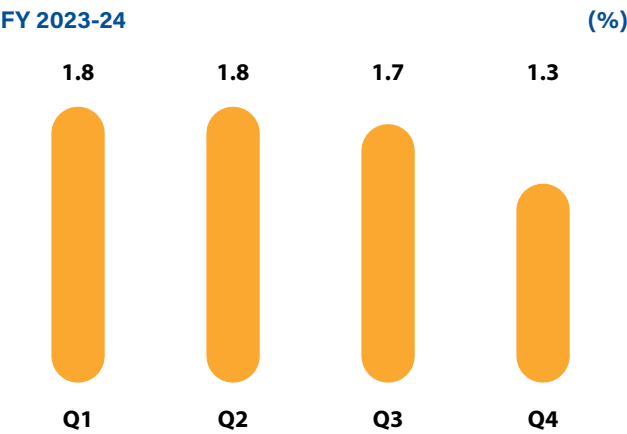
FY 2023-24 Result Summary

₹ 122 Billion AUM	₹ 136 Billion Disbursement
₹ 2,447 Million Profit After Tax	
₹ 22,608 Million Shareholders' Fund	
85% Secured AUM	621 Branches
18 States & UTs	₹ 82 Billion Borrowings
23.5% CRAR	4,298 Employees
1.7% GNPA	1.3% NNPA
2.4% ROA	13.5% ROE
0.7% Credit Cost	

Gross NPA (%)



Net NPA (%)



Products

We provide a meticulously curated range of products tailored to fulfil the requirements of our clientele. This assortment encompasses Gold Loan, Mortgage Loans and Business Loans.

Mortgage Loans



Our Mortgage Loans are designed to meet the growing needs of the MSME sector. Within each product, we offer multiple variations, allowing us to offer customised credit solutions to meet the specific requirement with available documentation of each customer. Primarily, our Mortgage Loans are aimed towards fulfilling businesses' working capital requirements. During FY 2023-24, we opened 45 MSME hubs, increasing to a total of 183 branches across India. Our ticket size for Mortgage Loans extends from ₹ 10 Lakhs to ₹ 3 Crores.

Our AUM for Mortgage Loan stood at ₹ 62,179 Million, which is 51.0% of the total AUM and the Average ticket size is ₹ 2.1 Million with disbursements of ₹ 28,341 Million.

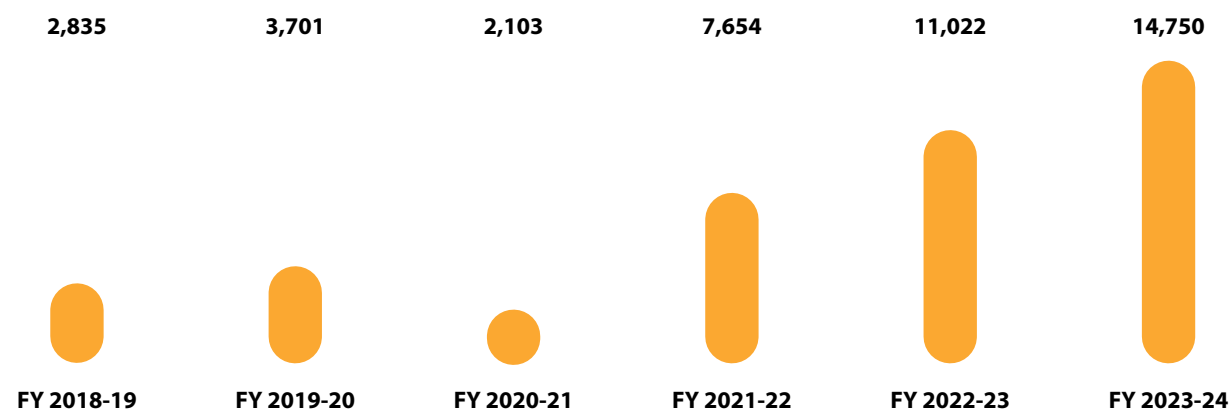
Small Ticket Loan Against Property (LAP) and Housing Loans

This offering is designed to meet the working capital requirements of self-employed individuals with a moderate income and limited income documentation. These customers are often located in the outskirts of Tier-I cities and Tier-II & Tier-III cities across India. For underwriting these customers, we follow a Cash flow-based assessment, using multiple income evaluation methods. Typically, these customers have a median annual income of around ₹ 0.5 Million, with irregular or limited financial transaction records. However, they maintain a healthy household cash flow, possess corresponding asset holdings, and own unencumbered properties. These loans are sourced by an internal sales team and the products are offered from our dedicated small mortgage branches.



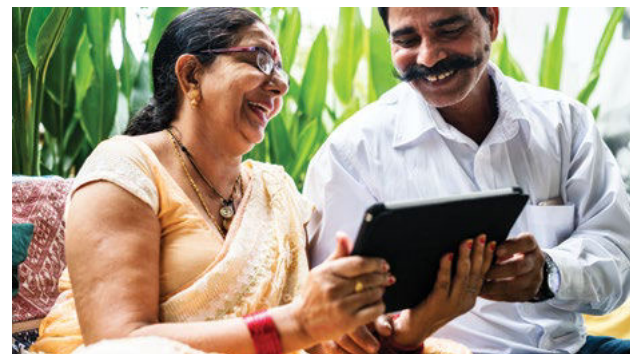
Growing Disbursements

(₹ Million)



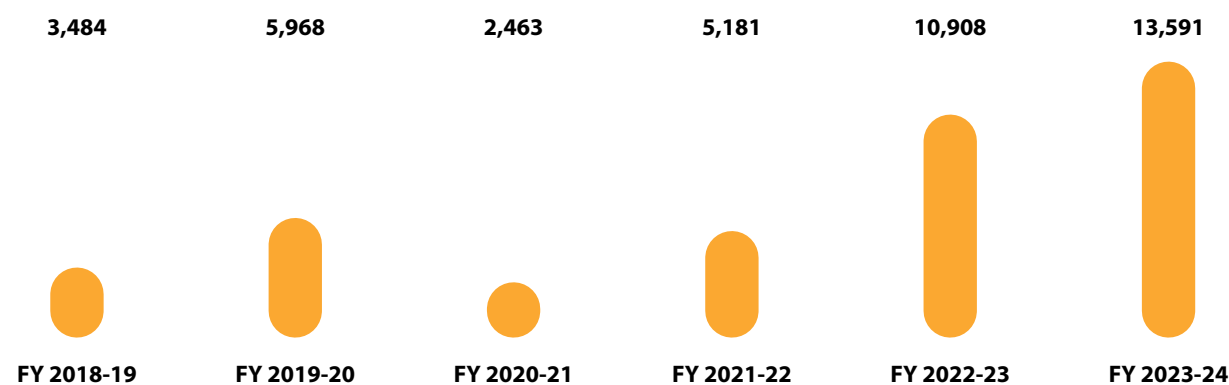
Medium-ticket Loan Against Property (LAP)

This offering is tailored to serve the requirements of MSMEs, comprising of traders, wholesalers, distributors, retailers, self-employed professionals, and small manufacturing firms. These products are sourced through more than 20 locations across India. We extend loans for various purposes, such as injecting capital, expanding businesses, working capital needs, acquiring assets, and funding capital expenditure. The target customer segment of this product generally has established income streams.



Growing Disbursements

(₹ Million)

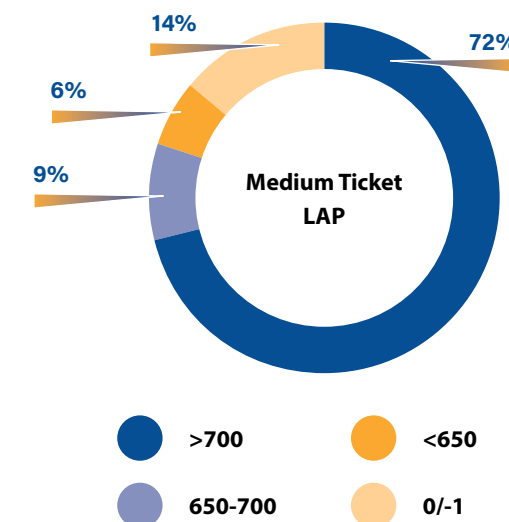


80.1%

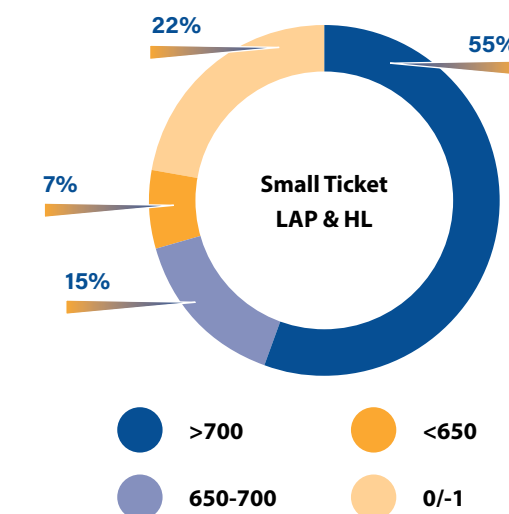
Mortgage AUM Secured by Self-Occupied Property

Quality of the Book

Over 80% AUM from customers with CIBIL >650¹



Over 70% AUM from customers with CIBIL >650¹



1: >650 & > 700 range is a combination of score >650/700 and CMR≤6

Gold Loans



Unlike many other nations where financial savings are a significant part of overall savings, households and individuals in India predominantly save in the form of physical assets such as real estate, gold, and silver. The customer base for our Company's Gold Loan offerings mainly comprises traders, owners of service and manufacturing units, and their employees. Our product focuses on the borrowers looking for short term working capital needs.

We also offer gold loans at customers' doorsteps, where customers can get a Gold Loan while sitting at home. The complete loan underwriting-to-disbursal process takes 30 minutes, just as it happens in the case of a loan availed through an NBFC branch. In case of doorstep model offering, verification of the gold ornaments, as well as gold collection, is conducted at the customer's residence. Due to these advantages as well as the increasing focus of players on both doorstep delivery and online gold loans, the addressable market for gold loans is expected to expand.

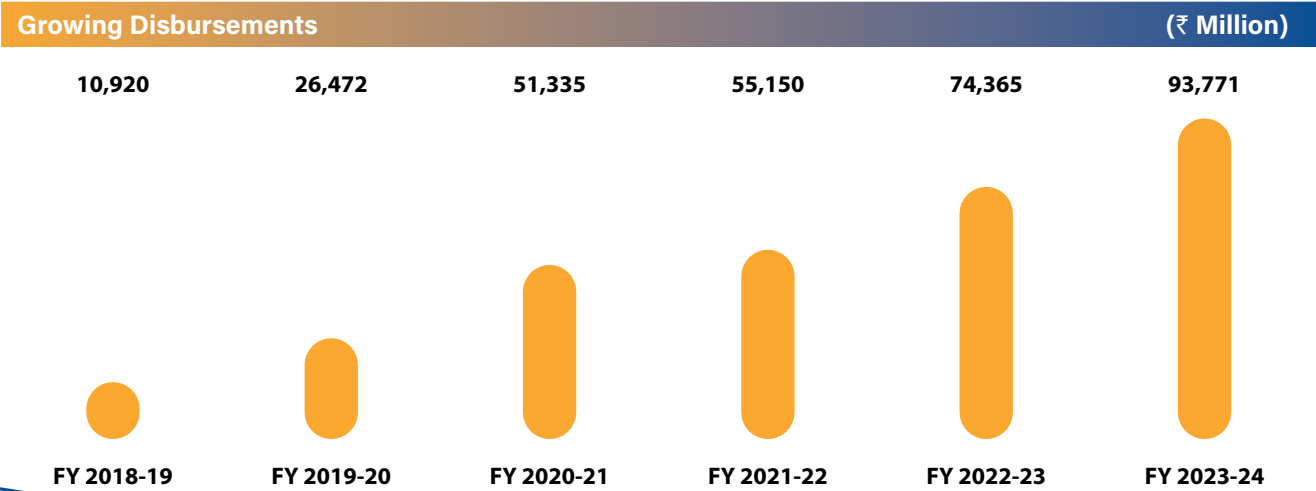
Additionally, we have established co-lending partnerships with banks. Lending under the Co-Lending Model (CLM) will be exclusively directed towards priority sectors as outlined by the Reserve Bank of India (RBI).

In FY 2024, we consolidated our business. Our AUM for Gold Loan stood at ₹ 39,694 Million, which is 32.6% of the total AUM with an Average Ticket Size 1.1 Lakhs with disbursements of ₹ 93,771 Million, the majority of disbursal being done digitally. For the FY 2023-24 our Average disbursement LTV stood at 70.5%. We follow the caratisation (purity) of gold to decide on the LTV of the loans extended.



Loan Disbursal Process

	Traditional Models	Doorstep Models
Loan Application	Branch walk-in	Phone call, mobile or app-based request
Gold Valuation	Valuation by employee/loan officer at the branch	Doorstep valuation by loan officer
Loan Processing	Manual entry of customer data and paper-based KYC	TAB-based data entry and KYC
Gold Storage	Vaults in branch	Vaults in branch, barcodes and RFID for tracking and retrieval
Loan Disbursement	Disbursal in 10-20 minutes	Disbursal in 10-20 minutes after completion of the entire process at the doorstep

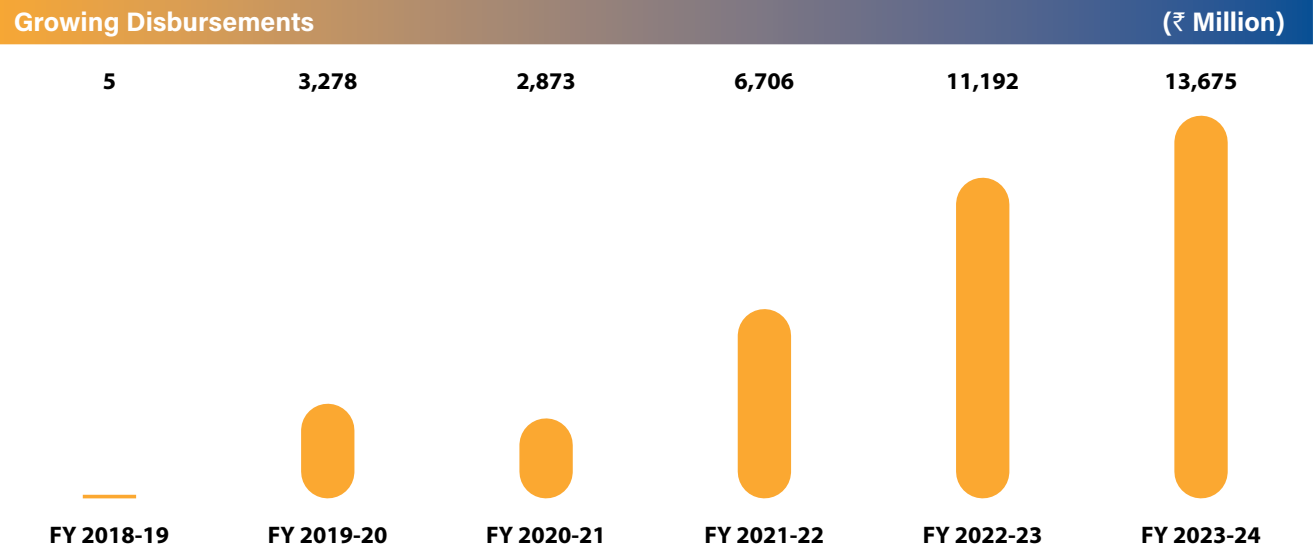


Business Loans



This category of loan is designed to meet the credit requirements of various individuals, including self-employed professionals, non-professionals, and salaried doctors. Under this category, our target customers typically have an annual turnover of around ₹ 10 Million and a minimum of five years of experience in their current business or profession. Many of these customers have put their life savings into their business and have no collateral to offer. We offer Business Loans to the established customers with established business vintage. Most of these are MSMEs and fall under the PSL category. This loan product primarily offers funds for bridging working capital gaps and expanding businesses without necessitating any collateral.

Our AUM for Business Loans was ₹ 18,255 Million, which is 15.0% of the total AUM and average ticket size is ₹ 2.4 Million with disbursements of ₹ 13,675 Million for FY 2023-24.



>89%
Business Loan Customers with CIBIL over >700



Risk Mitigation Strategies

Risk management forms an integral part of our business. We continuously improve our internal policies to ensure efficient operations. Given that we face financial and non-financial risks as a lending institution, we have built a robust risk management and audit framework to identify, assess, monitor, and manage various internal and external risks, including credit, market, liquidity, operational, regulatory, and legal, cyber and information security and reputational risks. We conduct regular training of our staff members for risk-related matters and continue to invest in people, processes, and technology as part of our risk management process.

Risk Type	Risk Description	Management's Approach
 Credit Risk	Credit risk refers to the potential financial loss from customers failing to meet repayment obligations.	The Risk Management Committee continuously reviews and approves our loan product programmes, outlining frameworks for the credit products we offer. Within these frameworks, credit policies govern sourcing proposals, business acquisition channels, underwriting processes, information systems, verification, documentation, disbursement procedures, portfolio quality triggers, and recovery mechanisms, including NPA management.
 Liquidity Risk	Liquidity risk refers to the potential difficulty in meeting financial obligations due to mismatches in cash flows.	We maintain sufficient liquidity buffers, including cash, equivalents, callable deposits, liquid investments, and undrawn credit lines, to meet all near-term obligations. The Asset-Liability Committee manages this risk based on our asset liability management policy. It ensures ongoing adequate liquidity and examines how requirements may evolve under different scenarios. The committee also reviews the structural liquidity statement in line with the RBI's guidance.
 Market Risk	Market risk refers to the possibility that the fair value or future cash flows of financial instruments may vary due to shifts in market factors, such as gold prices (relevant to lending against the gold business of our Company), interest rates, and foreign currency rates.	• Gold price fluctuation risk: Our Risk Management Committee periodically reviews the gold price movement. It monitors trends and their impact on the Gold Loan margins in present conditions as well as under-stress scenarios. • Interest rate risk: This is the risk of a change in market interest rates, which might adversely affect profitability. • Foreign currency rate fluctuation risk: Our Company is not exposed to foreign currency rate fluctuation risk as the cash flows are in Indian Rupees.
 Operational Risk	Operational risks encompass the potential for loss stemming from insufficient or failed internal processes, personnel, systems, or external events. These risks may arise from human error, fraudulent activities, system malfunctions or inadequate procedures and controls.	We strive to mitigate these risks through our control framework and diligently monitor and respond to potential risks. Our 85% AUM is secured collateral either with customer property or gold. Also 80.1% Mortgage AUM is secured by self-occupied residential/commercial property. Majority of our AUM from the customers with CIBIL >650. The controls include effective segregation of duties, access and authorisation protocols, reconciliation procedures, staff training, and assessment processes, such as internal audits, customer profile checks and securitisation. Reports from the internal auditors and actions taken in response are thoroughly discussed and reviewed during Audit Committee meetings.

Credit Ratings

Rating Agency	Instruments	Credit Ratings
CARE	NCD's	AA+/Stable
CARE	LT/ST Bank Facilities	AA+/Stable; A+
CARE	LT Instruments- Subordinated Debt	AA+/Stable
India Rating & Research Private Limited	Bank Loans	AA+/Stable
India Rating & Research Private Limited	NCD's	AA+/Stable
India Rating & Research Private Limited	NCD's- Subordinated Debt	AA+/Stable
CRISIL	NCD's	AA/Positive
CRISIL	Commercial Papers	A1+
ICRA Ltd	Commercial Papers	A1+

The cost and accessibility of capital are influenced by credit ratings. These ratings are assessments by rating agencies regarding our financial robustness, operational efficiency and capacity to fulfil our commitments.

In the present environment, a crucial factor influencing funding access is having a solid parent company. As a subsidiary of the Federal Bank, our strong parentage helps us to benefit from convenient access to funds, solidifying our position as a stable organisation.

All these factors significantly impact our borrowing expenses, ability to secure funding and considerably affect our business operations, financial outcomes, and overall financial health.

Human Resource

We regard human talent as an important pillar for our success and expansion. To nurture this talent, we have implemented practices focussed on skill enhancement through regular training sessions, leadership development programmes, and a transparent performance management system. Additionally, we prioritise healthy work-life balance for our employees, believing it enhances their productivity and motivation. Notably, approximately 93% of our Company's talent is sourced from established financial services companies, each possessing over four years of experience.

For the past five years, we have held the distinction of being recognised as a 'Great Place To Work®'. This certification underscores our sense of commitment towards cultivating a positive and supportive environment for our employees. Our Company's E.P.I.C. core values - Execution Excellence, People Centricity, Integrity, and Customer Centric - shape our culture, drive operational efficiency, empower our workforce, uphold ethical conduct, and deliver exceptional customer experiences, fuelling long-term growth. We have a professional development policy designed to empower our workforce with the skills and knowledge necessary for career advancement. Additionally, we prioritise the well-being of our employees through regular health checkups, ensuring their physical and mental health is diligently monitored.

Technology

We leverage our information technology platforms to achieve economies of scale by enhancing productivity, reducing turnaround time in processing, and minimising transaction costs. Our Company prioritises the 'Customer-First' approach in all its technology initiatives, focussing on ensuring a paperless process to reduce our carbon footprint. Our transition to a Digital Loan Origination System will enable seamless and convenient customer onboarding. The process is aimed at making it paperless and focuses on automation and API integrations.

Our portal and mobile app, with over 8.5 Lakhs downloads, plays a pivotal role in our digital strategy. Our digital platforms operate round the clock, offering convenience and reducing the need for human intervention. Our digital microsites and listings highlight our commitment to accessibility and customer centricity.

We continue to invest in technology and digitisation to support various functions, including loan origination, credit underwriting, risk management, collections, customer service, and retention. Enabling measures by RBI and the Government of India, such as implementing IndiaStack, Aadhaar-based eKYC, and scaling up UPI, have helped transform digital infrastructure for the industry.

Our 'Phygital' doorstep model blends digital and physical approaches, offering tailored services and ensuring continuous customer engagement. We prioritise data and system security and have invested in superior infra and support like next-generation firewall, 24x7 SOC (Security Operations Centre), and automated security tools.

Sensor-based branch surveillance along with dual links ensures fraud prevention along with requisite uptime for seamless functioning of our branches. Our strategic expansion to 600+ branches PAN India has strengthened our geographic reach. We utilise technology-driven solutions for customer KYC, data collection, and lead management, facilitating quick disbursal into customers' bank accounts through bank platform integration.

Our IT Steering and Strategy Committee reviews and approves information technology strategies to align with our corporate objectives. The Board oversees cybersecurity measures and oversees IT governance.



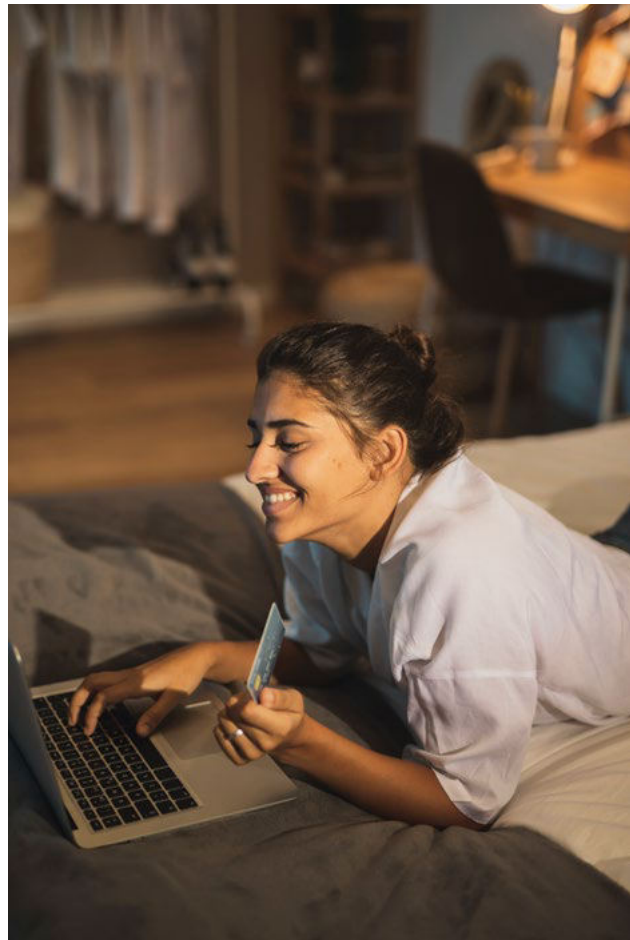
Opportunities

As the Government of India emphasises financial inclusion and awareness, coupled with the growing smartphone and internet accessibility in rural areas, we anticipate a surge in the delivery of credit services in these regions. Furthermore, leveraging alternative data for customer underwriting will enable us to effectively assess and serve the informal sectors of society in rural areas.

Digitisation has revolutionised the NBFC sector, facilitating quicker and more streamlined processes and enhancing customer experience. It is poised to amplify, specifically focussing on credit and underwriting, collections, fraud management, and cyber and data security/privacy.

Risk-sharing and risk-adjusted returns are integral components of co-lending partnerships, facilitating collaboration between banks and NBFCs/HFCs. Under this arrangement, all parties share the risks and rewards throughout the loan's lifecycle based on a predetermined ratio. Co-lending enhances our operational leverage, allowing us to expand lending activities using our existing infrastructure and resources more efficiently. Moreover, it enables us to capitalise on the origination skills and expertise of our partners in assessing specific customer segments, thereby conserving our capital while still reaching a broader customer base.

Moreover, green and sustainable financing is emerging as a promising sector, with NBFCs assuming a pivotal role in funding projects that advance environmental sustainability.



MSME Credit Addressable Market

₹ 25 Trillion
Credit Gap

₹ 92 Trillion
Credit Gap Formal Sector

NBFCs stand at the forefront of addressing the huge credit gap in the MSME sector. They can play a crucial role in driving inclusive economic growth by tailoring financial products, integrating technology for efficient lending, exploring innovative financing solutions, and expanding into underserved markets. Additionally, collaborating with Government initiatives and investing in capacity building for MSMEs can help bridge the economic gap.

Household Gold

7%
Pledged with Financiers

93%
Unpledged

There is a substantial opportunity for NBFCs to tap into the remaining share of unpledged household gold. NBFCs can develop innovative Gold Loan products that cater to the needs of individuals who have not yet utilised their gold assets for financing purposes. By offering competitive interest rates, flexible repayment terms, and efficient loan processing, NBFCs can attract customers who are looking to leverage their unpledged gold assets for various financial needs.

Threats & Challenges

The NBFC sector encounters significant challenges, particularly from the banking industry. Banks focussing on the same customer base as NBFCs will need to achieve scale, leading to intense competition within the sector. NBFCs must explore alternatives like securitisation, co-origination, and co-lending to maintain competitiveness in this landscape.

Cyber Threats

Cyber attacks are a major threat to businesses globally, consistently ranking among the top risks. They pose significant financial risks, with the Indian financial services sector facing about 1.3 Million cyber attacks last year. This highlights how quickly cyber threats outpace technological advancements. While regulators provide comprehensive guidelines, entities must ensure strict compliance and adoption.

(Source: KPMG NBFCs in India: Growth and Stability)

Data Security

Regulators worldwide recognise the role of accountability in managing extensive volumes of customer data in the financial sector. NBFCs must implement robust controls to ensure compliance with privacy regulations and avoid penalties. Integrating privacy preserving controls into operational strategies is crucial to addressing concerns and upholding customers' trust.

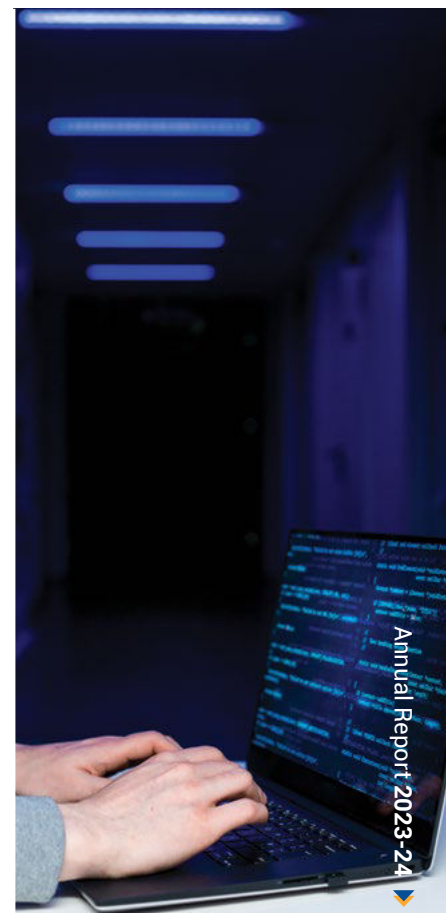


Internal Control Systems

The ultimate responsibility for our Company's internal control systems lies with the Board of Directors of FedBank Financial Services, supported by the Audit Committee. These systems aim to detect, assess, address, and provide reasonable assurance against the risk of material misstatement and loss. Our assurance model relies on inputs from internal assurance providers and management, reinforced by a strong ethical framework and compliance protocols. Under the guidance of the Board, our Management identifies the key risks faced by Fedbank Financial Services and implements the required internal controls to mitigate them.

Cautionary Statement

The statements made in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, and expectations may be 'forward-looking' statements within the meaning of applicable securities laws & regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand, supply, price conditions in the domestic & overseas markets in which the Company operates, changes in government regulations, tax laws & other statutes, and other incidental factors.



DIRECTORS' REPORT

To the Members,

Your Directors take pleasure in presenting the 29th Annual Report on the business and operations of the Fedbank Financial Services Limited ("Fedfina") together with the Audited Financial Statements for the Financial Year ended 31st March, 2024 ("year under review").

FINANCIAL HIGHLIGHTS

The key highlights of the Audited Financial Statements are presented in the table below:

	(₹ in Lakhs)	
Financial Highlights	31 st March, 2024	31 st March, 2023
Total Revenue	1,62,300	1,21,467
Net Interest Income (NII)	81,212	63,801
Fees and Other Income	13,132	10,451
Operating Expenses & Loan Loss Provisions	61,536	48,413
Profit Before - exceptional items and tax	32,808	25,839
Exceptional items	-	(1,537)
Profit Before Tax	32,808	24,302
Net Profit	24,470	18,013
Appropriations:		
Transfer to Reserve Fund	4,894	3,603
Transfer to General Reserve	-	-
Transfer to Capital Reserve	-	-
Transfer to Impairment Reserve	-	-
Proposed Dividend	-	-
Balance Carried Over To Balance Sheet	19,576	14,410
Total Advances	9,82,245	7,99,970
Total Borrowings	8,21,460	7,13,583
Total Assets (Balance Sheet Size)	11,13,784	9,07,099
Net Worth	2,26,083	1,35,568
Ratios:		
Return on Average Assets (%)	2.42	2.31
Return on Equity (%)	13.54	14.36
Earnings per share (₹) - Basic	7.22	5.60
- Diluted	7.12	5.59
Book Value per share (₹)	61.20	42.11
Cost to Income ratio (%)	58.24	58.60
Capital Adequacy Ratio (%)	23.46	17.94

Highlights of Performance

The successful launch of Initial Public Offer (IPO) of your Company marked a significant milestone in the Company's journey of growth and development. The IPO debuted on both the Stock Exchanges namely National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) on 30th November, 2023. With an IPO size of ₹ 109,226 Lakhs, it was oversubscribed by over 2.2 times, widening our investor base to over 2.5 Lakhs.

The total revenue of the Company for the financial year ended 31st March, 2024 has increased to ₹ 1,62,300 Lakhs as against ₹ 1,21,467 Lakhs for the previous year ended 31st March, 2023. Similarly, Net Interest Income (NII) grew

by 27.29% from ₹ 63,801 Lakhs in FY 2022-23 to ₹ 81,212 Lakhs this year. The revenue increased by 34% on the back of growth of 22% in loan book during the year. The net profit of the Company increased by 36% to 24,470 Lakhs for the financial year ended 31st March, 2024, as against ₹ 18,013 Lakhs for the financial year ended 31st March, 2023. The Net worth of Company at the beginning of the financial year, i.e 1st April, 2023 was ₹ 1,35,568 Lakhs and closing Net worth of Fedfina as on 31st March, 2024, was ₹ 2,26,083 Lakhs.

Growth in Business

As of 31st March, 2024, the AUM increased by 34% compared to FY 2022-23, reaching ₹ 12,19,188 Lakhs while disbursements improved by 26% to ₹ 13,57,828 Lakhs.

DIRECTORS' REPORT (Contd.)

The net profit rose by 36% over the previous year, reaching ₹ 24,470 Lakhs.

Over the past year, ₹ 52,213 Lakhs of the gold loan AUM was through co-lending, and your Company conducted portfolio sell-down transactions totaling ₹ 1,46,089 Lakhs. At the end of the year, 18.7% of the AUM was off the books.

CREDIT RATING:

Your Company's credit ratings has upgraded to AA+/Stable by CARE ratings and India Ratings, while CRISIL assigned AA/Positive rating, boosting the confidence of our stakeholders at large.

The details of Credit Ratings are as follows:

Rating Agency	Instrument	Credit Rating
India Ratings & Research Private Limited	Bank Loans	IND AA+/Stable
India Ratings & Research Private Limited	Non-Convertible Debentures	IND AA+/Stable
India Ratings & Research Private Limited	Subordinated Debt	IND AA+/Stable
CARE Ratings Limited (Formerly Known Credit Analysis & Research Limited)	Non-Convertible Debentures	CARE AA+;Stable
CARE Ratings Limited (Formerly Known Credit Analysis & Research Limited)	Subordinated Debt	CARE AA+;Stable
CARE Ratings Limited (Formerly Known Credit Analysis & Research Limited)	Long Term/ Short Term Bank Facilities	CARE AA+;Stable/CARE A1+
CRISIL Limited	Commercial Paper Program	CRISIL A1+
CRISIL Limited	Non-Convertible Debentures	CRISIL AA/Positive
ICRA Limited	Commercial Paper Program	ICRA A1+

EXPANSION OF NETWORK

Your Company has broadened its geographical presence by establishing new branches in different locations, thereby enhancing accessibility for its customers. With the opening of 46 branches, the branch network has now reached to 621 branches as on 31st March, 2024 across 19 states for different products and the break-up is as follows:

State/Union Territories	Gold Loan	MSME Hubs	Grand Total
ANDHRA PRADESH	41	16	57
CHANDIGARH	-	2	2
DELHI NCR	35	2	37
GOA	5	-	5
GUJARAT	65	27	92
HARYANA	10	5	15
KARNATAKA	73	17	90
MADHYA PRADESH	8	7	15
MAHARASHTRA	71	40	111
PONDICHERRY	1	1	2
PUNJAB	9	-	9
RAJASTHAN	10	12	22
TAMILNADU	64	27	91
TELANGANA	35	14	49
UTTAR PRADESH	10	10	20
UTTARAKHAND	-	1	1
DADRA AND NAGAR HAVELI	1	-	1
CHATTISGARH	-	2	2
Grand Total	438	183	621

DIRECTORS' REPORT (Contd.)

BUSINESS OVERVIEW

Your Company is well positioned to achieve steady growth, enhance credit quality, and deliver higher returns. Company's strong parentage and credit rating enables it to raise equity and debt on competitive terms. Your Company offers a range of products that have significant potential for growth in underpenetrated market segments. Your Company has a management team with over 20 years of experience and a dedicated workforce of 4,298 employees spread across 18 states and union territories.

There is no change in the nature of business of the Company for the year under review. Further information on the business overview and outlook and state of the affairs of the Company is discussed in detail in the Management Discussion & Analysis Report.

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 31st March, 2024.

DIVIDEND DISTRIBUTION POLICY

Since your Company is one of the top 1000 listed Companies as per market capitalisation as on 31st March, 2024 and in accordance with the Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formulated and adopted a Dividend Distribution Policy, which was reviewed and approved by the Board and the same is available on the website of the Company at <https://www.fedfina.com/corporate-governance/>

AMOUNT PROPOSED TO BE TRANSFERRED TO STATUTORY RESERVES:

Your Board of Directors have proposed a transfer of ₹ 4,894 Lakhs to the Statutory Reserves maintained under Section 45IC of the RBI Act, 1934.

ASSET-LIABILITY MANAGEMENT:

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

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

CHANGES IN CAPITAL STRUCTURE AND LISTING OF SHARES:**Authorised Share Capital of the Company:**

The Authorised Share Capital of the Company is ₹ 1000,00,00,000/- (Rupees One Thousand Crores only) consisting of 99,00,00,000 (Ninety nine Crores) equity shares of ₹ 10/- (Rupees Ten) each and 1,00,00,000 (One Crore) 0.01% non-cumulative redeemable preference shares of face value ₹ 10 (Rupees Ten) each.

Issued, Subscribed and Paid-up Share Capital of the Company:

The Issued, Subscribed and Paid up share capital of the Company as on 31st March, 2023 was ₹ 321,91,16,050/- divided into 32,19,11,605 equity shares of face value of ₹ 10 each.

During the year under review, 45,94,146 equity shares of face value of ₹ 10/- each were allotted to employees pursuant to exercise of stock options by the employees of the Company under Fedbank Financial Services Limited - Employees Stock Option Plan 2018, as amended. As a result, the Issued, Subscribed and Paid up share capital of the Company stood at ₹ 3,26,50,57,510/- divided into 32,65,05,751 equity shares of face value of ₹ 10 each.

Initial Public offer

During the year under review, the Company successfully launched an Initial Public Offer ("IPO") by way of fresh issue and Offer for Sale aggregating to ₹ 109,226 Lakhs. The Company allotted 4,28,81,148 equity shares to the eligible applicants on 29th November, 2023. The equity shares of the Company were listed and trading of the equity shares commenced on 30th November, 2023 on the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) after the IPO.

As on 31st March, 2024, the Issued, Subscribed and Paid up share capital of the Company stood at ₹ 369,38,68,990/- divided into 36,93,86,899 equity shares of face value of ₹ 10 each.

ISSUE OF DEBENTURES

The Board of Directors at their meeting held on 26th May, 2023, approved the issue of 10,000 (Ten Thousand) Rated, Listed, Unsecured, Redeemable, Sub-Ordinated, Fully Paid-Up, Non-Convertible Debentures of ₹ 1,00,000/- (Rupees One Lakh Only) each aggregating to ₹ 100,00,00,000/- (Rupees One Hundred Crores Only) with the Green Shoe Option of 10,000 (Ten Thousand) Rated, Listed, Unsecured, Redeemable, Sub-Ordinated, Fully Paid Up, Non-Convertible Debentures of Face Value of ₹ 1,00,000/- (Rupees One Lakh

DIRECTORS' REPORT (Contd.)

Only) each, aggregating to ₹ 100,00,00,000/- (Rupees One Hundred Crores Only) on private placement basis (ISIN INE007N08023).

Further, The Board of Directors at their meeting held on 26th June, 2023 approved the issue of 10,000 (Ten Thousand) Rated, Listed, Senior, Secured, Redeemable, fully paid-up, non-convertible debentures of ₹ 1,00,000/- (Rupees One

Lakh Only) Each, aggregating to ₹ 100,00,00,000/- (Rupees One Hundred Crores Only) on private placement basis (ISIN INE007N07041).

All the Non-Convertible Debentures issued by the Company are listed on BSE. The details of all the outstanding Non-convertible Debentures as on 31st March, 2024 are mentioned below:

NCD Series	Date of Allotment	Date of redemption	Amount Outstanding (in ₹)
8.35% Fedbank Financial Services Limited Secured NCDs 2027	26 th June, 2023	25 th June, 2027	81,25,00,000
9% Fedbank Financial Services Limited Subordinated NCDs 2030	26 th May, 2023	26 th May, 2030	200,00,00,000
8.30% Fedbank Financial Services Limited Secured MLDs 2026	4 th January, 2023	4 th April, 2026	200,00,00,000
9.90% Fedbank Financial Services Limited Unsecured Subordinated NCD 2027	30 th September, 2020	30 th September, 2027	250,00,00,000
Total			731,25,00,000

MANAGEMENT DISCUSSION AND ANALYSIS ("MDA")

In compliance with the Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements), 2015 ("SEBI Listing Regulations"), a separate section on Management Discussion and Analysis which includes details on the state of affairs of the Company forms part of this Annual Report.

CORPORATE GOVERNANCE

Corporate Governance has been an integral part of the way your Company has been doing business since inception. The Company believes that good Corporate Governance emerges from the application of the best and sound management practices and compliance with the laws coupled with adherence to the highest standards of transparency and business ethics.

Your Company seeks to embed and sustain a culture that will enable us to achieve our objectives through effective corporate governance and enhance transparent engagement with key stakeholders.

A separate report on Corporate Governance setting out the governance structure, principal activities of the Board and its Committees and the policies and practices that enable the Board to fulfil its stewardship responsibilities together with a Certificate from the Secretarial Auditor of the Company regarding compliance of conditions of Corporate Governance as stipulated under SEBI Listing Regulations forms part of this Annual report.

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORTING ('BRSR'):

The Ministry of Corporate Affairs, Government of India, came out with the 'National Voluntary Guidelines on Social,

Environmental and Economic Responsibilities of Business in July 2011. These guidelines contained certain principles that are to be adopted by companies as part of their business practices and requires disclosures regarding the steps taken to implement these principles through a structured reporting format, viz. Business Responsibility Report. Pursuant to Regulation 34(2)(f) of SEBI Listing Regulations the requirement of submitting a Business Responsibility Report shall be discontinued after the financial year 2021–22 and thereafter, with effect from the financial year 2022–23, the top one thousand listed entities based on market capitalisation shall submit a Business Responsibility and Sustainability report in the format as specified by the SEBI from time to time. Since your Company is one of the top 1000 listed Companies as per market capitalisation as on 31st March, 2024, this Annual Report includes a separate report on the Business Responsibility and Sustainability Report, which outlines the Company's environmental, social and governance initiatives.

EMPLOYEES STOCK OPTION SCHEME:

The Company had formulated the Employees Stock Option Plan, 2018 (ESOP Scheme, 2018), duly approved by the shareholders of the Company to enable its employees to participate in the future growth and financial success of the Company. The Company also intends to use this ESOP Scheme, 2018 to attract and retain talent in the organisation. The ESOP Scheme, 2018 was formulated in accordance with the SEBI guidelines, as amended from time to time. The eligibility and number of options to be granted to an employee is determined on the basis of various parameters such as scale, designation, performance, grades, period of service, Company's performance and such other parameters as may

DIRECTORS' REPORT (Contd.)

be decided by the Nomination & Remuneration Committee of the Board from time to time in its sole discretion.

The Shareholders of the Company had approved the Employees Stock Option Plan, 2018 ("ESOP Scheme 2018") on 13th November, 2018 with the overall ceiling of 1,54,05,405 stock options to be granted.

During the year under review, the ESOP Scheme 2018 was approved vide special resolution passed by the members in their Extra Ordinary General Meeting on 21st July, 2023 to vary the exercise period in the interest of the employees of the Company. Subsequently, post listing of equity shares of the Company on 30th November, 2023, BSE and NSE, in compliance with the regulatory requirements in terms of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, the ESOP Scheme 2018 was ratified by the members vide special resolution passed in the Extra Ordinary General meeting held on 22nd February, 2024.

During the year under review, 45,94,146 equity shares of face value of ₹ 10/- each were allotted to employees pursuant to exercise of stock options by the employees of the Company under ESOP Scheme 2018.

Other statutory disclosures as required under Regulation 14 of Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and Rule 12 of Companies (Share Capital and Debentures) Rules, 2014 on ESOS are given in website of the Company at <https://www.fedfina.com/investors-relations/overviews/annual-report/?page=other-disclosures-reports>

Your Company is also proposing to formulate a new scheme titled **"Fedbank Financial Services Limited- Employees Stock Option Scheme, 2024"** in accordance with the SEBI regulations for the benefit of employees. The said scheme was recommended/ approved by the Nomination & Remuneration Committee (NRC) and Board of Directors respectively subject to the approval of the Shareholders of the Company.

NOMINATION AND REMUNERATION POLICY

The Company has formulated Nomination and Remuneration Policy under the provisions of section 178 of the Act and SEBI Listing Regulations and the same is uploaded on the website of the Company at <https://www.fedfina.com/corporate-governance/>.

The Company has also formulated Compensation Policy in accordance with the RBI circular dated 29th April, 2022

ALTERATION OF MEMORANDUM AND ARTICLES OF ASSOCIATION

During the year under review, there were no changes in the Memorandum of Association of the Company. However,

prior to the IPO, the Company had altered the Articles of Association of the Company ("AOA") in conformity to the SEBI regulations as amended vide special resolution in the Extra Ordinary General Meeting of the members held on 21st July, 2023.

The Company had also altered its AOA vide special resolution at its 28th AGM held on 27th September, 2023 to align with the amendment brought out vide the Regulation 23(6) of Securities Exchange Board of India (Issue and Listing of Non-Convertible Securities) (Amendment) Regulations, 2023 dated 2nd February, 2023.

Further, to align with the post-listing requirements stipulated by SEBI, the AOA was again amended by reinstating certain key clauses which survived post listing vide special resolution in the Extra Ordinary General Meeting of the members held on 22nd February, 2024.

DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Your Company has a diverse and inclusive Board of Directors which endeavors to protect the interest of all the stakeholders.

The composition of the Board is in accordance with section 149 of the Companies Act, 2013 and Regulation 17 of the SEBI Listing Regulations with an optimum combination of Executive, Non-executive and Independent Directors including one woman director.

As on 31st March, 2024, the Board of Directors of your Company comprised of four (4) Independent Directors, one (1) Non-executive Director, two (2) Nominee Directors and one (1) executive Director. The Company has a Non-executive Chairman who is not related to the MD & CEO.

• Appointment/re-appointment of Directors

During the year under review, Mr. Anil Kothuri (DIN: 00177945), Managing Director & CEO (MD & CEO) was re-appointed as MD & CEO for a further term of five years with effect from 11th December, 2023 till 10th December, 2028. The said re-appointment was approved by shareholders vide special resolution passed in the Annual General Meeting ('AGM') held on 27th September, 2023.

On the recommendation of the Nomination and Remuneration Committee, the Board of Directors appointed Mr. Sunil Satyapal Gulati (DIN: 00016990) and Mr. Ramesh Sundararajan (DIN: 10500779) as Additional Directors in the capacity of an Independent Director effective from 15th March, 2024.

• Resignation of Directors

During the year under review, Mr. Peruvemba Ramachandran Seshadri had resigned from the

DIRECTORS' REPORT (Contd.)

Directorship of the Company with effect from 22nd August, 2023 due to his appointment as Managing Director & CEO in South Indian Bank by RBI. The Director has confirmed that there are no material reasons apart from the reasons given in his resignation letter.

As on the date of the report, Mr. Anil Kothuri, MD & CEO has tendered his resignation as MD & CEO of the Company on August 09, 2024 and the Board of Directors of the Company at their meeting held on August 09, 2024 had considered, noted and accepted his resignation and the effective date of resignation shall be 8th November, 2024 after serving his entire notice period of 3 months from the date of his resignation.

- **Directors retirement by rotation**

Mr. Shyam Srinivasan (DIN: 02274773), who retired by rotation and offered himself for re-appointment was re-appointed in the AGM held on 27th September, 2023.

In accordance with the provisions of section 152(6) of the Act and the Articles of Association of the Company, Mr. Anil Kothuri (DIN: 00177945), Managing Director & CEO is liable to retire by rotation and being eligible, offers himself for re-appointment at the ensuing AGM.

However, Mr. Anil Kothuri has tendered his resignation as MD & CEO of the Company on 9th August, 2024 and the Board of Directors of the Company at their meeting held on 9th August, 2024 had considered, noted and accepted his resignation. Further, as per the HR policy of the Company, the effective date of resignation of Mr. Anil Kothuri, MD & CEO after serving his entire notice period of 3 months from the date of his resignation shall be 8th November, 2024. His re-appointment shall be subject to his tenure ending on 8th November, 2024.

Apart from the aforesaid, there were no other changes in the composition of the Board of Directors and Key Managerial Personnel of the Company during the year under review.

Subsequently, additional changes that took place in composition of the Board of Directors from the financial year ended 31st March, 2024 and as on the date of this report are as follows:

Mr. Ashutosh Khajuria ceased to be the Nominee Director representing The Federal Bank Limited on the Board of the Company after completion of his term of nomination on 30th April, 2024.

Further, The Federal Bank Limited nominated Mr. Harsh Dugar (DIN: 00832748) as Nominee Director on the Board of the Company in place of Mr. Ashutosh Khajuria.

Based on the recommendation of the Nomination and Remuneration Committee and in accordance with the Articles of Association of the Company, the Board of Directors of the Company appointed Mr. Harsh Dugar as Nominee Director on the Board effective from 1st May, 2024.

The members of the Company confirmed and approved these special resolutions pertaining to appointment of Mr. Sunil Satyapal Gulati and Mr. Ramesh Sundararajan as Independent Directors on 6th June, 2024 by means of Postal Ballot, through remote e-voting only.

The appointment of Mr. Harsh Dugar as Nominee Director and continuation of Mr. Maninder Singh Juneja (DIN: 02680016) as Nominee Director in accordance with regulation 17 of SEBI Listing Regulations were also approved by the Shareholders of the Company through postal ballot on 6th June, 2024.

BOARD MEETINGS HELD DURING THE YEAR

During the year under review, your Board of Directors met 18 times and the gap between any two meetings did not exceed one hundred and twenty days.

The dates on which the meetings were held are 28th April, 2023, 8th May, 2023, 26th May, 2023, 21st June, 2023, 17th July, 2023, 19th July 2023, 26th July 2023, 8th August, 2023, 5th September, 2023, 6th November, 2023, 15th November, 2023, 16th November, 2023, 21st November, 2023, 23rd November, 2023, 25th November, 2023, 29th November, 2023, 11th December, 2023 and 15th January, 2024.

DECLARATION FROM INDEPENDENT DIRECTORS

There are four (4) Independent Directors on the Board of the Company. The Independent Directors have submitted declarations that they continue to fulfil the criteria of independence laid down under Section 149 of the Companies Act, 2013, Regulation 16 of SEBI Listing Regulations and complied with the Code for Independent Directors as prescribed in Schedule IV to the Act.

The Independent Directors have confirmed that they are not aware of any circumstance or situation, which exists or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence.

In the opinion of the Board, the Independent Directors are eminent persons and possess requisite qualifications, integrity, expertise and experience in the relevant functional areas.

All the Independent Directors have a valid registration in the Independent Director's databank of the Indian Institute

DIRECTORS' REPORT (Contd.)

of Corporate Affairs as required under Rule 6(1) of the Companies (Appointment and Qualification of Director) Fifth Amendment Rules, 2019.

BOARD EVALUATION

The Company has defined a manner of evaluation as per the provisions of the Act and SEBI Listing Regulations and formulated a method for the evaluation of the performance of the Board, its Committees and individual Directors. The annual evaluation of the performance of the 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. The Board also carried out annual performance evaluation of the working of each of its Board constituted Committees.

Your Company has received declaration from each Director on fulfilling the fit and proper criteria in terms of the provisions of Master Direction - Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023 ("RBI NBFC Master Directions"). The Board of Directors has confirmed that all the existing Directors are fit and proper to continue to hold the appointment as Directors on the Board, as reviewed and recommended by the Nomination and Remuneration Committee on fit and proper criteria under RBI NBFC Master Directions.

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

All Board members and senior management personnel have affirmed compliance with the Company's code of conduct for the FY 2023-24.

COMMITTEES

Details on composition of various Committees of the Board, terms of reference and number of meetings of the Committees held are given in the Corporate Governance Report which forms part of the Annual Report.

COMPLIANCE WITH THE SECRETARIAL STANDARDS

During the year under review, the Company has complied with the applicable secretarial standards issued by the Institute of Company Secretaries of India.

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, 2024.

As on the date of this report, the Company has received the Corporate Agent (Composite) license dated 10th June, 2024 issued by Insurance Regulatory and Development Authority of India ("IRDAI") for soliciting life, general and health insurance ("Composite") as Corporate Agent under Insurance Regulatory and Development Authority of India (Registration of Corporate Agents) Regulations, 2015.

HUMAN RESOURCE – TALENT POOL – PERFORMANCE MANAGEMENT:

Your Company has been always prided itself in being a people first organisation. Our evolved digitised onboarding assisted us in seamless joining for new joiners in different geographies where we have expanded our presence. Our employee strength has grown by 19.2% as compared to the previous year in line with our expansion plans.

Our concentration revolves around continuous growth, culture and a learning experience. To nurture this talent, your Company have implemented practices focused on skill enhancement through regular training sessions, leadership development programmes, and a transparent performance management system. Additionally, it is given priority on healthy work-life balance for our employees, believing it enhances their productivity and motivation.

In continuation to our endeavor to promote Gender Diversity at workplace, your Company continue the **Restart with Fedfina** initiative to help women with career breaks to restart their career.

Women Leadership Program was launched where the women leaders participating in the program were from different industries, providing them an additional dimension towards their learning. The objective of the program is to equip our women employees in Manager and above grades to grow further as leaders. They went through a 3 months long transformational journey focused towards developing leadership mindset, strategic thinking and building an executive presence.

Further, Professional development policy is designed to empower our workforce with the skills and knowledge necessary for career advancement. Additionally, the well-

DIRECTORS' REPORT (Contd.)

being of our employees through regular health checkups is prioritised, ensuring their physical and mental health is diligently monitored.

PARTICULARS OF EMPLOYEES

Disclosures relating to remuneration and other details as required in terms of the provisions of Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given in **Annexure I** which forms part of this Report.

Further, in accordance with the provisions of Sections 197(12) & 136(1) of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the list pertaining to the names and other particulars of employees drawing remuneration in excess of the limits set out in the aforesaid Rules, is kept open for inspection during working hours at the Registered Office of the Company and the Report & Accounts as set out therein are being sent to all the Members of the Company. Any Member, who is interested in obtaining these, may write to the Company Secretary at the Registered Office of the Company.

CAPITAL ADEQUACY

Your Company's capital adequacy ratio stood at 23.46% as on 31st March, 2024 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 19.72%.

PUBLIC DEPOSITS

Your Company is a Non- Deposit taking Systematically Important NBFC and has not accepted public deposits falling under purview of provisions of section 73 of the Act during the year. Hence the requirement of furnishing the details in terms of Chapter V of the Companies Act, 2013 is not applicable.

RISK MANAGEMENT POLICY

Risk management forms an integral part of our business. 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 Risk Management Committee, a dedicated board-level committee, plays a pivotal role in continuously reviewing, approving, and refining our risk management policies and procedures and governing framework for each type of risk on a regular periodicity. The Committee monitors the

compliance of risk parameters and aggregate exposures within the defined limits.

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

Detailed discussion on risk management is disclosed in the Management Discussion and Analysis which forms part of this report.

AUDITORS:

1. STATUTORY AUDITORS & THEIR REPORT

M/s BSR & Co. LLP, Chartered Accountants (Firm Registration No. 101248W / W- 100022) were appointed as Statutory Auditors of your Company at the Twenty sixth Annual General Meeting (AGM) held on 24th September, 2021 for a tenure of three years till the conclusion of the Twenty ninth Annual General Meeting to be held for the year 2024. The Audit Report submitted by M/s BSR & Co. LLP, Chartered Accountants, for the financial year 2023-24 does not contain any qualification, reservation or adverse remark.

2. SECRETARIAL AUDITORS & THEIR REPORT

M/s. DM & Associates Company Secretaries LLP were appointed as the Secretarial Auditors to conduct the Secretarial Audit for the financial year ended 31st March, 2024. The Report of the secretarial auditors in the prescribed Form MR-3 is set out in **Annexure-II** to this Report. The Secretarial Audit Report does not contain any qualifications, reservation or adverse remark except to the extent stated below:

The Bombay Stock Exchange Limited (BSE) vide their email dated 15th December, 2023 imposed a fine of ₹ 1,53,400/- under Regulation 52(1) of the SEBI Listing Regulations applicable for debt listed companies for delayed submission of Unaudited Financial results for the quarter and half year ended 30th September, 2023 beyond the prescribed timelines. The Company has paid the fine on 19th December, 2023.

BSE vide their email dated 30th October, 2023 imposed a fine of ₹ 11,800/- under Reg 60(2) of the SEBI Listing Regulations for delay in submission of notice of record date for repayment of debentures for ISIN INE007N07041. Further, the Company has submitted a waiver application to BSE in this regard which is currently under consideration by BSE.

The Reserve Bank of India, in exercise of powers conferred under section 58G(1)(b) read with section

DIRECTORS' REPORT (Contd.)

58B (5) (aa) of the Reserve Bank of India Act, 1934 on 20th September, 2023 imposed a monetary penalty of ₹ 8.80 Lakhs on the Company for delay in reporting of one fraud case through FMR-1 within the prescribed period. The Penalty amount of ₹ 8.80 Lakhs has been remitted to RBI Enforcement Department on 28th September, 2023.

Management Response

Your Company's equity shares have been listed on National Stock Exchange of India Limited (NSE) and on BSE Limited (BSE) on 30th November, 2023 on account of completion of the Initial Public Offering ("IPO") of 7,80,42,871 equity shares of face value of ₹ 10 each at an issue price of ₹ 140 (issue price for employees was ₹ 130/-) per equity share, consisting of fresh issue of 428,81,148 equity shares amounting ₹ 60,000 Lakhs and through an offer for sale of 3,51,61,723 equity shares amounting to ₹ 49,226 Lakhs. The Company has Non-convertible Debentures listed on BSE. As a debt listed Company, pursuant to Regulation 52 of the SEBI Listing Regulations, your Company is required to submit quarterly financial results within 45 days from the end of the quarter. Due to the aforesaid IPO process, the submission of the unaudited limited review results for the quarter and half year ended 30th September, 2023 has got delayed and is being submitted after 45 days, the period stipulated by Regulation 52 of the SEBI Listing Regulations, subsequent to the results being approved by the Board of Directors at its board meeting held on 11th December, 2023.

The Company intimated the record date on 31st August, 2023 instead of 30th August, 2023 to BSE. The delay of one working day was purely unintentional miss out as the period was inadvertently calculated as 7 working days of the Company excluding the date of intimation and the date of meeting.

The fraud case occurred during the period when the Country was going through a COVID wave disrupting regular functioning of Sub-Registrar offices, restrictions on travel offices working with sub optimal capacity. The Pandemic also caused irregular and untimely access to the developer's office for seeking further inputs for reconciling records etc. thus delaying the final conclusion of the fraud. The moment all the facts were in place to reach the conclusion, the fraud incident was immediately reported to RBI on 11th May, 2021.

The observations made in the Secretarial Auditors report are self-explanatory and therefore do not call for any further comments.

FRAUD REPORTING

Pursuant to the Board approved 'Fraud Risk Management and Fraud Investigation Policy' of the Company, the information relating to all frauds of ₹ 1 Lakhs and above are reported to the Board on quarterly basis.

During the year under review, the frauds detected and the same has been timely reported to the Audit Committee/ Board as well as to the Reserve Bank of India (RBI) amounting to ₹ 321.84 Lakhs.

Pursuant to the section 143(2) of the Companies Act, 2013, no frauds were reported by the Auditors of the Company to the Audit Committee during the year under review.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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

INTERNAL FINANCIAL CONTROLS AND THEIR ADEQUACY

Internal Financial Controls laid down by the Company is a systematic set of controls and procedures to ensure orderly and efficient conduct of its business including adherence to the Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and timely preparation of reliable financial information. Internal financial controls not only require the system to be designed effectively but also to be tested for operating effectiveness periodically.

During the year under review, your Company had engaged a firm of Chartered Accountants to evaluate the internal financial control framework and to test its operating effectiveness. Based on the testing conducted by the

DIRECTORS' REPORT (Contd.)

aforesaid firm, the Board is of the view that the Company has laid down adequate internal financial controls commensurate with the nature and size of its business operations and these controls are adequate and operating effectively and no material weaknesses have been observed.

RELATED PARTY TRANSACTIONS

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

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

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

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY THAT OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENT RELATE TILL THE DATE OF THIS REPORT:

No material changes and commitments affecting the financial position of the Company have occurred between the Financial year ended 31st March, 2024 till the date of this report.

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

The Company, being a NBFC registered with RBI, is exempted from complying with the provisions of section 186 of the Act related to loans made, guarantees given and securities provided. However, the details of investments made by the Company pursuant to the provisions of Section 186 (4) of the Act are given in Note 9 to the Financial Statements.

DETAILS OF GOLD LOAN AUCTIONS:

Details of auctions pertaining to gold loans 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 amount received out of Auctions (₹)
FY 2023-24	9109	₹ 43,90,14,235	₹ 7,13,68,835	₹ 51,03,83,070	₹ 65,45,50,905

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.

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

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

The following is a summary of sexual harassment complaints received and dealt with during FY 2023-24:

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

CORPORATE SOCIAL RESPONSIBILITY

The Company has a Corporate Social Responsibility (CSR) Committee in place in accordance with section 135 of the Act. The CSR Committee has formulated and recommended to the Board, a Corporate Social Responsibility Policy ("CSR Policy") indicating the activities to be undertaken by the Company, which has been approved by the Board. The CSR Policy is available on the Company's website at <https://www.fedfina.com/csr/>. The Company has spent ₹ 3,10,06,228/- on CSR activities during the year under review.

The required disclosure as per Rule 8 of Companies (Corporate Social Responsibility Policy) Rules 2014 is attached as Annexure IV to this report.

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 is categorised as NBFC in Middle layer pursuant to Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 and has complied with and continues to comply with all the applicable regulations and directions of the RBI.

DIRECTORS' REPORT (Contd.)

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 "Whistle Blower Policy" to deal with the instances of fraud and mismanagement, if any. The said policy is available on the website of your Company at <https://fedfina.com/corporate-governance/>

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.

Out of 18 complains received, 3 complaints were pertaining to vigil mechanism framework/policy. All the said complaints received were resolved.

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

ANNUAL RETURN:

Pursuant to section 92 (1) of the Companies Act 2013, the Annual Return for the year 2023-24 is placed on the website of the Company (<https://www.fedfina.com>)

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

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

Your Company is continued to invest in technology and digitisation to support various functions, including loan origination, credit underwriting, risk management, collections, customer service, and retention. Enabling measures by RBI and the Government of India, such as implementing IndiaStack, Aadhaar-based eKYC, and scaling up UPI, have helped transform digital infrastructure for the industry.

Our 'Phygital' doorstep model blends digital and physical approaches, offering tailored services and ensuring continuous customer engagement. We prioritise data and system security and have invested in superior infra and support like next-generation firewall, 24x7 SOC (Security Operations Centre) and automated security tools.

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- I. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- II. such accounting policies have been selected and applied consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2024 and the profits of the Company for the financial year ended on that date;
- III. proper and sufficient care had been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- IV. the annual accounts have been prepared on going concern basis; and
- V. proper systems had been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.
- VI. internal financial controls to be followed by the company had been laid down and that such internal financial controls were adequate and operating effectively.

OTHER DISCLOSURES

In terms of applicable provisions of the Act, the Company discloses that during the year under review:

- i. The Company has not issued any shares with differential rights and hence no information as per provisions of Section 43(a)(ii) of the Act read with Rule 4(4) of the Companies (Share Capital and Debenture) Rules, 2014 is furnished.
- ii. The Company has not issued any sweat equity shares and hence disclosure as per Section 54(1)(d) of the Act read with Rule 8(13) of the Companies (Share Capital and Debenture) Rules, 2014 is not provided.
- iii. There were no instances of non exercising of voting rights in respect of shares purchased directly by employees under a scheme hence no information pursuant to Section 67(3) of the Act read with Rule 16(4) of Companies (Share Capital and Debentures) Rules, 2014 is furnished.
- iv. There are no significant and material orders passed by the regulators or courts or tribunals that would impact

DIRECTORS' REPORT (Contd.)

the going concern status of the Company and its future operations.

- v. The Company has not made any application nor any proceedings are pending under the Insolvency and Bankruptcy Code, 2016.
- vi. There were no instances of one-time settlement for any loans taken from the Banks or Financial Institutions.
- vii. There were no amounts required to be transferred to Investor Education and Protection Fund (IEPF) pursuant to section 124 and 125 of the Companies Act, 2013 read with Rules made thereunder.
- viii. The Company being, a Non-Banking Financial Company is not required to maintain cost records as prescribed under section 148(1) of the Act.
- ix. The Company does not have any subsidiary, joint venture or associate Company.
- x. The Company has shifted its registered office from one locality to another within the same city i.e. from 'Kanakia Wall Street, A Wing, 5th Floor, Unit 511, Andheri Kurla Road, Chakala, Andheri East, Mumbai- 400093, Maharashtra' to 'Unit no.: 1101, 11th Floor, Cignus, Plot No. 71A, Powai, Paspoli, Mumbai – 400 087, Maharashtra' effective from 25th April, 2024.

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.

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 organisation's significant growth possible.

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.

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

Sd/-

Mr. Balakrishnan Krishnamurthy

Chairman of the Board

DIN: 00034031

Place: Mumbai

Date: 22nd August, 2024

ANNEXURE I

Statement of Disclosure of Remuneration under section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Sr. No.	Particulars	Details																					
1.	The ratio of the remuneration of each director to the median remuneration of the employees of the Company as on 31 st March, 2024	<table><tr><th>Name</th><th>Ratio</th></tr><tr><td>Balakrishnan Krishnamurthy</td><td>1:3.4</td></tr><tr><td>Anil Kothuri</td><td>1:66</td></tr><tr><td>Gauri Rushabh Shah</td><td>1:3.8</td></tr><tr><td>Shyam Srinivasan</td><td>Not applicable</td></tr><tr><td>Ashutosh Khajuria</td><td>Not applicable</td></tr><tr><td>Maninder Singh Juneja</td><td>Not applicable</td></tr><tr><td>Peruvemba Ramachandran Seshadri*</td><td>1:2.14</td></tr></table>	Name	Ratio	Balakrishnan Krishnamurthy	1:3.4	Anil Kothuri	1:66	Gauri Rushabh Shah	1:3.8	Shyam Srinivasan	Not applicable	Ashutosh Khajuria	Not applicable	Maninder Singh Juneja	Not applicable	Peruvemba Ramachandran Seshadri*	1:2.14	*resigned from the Board with effect from 22 nd August, 2023				
Name	Ratio																						
Balakrishnan Krishnamurthy	1:3.4																						
Anil Kothuri	1:66																						
Gauri Rushabh Shah	1:3.8																						
Shyam Srinivasan	Not applicable																						
Ashutosh Khajuria	Not applicable																						
Maninder Singh Juneja	Not applicable																						
Peruvemba Ramachandran Seshadri*	1:2.14																						
2.	The percentage increase/ (decrease) in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the FY 2023-24	<table><tr><th>Name</th><th>Percentage Increase/(decrease)</th></tr><tr><td>Balakrishnan Krishnamurthy</td><td>23.91%</td></tr><tr><td>Anil Kothuri</td><td>11%</td></tr><tr><td>Gauri Rushabh Shah</td><td>15.24%</td></tr><tr><td>Shyam Srinivasan</td><td>Not applicable</td></tr><tr><td>Ashutosh Khajuria</td><td>Not applicable</td></tr><tr><td>Maninder Singh Juneja</td><td>Not applicable</td></tr><tr><td>C.V. Ganesh</td><td>11%</td></tr><tr><td>Rajaraman Sundaresan</td><td>12%</td></tr><tr><td>Peruvemba Ramachandran Seshadri*</td><td>62.72%</td></tr></table>	Name	Percentage Increase/(decrease)	Balakrishnan Krishnamurthy	23.91%	Anil Kothuri	11%	Gauri Rushabh Shah	15.24%	Shyam Srinivasan	Not applicable	Ashutosh Khajuria	Not applicable	Maninder Singh Juneja	Not applicable	C.V. Ganesh	11%	Rajaraman Sundaresan	12%	Peruvemba Ramachandran Seshadri*	62.72%	*resigned from the Board with effect from 22 nd August, 2023
Name	Percentage Increase/(decrease)																						
Balakrishnan Krishnamurthy	23.91%																						
Anil Kothuri	11%																						
Gauri Rushabh Shah	15.24%																						
Shyam Srinivasan	Not applicable																						
Ashutosh Khajuria	Not applicable																						
Maninder Singh Juneja	Not applicable																						
C.V. Ganesh	11%																						
Rajaraman Sundaresan	12%																						
Peruvemba Ramachandran Seshadri*	62.72%																						
3.	The percentage increase in the median remuneration of employees in the financial year;	9.12																					
4.	The number of permanent employees on the rolls of company;	4,262 as on 31 st March, 2024																					
5.	Average percentile increase/decrease already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	8.82% vs 11.33%																					
6.	affirmation that the remuneration is as per the remuneration policy of the company.	The remuneration is as per the Compensation Policy and the Nomination and Remuneration Policy for the Directors, Key Managerial Personnel and other employees of the Company, formulated pursuant to the provisions of Section 178 of the Companies Act, 2013.																					

Note: For the purpose of fair interpretations, the remuneration amount considered is fixed remuneration, does not include perquisite or variable income. The Company pays only sitting fees to the Independent directors which is considered.

ANNEXURE II

Form No. MR-3

Secretarial Audit Report

[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]

For the Financial Year Ended 31st March, 2024

To,

The Members,

FEDBANK FINANCIAL SERVICES LIMITED

Unit No. 1101, 11th Floor, Cignus,

Plot No. 71A, Powai,

Passpoli, NITIE,

Mumbai – 400087.

Dear Members,

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised 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 31st March, 2024, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2024 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder;
4. The provisions of Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to

the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial borrowings were not applicable to the Company during the financial year;

5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a. The Securities and Exchange Board of India (Issue of Capital and Disclosure requirements) Regulations, 2009;
 - b. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - c. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - d. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
 - e. The SEBI (Prohibition of Insider Trading) Regulations, 2015;
 - f. 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;
 - g. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
6. Provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI') **were not applicable** to the Company under the financial year under report: -

ANNEXURE II (Contd.)

- a. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- b. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

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

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

1. The Reserve Bank of India Act, 1934;
2. Master Direction – Reserve Bank of India (Non-Banking Financial Company–Scale Based Regulation) Directions, 2023;
3. Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016;
4. Master Direction on Reserve Bank of India (Filing of Supervisory Returns) Directions – 2024;
5. Master Direction on Outsourcing of Information Technology Services;
6. Reserve Bank of India (Know Your Customer-KYC) Directions, 2016;
7. Master Directions on Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016 and as amended time to time;
8. The Prevention of Money Laundering Act, 2002 and the Rules made there under;
9. Master Direction - Reserve Bank of India (Internal Ombudsman for Regulated Entities) Directions, 2023;
10. Master Direction - Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016;
11. Master Direction - Information Technology Governance, Risk, Controls and Assurance Practices.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreement entered into by the Company with BSE Limited and National Stock Exchange of India Limited pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;

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

1. BSE Limited (BSE) vide their email dated 15th December, 2023 imposed a fine of ₹ 1,53,400/- for delayed compliance with Regulation 52(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR) for delay in submission of the Unaudited Financial Results for the quarter and half year ended 30th September, 2023. The Company was undertaking the Initial Public Offering of its equity shares ("IPO") process which resulted into delay in preparation and submission of the unaudited financial results for the said period. However, the Company published the Unaudited financial results for the said period on 11th December, 2023 and ensured due compliance.
2. BSE Limited (BSE) vide their email dated 30th October, 2023 imposed a fine of ₹ 10,000/-(excluding GST) for delayed compliance with Regulation 60 (2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for delay of one day in giving notice of Record Date for repayment of Debentures. The Company has made waiver application in this behalf with BSE Limited and order in this behalf is awaited.
3. The Reserve Bank of India, in exercise of powers conferred under section 58G(1)(b) read with section 58B (5) (aa) of the Reserve Bank of India Act, 1934 on 20th September, 2023 imposed a monetary penalty of ₹ 8.80 Lakhs on the Company for delay in reporting of one fraud case through FMR-1 within the prescribed period. The Penalty amount of ₹ 8.80 Lakhs has been remitted to RBI Enforcement Department on 28th September, 2023.

We further report that

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

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

ANNEXURE II (Contd.)

clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

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

1. Initial Public Offering:

In terms of the special resolution passed by the Members at their Extra Ordinary General Meeting held on 21st July, 2023, the Board of Directors at its meeting held on 29th November, 2023 approved the allotment and listing of 4,28,81,148 equity shares (fresh issue), through stock exchange mechanism as part of its Initial Public Offering (IPO). The IPO also included offer for sale of 3,51,61,723 equity shares apart from the fresh issue. The Company received trading approval from BSE Limited and National Stock Exchange of India Limited on 29th November, 2023 and the entire fully paid-up 36,89,57,088 equity shares were listed on BSE Limited and National Stock Exchange of India Limited on 30th November, 2023.

2. Issue of Debentures:

- The Members at their Annual General Meeting held on 27th September, 2023 vide special resolution approved the offer and issue of Non-Convertible Debentures not exceeding ₹ 2500 Crores.
- The Committee of Directors at their meeting held on 26th June, 2023, approved the allotment of 10,000 (Ten Thousand) Rated, Listed, Senior, Secured, Redeemable, fully paid-up, non-convertible debentures of ₹ 1,00,000/- (Rupees One Lakh Only) Each, aggregating To ₹ 100,00,00,000/- (Rupees One Hundred Crores Only) on Private Placement Basis to Kotak Mahindra Bank Limited.
- The Committee of Directors at their meeting held on 26th May, 2023, approved the allotment of 10,000 (Ten Thousand) Rated, Listed, Unsecured, Redeemable, Sub-Ordinated, Fully Paid-Up, Non-Convertible Debentures of ₹ 1,00,000/- (Rupees One Lakh Only) each, aggregating to ₹ 100,00,00,000/- (Rupees One Hundred Crores

Only) with the Green Shoe Option of 10,000 (Ten Thousand) Rated, Listed, Unsecured, Redeemable, Sub-Ordinated, Fully Paid Up, Non-Convertible Debentures of Face Value of ₹ 1,00,000/- (Rupees One Lakh Only) each, aggregating to ₹ 100,00,00,000/- (Rupees One Hundred Crores Only) on private placement basis in following manner:

No. of Debentures	Name
12,500	A. K. Capital Services Limited
7,500	A K Capital Finance Limited

3. Amendment / Alteration in Articles of Association (AOA):

- The Members at their Extra Ordinary General Meeting held on 22nd February, 2024 vide special resolution approved the reinsertion of clauses 72, 73, 74 w.r.t. inspection by members; clause 78 w.r.t. chairperson and clause 82 or 83 w.r.t. composition of the Board and appointment of Directors.
- The Members at their Annual General Meeting held on 27th September, 2023 vide special resolution inserted clause 87 and 2.3 relating to nomination of a person as Director by the Debenture Trustee in terms of regulation 23(6) of SEBI (Issue and Listing of Non-Convertible Securities) (amendment) Regulations, 2023 dated 2nd February, 2023.
- The Members at their Extra Ordinary General Meeting held on 21st July, 2023 vide special resolution adopted the amended set of AOA to confirm to the requirements and directions provided by the Stock Exchanges and to contain such other articles as required by the Public Limited company under applicable laws.

4. Ratification of ESOP plan:

The Members at their Extra Ordinary General Meeting held on 22nd February, 2024 vide special resolution ratified the existing Fedbank financial Services Limited – Employees Stock Option Plan, 2018 (ESOP plan) as amended post listing of the equity shares of the Company.

5. Powers Exercised by members under Section 180 of the Act:

The Members at their Annual General Meeting held on 27th September, 2023 vide special resolution:

- Increased its borrowing limit under section 180(1) (c) of the Companies Act, 2013 from ₹ 15,000 Crores to ₹ 18,000 Crores;

ANNEXURE II (Contd.)

- b. Revised its limits under section 180(1)(a) of the Companies Act, 2013 not exceeding ₹ 18,000 Crores;
- c. Assigned limits towards selling, assignment, securitisation of receivables / book debts of the company and co-lending akin-to-direct assignment transactions upto ₹ 5,000 Crores.

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

Savyasachi Sushil Joshi

Partner

FCS NO 12752

C P NO 15666

UDIN: F012752F000712781

Place: Mumbai

Date: 10th July, 2024

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

ANNEXURE II (Contd.)

ANNEXURE I OF FORM MR-3

To

The Members,

FEDBANK FINANCIAL SERVICES LIMITED

Unit No. 1101, 11th Floor, Cignus,

Plot No. 71A, Powai,

Passpoli, NITIE,

Mumbai – 400087.

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

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

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

Savyasachi Sushil Joshi

Partner

FCS NO 12752

C P NO 15666

UDIN: F012752F000712781

Place: Mumbai

Date: 10th July, 2024

ANNEXURE III

Form No. AOC-2

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

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

1. Details of contracts or arrangements or transactions not at arm's length basis: **NIL**
 - (a) Name(s) of the related party and nature of relationship: N.A.
 - (b) Nature of contracts /arrangements/transactions: N.A.
 - (c) Duration of the contracts/arrangements/transactions: N.A.
 - (d) Salient terms of the contracts or arrangements or transactions including the value, if any: N.A.
 - (e) Justification for entering into such contracts or arrangements or transactions: N.A.
 - (f) Date(s) of approval by the Board: N.A.
 - (g) Amount paid as advances, if any: N.A.
 - (h) Date on which the special resolution was passed in general meeting as required under the first proviso to section 188: N.A.
2. Details of material contracts or arrangement or transactions at arm's length basis:
 - (a) Name(s) of the related party and nature of relationship: Refer "Note 1"
 - (b) Nature of contracts /arrangements/transactions: Refer "Note 1"
 - (c) Duration of the contracts/arrangements/transactions: Refer "Note 1"
 - (d) Salient terms of the contracts or arrangements or transactions including the value, if any: Refer "Note 1"
 - (e) Justification for entering into such contracts or arrangements or transactions: Competitive pricing and value of services rendered.
 - (f) Date(s) of approval by the Board : The Audit Committee granted Omnibus approval on 21st March, 2023. The transactions occurred were in accordance with the Omnibus approval and the Committee reviewed the same in its meetings held on 17th July, 2023, 11th December, 2023, 15th January, 2024 and 29th April, 2024.
 - (g) Amount paid as advances, if any: Nil

Note 1:

Name of the related party	Nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ Transactions	Salient terms of the contracts or arrangements or transactions *	Value (₹ In Lakhs)
The Federal Bank Ltd	Holding Company	Income from Distribution business	1 year	Recovery of expenses incurred on behalf of Federal Bank for sourcing distribution verticals products	3,657
The Federal Bank Ltd	Holding Company	Direct Assignment Transactions	NA	Sale consideration received on direct assignment transaction	27,200
The Federal Bank Ltd	Holding Company	Servicing Fee Income	NA	Servicing Fee Income on Securitisation	11
The Federal Bank Ltd	Holding Company	Interest on Fixed Deposits	NA	Interest on Fixed Deposits	26
The Federal Bank Ltd	Holding Company	Interest paid - cash Credit and term loan	1 year	Interest paid at contractual interest rate.	4,935

ANNEXURE III (Contd.)

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 (₹ In Lakhs)
The Federal Bank Ltd	Holding Company	Processing Fees	NA	Processing Fees	100
The Federal Bank Ltd	Holding Company	Interest on Non Convertible Debentures	As per sanction letter of Federal Bank	Interest on Non convertible debentures	2,327
True North Enterprise Private Limited	Enterprises controlling voting power/ significant influence	Reimbursement of Expenses	NA	Reimbursement of Expenses	7
Equirus Capital Pvt Ltd	Enterprises controlling voting power/ significant influence	Book Running Lead manager expenses	NA	Book Running Lead manager expenses	194
The Federal Bank Ltd	Holding Company	Term Loan Repaid	NA	Principal repayment of Term Loan	21,231
The Federal Bank Ltd	Holding Company	Term Loan availed	NA	Term Loan Repaid	70,000
The Federal Bank Ltd	Holding Company	Cash Credit Repaid	1 year	Cash credit repaid	8,477
The Federal Bank Ltd	Holding Company	Cash Credit Received	1 year	Cash Credit availed	6,051
Employee Stock option	Key Managerial Personnel	No of options outstanding	NA	Number of options - 43,21,351 as per Board Approval	25,20,018
Chief Financial Officer	Key Managerial Personnel	Remuneration	NA	Remuneration paid for F.Y 2022-23	205.58
Company Secretary	Key Managerial Personnel	Remuneration	NA	Remuneration paid for F.Y 2022-23	41.43
Managing Director	Key Managerial Personnel	Remuneration	NA	Remuneration paid for F.Y 2022-23	626.80

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

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

Sd/-

Mr. Balakrishnan Krishnamurthy

Chairman of the Board

DIN: 00034031

Date: August 22, 2024

Place: Mumbai

ANNEXURE IV

Annual report on Corporate Social Responsibility (CSR) for the Financial year 2023-24

1. Brief outline on CSR Policy of the Company:

The Company through its CSR programme aims to be a champion of authentic self-expression and one that inspires positive change. The main objective of CSR policy is to make CSR a key business process for the sustainable development of society.

Your Company acts as a good corporate citizen and aim to supplement the role of the government in enhancing the welfare measures of society. Your Company had undertaken the CSR activities as listed in Schedule VII and Section 135 of the Act and the Rules framed thereunder and as per its CSR policy.

Kindly refer the Corporate Social Responsibility policy as stated herein below at the Company's website at <https://fedfina.com/csr/>

2. Composition of CSR Committee:

SI No.	Name of the Director	Capacity	Number of Meetings of CSR Committee attended during the year	Number of Meetings of CSR Committee held during the year
1	Gauri Rushabh Shah	Chairperson	1	1
2	Shyam Srinivasan	Member	1	1
3	Anil Kothuri	Member	1	1
4	Peruvemba Ramachandran Seshadri*	Member	1	1

* resigned as a member of the CSR Committee w.e.f 22nd August, 2023

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

The details are hosted on the website and the weblink is: <https://fedfina.com/csr/>

4. Provide the executive summary along with web- links of Impact Assessment of CSR projects carried out in in pursuance of sub-rule (3) of rule 8, if applicable: Not Applicable

5. a. Average net profit of the Company as per sub section(5) of section 135 : ₹ 1,53,04,05,874/-
- b. Two percent of average net profit of the Company as per sub section(5) of section 135: ₹ 3,06,08,117/-
- c. Surplus arising out of the CSR projects or programmes or activities of the previous financial years.: Nil
- d. Amount required to be set off for the financial year, if any: Not Applicable
- e. Total CSR obligation for the financial year (b+c-d)- ₹ 3,06,08,117/-
6. (a) Amount spent on CSR amount (both ongoing projects and other than ongoing projects): ₹ 3,10,06,228/-
- b) Amount spent in administrative overheads: Nil
- c) Amount spent on Impact Assessment, if applicable: Not Applicable
- d) Total amount spent for the Financial Year (a+b+c): ₹ 3,10,06,228/-
- e) CSR amount spent/unspent in the Financial year:

Total amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of Transfer
3,10,06,228/-	Nil	Not applicable	Not applicable	Nil	Not applicable

ANNEXURE IV (Contd.)

- f) Excess amount for set off, if any: Not Applicable

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

7. Details of Unspent CSR amount for the preceding three financial years:

SI No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Balance amount in unspent CSR account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5), if any.			Amount remaining to be spent in succeeding financial years. (in ₹)	Deficiency, if any
					Name of the Fund	Amount (in ₹).	Date of transfer		
1.	FY 2022-2023	Nil	Nil	3,10,06,228	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
2.	FY 2021-2022	46,98,542	Nil	68,03,844	Not applicable	Not applicable	Not applicable	46,98,542	Not applicable
3.	FY 2020-2021	Nil	Nil	Nil	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

8. Whether any capital assets have been created or acquired through CSR amount spent in the Financial year: No
9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per sub-section (5) of section 135: Not applicable

For Fedbank Financial Services Limited

sd/-

Mr. Anil Kothuri

MD & CEO

Date: 22nd August, 2024

Place: Mumbai

sd/-

Ms. Gauri Rushabh Shah

Chairperson- CSR Committee

CORPORATE GOVERNANCE REPORT

(pursuant to the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Your Company believes in strong governance and adheres to good corporate practices and is constantly striving to improve them and adopt best practices. The Company's philosophy on corporate governance guides business strategies and ensures fiscal accountability, ethical corporate behaviour and fairness to all stakeholders comprising regulators, employees, customers, vendors, investors.

With this vision in mind and focus on the core values, your Company's approach is meticulously aligned with **E.P.I.C** values viz. Execution Excellence, People Focus, Integrity, and Customer Centric. Corporate Governance anchors operations of the Company embodying principles of transparency, integrity, and accountability.

Your Company's corporate governance framework is designed with a focus on establishing a robust system of checks and balances among key participants such as the Board, Board committees, management, auditors and various stakeholders.

2. BOARD OF DIRECTORS

The Board of Directors ("Board") is at the core of the corporate governance system of the Company. The Board is committed towards compliance of sound principles of corporate governance and plays a crucial role in overseeing how the management serves the short and long term interests of the members and other stakeholders. This belief is reflected in the governance practices of the Company, under which it strives to maintain an effective, informed and independent Board.

The Company strives to maintain an appropriate balance of skills and experience within the organization and the Board in an endeavour to introduce new perspectives while maintaining experience and continuity.

a) Composition and Category of Board of Directors

The composition of the Board is in accordance with section 149 of the Companies Act, 2013 ("the Act") and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing regulations") with an optimum combination of Executive, Non- executive and Independent Directors including one woman independent director.

As on 31st March, 2024, the Company has 8 directors comprising of 4 Independent Directors including 1 woman independent director, 1 Non- executive Director, 2 Nominee Directors and 1 executive Director and has following composition:

Sr. No.	Name of the Directors	Din	Category of Director	Number of Directorships in other Public Companies (listed and unlisted) including our Company	Committee positions held in listed and unlisted public limited companies@	
					As a member	As a chairperson
1.	Balakrishnan Krishnamurthy	00034031	Non-Executive Chairman & Independent Director	2	3	0
2.	Gauri Rushabh Shah	06625227	Independent, Woman Director	1	1	1
3.	Sunil Satyapal Gulati*	00016990	Additional Director in the capacity of Independent Director	2	2	1
4.	Ramesh Sundararajan*	10500779	Additional Director in the capacity of Independent Director	1	1	1
5.	Shyam Srinivasan	02274773	Non-Executive Director	3	1	0
6.	Maninder Singh Juneja	02680016	Non-executive Nominee Director (representing equity investor - True North Fund VI LLP)	4	2	0

CORPORATE GOVERNANCE REPORT (Contd.)

Sr. No.	Name of the Directors	Din	Category of Director	Number of Directorships in other Public Companies (listed and unlisted) including our Company	Committee positions held in listed and unlisted public limited companies@	
					As a member	As a chairperson
7.	Ashutosh Khajuria	05154975	Non-executive Nominee Director (representing equity investor - The Federal Bank Limited)	1	1	0
8.	Anil Kothuri	00177945	Managing Director & CEO	1	1	0

*appointed as an Additional Director (in the capacity of Independent Director) w.e.f 15/03/24

@In terms of Regulation 26(1)(b) of the SEBI Listing Regulations, for the purpose of considering the Committee Memberships and Chairpersonship's for a Director, the Audit Committee and Stakeholders' Relationship Committee in other Indian Public companies (listed and unlisted) including our Company are counted.

- b) The Company has a Non- Executive Independent Director as a Chairman. The role of the Chairman and the MD & CEO are distinct and separate in nature. The MD & CEO of the Company does not serve as an Independent Director in any listed company.

c) Details of the Directorships in other Listed Entities:

Name of the Director	Name of the Listed Entity (Other than Fedbank Financial Services Limited)	Category of Directorship
Balakrishnan Krishnamurthy	XPRO India Limited	Independent Director
Gauri Rushabh Shah	-	-
Sunil Satyapal Gulati	-	-
Ramesh Sundararajan	-	-
Shyam Srinivasan	The Federal Bank Limited	Managing Director
Maninder Singh Juneja	Home First Finance Company India Limited	Nominee Director
Ashutosh Khajuria	-	-
Anil Kothuri	-	-

- d) In terms of Regulation 17A and Regulation 26 of SEBI Listing Regulations, none of the Directors of the Company held directorship in more than 10 Public companies and none of the directors served as a director in more than seven listed companies, across the directorships held including that in the Company. Further, neither of the Directors of the Company is a member of more than ten committees or chairperson of more than five committees across all the public companies in which he/she is a director. Necessary disclosures regarding Committee positions in other public companies as on 31st March, 2024 have been made by the Directors.
- e) None of the Directors are inter-se related to each other. All the directors of the Company have confirmed that they comply the fit and proper criteria as prescribed under the applicable regulations. The Company has also formulated and adopted a Policy on Fit & Proper Criteria for the Directors as per the provisions of the RBI Directions.

CORPORATE GOVERNANCE REPORT (Contd.)

f) Details of change in composition of the Board

The change in the composition of Board for FY 2023-24 under review as under:

Sr. No.	Name of the Director	Designation	Nature and reason of change	Effective Date
1.	Peruvemba Ramachandran Seshadri	Additional Director in the capacity of Independent Director	Cessation Mr. Peruvemba Ramachandran Seshadri had resigned from the Directorship of the Company with effect from 22 nd August, 2023 due to his appointment as Managing Director & CEO in South Indian Bank by RBI. The Director has confirmed that there are no material reasons apart from the reasons given in the resignation letter.	22 nd August, 2023
2.	Sunil Satyapal Gulati	Additional Director in the capacity of Independent Director	Appointment On the recommendation of the Nomination and Remuneration Committee, the Board of Directors appointed Mr. Sunil Satyapal Gulati as Additional Director in the capacity of an Independent Director	15 th March, 2024
3.	Ramesh Sundararajan	Additional Director in the capacity of Independent Director	Appointment On the recommendation of the Nomination and Remuneration Committee, the Board of Directors appointed Mr. Ramesh Sundararajan as Additional Director in the capacity of an Independent Director.	15 th March, 2024
4.	Anil Kothuri	Managing Director & CEO	Re-appointment The shareholders vide special resolution passed in the Annual General Meeting ('AGM') held on 27 th September, 2023 approved re-appointment of Managing Director & CEO for a further term of five years on recommendation of the Board of Directors.	11 th December, 2023 till 10 th December, 2028
5.	Shyam Srinivasan	Non- Executive Director	Re-appointment who was retiring by rotation Mr. Shyam Srinivasan who retired by rotation and offered himself for re-appointment was re-appointed in the AGM held on 27 th September, 2023.	27 th September, 2023

g) Chart or a matrix setting out the Skills/Expertise/Competence of the Board

The Board comprises qualified members who bring in the required skills, competence and expertise to enable them to effectively contribute in deliberations at Board and Committee meetings. As required under Schedule V of the Listing Regulations, the below matrix summarizes a mix of skills, expertise and competencies possessed by our individual Directors, which are key to corporate governance and Board effectiveness:

Parameters	Balakrishnan Krishnamurthy	Gauri Rushabh Shah	Sunil Satyapal Gulati	Ramesh Sundararajan	Shyam Srinivasan	Maninder Singh Juneja	Ashutosh Khajuria	Anil Kothuri
Financial Services	✓	✓	✓	✓	✓	✓	✓	✓
Business Transformation, Strategy & Planning	✓	-	✓	✓	✓	✓	✓	✓

CORPORATE GOVERNANCE REPORT (Contd.)

Parameters	Balakrishnan Krishnamurthy	Gauri Rushabh Shah	Sunil Satyapal Gulati	Ramesh Sundararajan	Shyam Srinivasan	Maninder Singh Juneja	Ashutosh Khajuria	Anil Kothuri
Consumer Behaviour, Sales, Marketing and Customer Experience	✓	-	-	-	✓	-	✓	✓
Understanding of Accounting and Financial Statements	✓	✓	✓	-	✓	✓	✓	✓
Information Technology, Innovation and Cyber security	-	✓	✓	✓	-	✓	-	✓
Compliance and Governance	✓	✓	✓	✓	✓	✓	✓	✓
Risk, Assurance and Internal Controls	-	✓	✓	✓	✓	✓	✓	✓

3. BOARD MEETINGS

The Board meets at regular intervals and reviews Company's overall performance. The Board has schedule of matters for its consideration and decision apart from the regulatory matters. The Board meetings are pre-scheduled, and a notice of the Board meeting is circulated to the Directors well in advance to facilitate them to plan their schedules accordingly. A video conferencing facility is provided to facilitate Directors to participate in the meetings. In case of business exigencies, the Board's approval is taken through circular resolutions. The circular resolutions are noted at the subsequent Board meeting.

The notice and detailed agenda along with the relevant notes and other material information are sent in advance to each Director. This ensures timely and informed decisions by the Board. The Board reviews the performance of the Company vis-à-vis the budgets/targets.

During the year under review, Board met 18 times on 28th April, 2023, 8th May, 2023, 26th May, 2023, 21st June, 2023, 17th July, 2023, 19th July, 2023, 26th July, 2023, 8th August, 2023, 5th September, 2023, 6th November, 2023, 15th November, 2023, 16th November, 2023, 21st November, 2023, 23rd November, 2023, 25th November, 2023, 29th November, 2023, 11th December, 2023 and 15th January, 2024. All the meetings were held in a manner that not more than 120 days lapsed between two consecutive meetings.

The required quorum was present at all times in the above meetings.

The attendance of the directors at the above mentioned Board meetings during the financial year ended 31st March 2024 and attendance at the last Annual General Meeting (AGM) held on 27th September, 2023, are listed below:

Name of the Director	Category	Relationship with other directors	No. of Board meetings held	No. of Board meetings attended	Attendance at the Last AGM held on 27 th September, 2023	No. of shares/ and convertible instruments held in the Company
Balakrishnan Krishnamurthy	Non-Executive Chairman & Independent Director	-	18	18	Yes	-
Gauri Rushabh Shah	Independent Director	-	18	18	Yes	-

CORPORATE GOVERNANCE REPORT (Contd.)

Name of the Director	Category	Relationship with other directors	No. of Board meetings held	No. of Board meetings attended	Attendance at the Last AGM held on 27 th September, 2023	No. of shares/ and convertible instruments held in the Company
Peruvemba Ramachandran Seshadri*	Additional Director in the capacity of Independent Director	-	8	8	NA	-
Sunil Satyapal Gulati**	Additional Director in the capacity of Independent Director	-	0	0	NA	-
Ramesh Sundararajan**	Additional Director in the capacity of Independent Director	-	0	0	NA	-
Shyam Srinivasan	Non-Executive Director	-	18	16	No	200 Shares held jointly with The Federal Bank Ltd (Nominee of The Federal Bank Ltd)
Maninder Singh Juneja	Non-executive Nominee Director (For True North Fund VI LLP)	-	18	18	No	-
Ashutosh Khajuria	Non-executive Nominee Director (For The Federal Bank Limited)	-	18	13	Yes	1 share held jointly with The Federal Bank Ltd (Nominee of The Federal Bank Ltd)
Anil Kothuri	Managing Director & CEO	-	18	18	Yes	40,63,063 shares

*ceased to be a Director w.e.f 22/08/23

**appointed as an Additional Director (in the capacity of Independent Director) w.e.f 15/03/24

4. REMUNERATION TO DIRECTORS

The remuneration paid to the Directors of the Company is in accordance with the applicable provisions of the Act and the SEBI Listing Regulations

a) Pecuniary relationship and/or transactions of the Non- Executive Directors with the listed entity:

During the year under review, there were no pecuniary relationships or transactions of the Non-Executive Directors with the Company, apart from remuneration paid by way of sitting fees to the Independent Directors.

b) Criteria for making payments to non- executive directors

The Independent Directors play crucial role in the functioning of the Board. The Independent Directors are paid only the sitting fees for attending the Board and Committee meetings. The Nominee Directors and non- executive directors are not paid any remuneration. The amounts paid to the Directors during the year under review are mentioned below:

Sr. No.	Names of Directors	Sitting fees (₹)
Independent Directors		
1.	Balakrishnan Krishnamurthy	₹ 14.25 Lakhs
2.	Gauri Rushabh Shah	₹ 16.25 Lakhs
3.	Peruvemba Ramachandran Seshadri*	₹ 8.95 Lakhs
4.	Sunil Satyapal Gulati**	-
5.	Ramesh Sundararajan**	-
Non- Executive/ Nominee Directors		
6.	Maninder Singh Juneja	Not applicable
7.	Ashutosh Khajuria	Not applicable
8.	Shyam Srinivasan	Not applicable

*ceased to be a Director w.e.f 22/08/23

**appointed as an Additional Director (in the capacity of Independent Director) w.e.f 15/03/24

CORPORATE GOVERNANCE REPORT (Contd.)

c) Remuneration to Managing Director & CEO (MD & CEO)

The remuneration was paid to Mr. Anil Kothuri, MD & CEO in accordance to the Compensation Policy and Nomination and Remuneration Policy of the Company.

The remuneration of MD & CEO is governed by the recommendation of Nomination and Remuneration Committee and approval of the Board of Directors of the Company. The remuneration paid to Mr. Anil Kothuri, MD & CEO during the financial year 2023-24 is given below:

Components	Amount in ₹
Salary	300 Lakhs
Performance bonus paid for F.Y 2023-24	125 Lakhs
retention bonus paid	201.8 Lakhs

The Stock options exercised by MD & CEO during the financial year 2023-24 are 13,33,333.

5. INDEPENDENT DIRECTORS

a) Declaration of Independence

All the Independent Directors have submitted declaration of independence, as required pursuant to

provisions of Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) and Regulation 25 of the SEBI Listing Regulations stating that they meet the criteria of independence. In terms of Regulation 25(8) of Listing Regulations, they have confirmed that they are not aware of any circumstance or situation that exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties.

In the opinion of the Board of Directors, the Independent Directors meet the criteria of independence as mentioned under Regulation 16 of the Listing Regulations and Section 149 of the Act and that they are independent of the management. The Independent Directors are eminent persons and possess requisite qualifications, integrity, expertise and experience in the relevant functional areas.

b) Meetings of Independent Directors

In compliance with Regulation 25 (3) of the Listing Regulations and Schedule IV of the Act, separate meetings of Independent Directors were held on 26th May, 2023 and 16th November, 2023 for FY 2023-24, without the presence of Non-Independent Directors and members of the management to discuss all such issue as they may consider relevant.

The details of the separate meetings of Independent Directors held during FY 2023-24 and attendance of the members at the meeting is given below:

Name of the Member	No. of meetings held	No. of meetings attended	% of attendance
Balakrishnan Krishnamurthy	2	2	100%
Gauri R Shah	2	2	100%
Peruvemba Ramachandran Seshadri*	1	1	100%
Sunil Satyapal Gulati**	-	-	-
Ramesh Sundararajan**	-	-	-

*ceased to be a Director w.e.f 22-08-23

**appointed as an Additional Director (in the capacity of Independent Director) w.e.f 15-03-24

c) Directors and Officers (D&O) Insurance Policy for Directors

The Company has taken Directors and Officers (D&O) Insurance Policy for all its Directors and Key Managerial Personnel of the Company for insurance coverage against any liability in respect of any negligence, default, misfeasance, breach of duty or breach of trust for which they may be treated as guilty in relation to the Company.

d) Familiarisation Programme for Independent Directors

Your Company, on an ongoing basis updates and presents the Board, specifically the Independent Directors the matters related to business performance, operations, financial parameters, our business model, risk matrices, mitigation and management, change in senior management, major litigations, compliances and regulatory scenarios and such other areas as may arise from time to time.

Your Company has conducted familiarization programme for the Independent Directors during the year under review. All the new Independent Directors were taken through the familiarization programme and the details of such familiarisation programme have been put on the website of the Company at <https://www.fedfina.com/corporate-governance/>

CORPORATE GOVERNANCE REPORT (Contd.)

6. CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT

The Company has adopted Code of conduct for the Board of Directors and Senior management personnel ("the Code") which is applicable to the Board of Directors and senior management of the Company. The Board of Directors and the members of senior management team of the Company are required to affirm compliance of this Code on an annual basis. A declaration signed by the Managing Director and Chief Executive Officer of the Company to this effect is placed at the end of this Report. The Code requires the Directors and senior management to demonstrate highest standards of integrity, business ethics, and corporate governance. They shall provide expertise and experience in their areas of specialization and share learnings at the meetings of the Board with best interests of the Company and its stakeholders in mind. The Code is displayed on the Company's website: <https://fedfina.com/corporate-governance/>

7. SENIOR MANAGEMENT

Given below is the list of senior management personnel:

Sr. No.	Names of Senior management personnel	Designation
1.	Shardul Kadam	Chief Risk Officer
2.	C.V. Ganesh	Chief Financial Officer
3.	S. Rajaraman	Company Secretary
4.	Ramchandar Ragavendran	Chief Business Officer - Unsecured Loan
5.	Vikas Srivastava	Chief Business Officer - Small Ticket Mortgage
6.	Jagadeesh Rao Janardanan	Chief Business Officer - Gold Loan
7.	Sureshkumar K	Chief Business Officer - LAP & Distribution
8.	Krishnaswamy Siddharth	Chief Operating Officer
9.	Anila Rajneesh	Chief Human Resources Officer

There were no changes in senior management personnel during the year under review.

8. CODE OF CONDUCT FOR PROHIBITION OF INSIDER TRADING

The Company has also formulated 'Code of Conduct for Regulating, Monitoring and Reporting of Trading by Insiders of Fedbank Financial Services Limited' and 'Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information of Fedbank Financial Services Limited' is in compliance with the SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended ("PIT Regulations")

The said Codes are hosted on the website of the Company at <https://fedfina.com/corporate-governance/>

9. BOARD COMMITTEES AND ITS TERMS OF REFERENCE**a) Audit Committee****Composition:**

The Composition of the Audit Committee along with their attendance as on 31st March, 2024 is as under:

Sr. No.	Name of the Director	Member of Committee since	Capacity	No. of Meetings of the committee	
				Held during the year and during their tenure	Attended
1.	Gauri Rushabh Shah	27-03-2015	Chairperson	10	10
2.	Balakrishnan Krishnamurthy	27-09-2019	Member	10	8
3.	Ashutosh Khajuria	30-04-2020	Member	10	10
4.	Peruvemba Ramachandran Seshadri*	25-11-2022	Member	6	6
5.	Sunil Satyapal Gulati**	22-03-2024	Member	-	-

*Ceased to be a member of Audit Committee w.e.f 22-08-2023

**inducted as a Member of Audit Committee w.e.f 22-03-2024

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.

CORPORATE GOVERNANCE REPORT (Contd.)

Brief Description of Terms of Reference:

1. to oversee the financial reporting process;
2. to review financial results and related information and disclosure of its financial information to ensure that its financial statements are correct, sufficient and credible
3. to approve or modify any related party transactions, to review internal financial controls and risk management system,
4. to review and evaluate with the management performance of statutory and internal auditors, effectiveness of audit process and adequacy of the internal control systems;
5. to review and monitor the statutory auditor's independence and performance, and effectiveness of audit process;
6. approval of payment to statutory auditors for any other services rendered by the statutory auditors of the Company
7. reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - i. matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act as amended from time to time;
 - ii. changes, if any, in accounting policies and practices and reasons for the same;
 - iii. major accounting entries involving estimates based on the exercise of judgment by management;
 - iv. significant adjustments made in the financial statements arising out of audit findings;
 - v. compliance with listing and other legal requirements relating to financial statements;
 - vi. disclosure of any related party transactions; and
 - vii. modified opinion(s) in the draft audit report.
8. reviewing, with the management, the quarterly, half-yearly financial results before submission to the Board for approval;
9. Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue or preferential issue or qualified institutions placement, and making appropriate recommendations to the Board to take up steps in this matter. This also includes monitoring the use/application of the funds raised through the proposed initial public offer by the Company;
10. approval or any subsequent modifications of transactions of the Company with related parties and omnibus approval for subject to the conditions as may be prescribed, by the independent directors who are members of the Audit Committee;
11. scrutinising of inter-corporate loans and investments;
12. valuation of undertakings or assets of the Company, wherever it is necessary;
13. evaluation of internal financial controls and risk management systems;
14. establishing a vigil mechanism for directors and employees to report their genuine concerns or grievances
15. reviewing the adequacy of internal audit function if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
16. discussing with internal auditors on any significant findings and follow up thereon;
17. reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
18. discussing with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
19. looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors;

CORPORATE GOVERNANCE REPORT (Contd.)

20. reviewing the functioning of the whistle blower mechanism;
21. approving the appointment of the chief financial officer or any other person heading the finance function or discharging that function after assessing the qualifications, experience and background, etc. of the candidate; and
22. carrying out any other function as is mentioned in the terms of reference of the Audit Committee and any other terms of reference as may be decided by the Board and/or specified/provided under the Companies Act, the Listing Regulations, Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 or by any other regulatory authority.
23. reviewing the utilization of loans and/ or advances from/investment by the holding company in any subsidiary exceeding rupees 100 Crores or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as per applicable law.
24. considering and commenting on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders.
25. to ensure that an Information System Audit of the internal systems and processes is conducted at least once in two years to assess operational risks faced by the Company

Powers of the Audit Committee

The powers of the Audit Committee shall include the following:

1. To investigate any activity within its terms of reference;
2. To seek information from any employee;

3. To obtain outside legal or other professional advice; and
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

Reviewing Powers

The Audit Committee shall mandatorily review the following information:

1. management's discussion and analysis of financial condition and results of operations;
2. Related party transactions approved by the Directors
3. management letters / letters of internal control weaknesses issued by the statutory auditors;
4. internal audit reports relating to internal control weaknesses;
5. the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee;
6. examination of the financial statements and the auditors' report thereon; and
7. statement of deviations:
 - (i) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of the Listing Regulations; and
 - (ii) annual statement of funds utilised for purposes other than those stated in the document/prospectus/notice in terms of the Listing Regulations.

Meetings held during the year:

During the FY 2023-24, the Audit Committee of the Board met 10 times i.e on 26th April, 2023, 26th May, 2023, 21st June, 2023, 17th July, 2023, 25th July, 2023, 8th August, 2023, 5th September, 2023, 6th November, 2023, 11th December, 2023, and 15th January 2024.

(b) Nomination & Remuneration Committee:**Composition:**

The Composition of the Nomination & Remuneration Committee ("NRC") as on 31st March, 2024 is as under:

Sr. No.	Name of the Director	Member of Committee since	Capacity	No. of Meetings of the committee	
				Held	Attended
1.	Gauri Rushabh Shah	27-03-2015	Chairperson	5	5
2.	Balakrishnan Krishnamurthy	27-09-2019	Member	5	5
3.	Maninder Singh Juneja*	20-12-2018	Member	4	4
4.	Peruvemba Ramachandran Seshadri**	25-11-2022	Member	3	3
5.	Shyam Srinivasan	04-06-2014	Member	5	5

*ceased to be a member of NRC w.e.f 11-12-2023

**ceased to be a member of NRC w.e.f 22-08-2023

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

CORPORATE GOVERNANCE REPORT (Contd.)

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

Broad terms of reference includes the following:

1. To formulate the Nomination and Remuneration policy.
2. Identifying persons who qualify to become directors and ensure their fit and proper status, scrutinize the fit and proper declarations made and who may be appointed in senior management in accordance with the criteria laid down, and recommending to the Board their appointment and removal.
3. Carrying out evaluations of every director's performance and ensuring the fit and proper status of proposed and existing directors and recommending to the Board a policy, relating to the remuneration of the directors, key managerial personnel, senior management and other employee as may deem fit;
4. To set criteria for determining qualifications, positive attributes and independence of a director.
5. To formulate criteria for evaluation of performance of the independent directors and the Board.
6. To evaluate for every appointment of an independent director, the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
 - i. use the services of an external agencies, if required;
 - ii. consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - iii. consider the time commitments of the candidates.
7. Determining whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
8. Devising a policy on Board diversity;
9. Analysing, monitoring and reviewing various human resource and compensation matters;
10. Performing such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as amended;
11. Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including:
 - i. Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended; or
 - ii. Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003, as amended.
12. Performing such other activities as may be delegated by the Board and/or specified/provided under the Companies Act, the SEBI Listing Regulations or by any other regulatory authority; and
13. Recommend to the Board, all remuneration, in whatever form, payable to senior management

Meetings held during the year:

During the FY 2023-2024, the Nomination & Remuneration Committee of the Board met 5 times i.e on 28th April, 2023, 25th May, 2023, 7th August, 2023, 5th September, 2023 and 15th January, 2024.

Performance evaluation criteria for Independent Directors

The Company has defined a manner of evaluation as per the provisions of the Act and SEBI Listing Regulations and formulated a method for the evaluation of the performance of the Board, its Committees and individual Directors. The annual evaluation of the performance of the 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. The Board also carried out annual performance evaluation of the working of each of its Board constituted Committees.

CORPORATE GOVERNANCE REPORT (Contd.)

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.

(c) Stakeholders Relationship Committee:**Composition:**

The Composition of the Stakeholders Relationship Committee ("SRC") as on 31st March, 2024 is as under:

Sr. No.	Name of the Director	Member of Committee since	Capacity	No. of Meetings of the committee	
				Held	Attended
1.	Ramesh Sundararajan*	22-03-2024	Chairman	-	-
2.	Balakrishnan Krishnamurthy	11-01-2022	Member	1	0
3.	Gauri Rushabh Shah	11-01-2022	Member	1	1
4.	Peruvemba Ramachandran Seshadri**	25-11-2022	Member	1	1
5.	Anil Kothuri	11-01-2022	Member	1	1

*inducted as a member and appointed as a Chairman of SRC w.e.f 22-03-2024

** ceased to be a member and Chairman of SRC w.e.f 22-08-2023

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

Broad terms of reference of the Committee includes:

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

Meetings held during the year:

During the FY 2023-24, the SRC met once on 25th May, 2023.

Details of Compliance Officer

Mr. Rajaraman Sundaresan,
Company Secretary and Compliance officer
Fedbank Financial Services Limited
Unit no. 1101, 11th Floor,
Cignus, Plot No 71 A,
Powai, Paspoli, Mumbai- 400087
Email: secretarial@fedfina.com

Number of shareholders complaints received during the year

172 complaints were received and resolved during the year. Out of total complaints, 165 complaints were received in quarter ended 31st December, 2023 which were pertaining to queries with respect to the Initial Public Offering of the Company.

Number of complaints not solved to the satisfaction of shareholders

Nil

Number of pending complaints

Nil

CORPORATE GOVERNANCE REPORT (Contd.)

(d) Risk Management Committee:

Composition:

The Composition of the Risk Management Committee ("RMC") as on 31st March, 2024 is as under:

Sr. No.	Name of the Director	Member of Committee since	Capacity	No. of Meetings of the committee	
				Held	Attended
1.	Sunil Satyapal Gulati*	22-03-2024	Chairman	1	1
2.	Gauri Rushabh Shah	16-01-2021	Member	4	4
3.	Peruvemba Ramachandran Seshadri**	25-11-2022	Member	2	2
4.	Maninder Singh Juneja	15-03-2019	Member	4	4
5.	Ashutosh Khajuria	30-04-2020	Member	4	4
6.	Anil Kothuri	15-03-2019	Member	4	4
7.	C.V. Ganesh	16-01-2021	Member	4	4
8.	K. Siddharth	16-01-2021	Member	4	4

*inducted as a member and appointed as a Chairman of RMC w.e.f 22-03-2024

**ceased to be a member of RMC w.e.f 22-08-2023

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

Broad terms of reference of the Committee includes the following:

- To formulate and approve Company's Risk Management Policy and procedures which shall include:
 - a framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
 - measures for risk mitigation including systems and processes for internal control of identified risks.
 - business continuity plan.
- To ensure and monitor appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- To review portfolio and its delinquency at a product level and NPA Management
- To evaluate the overall risks faced by the Company.
- To monitor and evaluate liquidity risk faced by the Company.
- To ensure adherence to liquidity risk management policies and procedure
- To consider and review the Liquidity Risk Analysis and Monitoring measures.
- To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- To recommend to the Board for the appointment of the Chief Risk Officer on such terms as may be approved by the Board.
- To carry out such other functions as may be specified by the Board from time to time or specified/provided the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, each as amended and/ or by any other regulatory authority.

Meetings held during the year:

During the FY 2023-24, the Risk Management Committee of the Board met 4 times on 25th May, 2023, 7th August, 2023, 28th December, 2023 and 26th March 2024.

(e) 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.

CORPORATE GOVERNANCE REPORT (Contd.)

Composition:

The Composition of the CSR Committee as on 31st March, 2024 is as under:

Sr. No.	Name of the Director	Member of Committee since	Capacity	No. of Meetings of the committee	
				Held	Attended
1.	Gauri Rushabh Shah	27-03-2015	Chairperson	1	1
2.	Peruvemba Ramachandran Seshadri*	25-11-2022	Member	1	1
3.	Shyam Srinivasan	28-04-2014	Member	1	1
4.	Anil Kothuri	15-03-2019	Member	1	1

*ceased to be a member of CSR Committee w.e.f 22-08-2023

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

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

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

Meetings held during the year:

During the FY 2023-24, the CSR Committee of the Board met once on 25th May, 2023.

(f) IT Strategy Committee:**Composition:**

The Composition of the IT Strategy Committee as on 31st March, 2024 is as under:

Sr. No.	Name of the Director	Member of Committee since	Capacity	No. of Meetings of the committee	
				Held	Attended
1.	Ramesh Sundararajan*	22-03-2024	Chairman	0	0
2.	Gauri Rushabh Shah	27-03-2015	Member	2	2
3.	Peruvemba Ramachandran Seshadri**	25-11-2022	Member	1	1
4.	Maninder Singh Juneja	16-01-2021	Member	2	2
5.	Anil Kothuri	15-03-2019	Member	2	2
6.	Krishnaswamy Siddharth	16-01-2021	Member	2	2
7.	Dhruvil Dalal***	13-11-2021	Member	1	1
8.	Dinesh Singh****	13-11-2021	Member	1	1
9.	Kunal Dikshit*****	05-09-2023	Member	1	1

*inducted as a member and appointed a Chairman of IT Strategy Committee w.e.f 22-03-2024

**ceased to be a member of IT Strategy Committee w.e.f 22-08-2023

***ceased to be member w.e.f 12-05-2023

****ceased to be member w.e.f. 17-02-2023

***** inducted as a member of IT Strategy Committee w.e.f 05-09-2023

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

Broad terms of reference of the Committee includes:

1. To formulate, approve and implement various IT policies as required by the regulators of the Company.
2. To review and approve information technology strategies to align with the corporate strategies, policy reviews by our Board, our cybersecurity arrangements and any other matters related to information technology governance.

CORPORATE GOVERNANCE REPORT (Contd.)

Meetings held during the year:

During the FY 2023-24, the IT Strategy Committee of the Board met 2 times on 25th May, 2023 and 28th December, 2023.

In addition to the mentioned above, your Company has constituted various other committees, such as Asset Liability Committee, Capital Raising Committee and Committee of Directors (Operations).

10. GENERAL BODY MEETINGS

Following is the information on General Body meetings held and details of special resolution(s) passed.

a) Annual General Meeting:

Details of last three Annual General Meetings held and special resolutions passed:

Details of AGM	Date and Time	Venue	Special Resolutions passed
28 th AGM	27 th September, 2023 at 11:00 A.M.	Held through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM")	Re-appointment of Mr. Anil Kothuri as Managing Director & CEO for a term of five years. Alteration of existing Articles of Association of the company. Increase in the borrowing limits of the Company from ₹ 15,000 Crores to ₹ 18,000 Crores. Creation of charge on assets of the Company to secure borrowings made/to be made. Offer and Issue of non convertible debentures not exceeding ₹ 2,500 Crores. Increase in limits of selling, assignment, securitisation of receivables / book debts of the Company and co-lending akin-to-direct assignment transactions upto ₹ 5,000 Crores.
27 th AGM	5 th August, 2022 at 03:30 P.M.	Registered and Corporate office through Video conferencing ("VC")/ Other Audio Visual Means ("OAVM")	Increase in the borrowing limits of the Company from ₹ 10,000 Crores to ₹ 15,000 Crores. Offer and issue of Non convertible debentures not exceeding ₹ 2,500 Crores.
26 th AGM	24 th September, 2021 at 11:00 A.M.	Held through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")	Increase in the borrowing limit from ₹ 7000 Crores to ₹ 10000 Crores and creation of charge pursuant to the increased limit. Alteration of Articles of Association.

b) Extra-Ordinary General Meeting during the FY 2023-24:

Date and Time	Venue	Special Resolutions passed
21 st July, 2023 at 11:30 A.M.	Held through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM")	Issue of equity shares through initial public offering (IPO) Alteration of the existing Articles of Association of the Company Amendment of existing Fedbank Financial Services Limited- Employees Stock Option Plan, 2018
22 nd February, 2024 at 11:00 A.M.	Held through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM")	Approval of the amended Shareholders' Agreement (SHA) dated 19 th July, 2023 post listing Adoption of the altered Articles of Association of the Company post Listing Ratification of the existing Fedbank Financial Services Limited – Employees Stock Option Plan 2018, as amended post listing

CORPORATE GOVERNANCE REPORT (Contd.)

c) **Postal Ballot**

During the year under review, there were no resolution passed through the postal ballot. There are no special resolutions proposed to be conducted through a postal ballot.

11. MEANS OF COMMUNICATION TO SHAREHOLDERS

The Company publishes financial results on quarterly, half yearly and annual frequency on both the stock exchanges where the securities of the Company are listed.

The quarterly, half-yearly and annual financial results of the Company are displayed on the Company's website at <https://fedfina.com/investors-relations/overviews/financial-results/?page=financial-results> Statutory notices are generally published in Business Standard (English) and Pratahkal or Mumbai Lakshadeep (Marathi). All financial and other vital official news releases and documents under the SEBI Listing Regulations including any presentations made to the institutional investors and/or analysts are also communicated to the concerned stock exchanges, besides being placed on the Company's website where a separate dedicated section under 'Investor relations' is provided. The channels of communication include informative Annual Report containing Directors' Report, Report on Corporate Governance, Management's Discussion and Analysis Report, Business Responsibility and Sustainability report and the audited Financial Statements.

12. GENERAL SHAREHOLDERS INFORMATION

Sr No.	Particulars	Particulars
a	Annual general meeting – date, time and venue;	Thursday, 19 th September, 2024 at 12 noon IST via video conferencing/ other audio-visual means.
b	financial year;	1 st April, 2023 to 31 st March, 2024
c	dividend payment date;	Not Applicable
d	the name and address of each stock exchange(s) at which the listed entity's securities are listed and a confirmation about payment of annual listing fee to each of such stock exchange(s);	1. BSE Limited (BSE) - Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001 2. National Stock Exchange of India Limited (NSE) - Exchange Plaza, Bandra - Kurla Complex, Bandra (East), Mumbai 400 051 3. For the financial year 2023-24, the Company has paid annual listing fees to both the stock exchanges and annual custody/issuer fees to both the depositories.
e	stock code;	BSE Limited (BSE) Scrip Code – 544027 National Stock Exchange of India Limited (NSE) Symbol – FEDFINA
F	in case the securities are suspended from trading, the directors report shall explain there as on thereof;	Not Applicable
g	registrar to an issue and share transfer agents;	Link Intime India Private Limited C-101, 1 st Floor, 247 Park L.B.S. Marg, Vikhroli West Mumbai 400 083 Maharashtra, India Tel: +91 22 4918 6000 E-mail: spg@linkintime.co.in Website: www.linkintime.co.in SEBI Registration No.: INR000004058

CORPORATE GOVERNANCE REPORT (Contd.)

Sr No.	Particulars	Particulars
h	share transfer system;	(i) Share Transfer System - In light of the provisions of Regulation 40 of the SEBI Listing Regulations read with a SEBI Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/ CIR/2022/8 dated 25th January, 2022, as issued by the Securities and Exchange Board of India, Members may please note that issuance of securities in the following cases shall only be done in dematerialized form: 1. Transfer of shares 2. Issue of duplicate securities certificate 3. Claim from Unclaimed Suspense Account 4. Renewal / Exchange of securities certificate 5. Endorsement 6. Sub-division / Splitting of securities certificate 7. Consolidation of securities certificates/ folios 8. Transmission 9. Transposition In view of the above, the shareholders holding shares in physical form are requested to get their shares dematerialised at the earliest to avoid any inconvenience in future. (ii) Nomination facility for shareholding - In terms of the provisions of Section 72 of the Act, facility for making nomination is available for the Members in respect of shares held by them. Members holding shares in physical form may obtain a nomination form (Form SH-13), from the Company's Registrar and Share Transfer Agents ("RTA") or download the same from the Company's website. Members holding shares in dematerialised form should contact their Depository Participants in this regard. (iii) Permanent Account Number and KYC – Members who hold shares in physical form are advised to register their PAN card details with the Company's RTA. SEBI, vide the Circular Nos. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2021/655 dated 3rd November, 2021, SEBI/HO/MIRSD/MIRSD_ RTAMB/P/CIR/2021/687 dated 14th December, 2021, and SEBI/HO/MIRSD/MIRSD-PoD- 1/P/CIR/2023/37 dated 16th March, 2023, has mandated furnishing of PAN, Address with pin code, email address, mobile number, bank account details, specimen signature and nomination by holders of physical securities.

CORPORATE GOVERNANCE REPORT (Contd.)

Sr No.	Particulars	Particulars
		(iv) Dividend / Unclaimed Dividend / Unclaimed Shares – a) Payment of dividend through Automated Clearing House (ACH)- The Company would provide the facility for direct credit of the dividend to the Members' Bank Account. SEBI Listing Regulations also mandate companies to credit the dividend to the members electronically. Members are therefore urged to avail this facility to ensure safe and speedy credit of their dividend into their bank account through the Bank's ACH mode. Members who hold shares in demat mode should inform their depository participant, whereas Members holding shares in physical form should inform Company's RTA (contact details given below) of the core banking account details allotted to them by their bankers. In cases where the core banking account details are not available, the Company will issue demand drafts mentioning the existing bank details available with the Company. b) Unclaimed dividends - The Company is required to transfer dividends, which have remained unpaid unclaimed for a period of seven (7) years from the date the amount is transferred to Unpaid Dividend Account of the Company to the Investor Education & Protection Fund ("IEPF") established by the Government. Before transferring the unclaimed dividends to IEPF, individual letters / email communications / newspaper notices are to be sent / given to those Members whose unclaimed dividends are due for transfer to enable them to claim the dividends before the due date for such transfer. c) Transfer of the 'shares' into Investor Education and Protection Fund ("IEPF") (in cases where dividend has not been paid or claimed for seven (7) consecutive years or more) – In terms of Section 124(6) of the Act read with Investor Education & Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended ("IEPF Rules"), and Notifications issued by the Ministry of Corporate Affairs from time to time, the Company is required to transfer the shares in respect of which dividends have remained unpaid/unclaimed for a period of seven consecutive years or more to the IEPF Account established by the Central Government.

CORPORATE GOVERNANCE REPORT (Contd.)

Sr No.	Particulars	Particulars
		Guidelines for investors to file claim in respect of the unclaimed dividend or shares transferred to the as follows: - Download the Form IEPF-5 from the website of IEPF (www.iepf.gov.in) for filing the claim for the refund of dividend/shares. Read the instructions provided under the IEPF Rules, on the website/instruction kit, along with the e-form carefully, before filling the form. - After filling the form, save it on your computer and submit the duly filled form by following the instructions given in the upload link on the website. On successful uploading, an acknowledgment will be generated indicating the SRN. Please note down the SRN details for future tracking of the form. - Take a print out of the duly filled Form No. IEPF-5 and the acknowledgment issued after uploading the form. - Submit an indemnity bond in original, copy of the acknowledgment and self-attested copy of e-form, along with other documents as mentioned in the Form No IEPF-5 and the IEPF Rules to the Nodal Officer of the Company at its Registered Office in an envelope marked 'Claim for refund from IEPF Authority/Claim for shares from IEPF' as the case may be. Kindly note that submission of documents to the Company is necessary to initiate the refund process. - Claim forms completed in all respects will be verified by the concerned Company and on the basis of Company's Verification Report, refund will be released by the IEPF Authority in favour of claimants' Aadhar linked bank account through electronic transfer and/or the shares shall be credited to the demat account of the claimant, as the case may be. d) Unclaimed Shares - Regulation 39(4) of the SEBI Listing Regulations read with Schedule VI 'Manner of dealing with Unclaimed Shares', had directed Companies to dematerialise such shares, which have been returned as 'undelivered' by the postal authorities and hold these shares in an 'Unclaimed Suspense Account' to be opened with either one of the Depositories viz. National Securities Depository Limited (NSDL) or Central Depository Services Limited (CDSL)

CORPORATE GOVERNANCE REPORT (Contd.)

Sr No.	Particulars	Particulars				
		Shareholding pattern as on 31 st March, 2024				
i	distribution of shareholding;	Categories	31 st March, 2024		31 st March, 2023	
			Total Shares	%	Total Shares	%
		Promoter and Promoter Group	22,74,71,046	61.58	23,56,85,332	73.21
		Clearing Members	293	0.00	0	0.00
		Other Bodies Corporate	63,60,151	1.72	8,28,08,361	25.72
		Hindu Undivided Family	13,78,893	0.37	0	0.00
		Mutual Funds	95,59,083	2.59	0	0.00
		Non Resident Indians	7,62,172	0.21	0	0.00
		Non Resident (Non Repatriable)	6,04,289	0.16	0	0.00
		Public	3,80,19,819	10.29	34,17,912	1.06
		Trusts	1,78,309	0.05	0	0.00
		Insurance Companies	2,42,95,079	6.58	0	0.00
		Body Corporate - Ltd Liability Partnership	3,42,765	0.09	0	0.00
		FPIs	38,93,173	1.05	0	0.00
		Alternate Investment Funds	5,17,32,019	14.00	0	0.00
		Directors and their relatives (excluding independent Directors and nominee Directors)	40,63,063	1.10	0	0.00
		Key Managerial Personnel	7,26,745	0.20	0	0.00
			TOTAL :	36,93,86,899	100	32,19,11,605
		Distribution of shareholding according to size category as on 31 st March, 2024:				
	Particulars	No. of folios	% to total Shareholders	No of shares	% of total shares	
	1 to 5000	1,47,278	94.36	16,15,81,970	4.37	
	5000 to 10000	2,950	1.89	2,30,99,640	0.63	
	10001 to 20000	3,105	1.98	4,74,62,420	1.28	
	20001 to 30000	921	0.59	2,26,72,640	0.61	
	30001 to 40000	484	0.31	1,70,42,990	0.46	
	40001 to 50000	298	0.19	1,36,69,290	0.37	
	50001 to 100000	653	0.41	4,58,56,900	1.24	
	100001 and above	388	0.24	3,36,24,83,140	91.03	

CORPORATE GOVERNANCE REPORT (Contd.)

Sr No.	Particulars	Particulars																								
j	dematerialization of shares and liquidity;	As on 31st March, 2024, 36,93,86,894 (99.99%) equity shares of the Company were held in dematerialised form. Shares held in physical and electronic mode as on 31st March, 2024 are given herein below: <table><tr><th></th><th colspan="2">Position as on 31st March, 2024</th></tr><tr><th></th><th>No. of shares</th><th>% of total shareholding</th></tr><tr><td>Physical (A)</td><td>5</td><td>0</td></tr><tr><td>Demat</td><td></td><td></td></tr><tr><td>NSDL</td><td>33,71,27,756</td><td>91.26</td></tr><tr><td>CDSL</td><td>3,22,59,138</td><td>8.73</td></tr><tr><td>Total Demat (B)</td><td>36,93,86,894</td><td>100</td></tr><tr><td>Total (A) + (B)</td><td>36,93,86,899</td><td>100</td></tr></table>		Position as on 31 st March, 2024			No. of shares	% of total shareholding	Physical (A)	5	0	Demat			NSDL	33,71,27,756	91.26	CDSL	3,22,59,138	8.73	Total Demat (B)	36,93,86,894	100	Total (A) + (B)	36,93,86,899	100
	Position as on 31 st March, 2024																									
	No. of shares	% of total shareholding																								
Physical (A)	5	0																								
Demat																										
NSDL	33,71,27,756	91.26																								
CDSL	3,22,59,138	8.73																								
Total Demat (B)	36,93,86,894	100																								
Total (A) + (B)	36,93,86,899	100																								
k	outstanding global depository receipts or american depository receipts or warrants or any convertible instruments, conversion date and likely impact on equity;	Not Applicable																								
l	commodity price risk or foreign exchange risk and hedging activities;	The Company does not have material exposure in any particular commodity. Accordingly, there is no disclosure to offer in terms of SEBI circular no. SEBI/HO/CFD/CMD1/CIR/P/2018/0000000141 dated 15 th November, 2018.																								
m	plant locations;	Not Applicable																								
n	address for correspondence	All Shareholders' correspondence should be forwarded to Link Intime India Private Limited, Registrar & Share Transfer Agents of the Company or to the Compliance Officer at their following respective addresses: <table><tr><th>Registrar & Share Transfer Agent</th><th>Company Secretary and Compliance officer</th></tr><tr><td>Link Intime India Private Limited C-101, 1st Floor, 247 Park L.B.S. Marg, Vikhroli West Mumbai 400 083 Maharashtra, India Tel: +91 22 4918 6000 E-mail: spg@linkintime.co.in Website: www.linkintime.co.in</td><td>Mr. Rajaraman Sundaresan, Company Secretary and Compliance officer Fedbank Financial Services Limited Unit no. 1101, 11th Floor, Cignus, Plot No 71 A, Powai, Paspoli, Mumbai- 400087</td></tr></table>	Registrar & Share Transfer Agent	Company Secretary and Compliance officer	Link Intime India Private Limited C-101, 1 st Floor, 247 Park L.B.S. Marg, Vikhroli West Mumbai 400 083 Maharashtra, India Tel: +91 22 4918 6000 E-mail: spg@linkintime.co.in Website: www.linkintime.co.in	Mr. Rajaraman Sundaresan, Company Secretary and Compliance officer Fedbank Financial Services Limited Unit no. 1101, 11 th Floor, Cignus, Plot No 71 A, Powai, Paspoli, Mumbai- 400087																				
Registrar & Share Transfer Agent	Company Secretary and Compliance officer																									
Link Intime India Private Limited C-101, 1 st Floor, 247 Park L.B.S. Marg, Vikhroli West Mumbai 400 083 Maharashtra, India Tel: +91 22 4918 6000 E-mail: spg@linkintime.co.in Website: www.linkintime.co.in	Mr. Rajaraman Sundaresan, Company Secretary and Compliance officer Fedbank Financial Services Limited Unit no. 1101, 11 th Floor, Cignus, Plot No 71 A, Powai, Paspoli, Mumbai- 400087																									

CORPORATE GOVERNANCE REPORT (Contd.)

Sr No.	Particulars	Particulars		
o	list of all credit ratings obtained by the entity along with any revisions thereto during the relevant financial year, for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilization of funds, whether in India or abroad	The Company has obtained credit ratings from ICRA Limited and CRISIL Ratings Limited. During the financial year 2023-24, there has been upgrade in rating of the Company, the details of which are given below:		
		Rating Agency	Instrument	Credit Rating*
		India Ratings & Research Private Limited	Bank Loans	IND AA+/Stable
		India Ratings & Research Private Limited	Non-Convertible Debentures	IND AA+/Stable
		India Ratings & Research Private Limited	Subordinated Debt	IND AA+/Stable
		CARE Ratings Limited (Formerly Known Credit Analysis & Research Limited)	Non-Convertible Debentures	CARE AA+;Stable
		CARE Ratings Limited (Formerly Known Credit Analysis & Research Limited)	Subordinated Debt	CARE AA+;Stable
		CARE Ratings Limited (Formerly Known Credit Analysis & Research Limited)	Long Term/ Short Term Bank Facilities	CARE AA+; Stable/ CARE A1+
		CRISIL Limited	Commercial Paper Program	CRISIL A1+
		CRISIL Limited	Non-Convertible Debentures	CRISIL AA/Positive
		ICRA Limited	Commercial Paper Program	ICRA A1+

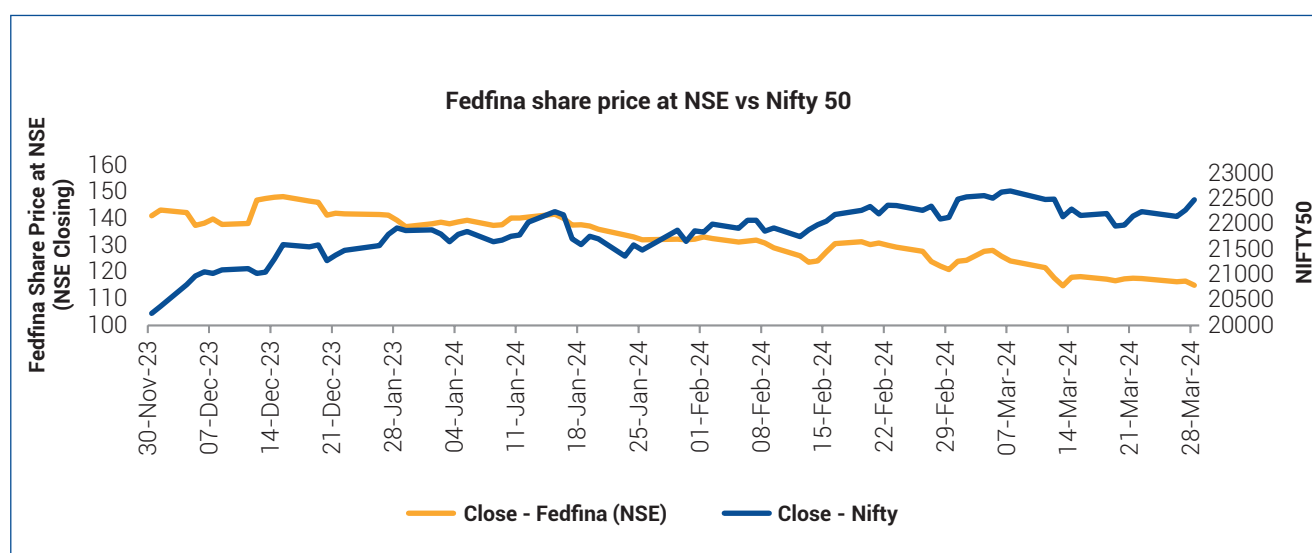
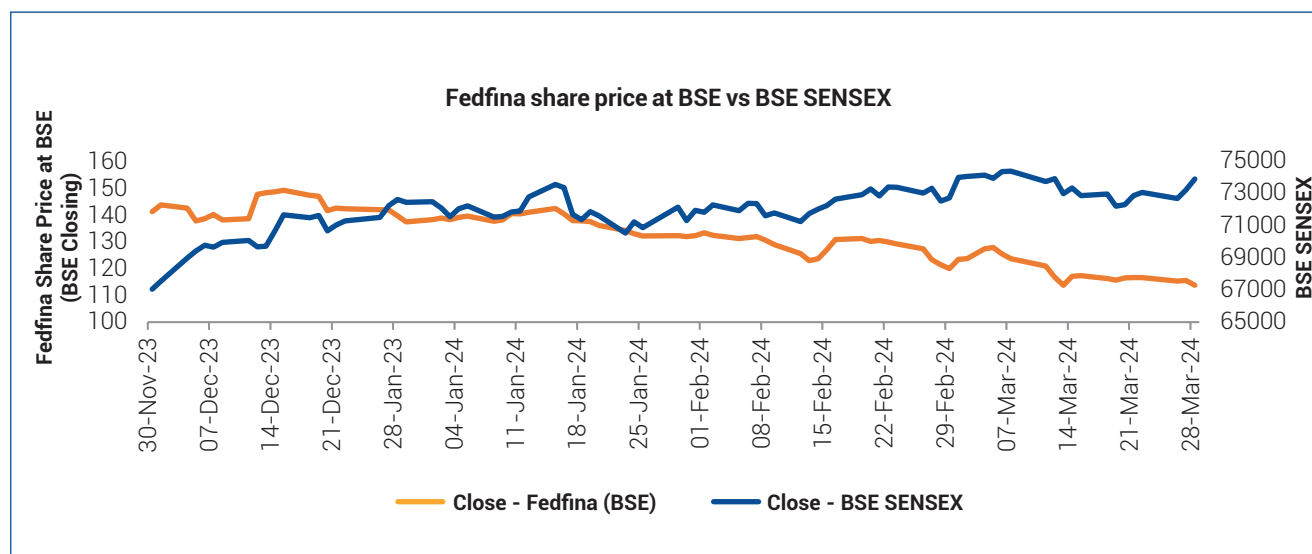
p. Stock Price data

i. Market price data- high, low during each month in last financial year

Months	BSE		NSE	
	High	Low	High	Low
Nov'23	148	133.15	148.25	133
Dec'23	153.5	139	153.6	138.95
Jan'24	142.5	131.8	142.45	131.8
Feb'24	135.05	121.15	135.35	121.05
Mar'24	129.55	115.65	129.5	115.85

CORPORATE GOVERNANCE REPORT (Contd.)

ii. Performance in comparison to broad-based indices such as BSE SENSEX, etc.



13. AFFIRMATIONS AND DISCLOSURES

a. Related Party Transactions

All the transactions entered into with the related parties during the financial year were on arm's length basis and in the ordinary course of business. There were no materially significant related party transactions entered by the Company with the related parties which shall have potential conflict with the interest of the Company.

All related party transactions were placed before the Audit Committee on quarterly basis. Transactions with related parties, as per the requirements of Accounting Standards, are disclosed in the notes to accounts annexed to the financial statements. There were also no material contracts or arrangement or transactions with related parties during the period.

The Company has formulated policy on related party transactions and uploaded on the website of the Company <https://fedfina.com/corporate-governance/>

b. Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during last three financial years

The Bombay Stock Exchange Limited (BSE) vide their email dated 15th December, 2023 imposed a fine of ₹ 1,53,400/- under Regulation 52(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 applicable for debt listed companies for delayed submission of Unaudited Financial results for the quarter and half year ended 30th September, 2023

CORPORATE GOVERNANCE REPORT (Contd.)

beyond the prescribed timelines. The Company has paid the fine on 19th December, 2023.

BSE vide their email dated 30th October, 2023 imposed a fine of ₹ 11,800/- under Reg 60(2) of the SEBI (Listing Obligations and Disclosure Requirements) regulations, 2015 for delay in submission of notice of record date for repayment of debentures for ISIN INE007N07041. Further, the Company has submitted a waiver application to BSE in this regard which is currently under consideration by BSE.

BSE vide their emails dated 31st October, 2022 imposed a fine of ₹ 2,00,600/- under Regulation 53(2) for delay in submission of annual report within the period prescribed. The Company paid the fine on 3rd January, 2023.

c. Vigil Mechanism / Whistle Blower Policy

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

This Whistle blower policy of the Company is overseen by the Audit Committee and provides adequate safeguard against victimisation of employees and also provide direct access to the Chairperson of the Audit Committee.

Your Company affirms that during the year under review, no personnel has been denied access to the Audit Committee.

d. Disclosure on compliance with Corporate Governance Requirements specified in SEBI Listing Regulations

The Company has complied with and disclosed all the mandatory corporate governance requirements under Regulation 17 to 27 and sub-regulation (2) of Regulation 46 of SEBI Listing Regulations (relating to disclosure on the website of the Company).

The Company has also adopted certain voluntary compliance requirements as outlined in the Act, SEBI Listing Regulations and other applicable acts, rules, regulations & guidelines. As per the discretionary

requirements specified in Schedule II, Part E of the SEBI Listing Regulations, the Company has appointed separate persons to the post of Chairman and Managing Director & Chief Executive Officer.

e. Weblink where policy on determination of material subsidiaries

The Company does not have any subsidiaries hence this requirement is not Applicable

f. Details of utilisation of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32(7A).

During the year under review, your Company has not raised any funds through preferential allotment or qualified institutional placement as specified in Regulation 32 (7A) of the SEBI Listing Regulations.

There is no variation or deviation in the use of proceeds from the objects stated in the offer document for Initial Public Offering.

g. A certificate from a Company Secretary in practice that none of the directors on the board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board / Ministry of Corporate Affairs or any such statutory authority

As required under Clause 10 (i) of Part C under Schedule V of the SEBI Listing Regulations, the Company has received a certificate from M/s. DM & Associates Company Secretaries LLP certifying that none of our Directors have been debarred or disqualified from being appointed or continuing as Directors of the Company by SEBI /Ministry of Corporate Affairs or any such statutory authority is annexed to this report.

h. Where the Board had not accepted any recommendation of any committee of the Board which is mandatorily required, in the relevant financial year.

During the year under review, there were no such recommendations made by any Committee of the Board that were mandatorily required and not accepted by the Board.

i. Total fees for all services paid by the listed entity to the statutory auditor

M/s. BSR & Co. LLP, Chartered Accountants
(Firm Registration No. 101248W / W- 100022)

CORPORATE GOVERNANCE REPORT (Contd.)

are the Statutory auditors of the Company. The particulars of payment of Statutory auditors' fees, on Standalone basis for the financial year under review is given below:

Services provided	Amount in ₹ Lakhs
Statutory Audit	59
Limited Review	35
Other matters	1
Out of pocket expenses	9
Total	104

*The above excludes remuneration amounting to ₹ 217.67 Lakhs paid to the auditors during the F.Y 2023-24 for services in connection with Initial Public Offering of equity shares of the Company. This expense is shared between the Company and the selling shareholders in proportion of equity shares offered for subscription/sale in IPO.

j. **Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

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

The following is a summary of sexual harassment complaints received and dealt with during the year 2023-2024:

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

k. **Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount:**

There are no loans and advances in the nature of loans to firms/companies in which directors are interested.

l. **Disclosures with respect to demat suspense account/unclaimed suspense account**

The Company does not have any shares/unclaimed amounts in demat suspense account/unclaimed suspense account.

m. **Disclosures of Agreements binding the listed entity**

Your Company had prior to the Initial Public Offering (IPO) entered and amended the Shareholders' agreement (SHA) dated 19th July, 2023 with The Federal Bank Limited and True North Fund VI LLP.

Pursuant to clause 2.1 of the Amended SHA dated 19th July, 2023, the Parties had mutually agreed that upon consummation of the IPO, the SHA shall stand automatically terminated without any Party being required to take any further action or furnish any notice under the SHA or hereunder, and without prejudice to any existing or accrued rights or liabilities of any Party under the SHA as of the date of such termination. However certain clauses of the amended SHA pursuant to the clause 17.4 of the said agreement shall survive upon consummation of the IPO.

The Shareholders, promoters, promoter group entities, related parties, directors, key managerial personnel, employees of the Company have not entered any agreement among themselves or with the Company or with a third party, solely or jointly, which, either directly or indirectly or potentially or whose purpose and effect is to, impact the management or control of the Company or impose any restriction or create any liability upon the Company.

n. **CEO and CFO Certification**

Mr. Anil Kothuri, Managing Director & Chief Executive Officer and Mr. C.V. Ganesh, Chief Financial Officer of the Company have issued a certificate pursuant to the provisions of Regulation 17(8) of the SEBI Listing Regulations for the financial year under review, and the said certificate is annexed to this Report.

o. **Compliance Certificate of the Auditors of the Company**

The Certificate from the Secretarial Auditors of the Company namely, DM & Associates Company Secretaries LLP certifying the compliance with conditions of Corporate Governance as stipulated under Clause E of Schedule V of the SEBI Listing Regulations, is attached to this Report.

p. **Certificate of Non-Disqualification of Directors from the Auditors of the Company**

The Certificate from the Secretarial Auditors of the Company namely, DM & Associates Company Secretaries LLP certifying the Non-Disqualification of Directors is annexed to this Report.

CORPORATE GOVERNANCE REPORT (Contd.)

**DECLARATION ON COMPLIANCE WITH THE COMPANY'S CODE OF CONDUCT FOR
BOARD OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL**

I, Anil Kothuri (Managing Director & CEO), hereby confirm and declare that in terms of Regulation 26(3) read with Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, all the Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct for Board of Directors and Senior Management Personnel for the FY 2023-24.

For **Fedbank Financial Services Limited**

Sd/-

Anil Kothuri

Managing Director & CEO

Din: 00177945

Date: 22nd August, 2024

Place: Mumbai

CORPORATE GOVERNANCE REPORT (Contd.)

CEO AND CFO CERTIFICATION

(Under Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Board of Directors,
Fedbank Financial Services Ltd
Mumbai

Dear Sir/Madam,

We, the undersigned, in our respective capacities as Managing Director & CEO and Chief Financial Officer of Fedbank Financial Services Limited ("the Company"), to the best of our knowledge and belief certify that:

- A. We have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2024 and that to the best of our knowledge and belief:
 - (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the period which are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit committee that:
 - (1) significant changes in the Internal control over financial reporting during the period;
 - (2) significant changes in the accounting policies during the period and that the same have been disclosed in the notes to the financial statements; and
 - (3) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For **Fedbank Financial Services Limited**

Sd/-
Anil Kothuri
Managing Director & CEO

Date: 22nd August, 2024
Place: Mumbai

For **Fedbank Financial Services Limited**

Sd/-
C.V. Ganesh
CFO

CORPORATE GOVERNANCE REPORT (Contd.)

**CERTIFICATE OF COMPLIANCE WITH
THE CORPORATE GOVERNANCE REQUIREMENTS**

To,

**The Members of
Fedbank Financial Services Limited**

We have examined the compliance of conditions of corporate governance by **Fedbank Financial Services Limited ("the Company")** for the year ended 31st March, 2024, as prescribed in Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of regulation 46 and Para C, D and E of Schedule V to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations').

Management's Responsibility:

The Compliance of the conditions of Corporate Governance is the responsibility of the Management.

Auditors' Responsibility:

Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

Conclusion:

In our opinion and to the best of our information and according to the examination of relevant records and the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the aforesaid provisions of SEBI Listing Regulations.

We further state that such compliance is neither an assurance as to future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

Sd/-

Savyasachi Sushil Joshi

Partner

FCS NO 12752

CP NO 15666

UDIN: F012752F001025038

P.R. Certificate No.:758/2020

Place: Mumbai

Date: 22nd August, 2024

CORPORATE GOVERNANCE REPORT (Contd.)

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to Regulation 34(3) and Schedule V Para C clause (10) (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,

The Members of

FEDBANK FINANCIAL SERVICES LIMITED

Unit No. 1101, 11th Floor, Cignus,

Plot No. 71A, Powai,

Passpoli, NITIE,

Mumbai – 400087.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of FEDBANK FINANCIAL SERVICES LIMITED having CIN L65910MH1995PLC364635 and having its Registered Office at Unit No. 1101, 11th Floor, Cignus, Plot No. 71A, Powai, Passpoli, NITIE, Mumbai – 400087, Maharashtra, India (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Director's Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on 31st March, 2024 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

SR NO	NAME OF DIRECTOR	DIN	DATE OF APPOINTMENT
1.	MR. ANIL KOTHURI	00177945	11/12/2018
2.	MR. MANINDER SINGH JUNEJA	02680016	20/12/2018
3.	MR. SHYAM SRINIVASAN	02274773	18/03/2011
4.	MRS. GAURI RUSHABH SHAH	06625227	13/02/2015
5.	MR. BALAKRISHNAN KRISHNAMURTHY	00034031	28/09/2019
6.	MR. RAMESH SUNDARARAJAN	10500779	15/03/2024
7.	MR. SUNIL SATYAPAL GULATI	00016990	15/03/2024
8.	MR. ASHUTOSH KHAJURIA	05154975	30/04/2020

Ensuring the eligibility for the appointment/ continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Signature:

Sd/

Name: Savyasachi Joshi- Partner

Firm Name : DM & Associates Company Secretaries LLP

Firm Registration Number: L2017MH003500

Membership No.: FCS 12752

CP No.: 15666

UDIN: F012752F000959137

Place: Mumbai

Date: 12th August, 2024

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT

SECTION A: GENERAL DISCLOSURES

I. Details of the listed entity

1.	Corporate Identity Number (CIN) of the Listed Entity	L65910MH1995PLC364635
2.	Name of the Listed Entity	Fedbank Financial Services Limited
3.	Year of incorporation	1995
4.	Registered office address	Unit no. 1101, 11 th Floor, Cignus, Plot No 71 A, Powai, Paspoli, Mumbai – 400087, Maharashtra.
5.	Corporate address	Unit no. 1101, 11 th Floor, Cignus, Plot No 71 A, Powai, Paspoli, Mumbai – 400087, Maharashtra.
6.	E-mail	customercare@fedfina.com
7.	Telephone	022 68520601
8.	Website	www.fedfina.com
9.	Financial year for which reporting is being done	FY 2023-24
10.	Name of the Stock Exchange(s) where shares are listed	BSE & NSE
11.	Paid-up Capital	₹ 3,69,38,68,990/-
12.	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Anila Rajneesh 02268520638 anila.rajneesh@fedfina.com
13.	Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e., only for the entity) or on a consolidated basis (i.e., for the entity and all the entities which form a part of its consolidated financial statements, taken together).	Standalone basis
14.	Name of assurance provider	Not Applicable
15.	Type of assurance obtained	Not Applicable

II. Products/services

16. Details of business activities (accounting for 90% of the turnover):

S. No.	Description of the main activity	Description of business activity	% of the turnover of the entity
1	Other financial services- Lending	The Company is into the Lending business, offering Gold Loan, Loan against Property, Housing Loan, Business loan etc.	91.91%

17. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

S. No.	Product/Service	NIC Code	% of Total Turnover contributed
1	Gold Loan	64920	38.07
2	Mortgaged Loan	64920	39.05
3	unsecured business loan	64920	14.79

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

III. Operations

18. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	0	621	621
International	0	0	0

19. Markets served by the entity:

a. Number of locations

Locations	Number
National (No. of States)	15
International (No. of Countries)	0

b. What is the contribution of exports as a percentage of the total turnover of the entity?

Not Applicable.

c. A brief on types of customers

Fedfina secured its NBFC license in 2010 and presently operates a network of 621 branches nationwide with presence in 17 states and union territories across India, with a strong footprint in the Southern and Western regions of the country.

We offer a diverse range of products, including Small Ticket Loan against Property (MSE LAP), mid ticket LAP, loans for Affordable Housing, Gold loans, Medium term working capital unsecured loans, etc..

Our affordable Home Loans are targeted at individuals with steady income streams (salaried or self-employed) but with inadequate 'Formal Income Proofs' who are hence deprived of financial assistance through traditional banking channels. We offer small ticket size loans against property (LAP) in urban, semi-urban and rural markets for meeting working capital needs, small business expansions, equipment purchases etc. as well as at times to meet personal needs like marriage, education etc. Our Mid-Size LAP Business or Mid-Ticket Home Loans are offered to self-employed customers (MSME) with mid-size/ larger businesses, established credit history, good asset base, formal income documentation etc. to meet working capital requirements, business expansions, asset finance, debt consolidation etc. We offer Gold loans to borrowers belonging to micro and small business segments, salaried, housewife, retired etc. We provide Unsecured Loans to self-employed businesses (MSME) and Professionals with established credit history and formal financials.

IV. Employees

20. Details as at the end of the Financial Year:

a. Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
EMPLOYEES						
1.	Permanent (D)	4262	3602	85%	660	15%
2.	Other than Permanent (E)	-	-	-	-	-
3.	Total employees (D + E)	4262	3602	85%	660	15%
WORKERS						
4.	Permanent (F)	NA				
5.	Other than Permanent (G)					
6.	Total workers (F + G)					

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

b. Differently abled Employees and workers:

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
DIFFERENTLY ABLED EMPLOYEES						
1.	Permanent (D)	0	0	0	0	0
2.	Other than Permanent (E)	-	-	-	-	-
3.	Total differently abled employees (D + E)	0	0	0	0	0
DIFFERENTLY ABLED EMPLOYEES						
4.	Permanent (F)	NA				
5.	Other than Permanent (G)					
6.	Total differently abled workers (F + G)					

21. Participation/Inclusion/Representation of women

	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	8	1	12.5%
Key Management Personnel	3	0	0%

22. Turnover rate for permanent employees and workers

(Disclose trends for the past 3 years)

	FY 2023-24			FY 2022-23			FY 2021-22		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	31%	29%	31%	29%	28%	31%	36%	35%	30%
Permanent Workers	-								

V. Holding, Subsidiary and Associate Companies (including joint ventures)

23. (a) Names of holding / subsidiary / associate companies / joint ventures

S. No.	Name of the holding / subsidiary / associate companies / joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated in column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	The Federal Bank Limited	Holding	61.58%	No

VI. CSR Details

24. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: Yes

(ii) Turnover (in ₹ Crores): 1623

(iii) Net worth (in ₹ Crores): 2260.83

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

VII. Transparency and Disclosures Compliances

25. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (If yes, then provide web link for grievance redress policy)	FY 2023-24			FY 2022-23		
		Number of complaints filed during the year	Number of complaints pending resolution at the close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at the close of the year	Remarks
Communities	The company has a Grievance redressal mechanism in place for capturing and addressing grievances of various stakeholders. The policy can be found on our website, on the below weblink: https://www.fedfina.com/corporate-governance/	0	0	We engage with the local community, reaching out to residents in the operational vicinity to hear their thoughts and address any concerns they may have. We haven't received any complaints during these regular interactions, which is a positive reflection of our efforts to foster open communication and understanding.	0	0	No complaints were received.
Investors (other than shareholders)		0	0	For any information or data, Investors can write to the Company Secretary & Compliance Officer. Email: secretarial@fedfina.com Tel: +91 022 68520601 All details are mentioned on the website.	0	0	No com-plaints were received.
Shareholders		0	0	For any information or data, Investors/ shareholders can write to the Company Secretary & Compliance Officer. Email: secretarial@fedfina.com Tel: +91 022 68520601 All details are mentioned on the website.	0	0	No com-plaints were received.

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (If yes, then provide web link for grievance redress policy)	FY 2023-24			FY 2022-23		
		Number of complaints filed during the year	Number of complaints pending resolution at the close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at the close of the year	Remarks
Employees and workers	The company has a Grievance redressal mechanism in place for capturing and addressing grievances of various stakeholders. The policy can be found on our website, on the below weblink: https://www.fedfina.com/corporate-governance/	0	0	No complaints were re-ceived.	7	7	All 7 complaints raised under the whistle blower policy have been successfully resolved. If an employee or director needs to communicate on any related matter, they can express themselves by sending an email directly to the Audit committee at whistleblower.fedfina.com Complaints or grievances received concerning a director under the whistle blower policy will, in appropriate or exceptional cases, be forwarded to the Chairperson of the audit committee at chairperson.audit@fedfina.com
Customers		146	146	We have a dedicated 'support' section on our website where consumers can view raise grievances related to any of the offerings and services. We also help customers raise support requests through the NBFC Helpline number 7418128882 & 08069291313 or through their registered email ID, they can mail to customercare@fedfina.com They can also do a Branch walk in & register a complaint with branch manager/ official. They can also advance up to Nodal officer or Principal Nodal officer for major complaints. 5. All details are mentioned on the company website.	73	73	All com-plaints were resolved.

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (If yes, then provide web link for grievance redress policy)	FY 2023-24			FY 2022-23		
		Number of complaints filed during the year	Number of complaints pending resolution at the close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at the close of the year	Remarks
Value Chain Partners	The company has a Grievance redressal mechanism in place for capturing and addressing grievances of various stakeholders. The policy can be found on our website, on the below weblink: https://www.fedfina.com/corporate-governance/	0	0	Our Procurement and Admin teams regularly interacts with our suppliers and other value chain partners and complaints/ grievances, if any, are resolved on a case-to-case basis.	0	0	No com-plaints were received.

26. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along with its financial implications.

S. No.	Material issue identified	Indicate whether risk or opportunity	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1.	Financial inclusion	Opportunity	There is a significant gap in the reach of financial inclusion initiatives, with many underprivileged sections of society facing challenges in accessing essential financial tools. By reaching out to the underprivileged population, Fedfina's goal is to bridge the financial gap and empower individuals economically. The ultimate aim is to contribute to the socio-economic development of these communities and enhance their overall well-being by offering them the means to save, invest, and secure their financial future.	Fedfina's Vision Statement is aligned to 'Empower Emerging India'. We have focus product programs (MSE LAP & Gold Loans) to meet working capital requirements of under-served population segments with minimal / no formal income documentation. Our Affordable Housing programs meet working capital requirements of lesser privileged sections of the society and enable them to climb up the economic curve by supporting financial inclusion.	Positive: - Accessing underserved populations broadens the customer base, potentially leading to increased revenue streams. - Establishing long-term relationships through inclusive financial services can result in sustained customer loyalty, reducing new customer acquisition costs. - We hire locals from the regions around our offices, thereby providing employment to the youth. - Empowering underprivileged populations with inclusive services can result in an overall positive impact on economic activity in the country, contributing to sustainable development.

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

S. No.	Material issue identified	Indicate whether risk or opportunity	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
2.	Customer Satisfaction	Risk/ Opportunity	Customer satisfaction is a guiding principle at Fedfina. In the dynamic landscape of financial lending services in India, marked by abundant opportunities and challenges, it is essential to prioritize the needs of customers. Factors such as safety, prompt responses, and tailored services contribute significantly to customer satisfaction. Recognizing the diverse demographic profile of our customers, we understand the importance of delivering value through a variety of services, reasonable pricing, and high-quality offerings.	Our adaptable approach, rooted in a customer-centric culture, ensures we evolve with changing scenario. We prioritize satisfaction through personalized interactions and a proactive stance on industry trends. Seeking customer feedback actively, we tailor our services to meet current needs and anticipate future financial requirements. At Fedfina, customer satisfaction is an ongoing journey, where adaptability and a customer-centric mindset drive us to exceed expectations. We have set-up high-end customer feedback mechanisms and address all issues/ grievances promptly.	Negative: - Customer dissatisfaction can lead to customers switching to competitors, impacting financial performance of the company - Customer complaints can lead to imposition of fines and penalties - Loss of customer trust can impact reputation negatively Positive: - Satisfied customers develop a sense of loyalty to our brand, leading to long-term relationships and increased customer lifetime value. - Customer Retention, leading to lower new customer acquisition costs - Satisfied customers who experience fair grievance redressal are likely to share positive experiences, resulting in new customer acquisition, contributing to revenue growth.

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

S. No.	Material issue identified	Indicate whether risk or opportunity	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
3.	Responsible lending and Consumer Financial Protection	Risk/ Opportunity	It is critical that organisations make lending decisions that consider not only the financial health of the borrowers but also the broader economic and social implications. It is a regulatory and a strategic necessity to prevent customers from falling victim to unfair or deceptive practices. It has become pertinent to align with the evolving consumer expectations for responsible and ethical business practices.	Fedfina's commitment to responsible lending and consumer protection is evident in its comprehensive strategy that spans policy development, risk management, customer education, technology integration, compliance, and community engagement. We continuously evaluate and endeavour to improve our lending practices, ensuring alignment with NBFC regulatory frameworks. Robust risk management initiatives include enhancing the credit assessment process and implementing reasonable Loan-to-Value ratios. We as an entity try to support up & coming smaller groups or SHGs who require a start-up capital of up to 20 Lac. We also do not promote or encourage any organization that conducts practices that will lead to harmful environmental impacts. Customer education focuses on transparency, clear communication. Technology integration employs data analytics and digital platforms for efficient, compliant lending. Employee training emphasizes ethical practices, and CSR initiatives. Continuous improvement, driven by feedback and adaptability to market conditions, positions Fedfina to significantly contribute to the long-term financial well-being of its customers.	Negative: - Monetary loss on account of fines and penalties - Reputational damage Positive: - Enhanced customer trust and reduced customer turnover - Lower default rates, translating into fewer non-performing assets and potential losses. - Competitive advantage, being the go-to organisation for all financing needs of customers - Increase in brand reputation

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

S. No.	Material issue identified	Indicate whether risk or opportunity	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
4.	Human rights & grievance redressal	Opportunity	Human rights and grievance redressal should not only be a response to societal expectations but also be a strategic decision by companies to positively impact reputation, relationships with stakeholders, and overall business sustainability.	At Fedfina, we not only comply with ethical standards but also turn human rights considerations into an opportunity for positive impact, reputation enhancement, and sustainable business practices. Respecting & promoting human rights is one of the key ESG principles at Fedfina. We have dedicated policy commitments for accommodating all human rights aligning with national & international standards. All operational activities, vendor engagements & HR policies carry provisions against forced labour & child labour. They promote payments as per minimum wages, decent working conditions, grievance redressal mechanisms etc.	Positive: - Reduced legal costs resulting from proactively managing human rights risks and addressing grievances promptly. - A commitment to human rights can provide a competitive advantage in markets where ethical considerations influence consumer choices.
5.	Human Capital Development	Opportunity	In a sector like financial lending, a focus on employee development is not only an investment in the individuals but also in the overall resilience, competitiveness, and sustainability of the organization. It is important for organizations to ensure that human capital development strategies align with organizational success, enhance workforce capabilities, foster innovation, and contribute to a positive workplace culture.	At Fedfina, we believe in investing in the development of our people. Our initiatives are focussed to help create a skilled and efficient workforce, boosting productivity. We believe continuous learning drives innovation, giving us an edge in today's knowledge-based economy. We are committed to providing a safe, inclusive and respectful workplace to our employees and have put in place various measures to safeguard employee well-being and provide an engaging and interactive culture	Positive: - A positive workplace culture can lead to higher employee morale and job satisfaction, which, in the long term, contributes to increased productivity and lower turnover. - Improved employee relations leading to less disruptions, ensuring business continuity. - Reduced long-term costs associated with hiring - Continuous learning fosters innovation and adaptability, leading to long-term efficiency gains. This can result in streamlined processes and cost savings in the operational workflow.

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

S. No.	Material issue identified	Indicate whether risk or opportunity	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
6.	Digital innovation	Opportunity	Balancing the risks and opportunities associated with digital innovation is essential for any organization's success. Proactive risk management, cybersecurity measures, and strategic utilization of digital technologies can maximize the positive impact while mitigating potential risks.	Technology is at the forefront of operations of the company, with relentless focus on improving customer service, process automations, robust risk management and enhancing digital footprint. We have integrated systems that spans from origination to loan management to financial statements to client servicing. All our core applications are on Cloud enabling both scale and sustenance. Technology forms the bedrock of providing multi-channel experience covering App, Web, Social and Physical We have a "phygital distribution model" that serves the customers both physically and digitally. In FY22-23, we started "door-step gold loans", a fully digital offering of gold loans at customers' doorstep. We also introduced "digi locker", a fully digital product, where the customer can utilise their credit limits, basis the stock of gold stored with us.	Positive - Digital innovations streamline processes, automate tasks, and reduce manual efforts, leading to operational cost efficiencies and improved resource allocation. - New and innovative financial products and services helps in expanding offerings and catering to diverse customer needs. - Improving digital interfaces, customer engagement platforms, and personalized services enhances the overall customer experience, potentially leading to increased customer satisfaction and loyalty. - The data generated through digital interactions can be leveraged for analytics and insights, thereby improving customer experiences.

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

S. No.	Material issue identified	Indicate whether risk or opportunity	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
7.	Emissions (GHG) & energy management	Opportunity / Risk	While financial services sector in general is not one of the polluting sectors, it is important for companies to recognize the importance of efficient resource usage and demonstrate commitment to emissions reduction and energy efficiency along with other environmental aspects.	The Company makes all efforts towards conservation of energy, protection of environment and ensuring safety as follows: 1) Installation of LED (Light emitting diode) in branches /offices. 2) Creating environmental education / awareness for employees through electronic / digital form on ways and means conserve electricity and other natural resources. 3) Minimizing Air Condition usage 4) Shutting of lights when not in use	Positive: - Implementing energy-efficient practices leads to reduced energy consumption, translating into significant cost savings for the organization. - Strong emissions and energy management practices may lead to a better access to green financing, with favourable terms and conditions. Negative: Cost of transition to newer technologies in the short term may impact the bottom line.
8.	Climate change	Risk	In a changing environmental landscape, it has become essential for organizations to embracing a sustainable and climate-resilient approach that aligns with long-term business continuity and success.	At Fedfina, we are committed to understand and address the multifaceted implications of climate change across all aspects of our business operations. Our operations focus on energy efficiency, reduction in GHG emissions, proper waste management as well as engaging with and training employees on climate awareness. By integrating climate change and ESG considerations into our operational strategies, we aim to not only mitigate risks but also capitalize on opportunities that arise from sustainable and socially responsible business practices.	Negative: - Upfront investments in technology, infrastructure, and training, pressurizing profitability - Business disruption due to extreme weather events, such as cyclones, hurricanes, heat or cold waves, or floods and resultant revenue impact - Failure to comply with evolving climate-related regulations can result in financial penalties and reputational damage.

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

S. No.	Material issue identified	Indicate whether risk or opportunity	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
9.	Community development	Opportunity	It is important for companies to invest to enhance quality of life in the communities where they have a business presence.	Fedfina has a CSR program that focuses on strategizing and implementation of community development activities, targeted at the communities that surround its business centres and branches. The CSR activities are conducted through selection of capable implementation partners with a strong geographic presence, particularly focusing on activities like tree plantation, nutritional outreach programs, and child welfare. We have a tie-up with an NGO, MAFOI, to carry out specific CSR programmes that benefit women.	Positive: - Enhanced Brand Value - Community development efforts can build trust and loyalty among stakeholders, including customers, investors, and employees, which in turn created a positive reputation.

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and management processes									
1. a. Whether your entity's policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
b. Has the policy been approved by the Board? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
c. Web Link of the Policies, if available	https://www.fedfina.com/corporate-governance/								
2. Whether the entity has translated the policy into procedures. (Yes / No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
4. Name of the national and international codes/certifications/labels/ standards adopted by your entity and mapped to each principle.	NGRBC principles	NGRBC principles	NGRBC principles	NGRBC principles	NGRBC principles	NGRBC principles	NGRBC principles	NGRBC principles	ISO 27001: 2013
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	Fedfina realizes the importance of setting goals to measure progress and to achieve all the principles. We have currently not set any targets, but we are tracking our green practices. We are actively working towards establishing measurable goals. Our overarching goals include: <i>Environment:</i> Reduce our carbon footprint by efficient energy management, waste management and water use. <i>Social:</i> Enhance employee well-being through wellness programs and foster diversity and inclusion across all levels of the organization. <i>Governance:</i> Increase Board diversity and Board independence, establish robust cybersecurity and data privacy measures and ensure ethical business conduct.								

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

Disclosure Questions		P1	P2	P3	P4	P5	P6	P7	P8	P9
6.	Performance of the entity against the specific commitments, goals, and targets along with reasons in case the same are not met.	We at Fedfina, consider it crucial to ensure compliance with all 9 principles of BRSR. We have started measuring our GHG emissions from this year and plan to take steps for reduction in the upcoming years. We have also started exploring methods to track our water use and measure our waste generation. We follow fair labour practices across all our operations and are committed towards protection of human rights. We encourage diversity & inclusion at all levels of the organisation. Customer satisfaction is of paramount importance for us. We give back to the communities we operate in by supporting several NGOs as a part of our community engagement programmes. We have several policies in place to ensure customer/ stakeholder protection, like anti-corruption, anti- bribery and data privacy policies. We ensure transparent and accurate reporting by putting all relevant corporate governance information on our website.								
Governance, leadership, and oversight										
7.	Statement by director responsible for the business responsibility report, highlighting ESG -related challenges, targets, and achievements	Fedfina has been a transformative force with over 13+ years of providing loans at reduced rates through its extensive network of 573+ branches. Despite our robust product offerings, we recognize and face several challenges in the implementation of Environmental, Social, and Governance (ESG) principles, in our own operations as well as the value chain. In the environmental domain, challenges include addressing our carbon footprint, energy consumption, and the impacts of climate change. On the social aspect, ensuring financial inclusion, customer protection, and fostering diversity and inclusion pose challenges. On the governance front, maintaining high ethical standards, transparency, and compliance with regulatory requirements remain focal points. In the fiscal year 2023, we initiated the incorporation of Environmental, Social, and Governance (ESG) principles into our business operations, reinforcing our commitment to sustainability. We conducted a comprehensive baseline assessment of our greenhouse gas (GHG) emissions, waste management processes and other environmental indicators. Furthermore, we conducted an ESG materiality assessment, identifying key topics relevant to our company and sector. This assessment has informed our strategic priorities, and we are working towards developing an ESG roadmap for the future-setting internal reduction targets and defining timelines and initiatives to achieve those set targets. As we are growing and becoming sizeable in the geographies and products we are in, we have ensured our commitment to the key Environmental, Societal and Governance related policies. We have formed a board approved ESG policy to ensure that the business growth is both sustainable and stable. Keeping in mind, the issue of climate change, we have formed an in-house climate change committee. We believe that human talent is one of the key pillars for our success and growth. Our ability to attract and retain talent is demonstrated by our Company being certified as a “Great Place to Work” for the last four consecutive years, by the Great Place to Work Institute, India. Further, in calendar year 2023, we have also been recognized as one of the Top 50 Indian’s Best Workplaces in BFSI 2023’ by the Great Place to Work Institute, India. On the societal and community front, we continued our focus on responsible lending, and community engagement through CSR activities. Going forward, Fedfina assures its unwavering commitment to ESG principles, emphasizing environmental sustainability, expanding financial inclusion efforts, employee empowerment, customer satisfaction, and community development. Strengthening governance mechanisms and promoting a culture of integrity and accountability are integral to our future endeavours and looking ahead, we will continue to be dedicated to having a positive imprint on the environment and society.								
8.	Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	Anila Rajneesh CHRO 02268520638 anila.rajneesh@fedfina.com								
9.	Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability-related issues? If yes, provide details	No While the company presently does not have a dedicated Committee or Director responsible for decision-making on sustainability-related issues, as part of the day-to-day functions and operations, we ensure that the ESG and sustainability are continuously implemented across different management and department levels.								

10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against above policies and follow up action	Any other Committee									Any other-Periodic review and compliance with all statutory requirements, being first year of reporting								
Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	The company complies with all the statutory requirements as applicable																	

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

11. Has the entity carried out independent assessment/evaluation of the working of its policies by an external agency? (Yes/No)	P1	P2	P3	P4	P5	P6	P7	P8	P9
	No	No	No	No	No	No	No	No	No
If yes, provide name of the agency.	-	-	-	-	-	-	-	-	-

12. If answer to question (1) above is "No" i.e., not all Principles are covered by a policy, reasons to be stated:

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
The entity does not consider the Principles material to its business (Yes/No)	NA								
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)									
The entity does not have the financial or/human and technical resources available for the task (Yes/No)									
It is planned to be done in the next financial year (Yes/No)									
Any other reason (please specify)									

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

PRINCIPLE 1: Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.



Essential Indicators

1. Percentage coverage by training and awareness programmes on any of the principles during the financial year:

Segment	Total number of training and awareness programmes held	Topics / principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmes
Board of Directors (BOD)	8	Our Board of Directors imbibe the best code of conduct, governing themselves with integrity and ensure ethical, transparent and accountable operations as per the Code of Conduct and NGRBC principles.	100%
Key Managerial Personnel (KMP)	3	KYC, AML, POSH, Risk Management, Performance Management	100%
Employees other than BoD and KMPs	4259	KYC, AML, POSH, Risk Management, Performance Management	100%
Workers	-	-	-

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as disclosed on the entity's website):

Monetary					
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In ₹)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/ Fine Settlement Compounding fee		1. The Reserve Bank of India, in exercise of powers conferred under section 58G(1)(b) read with section 58B (5) (aa) of the Reserve Bank of India Act, 1934 on 20 th September, 2023 imposed a monetary penalty of ₹ 8.80 Lakhs on the Company for delay in reporting of one fraud case through FMR-1 within the prescribed period. The Penalty amount of ₹ 8.80 Lakhs has been remitted to RBI Enforcement Department on 28 th September, 2023.			
		2. The Bombay Stock Exchange Limited (BSE) vide their email dated 15 th December, 2023 imposed a fine of ₹ 1,53,400/- under Regulation 52(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 applicable for debt listed companies for delayed submission of Unaudited Financial results for the quarter and half year ended 30 th September, 2023 beyond the prescribed timelines. The Company has paid the fine on 19 th December, 2023.			
		3. BSE vide their email dated 30 th October, 2023 imposed a fine of ₹ 11,800/- under Reg 60(2) of the SEBI (Listing Obligations and Disclosure Requirements) regulations, 2015 for delay in submission of notice of record date for repayment of debentures for ISIN INE007N07041. Further, the Company has submitted a waiver application to BSE in this regard which is currently under consideration by BSE.			

Non-Monetary				
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Brief of the Case	Has an appeal been preferred? (Yes/No)
Imprisonment Punishment		During the year under review, there were no cases where non-monetary action has been initiated or settled by any regulator / enforcement agencies / judicial institutions.		

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed:

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
NA	

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Yes.

The Company has an Anti-Bribery and Anti-Corruption Policy. We are committed to operating our businesses conforming to the highest moral and ethical standards. We do not tolerate bribery or corruption in any form. This commitment underpins everything we do. The Policy along with the overarching Code of Conduct is available on our website at <https://www.fedfina.com/corporate-governance/>

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

	FY 2023-24	FY 2022-23
Directors	0	0
KMPs	0	0
Employees	0	0
Workers	0	0

6. Details of complaints with regard to conflict of interest:

	FY 2023-24		FY 2021-22	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	0	Since no complaints were received, no corrective actions were taken.	0	Since no complaints were received, no corrective actions were taken.
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	0		0	

7. Provide details of any corrective action taken or underway on issues related to fines/penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

Since no complaints were received, no corrective actions were taken.

8. Number of days of accounts payables ((Accounts payable *365) / Cost of goods/services procured) in the following format:

	FY 2023-24	FY 2022-23
Number of days of accounts payables	23	65

9. Open-ness of business

Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties, in the following format:

		FY 2023-24	FY 2022-23
Concentration of Purchases	a. Purchases from trading houses as % of total purchases	NA	NA
	b. Number of trading houses where purchases are made from	NA	NA
	c. Purchases from Top 10 trading houses as % of total purchases from trading houses	NA	NA
Concentration of Sales	a. Sales to dealer/ distributors as % of total sales	NA. Our offerings are directly sold to customers.	NA
	b. Number of dealers / distributors to whom sales are made	NA	NA
	c. Sales to top 10 dealer/ distributors as % of total sales to dealer/distributors	NA	NA
Share of RPTs in	a. Purchases (Purchases with related parties / Total Purchases)	0	0
	b. Sales (Sales to related parties / Total Sales)	2.34%	2.89%
	c. Loans & advances (Loans & advances given to related parties/ Total loans & advances)	0	0
	d. Investments (Investments in related parties/ Total Investments made)	0	0

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

Leadership Indicators

1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year:

Total number of awareness programmes held	Topics/principles covered under the training	% age of value chain partners covered (by value of business done with such partners) under the awareness programmes
---	--	---

The company did not conduct any ESG trainings for value chain partners this year. However, we plan to conduct such trainings to improve the ESG understanding of our value chain partners as feasible from future reporting periods.

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/ No) If yes, provide details of the same.

Yes.

Each Director of the Company is obligated to annually disclose any concern or interest they may have in the Company, other companies, bodies corporate(s), firm(s), or any other association of individuals, as well as promptly report any changes thereto. This includes the disclosure of their shareholding, and such disclosures are presented to the Board for documentation. During Board Meetings, Directors refrain from participating in discussions related to business items in which they have a concern or interest.

An annual declaration is obtained from Directors, confirming their adherence to the Company's Code of Conduct. Additionally, both Directors and Senior Management annually affirm that they have not engaged in any significant financial, commercial, or material transactions that could potentially conflict with the broader interests of the Company. This robust disclosure and affirmation process ensures transparency, ethical conduct, and alignment with the Company's governance standards.

PRINCIPLE 2: Businesses should provide goods and services in a manner that is sustainable and safe



Essential Indicators

1. Percentage of R&D and capital expenditure (CAPEX) investments in specific technologies to improve the environmental and social impacts of products and processes to total R&D and CAPEX investments made by the entity, respectively.

	Amount	Percentage	Details of improvements in environmental and social impacts
R&D (in ₹ Crores)	-	0%	No R&D initiatives on environmental and social aspects were undertaken during the year.
Capex (in ₹ Crores)	-	0%	We undertook various initiatives towards conservation of energy, protection of environment and ensuring safety as follows: 1) Installation of LED (Light emitting diode) in branches / offices, saving about 20-40% of the power consumption. 2) Creating environmental education / awareness for employees through electronic / digital form on ways and means conserve electricity and other natural resources. 3) Minimizing Air Condition usage 4) Shutting of lights when not in use We have made significant investments in upgrading our architecture aimed at being nimble and support business growth. We are committed to continue investments in Technology to make us future ready and improve operational efficiencies and plan to monitor spends going forward.

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)

Yes.

b. If yes, what percentage of inputs were sourced sustainably?

Given the nature of our operations, there is minimal utilization of raw materials that could be locally or sustainably sourced, making this aspect not of significant concern. Nonetheless, we have recently developed a sustainable sourcing policy that outlines our strategy for sourcing and procurement, aligning with our dedication to fostering equitable practices, prioritizing health and safety, and mitigating our supply chain's impact on climate and the environment. We anticipate that all our suppliers will operate in harmony with the principles articulated in this policy. This entails their compliance with essential social, business integrity, and environmental sustainability standards, with a commitment to upholding all relevant laws and regulations.

3. Describe the processes in place to safely reclaim your products for reusing, recycling, and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.

Type of waste	Mechanism
Plastics (including packaging)	NA
E-waste	
Hazardous waste	
Other waste	

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

No. Extended Producer Responsibility does not apply to us.

Leadership Indicators

1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for the manufacturing industry) or for its services (for the service industry)? If yes, provide details:

NIC Code	Name of Product / Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective /Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No) If yes, provide the web-link.
Not Applicable					

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

Name of Product / Service	Description of the risk / concern	Action Taken
Not Applicable		

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Indicate input material	Recycled or re-used input material to total material	
	FY 2023-24	FY 2022-23
E-waste refurbished	NA	NA

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed:

	FY 2023-24			FY 2021-22		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (including packaging)	0	0	0	0	0	0
E-waste	0	0	0	0	0	0
Hazardous waste	0	0	0	0	0	0
Other waste	0	0	0	0	0	0

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
Not Applicable	

PRINCIPLE 3: Businesses should respect and promote the well-being of all employees, including those in their value chains



Essential Indicators

1. a. Details of measures for the well-being of employees:

Category	% of employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
Permanent employees											
Male	3602	3602	100%	0	0%	-	-	3602	100%	3602	100%
Female	660	660	100%	0	0%	660	100%	-	-	660	100%
Total	4262	4262	100%	0	0%	660	100%	3602	100%	4262	100%
Other than Permanent employees											
Male	NA										
Female											
Total											

b. Details of measures for the well-being of workers:

Category	% of employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
Permanent employees											
Male	3602	3602	100%	0	0%	-	-	3602	100%	3602	100%
Female	660	660	100%	0	0%	660	100%	-	-	660	100%
Total	4262	4262	100%	0	0%	660	100%	3602	100%	4262	100%

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

Category	% of employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
Other than Permanent employees											
Male	NA										
Female											
Total											

- c. Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format –

	FY 2023-24	FY 2022-23
Cost incurred on well- being measures as a % of total revenue of the company	0.42%	0.45%

2. Details of retirement benefits.

Benefits	FY 2023-24			FY 2022-23		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
Provident Fund	100%	NA	Yes	100%	NA	Yes
Gratuity	8%		Yes	5%		Yes
ESI	9%		Yes	20%		Yes
Others-please specify	-		-	-		-

3. Accessibility of workplaces:

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard

Yes. Each of our offices is outfitted with elevators to facilitate convenient entry for all individuals, including our differently abled employees. Our commitment is to create an inclusive environment, ensuring that individuals with mobility challenges can navigate our premises seamlessly.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

Yes,

<https://www.fedfina.com/corporate-governance/>

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	100%	100%	NA	NA
Female	54%	100%		
Total	67%	100%		

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

	Yes/No	If yes, then give details of the mechanism in brief
Permanent Workers	NA	-
Other than Permanent Workers	NA	-
Permanent Employees	No	We have a whistleblower policy in place, allowing employees to raise grievances, and we follow a proper mechanism to thoroughly understand the facts.
Other than Permanent Employees	NA	-

7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

Category	FY 2023-24			FY 2022-23		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B / A)	Total employees / workers in respective category €	No. of employees / workers in respective category, who are part of association(s) or Union (D)	% (D / C)
Total Permanent Employees						
Male	NA					
Female						
Total						
Total Permanent Workers						
Male	NA					
Female						
Total						

8. Details of training given to employees and workers:

Category	FY 2023-24					FY 2022-23				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
Employees										
Male	3602	3602	100%	2187	60.72%	2965	2965	100%	64	2.15%
Female	660	660	100%	348	52.73%	608	608	100%	2	0.32%
Total	4262	4262	100%	2535	59.48%	3573	3573	100%	66	1.87%
Workers										
Male	NA									
Female										
Total										

9. Details of performance and career development reviews of employees and worker:

Category	FY 2023-24			FY 2022-23		
	Total (A)	No. (B)	% (B / A)	Total €	No. (D)	% (D / C)
Employees						
Male	3602	3602	100%	2965	2965	100%
Female	660	660	100%	608	608	100%
Total	4262	4262	100%	3573	3573	100%
Workers						
Male	NA					
Female						
Total						

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

10. Health and safety management system:

a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system

Yes.

At Fedfina, our commitment is to cultivate and sustain a workplace that prioritizes the well-being and safety of all stakeholders. We aim to implement a robust health and safety management system across all business functions, fostering an environment free from injuries and illnesses.

Regular risk assessments of our operations and activities are conducted to pinpoint hazards and establish controls. Incidents are continuously monitored, reviewed, and investigated to uncover causes, allowing us to take corrective actions to prevent recurrence. We have defined roles and responsibilities at every level within the organization to coordinate the overall health and safety management system. Additionally, we ensure that all employees receive sufficient information and training on health and safety policies and procedures.

b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

Yes, at our organization, the well-being and safety of our employees are of paramount importance. To uphold this commitment, we have established a comprehensive health and safety policy that outlines stringent measures and protocols. This policy serves as a foundation to create a secure working environment.

As part of our proactive approach to safety, we conduct quarterly fire drills. These drills are essential components of our safety initiatives, aiming to reinforce and test the effectiveness of our safety measures. Through these regular exercises, we ensure that our employees are well-prepared and familiar with the necessary procedures in case of an emergency, particularly fire-related situations.

c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Yes/ No)

Yes, we have established procedures for employees to report any work-related hazards, and this information is documented within the Health & Safety Framework. This framework serves as a comprehensive policy, delineating Health, and Safety standards along with Standard Operating Processes for Fedfina offices. In addition, we regularly conduct safety training sessions, mock drills, and other awareness initiatives to keep our employees well-informed.

d. Do the employees/ workers of the entity have access to non-occupational medical and healthcare services? (Yes/ No).

Yes, employees have access to non-occupational medical and healthcare services.

11. Details of safety related incidents:

Safety Incident/Number	Category	FY 2023-24	FY 2022-23
Lost Time Injury Frequency Rate (LTIFR) per one million-person hours worked)	Employees	0	0
	Workers	-	-
Total recordable work-related injuries	Employees	0	0
	Workers	-	-
No. of fatalities	Employees	0	0
	Workers	-	-
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	-	-

12. Describe the measures taken by the entity to ensure a safe and healthy workplace

All Fedfina offices are designed keeping in view the health and safety for our employees.

- We conduct regular safety training programs for employees, covering topics such as emergency procedures, proper equipment use, and hazard recognition.

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

- Implement ergonomic assessments to ensure workstations and equipment are designed to prevent injuries and promote good health.
- Conduct routine workplace inspections to identify and address potential safety hazards promptly.
- Provide resources and support for mental health, recognizing the importance of overall well-being.
- Offer flexible work arrangements, where applicable, to accommodate individual needs and promote work-life balance.
- Develop and communicate clear and comprehensive safety policies tailored to the organization's operations.
- Involve employees in safety initiatives, encouraging them to actively participate in identifying and addressing hazards.
- Conduct regular safety training programs for employees, covering topics such as emergency procedures, proper equipment use, and hazard recognition.

13. Number of Complaints on the following made by employees and workers:

	FY 2023-24			FY 2021-22		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	0	0	-	0	0	-
Health & Safety	0	0	-	0	0	-

14. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100%
Working conditions	100%

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks/concerns arising from assessments of health & safety practices and working conditions.

No significant risks or concerns were highlighted during the assessment of health & safety practices and working conditions.

Leadership Indicators

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).

	(Y/N)
Employees	Y
Workers	NA

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

The Fedfina Agreement ensures the deduction and submission of any relevant government dues. Furthermore, it performs a monthly GST reconciliation and takes necessary corrective actions

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

3. Provide the number of employees / workers having suffered high consequence work-related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2023-24	FY 2022-23	FY 2023-24	FY 2022-23
Employees	Not Applicable			
Workers				

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)

No

5. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	0%
Working Conditions	0%

During the reporting period, the company did not undertake assessments for its value chain partners or suppliers. Going forward, we plan to implement such evaluations, focusing on aspects related to the working conditions and health and safety practices of suppliers, wherever feasible.

6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.

Not applicable

PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders

Essential Indicators

1. Describe the processes for identifying key stakeholder groups of the entity.

At Fedfina, Stakeholder Mapping involves conducting a thorough analysis to identify individuals, groups, or entities that have an impact on or are influenced by Fedfina. This includes internal stakeholders like employees and management, as well as external stakeholders such as customers, regulators, investors, suppliers, and local communities. The acknowledgment of government and regulatory bodies, industry associations, and engagement with advocacy groups is crucial. Recognizing the significance of customers, investors, suppliers, and local communities, as well as understanding public opinion, ensures a positive public image. Identifying and understanding competitors and considering internal committees further contribute to the development of effective engagement, communication, and collaboration strategies for a harmonious relationship with all relevant parties.

The policy link can be found on our website <https://www.fedfina.com/corporate-governance/>

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Customers	No	- Email, SMS, Newspaper, Pamphlets, Website, App - Customer satisfaction surveys - Marketing and advertising activities	Others- Need-based	We have transparent processes and documentation for customer engagement & on-boarding. A Welcome Letter carrying detailed T&C are shared with new customers post sanction of loan and all details, T&C of the loan facility are explained to them. We ensure timely and quality response to customer queries/ complaints through a robust customer grievance redressal & review framework. Grievances and queries are addressed through the helpline number, instant support, Get Help assistant on the website (FedBuddy) and other support channels. We engage with customers on their upliftment (financial inclusion) & awareness building as well. We also conduct regular customer satisfaction surveys to gauge feedback and improve offerings and support services.
Employees	No	- Emails and intranet - Regular, direct communication between managers, teams and individuals. - Engagement surveys and feedback mechanism - Monthly newsletters - Town halls - Training sessions	Others- Need-based 3 Yearly employee surveys	We regularly connect with our employees through the following activities: - Training calendar & Induction – annual and at the time of on-boarding respectively - Talent management and employee development initiatives - Performance appraisal – annual & timely feedback - Diversity and inclusion initiatives - Community initiatives and volunteering - Two external survey - One internal survey
Government and regulators	No	- Email, Meetings, Website - Industry and regulatory forums - Need-based one-on-one discussions with executive officials	Others- Need-based	We engage with the government and regulatory bodies to discuss rules, regulations and policies released by Government of India, RBI, & state governments, affecting the economy and sharing our viewpoints on propositions relevant to the financial services/ lending sector.

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Communities	Yes	- Surveys - Face to face interactions - CSR activities	Annually	Our community engagement initiatives are designed as per the following: - Community need identification prior to planning of CSR initiatives/ programs - Volunteering activities – as per CSR project requirements Impact assessment studies at the end of CSR program period
Investors and shareholders	No	- Annual General Meetings - Earnings calls - Email broadcasts and intimation - Individual meetings with financial media, shareholders and analysts	Others- Need-based/Quarterly	We present performance review and highlights to our investors, providing updates on various aspects such as growth, profitability, dividends, financial analysis, stability, market risk, and future plans. We also engage to address queries and grievances.
Third Party service providers for Collections, provision of manpower, etc.	No	- Emails - Face to face interactions - Surveys and feedback mechanism - Training sessions	Others- Need-based	We conduct ongoing engagements with service providers in the form of performance feedback, payouts & reconciliations, grievance redressal, audits, trainings, compliance with ESG aspects (regulatory/statutory/ Company guidelines), audits and query resolution, etc.

Leadership Indicators

- Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.**

The company has put in place a detailed strategy and roadmap to strengthen its framework around stakeholder management, focused on protecting minority interests and interests of those who are 'external' to the core operations of its businesses. The Board receives regular updates on significant feedback obtained through consultations with identified stakeholders and adherence to the established stakeholder engagement framework. This occurs on a quarterly basis, and any suggestions from the Board are duly implemented.

- Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.**

We integrate feedback gathered through continuous engagement with stakeholders into our policies and procedures. In the initial stages of developing our ESG roadmap and embarking on our sustainability journey, we have identified crucial ESG material issues and prioritized them with insights from stakeholders. This input has significantly contributed to our strategic and operational decision-making.

- Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.**

We have identified specific marginalized community segments as stakeholders and actively involve them through CSR initiatives, particularly focusing on activities like tree plantation, nutritional outreach programs, and child welfare for all our employees.

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

PRINCIPLE 5: Businesses should respect and promote human rights**Essential Indicators****1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity:**

Category	FY 2023-24			FY 2022-23		
	Total (A)	No. of employees / workers covered (B)	% (B / A)	Total (C)	No. of employees / workers covered (D)	% (D / C)
Employees						
Permanent	4262	4262	100%	3573	3573	100%
Other than permanent	NA					
Total	4262	4262	100%	3573	3573	100%
Workers						
Permanent	NA					
Other than permanent						
Total						

2. Details of minimum wages paid to employees and workers:

Category	FY 2023-24					FY 2022-23				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
Employees										
Permanent										
Male	3602	0	0%	3602	100%	2965	0	0%	2965	100%
Female	660	0	0%	660	100%	608	0	0%	608	100%
Other than Permanent										
Male	NA									
Female										
Workers										
Permanent										
Male	NA									
Female										
Other than Permanent										
Male	NA									
Female										

3. Details of remuneration/salary/wages:**a. Median remuneration/wages**

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category
Board of Directors (BoD)	7	14,25,000	1	16,25,000
Key Managerial Personnel	3	17,882,640	0	-
Employees other than BoD and KMP	3595	4,35,600	659	3,60,000
Workers	NA			

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

b. Gross wages paid to females as % of total wages paid by the entity

	FY 2023-24	FY 2022-23
Gross wages paid to females as % of total wages paid by the entity	11.4%	11.06%

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business?

Yes. All complaints, including those related to human rights, are resolved following the formal process outlined in the Grievance Redressal Policy, which is available on our website

<https://www.fedfina.com/corporate-governance/>

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

The company is dedicated to upholding and protecting human rights. Human rights matters and compliance are addressed in both the Code of Conduct and the company's general human resource practices. In addition to the existing policy for preventing sexual harassment, we have developed and put into practice a Human Rights Policy to ensure the protection of human rights for all stakeholders and to address grievances. The Stakeholder Grievance Redressal Policy outlines mechanisms for resolving grievances, and stakeholders can register their complaints through email, phone, or in writing to the designated Stakeholder contact officers.

6. Number of Complaints on the following made by employees and workers:

	FY 2023-24			FY 2021-22		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	0	0		0	0	
Discrimination at workplace	0	0		0	0	
Child Labour	0	0		0	0	
Forced Labour/ Involuntary Labour	0	0		0	0	
Wages	0	0		0	0	
Other Human Rights Issues	0	0		0	0	

7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:

	FY 2023-24	FY 2022-23
Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	0	0
Complaints on POSH as a % of female employees / workers	0	0
Complaints on POSH upheld	0	0

8. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

Fedfina provides equal opportunities to all employees and strives to establish a safe and supportive work environment free from prejudice, gender bias, and sexual harassment. The Policy Against Sexual Harassment at Fedfina aims to promptly and thoroughly investigate any complaint received from an employee regarding discrimination or harassment, taking remedial measures against such conduct.

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

9. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

No.

However, going forward, Fedfina shall leverage existing resources to make incremental progress in our human rights risk management approach in the areas of employment and third party vendor engagement, agreements and contracts.

10. Assessments for the year.

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	0%
Forced/involuntary labour	0%
Sexual harassment	0%
Discrimination at workplace	0%
Wages	0%
Others – please specify	0%

11. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 10 above.

Not Applicable

Leadership Indicators**1. Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.**

We have established a strong method for identifying and addressing various issues and concerns. Due to its effectiveness, no grievances or complaints related to human rights have been reported. Consequently, no modifications or changes were needed in the business processes to address such issues.

2. Details of the scope and coverage of any Human rights due diligence conducted.

While we did not conduct any due diligence during the current reporting period, Fedfina, recognizes and is dedicated to upholding the principles of responsible and sustainable business practices and plans to integrate human rights due diligence into its operations as applicable and feasible.

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Yes. All our offices and branches are accessible to differently abled visitors.

4. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Sexual Harassment	0%
Discrimination at workplace	0%
Child Labour	0%
Forced Labour/Involuntary Labour	0%
Wages	0%

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.

Not applicable

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment**Essential Indicators****1. Details of total energy consumption (Kilojoules) and energy intensity:**

Parameter	FY 2023-24	FY 2022-23
From renewable sources		
Total electricity consumption (A)	0	0
Total fuel consumption (B)	0	0
Energy consumption through other sources (C)	0	0
Total energy consumed from renewable sources (A+B+C)	0	0
From non-renewable sources		
Total electricity consumption (D)	31,34,14,83,075	28,36,52,07,538
Total fuel consumption (E)	52,92,79,55,000	52,65,18,90,500
Energy consumption through other sources (F)		
Total energy consumed from non-renewable sources (D+E+F)	84,26,94,38,075	81,01,70,98,038
Total energy consumed (A+B+C+D+E+F)	84,26,94,38,075	81,01,70,98,038
Energy intensity per rupee of turnover (kJ/ ₹)	5.19	6.67
(Total energy consumed / Revenue from operations)		
Energy intensity per rupee of turnover adjusted for Purchasing Power Parity* (PPP) (kJ/ \$)	118.79	152.61
(Total energy consumed / Revenue from operations adjusted for PPP)		
Energy intensity in terms of physical output	-	-
Energy intensity (optional) – the relevant metric may be selected by the entity	-	-

*Note:

"Currently we do not monitor our water discharge. Therefore, we have assumed water consumption is equal to water withdrawal"

PPP Conversion factor is taken as 22.88 as per OECD PPP 2022 data(<https://data.oecd.org/conversion/purchasing-power-parities-ppp.htm>)

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency?

No

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

No, none of our sites are covered under PAT scheme.

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

3. Provide details of the following disclosures related to water:

Parameter	FY 2023-24	FY 2022-23
Water withdrawal by source (in kilolitres)		
(i) Surface water		
(ii) Groundwater		
(iii) Third party water	33,250	27,171
(iv) Seawater / desalinated water		
(v) Others		
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	33,250	27171
Total volume of water consumption (in kilolitres)*	33,250	27171
Water intensity per rupee of turnover (KL/₹ Cr)	20.49	22.37
(Total water consumption / Revenue from operations)		
Water intensity per rupee of turnover adjusted for Purchasing Power Parity* (PPP) (KL/Million \$)	46.87	51.18
(Total water consumption / Revenue from operations adjusted for PPP)		
Water intensity in terms of physical output	-	-
Water intensity (optional) – the relevant metric may be selected by the entity	-	-

*Note:

PPP Conversion factor is taken as 22.88 as per OECD PPP 2022 data(<https://data.oecd.org/conversion/purchasing-power-parities-ppp.htm>)

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

4. Provide the following details related to water discharged:

Parameter	FY 2023-24	FY 2022-23
Water discharge by destination and level of treatment (in kilolitres)		
(i) To Surface water	We do not monitor our water discharge. Considering the nature of our business, water consumption and discharge are minimal and do not qualify as a significant environmental aspect.	
- No treatment		
- With treatment – please specify level of treatment		
(ii) To Groundwater		
- No treatment		
- With treatment – please specify level of treatment		
(iii) To Seawater		
- No treatment		
- With treatment – please specify level of treatment		
(iv) Sent to third-parties		
- No treatment		
- With treatment – please specify level of treatment		
(v) Others		
- No treatment		
- With treatment – please specify level of treatment		
Total water discharged (in kilolitres)		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

5. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

Since we do not have a manufacturing setup, this is not applicable.

6. Please provide details of air emissions (other than GHG emissions) by the entity.

Parameter	Please specify unit	FY 2023-24	FY 2022-23
NOx	-	-	-
Sox	-	-	-
Particulate matter (PM)	-	-	-
Persistent organic pollutants (POP)	-	-	-
Volatile organic compounds (VOC)	-	-	-
Hazardous air pollutants (HAP)	-	-	-
Others – Carbon monoxide (CO)	-	-	-

The Company uses DG sets only during power outages and hence the air emissions of pollutants are not material.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

7. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity.

Parameter	Unit	FY 2023-24			FY 2022-23		
Total Scope 1 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric Tonnes of CO ₂ equivalent	3,850			3,848		
		CO ₂	Metric Tonnes of CO ₂	3,767	CO ₂	Metric Tonnes of CO ₂	3,781
		CH ₄	Metric Tonnes of CO ₂ equivalent	31	CH ₄	Metric Tonnes of CO ₂ equivalent	25
		N ₂ O	Metric Tonnes of CO ₂ equivalent	26	N ₂ O	Metric Tonnes of CO ₂ equivalent	26
		HFCs-R22	Metric Tonnes of CO ₂ equivalent	26	HFCs-R22	Metric Tonnes of CO ₂ equivalent	15
Total Scope 2 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric Tonnes of CO ₂ equivalent	6,233			5,292		
Total Scope 1 and Scope 2 emission intensity per rupee of turnover (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations)	Metric Tonnes of CO ₂ equivalent / ₹ Crores of turnover	6.21			7.52		

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

Parameter	Unit	FY 2023-24	FY 2022-23
Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)* (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations adjusted for PPP)	Metric Tonnes of CO2 equivalent / Million \$	14.22	17.22
Total Scope 1 and Scope 2 emission intensity in terms of physical output		-	-
Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity		-	-

*Note:

PPP Conversion factor is taken as 22.88 as per OECD PPP 2022 data(<https://data.oecd.org/conversion/purchasing-power-parities-ppp.htm>)

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

No.

8. Does the entity have any project related to reducing Green House Gas emission? If yes, then provide details.

Yes. The Company makes various efforts towards conservation of energy and protection of environment as follows:

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

9. Provide details related to waste management by the entity:

Parameter	FY 2023-24	FY 2022-23
Total Waste generated (in metric Tonnes)		
Plastic waste (A)		
E-waste (B)	7.86	0.55
Bio-medical waste (C)		
Construction and demolition waste (D)		
Battery waste (E)		
Radioactive waste (F)		
Other Hazardous waste. Please specify, if any. (G)		
Non-hazardous waste generated (H):		
Scrap material	3.7	1.19
Paper waste	2.8	8.26
Total (A+B + C + D + E + F + G + H)	14.4	10.0

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

Parameter	FY 2023-24	FY 2022-23
Waste intensity per rupee of turnover (MT/₹ Crores) (Total waste generated / Revenue from operations)	0.0089	0.0082
Waste intensity per rupee of turnover adjusted for Purchasing Power Parity *(PPP) (MT/ \$ Million)* (Total waste generated / Revenue from operations adjusted for PPP)	0.0203	0.0188
Waste intensity (optional) – the relevant metric may be selected by the entity	-	-
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric Tonnes)		
Category of waste		
(i) Recycled	7.86	0.55
(ii) Re-used		
(iii) Other recovery operations		
Total	7.86	0.55
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste		
(i) Incineration		
(ii) Landfilling		
(iii) Other disposal operations	6.5	9.44
Total	6.5	9.44

*Note:

PPP Conversion factor is taken as 22.88 as per OECD PPP 2022 data(<https://data.oecd.org/conversion/purchasing-power-parities-ppp.htm>)

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency?

No.

- 10. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.**

Due to the inherent nature of our operations, there is no utilization of hazardous and toxic chemicals. We maintain a comprehensive system for the management of e-waste, collaborating with certified handlers to ensure its proper disposal. In the fiscal year 2022-23, approximately 550 kg of e-waste was appropriately disposed of through authorized recyclers.

Our commitment to handling e-waste is grounded in environmentally conscious principles. Furthermore, our dedication to digitalization has resulted in the conservation of paper sheets this year, in line with our ESG policy's emphasis on sustainable waste management.

- 11. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals/clearances are required, please specify details:**

S. No.	Location of operations/offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
Not Applicable. Fedfina does not have any operations / offices in / around ecologically sensitive areas.			

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

12. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
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Not Applicable. Fedfina has not undertaken any projects that require an Environmental Impact Assessment (EIA).

13. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India, such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder. If not, provide details of all such non-compliances:

S. No.	Specify the law / regulation / guidelines which was not complied with	Provide details of the non-compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
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The company is compliant with all the environmental rules and regulations.

Leadership Indicators

1. Water withdrawal, consumption, and discharge in areas of water stress (in kilolitres):

For each facility / plant located in areas of water stress, provide the following information:

- (i) Name of the area:
- (ii) Nature of operations:
- (iii) Water withdrawal, consumption, and discharge:

Parameter	FY 2023-24	FY 2022-23
Water withdrawal by source (in kilolitres)		
(i) Surface water	-	-
(ii) Groundwater	-	-
(iii) Third party water	-	-
(iv) Seawater / desalinated water	-	-
(v) Others	-	-
Total volume of water withdrawal (in kilolitres)	-	-
Total volume of water consumption (in kilolitres)	-	-
Water intensity per rupee of turnover (Water consumed / turnover)	-	-
Water intensity (optional) – the relevant metric may be selected by the entity	-	-
Water discharge by destination and level of treatment (in kilolitres)		
(i) Into Surface water	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(ii) Into Groundwater	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(iii) Into Seawater	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(iv) Sent to third parties	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

Parameter	FY 2023-24	FY 2022-23
(v) Others	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
Total water discharged (in kilolitres)	-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No.

2. Please provide details of total Scope 3 emissions & its intensity:

Parameter	Unit	FY 2023-24	FY 2022-23
Total Scope 3 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric Tonnes of CO ₂ equivalent	We do not measure Scope 3 emissions yet	
Total Scope 3 emissions per rupee of turnover			
Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity			

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

3. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

Not Applicable, since we do not have any operations in ecologically sensitive areas.

4. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives:

Sr. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
-	-	-	-

5. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.

We have a Business Continuity Plan (BCP) in place to address the recovery and continuity of the Critical Business applications and IT Services at Fedfina in case of a disruption. The policy outlines in detail a strategic framework designed to enhance the resilience of Fedfina operations, protect the well-being of stakeholders, and contribute to the overall operational stability of the company. By integrating comprehensive risk assessment, preparedness, response, recovery, and mitigation measures, this policy aims to ensure the continuity of Fedfina services in the face of unforeseen challenges.

The policy link can be found on our website <https://www.fedfina.com/corporate-governance/>

6. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard?

The company acknowledges the importance of identifying substantial environmental concerns that may negatively affect our entire value chain. Although we have not conducted a formal assessment of the environmental impacts of our value chain partners, we intend evaluate the environmental impacts of our value chain partners over time.

7. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

We did not conduct any assessment of our value chain partners for their environmental impacts in the current reporting period.

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

PRINCIPLE 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent



Essential Indicators

1. a. Number of affiliations with trade and industry chambers/ associations.

We are not affiliated with any trade and industry chambers/ associations yet, but plan to explore as and when relevant opportunity/ requirement arises.

b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.

S. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
NA		

2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities

Company has not received any adverse order from the regulatory authority.

Name of authority	Brief of the case	Corrective action taken
Not Applicable		

Leadership Indicators

1. Details of public policy positions advocated by the entity

S. No.	Public policy advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes/No)	Frequency of Review by Board (Annually/ Half yearly/ Quarterly / Others – please specify)	Web Link, if available
-	-	-	-	-	-

PRINCIPLE 8: Businesses should promote inclusive growth and equitable development



Essential Indicators

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

We recognize the importance of assessing the social impact of our business activities. Currently, the company has not conducted any Social Impact Assessments (SIA) as required by regulations like the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013.

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Amounts paid to PAFs in the FY (In ₹)
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Not Applicable

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity:

Our operations and expansion projects have not led to the displacement of any population or their livelihoods. Consequently, we have not engaged in any Rehabilitation and Resettlement (R&R) activities.

S.NO.	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In ₹)
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Not Applicable

3. Describe the mechanisms to receive and redress grievances of the community.

Our stakeholder grievance redressal policy outlines the procedures and channels through which individuals or communities can voice their grievances regarding the company's activities. The primary objective is to ensure transparent communication, fair resolution, and, when necessary, provide restitution or remediation for any adverse impacts on the community. Fedfina accepts the commitment towards accountability, social responsibility, and maintaining positive relationships with the communities in which the organization operates.

The policy can be found on our website: <https://www.fedfina.com/corporate-governance/>

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

Presently we do not have processes in place to measure sourcing from MSMEs/small producers or track locations of our suppliers, however, we plan to capture the required data points going forward.

	FY 2023-24	FY 2022-23
Directly sourced from MSMEs/ small producers	-	-
Directly from within India	100%	100%

5. Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis) in the following locations, as % of total wage cost

Location	FY 2023-24	FY 2022-23
Rural	1%	1%
Semi-urban	6%	8%
Urban	62%	46%
Metropolitan	31%	45%

Leadership Indicators

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Details of negative social impact identified	Corrective action taken
Not Applicable	

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

S.NO.	State	Aspirational District	Amount spent (In ₹)
No CSR projects were undertaken in aspirational districts			

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No)

Yes.

- (b) From which marginalized /vulnerable groups do you procure?

Although our primary focus is lending money, we uphold a commitment to non-discrimination for individuals striving to build their future. We prioritize and support women, people with disabilities, LGBTQ, and SC/ST individuals, ensuring that our choices adhere to quality and cost-effectiveness. Additionally, when possible, we favour local small-scale businesses and similar initiatives.

- (c) What percentage of total procurement (by value) does it constitute?

0%

We plan to measure data from the next reporting period.

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge

S.NO.	Intellectual Property based on traditional knowledge	Owned/ Acquired (Yes/No)	Benefit shared (Yes / No)	Basis of calculating benefit share
Not Applicable				

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved

Name of authority	Brief of the Case	Corrective action taken
Not Applicable		

6. Details of beneficiaries of CSR Projects:

S. No.	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
1	Cuddles Foundation (Nutrition for Children suffering from cancer)	497	100%
2	Samarthanam Trust (Blind Women Cricket)	30	100%
3	Aurobindo Society (Building inclusive education)	-	100%
4	Dharma Bharati Mission (Enhancing Livelihood - Para Nursing Program)	120	100%
5	IIT Madras (Scholarship for children from EWS)	12	100%
6	Prabhaav Foundation (Tree Plantation)	-	-

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

PRINCIPLE 9: Businesses should engage with and provide value to their consumers in a responsible manner



Essential Indicators

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

Customers can reach out to our support care via various sources for registering complaints, such as our Call center (08069291313 & 7418128882), Chat, Email ((customer@fedfina.com), Website (<https://www.fedfina.com/about-us/>)). For grievance redressal, we provide details of Circle Nodal officers & Nodal email IDs on our website. We have a specialized Resolution desk available at Non-voice process for providing end to end service recovery for the complaints registered through the above sources.

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:

	As a percentage to total turnover
Environmental and social parameters relevant to the product	NA
Safe and responsible usage	100%
Recycling and/or safe disposal	NA

3. Number of consumer complaints in respect of the following:

	FY 2023-24			FY 2021-22		
	Received during the year	Pending resolution at end of year	Remarks	Received during the year	Pending resolution at end of year	Remarks
Data privacy	0	0	-	0	0	-
Advertising	0	0	-	0	0	-
Cyber-security	0	0	-	0	0	-
Delivery of essential services	0	0	-	0	0	-
Restrictive Trade Practices	0	0	-	0	0	-
Unfair Trade Practices	0	0	-	0	0	-
Other	146	146	-	73	73	-

4. Details of instances of product recalls on account of safety issues:

	Number	Reasons for recall
Voluntary recalls	Not Applicable	
Forced recalls		

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

Yes. Our policy on Cyber security is available on our website

<https://www.fedfina.com/corporate-governance/>

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

All customer complaints were resolved satisfactorily. No complaints were received specific to the mentioned categories and hence no corrective actions were taken.

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

7. Provide the following information relating to data breaches:**a. Number of instances of data breaches**

No instances of data breach were reported or observed during the reporting period.

b. Percentage of data breaches involving personally identifiable information of customers

No instances of data breach were reported or observed for FY 2024.

At Fedfina, we have implemented robust data security measures and protocols to safeguard the confidentiality and integrity of our customers' data. We have a dedicated IT team in place to continuously monitor and evaluate our systems to identify and address any potential vulnerabilities or threats and prevent leakage of any sensitive information.

c. Impact, if any, of the data breaches

None

Leadership Indicators**1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).**

Product details are available on the company website: <https://www.fedfina.com/>

Fedfina Mobile Application: https://play.google.com/store/apps/details?id=com.fedbank.customerapp&hl=en_IN&gl=US

Further, customers / prospective customers can also reach out to our customer helpdesk on 08069291313 & 7418128882 or connect with our agents using live chat option on the website

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services

We engage with our consumers through one-on-one interactions, emails, newsletters etc. as well as through our website to inform about the safe and responsible process of financial transactions, and other benefits they can apply for.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

Our service is NOT notified as an Essential Services. In case of any disruption due to technical faults or software updates are informed beforehand, and the details are made available on the website.

4. Does the entity display product information on the product over and above what is mandated as per local laws? If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

The company provides comprehensive information about its services beyond the local legal requirements through brochures, leaflets, and its website. Product details are accessible at all branches and on the website.

Customers can also access loan information through our mobile app.

We periodically conduct market research to gauge customer satisfaction, product/service feedback, and address grievances. Some of our research projects include

- Monthly assessments for customers,
- Customized research for our website and apps, and
- customized research for our products and services.

INDEPENDENT AUDITOR'S REPORT

To the
Members of
Fedbank Financial Services Limited

Report on the Audit of the Financial Statements

OPINION

We have audited the financial statements of Fedbank Financial Services Limited (the "Company") which comprise the balance sheet as at 31 March 2024, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2024, and its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

BASIS FOR OPINION

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act.

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

KEY AUDIT MATTER(S)

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

LOSS ALLOWANCE FOR EXPECTED CREDIT LOSS (ECL) ON LOANS AND ADVANCES

Refer to the accounting policies in "Note 3 to the Financial Statements"

Charge to the Statement of Profit and Loss: Rs 646 Lakhs

Loss allowance for Expected Credit Loss (ECL) as at 31 March 2024: Rs 9,387 Lakhs

The key audit matter	How the matter was addressed in our audit
Subjective estimate Loans represent significant portion of the Company's assets. Recognition and measurement of loss allowance for ECL on loans and advances involves significant management judgement. Under Ind AS 109, Financial Instruments, loss allowance on loans is determined using ECL model. The Company's loss allowance is derived from estimates including consideration of the historical default and loss ratios and forward-looking risk variables. The Company exercises judgements in determining the quantum of loss based on a range of other factors. The most significant factors are: - Segmentation of loan book - Determination of exposure at default	In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence: Design / controls - Performed walkthroughs and assessed the design and implementation of controls in respect of the Company's loss allowance process such as the timely recognition of impairment loss, the completeness and accuracy of reports used in the impairment allowance process and management review processes over the measurement of loss allowance and the related disclosures on credit risk management. - Evaluation of the impairment principles used by management based on the requirements of Ind AS 109, business understanding and industry practice, including an assessment of management's rationale for rebutting staging principles as per Ind AS 109 for its gold loan portfolio.

INDEPENDENT AUDITOR'S REPORT (Contd.)

The key audit matter	How the matter was addressed in our audit
• Loan staging criteria • Calculation of probability of default / loss given default • Consideration of probability weighted scenarios and forward looking macro-economic factors The application of ECL model requires several data inputs, including estimation of 12-month ECL for a pool of loans and lifetime for other pool of loans. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model. Further, basis the nature and characteristics of its gold loan portfolio, the Company has elected to rebut the 90 days past due criteria for classification of an exposure as Stage 3, basis the manner in which the Company subsequently monitors default and potential loss as per its credit risk management policy. The underlying forecasts and assumptions used in the estimates of impairment loss allowance are subject to uncertainties which are often outside the control of the Company. Given the size of loan portfolio relative to the balance sheet and the impact of impairment allowance on the financial statements, we have considered this as a key audit matter. Disclosures: The disclosures regarding the Company's application of Ind AS 109 are important in explaining the key judgements and material inputs to the Ind AS 109 ECL results.	• Understanding and testing the processes, systems and controls implemented in relation to impairment allowance process. • Testing the controls over 'Governance Framework' in line with the RBI guidance and with Company's laid down policy • Assessing the design and implementation of key internal financial controls over identification, classification, and measurement of impairment charge, including for loans which were restructured. • Testing of key review controls over measurement of loss allowances and disclosures in financial statements. • Assessed sufficiency of the disclosures on key judgements, assumptions and quantitative data with respect to loss allowance in the financial statements. Involvement of specialists We involved financial risk modelling specialists for the following: • Evaluating the appropriateness of the Company's Ind AS 109 impairment methodologies and reasonableness of assumptions used. Substantive tests • Assessing management's rationale for determination of criteria for SICR. • Reviewing management's assessment of rebuttal of 90 days past due norm on classification of exposure as Stage 3 in its gold loan portfolio, including reviewing management's basis of conclusion of not considering a loan as restructured when facilities are rolled over or collaterals are repledged. • Tested through independent check, Company's assessment of restructured pool impacts on segments of its loan portfolio and the resultant loss allowance. • Verifying application of accounting principles, validating completeness and accuracy of the data and reasonableness of assumptions used in the model. • Test of details over of calculation of loss allowance for assessing the completeness, accuracy, and relevance of data. • For model derived outputs, verifying the calculations through re-computation where practicable. • Checking data for assessing reasonableness of judgments made in respect of calculation methodologies, segmentation, economic factors, the period of historical loss rates used and the valuation of recovery assets and collateral (including collateral in the form of gold). • Assessing the factual accuracy of the financial statements disclosures made by the Company.

INDEPENDENT AUDITOR'S REPORT (Contd.)

INFORMATION TECHNOLOGY (IT) SYSTEMS AND CONTROLS

The key audit matter	How the matter was addressed in our audit
The Company's key financial accounting and reporting processes are highly dependent on information systems including automated controls, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being misstated. The Company uses multiple systems for its overall financial reporting process. We have identified 'Information Technology systems' as key audit matter because of the significant level of automation, the various layers and elements of the IT architecture.	Our audit procedures to assess the IT system management included the following: We involved our IT Specialist to: Understand General IT Controls (GITC) i.e., Access Controls, Program/ System Change, Computer Operations (i.e., Job Processing, Data/System Backup) over key financial accounting and reporting systems and supporting control systems (referred to as in-scope systems). Understand IT infrastructure i.e., operating systems and databases supporting the in-scope systems. Test the General IT Controls for design and operating effectiveness for the audit period over the in-scope systems. Understand IT application controls covering: • user access and roles, segregation of duties; and • reports and system configuration. Test the IT application controls for design and operating effectiveness for the audit period. Test the automated controls supporting financial reporting process to determine whether these controls remained unchanged during the audit period or were changed following the standard change management process. Test the controls over the IT infrastructure covering user access (including privilege users), and system changes; and Enquiry on data security controls in the context of staff working from remote location during the year. Based on procedures performed above, wherever required, we extended our audit procedures over other IT application controls, periodic reconciliations, manual approval processes, tests on identified key changes and additional substantive testing.

OTHER INFORMATION

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

Our opinion on the financial statements does not cover the other information and we will 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 identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

MANAGEMENT'S AND BOARD OF DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements

INDEPENDENT AUDITOR'S REPORT (Contd.)

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting

from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most

INDEPENDENT AUDITOR'S REPORT (Contd.)

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the **"Annexure A"** a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- 2 A. As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books except for the matters stated in the paragraph 2(B)(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.
 - c. The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e. On the basis of the written representations received from the directors between 1 April 2024 to 12 April 2024, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2024 from being appointed as a director in terms of Section 164(2) of the Act.
 - f. The modification relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph 2(A)(b) above on reporting under Section 143(3)(b) and paragraph 2(B)(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.
 - g. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure B"**.
- B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 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:
 - a. The Company has disclosed the impact of pending litigations as at 31 March 2024 on its financial position in its financial statements - Refer Note 53 to the financial statements.
 - b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - c. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - d. (i) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 56(1) to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (ii) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 56(2) to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

INDEPENDENT AUDITOR'S REPORT (Contd.)

- (iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.
- e. The Company has neither declared nor paid any dividend during the year.
- f. Based on our examination which included test checks, except for the instances mentioned below, the Company has used accounting softwares for maintaining its books of account which, along with access management tool, as applicable, have a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the respective softwares:
- In the absence of an independent auditor's report in relation to controls at a service organisation for an accounting software used for maintaining the books of account relating to property, plant and equipment, which is operated by a third-party software service provider, we are unable to comment whether audit trail feature for the said software was enabled and operated throughout the year for all relevant transactions recorded in the software.
 - In the absence of sufficient and appropriate reporting on compliance with the audit trail requirements in the independent auditor's report of a service organisation for an accounting software used for maintaining the books of account relating to leases, we are unable to comment whether audit trail

feature for the said software was enabled and operated throughout the year for all relevant transactions recorded in the software.

- In the absence of an independent auditor's report from 1 January 2024 to 31 March 2024 in relation to controls at a service organisation for an accounting software used for maintaining the books of account relating to payroll records, which is operated by a third-party software service provider, we are unable to comment whether audit trail feature for the said software was enabled and operated from 1 January 2024 to 31 March 2024 for all relevant transactions recorded in the software.
- In case of an accounting software used for maintaining the books of account relating to loans, we are unable to comment whether the feature of recording audit trail (edit log) facility was enabled throughout the year at the application level for certain tables (relating to income on loans).

Further, for the periods where audit trail (edit log) facility was enabled and operated for the respective accounting softwares, we did not come across any instance of the audit trail feature being tampered with.

- C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

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

Chartered Accountants

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

Ashwin Suvarna

Partner

Membership No.: 109503

ICAI UDIN:24109503BKCSJV6939

Place: Mumbai

Date: 29 April 2024

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF FEDBANK FINANCIAL SERVICES LIMITED FOR THE YEAR ENDED 31 MARCH 2024

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

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (i) (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified in a phased manner over a period of 3 years. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) The Company does not have any immovable property (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee). Accordingly, clause 3(i)(c) of the Order is not applicable.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The Company is engaged in the business of a non-banking financial company without accepting public deposits under Section 45 IA of the Reserve Bank of India Act, 1934. Accordingly, it does not hold any physical inventory. Accordingly, clause 3(ii)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us and on the basis of our examination

of the records of the Company, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. In our opinion, the quarterly returns or statements filed by the Company with such banks or financial institutions are in agreement with the books of account of the Company.

- (iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not provided any guarantee or security to companies, limited liability partnership or other parties during the year. The Company has made investments, granted loans and advances in the nature of loans, secured or unsecured to companies, limited liability partnership and other parties in respect of which the requisite information is as below:

- (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company's principal business is to give loans. Accordingly, clause 3(iii)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion the investments made during the year and the terms and conditions of the grant of loans and advances in the nature of loans provided during the year are, prima facie, not prejudicial to the interest of the Company. Further the Company, has not provided any guarantee or security to companies, limited liability partnership or other parties during the year.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of loans given, in our opinion the repayment of principal and payment of interest has been stipulated and the receipts have been regular except for the following:

A) In case of Gold Loans:

Amount in Lakhs	Number of Delays#	Extent of Delay#
24,171	28,726	1-29 days
17,435	20,768	30-59 days
9,768	11,805	60-89 days
2,952	2,963	90 days and above

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF FEDBANK FINANCIAL SERVICES LIMITED FOR THE YEAR ENDED 31 MARCH 2024 (Contd.)

B) In case of Other than Gold Loans:

Amount in Lakhs	Number of Delays#	Extent of Delay#
418	1,494	1-29 days
685	1,005	30-59 days
330	385	60-89 days
14,711	1,673	90 days and above

the number and extent of delays are computed basis loan wise Days Past Due (DPD) position as at each quarter end during FY 2023-24. Further, if a loan is in DPD in multiple quarters continuously, same is considered only once in number of delays and highest DPD is considered for extent of delay.

- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans (and advance in the nature of loan) given except an amount of Rs. 14,839 Lakhs (principal amount) and Rs 2,120 Lakhs (interest) overdue for more than ninety days as at 31 March 2024. In our opinion, reasonable steps have been taken by the Company for recovery of the principal and interest. Further, the Company has not given any advance in the nature of loan to any party during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company's principal business is to give loans. Accordingly, clause 3(iii)(e) of the Order is not applicable.
- (f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.
- (iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not given any loans, or

provided any guarantee or security as specified under Section 185 of the Companies Act, 2013. In respect of the investments made by the Company, in our opinion the provisions of Section 186(1) of the Act have been complied with. The remaining provisions related to section 186 of the Act do not apply to the Company as it is an NBFC registered with the Reserve Bank of India ('RBI').

- (v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.
- (vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for the services provided by it. Accordingly, clause 3(vi) of the Order is not applicable.
- (vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year. since effective 1 July 2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues have generally been regularly deposited with the appropriate authorities, though there have been delays in a few cases of Provident Fund and Professional Tax.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues were in arrears as at 31 March 2024 for a period of more than six months from the date they became payable, except as mentioned below:

Name of the statute	Nature of the dues	Amount (Rs. in lacs)	Period to which the amount relates	Due date	Date of payment	Remarks, if any
IncomeTax Act, 1961	Professional Tax	6.6	April 2023 to September 2023	15 th of next month	Yet to be paid	For one of the state, due date is 1st October for the period April to September 2023

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF FEDBANK FINANCIAL SERVICES LIMITED FOR THE YEAR ENDED 31 MARCH 2024 (Contd.)

- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, statutory dues relating to Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues which have not been deposited on account of any dispute are as follows:

Name of the statute	Nature of the dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending	Remarks, if any
Income Tax Act, 1961	Income Tax and Interest	32,18,290	AY 2011-2012	Commissioner of Income Tax (Appeals)	Disallowance of expenses for increase in Share capital
Income Tax Act, 1961	Income Tax and Interest	9,29,088	AY 2017-2018	Commissioner of Income Tax (Appeal)	Disallowance of Corporate Social Responsibility (CSR) Expenses
Income Tax Act, 1961	Income Tax and Interest	61,52,035	AY 2022-2023	Commissioner of Income Tax (Appeal)	Assessing officer considered income as per Intimation u/s 143(1) instead of income as per Income Tax Return as mentioned in Assessment order under section 143(3)
Goods and Services Tax (GST) Act, 2017	GST, interest and penalty	9,17,128	FY 2017-2018	Sales Tax Officer	Appeal filed against incorrect demand raised for Input Tax Credit (ITC) already reversed under rule 38 of Central Goods and Services Tax (CGST) Act and demand for non reconciliation of ITC with GSTR-2A.
GST Act, 2017	GST, interest and penalty	15,46,584	FY 2017-2018	State tax officer	Appeal filed against incorrect demand raised for ITC already reversed u/r 38 of CGST Act and demand for non reconciliation of ITC with GSTR 2A.

- (viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans and borrowing or in the payment of interest thereon to any lender.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.
- (c) In our opinion and according to the information and explanations given to us by the management,

term loans were applied for the purpose for which the loans were obtained, though idle/surplus funds which were not required for immediate utilisation were invested in liquid assets.

- (d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) The Company does not hold any investment in any subsidiaries, associates or joint ventures (as defined under the Act) during the year ended 31 March 2024. Accordingly, clause 3(ix)(e) is not applicable.
- (f) The Company does not hold any investment in any subsidiaries, associates or joint ventures (as defined under the Act) during the year ended 31 March 2024. Accordingly, clause 3(ix)(f) is not applicable.

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF FEDBANK FINANCIAL SERVICES LIMITED FOR THE YEAR ENDED 31 MARCH 2024 (Contd.)

- (x) (a) In our opinion and according to the information and explanations given to us, the Company has utilised the money raised by way of initial public offer for the purposes for which they were raised.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.
- (xi) (a) During the course of our examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the year. except that 13 cases of fraud aggregating to Rs. 321.84 lakhs on the Company were noticed or reported during the year as disclosed in note 48.13 to the financial statement The fraud mainly pertains to customer induced fraud involving pledge of spurious gold/ theft of gold and misrepresentation of property mortgaged by the customer for valuation.
- (b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) We have taken into consideration the whistle blower complaints received by the Company during the year. while determining the nature, timing and extent of our audit procedures.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the Company issued till date for the period under audit.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.
- (xvi) (a) In our opinion and according to the information and explanation provided to us, the Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and has obtained the registration.
- (b) In our opinion and according to the information and explanations given to us, the Company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.
- (d) The Company is not part of any group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016 as amended). Accordingly, the requirements of clause 3(xvi)(d) are not applicable.
- (xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF FEDBANK FINANCIAL SERVICES LIMITED FOR THE YEAR ENDED 31 MARCH 2024 (Contd.)

our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

Also refer to the Other Information paragraph of our main audit report which explains that the other information comprising the information included in Annual report is expected to be made available to us after the date of this auditor's report.

- (xx) (a) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project other than ongoing projects. Accordingly, clause 3(xx)(a) of the Order is not applicable.
- (b) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any ongoing project. Accordingly, clause 3(xx)(b) of the Order is not applicable.

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

Chartered Accountants

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

Ashwin Suvarna

Partner

Membership No.: 109503

ICAI UDIN: 24109503BKCSJV6939

Place: Mumbai

Date: 29 April 2024

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF FEDBANK FINANCIAL SERVICES LIMITED FOR THE YEAR ENDED 31 MARCH 2024

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

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

We have audited the internal financial controls with reference to financial statements of Fedbank Financial Services Limited ("the Company") as of 31 March 2024 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITIES FOR INTERNAL FINANCIAL CONTROLS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that

a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

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

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF FEDBANK FINANCIAL SERVICES LIMITED FOR THE YEAR ENDED 31 MARCH 2024 (Contd.)**OPINION**

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls

were operating effectively as at 31 March 2024, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

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

Chartered Accountants

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

Ashwin Suvarna

Partner

Membership No.: 109503

ICAI UDIN: 24109503BKCSJV6939

Place: Mumbai

Date: 29 April 2024

BALANCE SHEET**AS ON 31ST MARCH, 2024**

(₹ in Lakhs)

Particulars	Notes	As at 31 st March, 2024	As at 31 st March, 2023
I. ASSETS			
(1) Financial assets			
(a) Cash and cash equivalents	4	18,554	9,396
(b) Bank balances other than cash and cash equivalents	5	-	66
(c) Receivables			
(i) Trade receivables	7(i)	2,976	1,485
(ii) Other receivables	7(ii)	476	476
(d) Loans	8	9,82,245	7,99,970
(e) Investments	9	75,128	68,062
(f) Other financial assets	10	14,224	6,446
Total Financial assets		10,93,603	8,85,901
(2) Non-financial assets			
(a) Current tax assets (net)	11	1,033	1,197
(b) Deferred tax assets (net)	12	219	2,183
(c) Property, Plant and Equipment	14 (1)	2,895	3,066
(d) Right of Use Assets	14 (4)	11,249	11,193
(e) Capital work in progress	14 (3)	27	53
(f) Other Intangible assets	14 (2)	412	320
(g) Other non- financial assets	13	4,346	3,186
Total Non-financial assets		20,181	21,198
TOTAL ASSETS		11,13,784	9,07,099
II. LIABILITIES & EQUITY			
(1) Financial liabilities			
(a) Derivative financial instruments	6	112	482
(b) Payables			
Trade payables	15		
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		1,215	2,609
Other payables	15 (1)		
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
(c) Debt securities	16	30,192	61,123
(d) Borrowings (other than debt securities)	17	7,43,709	6,26,493
(e) Subordinated Liabilities	18	47,559	25,967
(f) Lease Liability	19	12,558	13,404
(g) Other financial liabilities	20	45,330	35,078
Total Financial liabilities		8,80,675	7,65,156
(2) Non-financial liabilities			
(a) Provisions	21	949	620
(b) Other non-financial liabilities	22	6,077	5,755
Total Non-financial liabilities		7,026	6,375
Equity			
(a) Equity share capital	23	36,939	32,191
(b) Other equity	24	1,89,144	1,03,377
		2,26,083	1,35,568
TOTAL LIABILITIES AND EQUITY		11,13,784	9,07,099
Material accounting policy information and notes to the Financial Statements	3 - 61		

The notes referred to above forms integral part of Financial Statements.
As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
FRN: 101248W/W-100022

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

C. V. Ganesh
Chief Financial Officer

S. Rajaraman
Company Secretary
M.No.F3514

Ashwin Suvarna
Partner
Membership No. 109503

Anil Kothuri
MD & CEO
DIN:00177945

Balakrishnan Krishnamurthy
Non Executive Chairman
DIN:00034031

Gauri Rushabh Shah
Independent Director
DIN:06625227

Place: Mumbai
Date: 29th April, 2024

Place: Mumbai
Date: 29th April, 2024

STATEMENT OF PROFIT & LOSS

FOR THE YEAR ENDED 31ST MARCH, 2024

(₹ in Lakhs)

Particulars	Notes	For the year ended 31 st March, 2024	For the year ended 31 st March, 2023
I. Revenue from operations			
(a) Interest income	25	1,49,168	1,11,016
(b) Fee and commission income	26	6,564	5,601
(c) Net gain on fair value changes	27	1,989	1,262
TOTAL REVENUE FROM OPERATIONS		1,57,721	1,17,879
II. Other income	28	4,579	3,588
III. Total Revenue		1,62,300	1,21,467
IV. Expenses			
(a) Finance costs	29	67,956	47,215
(b) Fees and commission expenses	30	2,287	2,328
(c) Impairment on financial instruments	31	6,585	4,890
(d) Employee benefits expense	32	31,782	24,760
(e) Depreciation, amortisation and impairment	14	3,735	4,187
(f) Other expenses	33	17,147	12,248
Total expenses		1,29,492	95,628
V. Profit before exceptional items and tax (III-IV)		32,808	25,839
VI. Exceptional items	60	-	(1,537)
VII. Profit before tax (V-VI)		32,808	24,302
VIII. Tax expenses:			
Current tax	34	7,687	5,738
Deferred tax	34	651	551
IX. Profit for the period (VII-VIII)		24,470	18,013
X. Other Comprehensive Income (OCI)			
(a) Items that will not be reclassified to profit or loss			
(i) Remeasurement gain/(loss) on defined benefit plans (OCI)		(59)	15
(ii) Tax effect on remeasurement gain/(loss) on defined benefit plans (OCI)		15	(4)
Total		(44)	11
(b) Items that will be reclassified to profit or loss			
(i) Fair value gain - OCI - Loans		7,046	1,633
(ii) Fair value gain - OCI - Investment in Government Securities		(8)	6
(iii) Tax effect on above (i) and (ii)		(1,788)	(412)
Total		5,250	1,227
Other Comprehensive Income		5,206	1,238
XI. Total Comprehensive Income (IX+X)		29,676	19,251
XII. Earnings per equity share			
(1) Basic (₹)	36	7.22	5.60
(2) Diluted (₹)	36	7.12	5.59
Face value per share (in ₹)		10.00	10.00
Material accounting policy information and notes to the Financial Statements	3-61		

The notes referred to above forms integral part of Financial Statements.
As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
FRN: 101248W/W-100022

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

C. V. Ganesh
Chief Financial Officer

S. Rajaraman
Company Secretary
M.No.F3514

Ashwin Suvarna
Partner
Membership No. 109503

Anil Kothuri
MD & CEO
DIN:00177945

Balakrishnan Krishnamurthy
Non Executive Chairman
DIN:00034031

Gauri Rushabh Shah
Independent Director
DIN:06625227

Place: Mumbai
Date: 29th April, 2024

Place: Mumbai
Date: 29th April, 2024

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31ST MARCH, 2024

(₹ in Lakhs)

Particulars	For the year ended 31 st March, 2024	For the year ended 31 st March, 2023
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	32,808	24,302
Adjustments for :		
Finance cost	67,956	47,215
Share based payment to employee	456	796
Depreciation	3,735	4,187
Interest income from Investment	(1,735)	(954)
Interest on Fixed Deposit	(1,636)	(457)
Loss on sale of tangible assets	-	2
Profit on Sale Of Government Securities (Net) - realised	(11)	-
Profit on Sale Of Mutual Fund units (Net) - realised	(1,930)	(1,272)
Gain/(Loss) on fair valuation of mutual fund - unrealised	(48)	9
Security deposit - Fair Valuation	(44)	29
Effective interest rate (EIR) impact on Loans	487	552
Excess interest spread on Direct Assignment Transaction (net)	(3,365)	(3,481)
Impairment on financial instrument	6,585	4,890
Operating profit before working capital changes	1,03,258	75,818
Adjustments for working capital:		
- (Increase)/decrease in loans	(1,78,790)	(2,35,682)
- (Increase)/decrease in financial asset and non financial asset	(1,981)	(596)
- (Increase)/decrease in trade and other receivables	(1,553)	(443)
- Increase/(decrease) in trade payables	(1,394)	1,966
- Increase/(decrease) in provisions	270	322
- Increase/(decrease) in financial liabilities and non financial liabilities	10,161	16,958
Cash generated from / (used in) operating activities	(70,029)	(1,41,657)
Direct taxes paid (net of refund)	(7,523)	(5,743)
Net cash generated from / (used in) operating activities	(77,552)	(1,47,400)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of tangible assets	(1,139)	(1,339)
Sale of tangible assets	7	3
Purchase of intangible assets	(233)	(170)
Investment in Government securities	(74,494)	(1,07,209)
Redemption of Government securities	1,15,091	82,532
Investment in Mutual Fund	(11,59,842)	(8,37,958)
Sale of Mutual Fund	11,13,875	8,47,527
Redemption of fixed deposit	66	76,465
Placement in fixed deposit	(6,419)	(74,037)
Interest on fixed deposits	1,142	619
Interest income from Investment	1,937	615
Net cash generated from / (used in) investing activities	(10,009)	(12,952)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Debt Securities issued	50,000	83,500
Debt Securities repaid	(81,625)	(77,500)
Borrowings availed	5,78,170	26,41,980
Borrowings repaid	(4,61,487)	(24,38,302)
Subordinate borrowing availed	20,000	-
Finance Cost	(64,207)	(43,568)
Lease Payment (principal)	(3,116)	(2,186)
Lease Payment (interest)	(940)	(943)

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

(₹ in Lakhs)

Particulars	For the year ended 31 st March, 2024	For the year ended 31 st March, 2023
Equity Shares Issued	4,748	40
Share Premium net of Share Issue Expenses	55,176	131
Net cash generated from / (used in) financing activities	96,719	1,63,152
Net increase / (decrease) in cash and cash equivalents	9,158	2,800
Cash and cash equivalents as at the beginning of the period	9,396	6,596
Closing balance of cash and cash equivalents (A+B+C)	18,554	9,396
Components of cash and cash equivalents:		
Cash on hand	1,555	1,339
Balances with banks		
- in current accounts	14,299	8,057
- in fixed deposit with maturity less than 3 months	2,700	-
Cash and cash equivalents	18,554	9,396

Note:

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

Refer note 35 for cash flow related disclosure as per Ind AS 7

Material accounting policy information and notes to the Financial Statements 3 - 61

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

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
FRN: 101248W/W-100022

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

C. V. Ganesh
Chief Financial Officer

S. Rajaraman
Company Secretary
M.No.F3514

Ashwin Suvarna
Partner
Membership No. 109503

Anil Kothuri
MD & CEO
DIN:00177945

Balakrishnan Krishnamurthy
Non Executive Chairman
DIN:00034031

Gauri Rushabh Shah
Independent Director
DIN:06625227

Place: Mumbai
Date: 29th April, 2024

Place: Mumbai
Date: 29th April, 2024

STATEMENT OF CHANGE IN EQUITY

AS AT 31ST MARCH, 2024

EQUITY SHARE CAPITAL

(₹ in Lakhs)

Particular	As at 31 st March, 2024		As at 31 st March, 2023	
	Number of shares	Amount	Number of shares	Amount
Balance at the beginning of the reporting year	32,19,11,605	32,191	32,15,17,605	32,152
Changes in Equity Share Capital due to prior year errors	-	-	-	-
Changes in equity share capital during the current year	4,74,75,294	4,748	3,94,000	39
Balance at the end of the reporting year	36,93,86,899	36,939	32,19,11,605	32,191

OTHER EQUITY

Particulars	Share application money pending allotment	Debt instruments through OCI	Equity component of compound financial instruments	Reserves and Surplus						Total
				Securities Premium Account	Employee Stock Option Outstanding	Capital Redemption Reserve	Special Reserve under section 45-IC of the Reserve Bank of India Act, 1934	General reserve	Retained earnings	
Balance at 1 st April, 2023	-	1,227	-	52,497	1,482	200	10,195	10	37,767	1,03,377
Addition	-	-	-	57,656	456	-	-	-	-	58,112
Utilised (share issue expense)	-	-	-	(2,021)	-	-	-	-	-	(2,021)
Transferred from retained earnings	-	-	-	-	-	-	4,894	-	(4,894)	-
Transferred to securities premium	-	-	-	691	(691)	-	-	-	-	-
Impact of OCPRS due to redemption	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	-	24,470	24,470
Remeasurement gain/(loss) on defined benefit plans	-	-	-	-	-	-	-	-	(44)	(44)
Fair value gain/(loss) on financial assets	-	5,250	-	-	-	-	-	-	-	5,250
Closing Balance as on 31 st March, 2024	-	6,477	-	1,08,823	1,247	200	15,089	10	57,299	1,89,144

Particulars	Share application money pending allotment	Debt instruments through OCI	Equity component of compound financial instruments	Reserves and Surplus						Total
				Securities Premium Account	Employee Stock Option Outstanding	Capital Redemption Reserve	Special Reserve under section 45-IC of the Reserve Bank of India Act, 1934	General reserve	Retained earnings	
Balance at 1 st April, 2022	-	-	-	52,326	727	200	6,593	10	23,344	83,200
Addition	-	-	-	131	795	-	-	-	-	926
Utilised (share issue expense)	-	-	-	-	-	-	-	-	-	-
Transferred from retained earnings	-	-	-	-	-	-	3,602	-	(3,602)	-
Transferred to securities premium	-	-	-	40	(40)	-	-	-	-	-
Impact of OCPRS due to redemption	-	-	-	-	-	-	-	-	-	-

STATEMENT OF CHANGE IN EQUITY AS AT 31ST MARCH, 2024 (Contd.)

Particulars	Share application money pending allotment	Debt instruments through OCI	Equity component of compound financial instruments	Reserves and Surplus						Total
				Securities Premium Account	Employee Stock Option Outstanding	Capital Redemption Reserve	Special Reserve under section 45-IC of the Reserve Bank of India Act, 1934	General reserve	Retained earnings	
Profit for the year	-	-	-	-	-	-	-	-	18,013	18,013
Remeasurement gain / (loss) on defined benefit plans	-	-	-	-	-	-	-	-	11	11
Fair value gain/(loss) on financial assets	-	1,227	-	-	-	-	-	-	-	1,227
Closing Balance as on 31st March, 2023	-	1,227	-	52,497	1,482	200	10,195	10	37,767	1,03,377

Material accounting policy information and notes to the Financial Statements

3 - 61

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

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
FRN: 101248W/W-100022

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

C. V. Ganesh
Chief Financial Officer

S. Rajaraman
Company Secretary
M.No.F3514

Ashwin Suvarna
Partner
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MD & CEO
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Non Executive Chairman
DIN:00034031

Gauri Rushabh Shah
Independent Director
DIN:06625227

Place: Mumbai
Date: 29th April, 2024

Place: Mumbai
Date: 29th April, 2024

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2024

1. CORPORATE INFORMATION

Fedbank Financial Services Limited ('the Company') is a Public Limited Company incorporated on 17th April, 1995 in India and is a subsidiary of The Federal Bank Limited. Its registered office is located in Mumbai. The Company is in the business of lending and has a diversified lending portfolio consisting of Gold Loans, Loan against Property, Home Loans, SME Loans and Wholesale Finance. The Company also extends Micro Loans through tie ups with sourcing and servicing agents. The Company is registered with the Reserve Bank of India as a Non-Banking Finance Company (NBFC) vide Registration N- 16.00187 and is presently categorised as a Systemically Important Non-Deposit taking Non-Banking Financial Company (NBFC-ND-SI) in accordance with the guidelines of Reserve Bank of India. The equity shares of the Company got listed on the National Stock Exchange ("NSE") and Bombay Stock Exchange ("BSE") on 30th November, 2023.

2. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of preparation of Financial Statements

The financial statements of the Company have been prepared in accordance with Indian Accounting Standard, prescribed under section 133 of the Companies Act, 2013 (the 'Act'), read with Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time, other relevant provisions of the Act and the other accounting principles generally accepted in India. Any application guidance/ clarifications/ directions issued by the Reserve Bank of India or other regulators are implemented as and when they are issued/ applicable.

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

The financial statements have been approved by the Board of Directors on 29th April, 2024.

2.2 Presentation of Financial Statements

The financial statements of the Company are presented as per Schedule III (Division III) of the Companies Act, 2013 applicable to NBFCs, as notified by the Ministry of Corporate Affairs (MCA). The Statement of Cash Flows

has been presented using indirect method as per the requirements of Ind AS 7 Statement of Cash Flows.

2.3 Functional and presentation currency

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

2.4 Basis of measurement

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

2.5 Critical accounting estimates and judgments

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

Effective Interest Rate (EIR) Method:

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

Contingencies:

Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application of judgement to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and revised to take account of changing facts and circumstances.

Useful lives of property, plant and equipment and Intangible assets:

Management reviews the estimated useful lives and residual values of the assets annually in order to

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

determine the amount of depreciation to be recorded during any reporting period. The useful lives and residual values as per schedule II of the Companies Act, 2013 or are based on the Company's historical experience with similar assets and taking into account anticipated technological changes, whichever is more appropriate.

Defined employee benefit obligation:

The cost of post-employment benefits is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rates, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed annually.

Fair value measurement

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation technique that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Business model assessment

Classification and measurement of financial assets depends on the results of the solely payment of principal and interest (SPPI) and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which

the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Income taxes

Material judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry forwards become deductible. The Company considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment.

Expected credit losses on financial assets

The impairment provisions of financial assets and contract assets are based on assumptions about risk of default, expected recovery through liquidations of collateral, and expected timing of collection. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history of collections, customer's creditworthiness, existing market conditions as well as forward looking estimates at the end of each reporting period.

Leases

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

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

This note provides a list of the material accounting policy information adopted in the preparation of these financial statements.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

3.1 Measurement of fair values

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

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

The management regularly reviews significant unobservable inputs and valuation adjustments.

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

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

3.2 Revenue Recognition

Interest income

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

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

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

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

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

Income from co-lending

The Company enters into co-lending arrangements with other banks in accordance with RBI circular FIDD.CO.Plan.BC.No.8/04.09.01/2020-21 dated 05th November, 2020. The portion of the loan attributable to the Company as per agreement, is recognised as Loans and Advances and interest spread on such transaction is recognised over the contracted term of the loan.

Fee, commission and distribution income

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

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

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

Dividend and interest income on investments:

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

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

Net gain on fair value changes

The Company recognises gains on fair value change of financial assets measured at FVTPL and realised gains on derecognition of financial asset measured at FVTPL and FVOCI on net basis.

However, net gain / loss on derecognition of financial instruments classified as amortised cost is presented separately under the respective head in the Statement of Profit and Loss.

Income from direct assignment

Gains arising out of direct assignment transactions comprise of the difference between the interest on the loan portfolio and the applicable rate at which the direct assignment is entered into with the assignee, also known as the right of excess interest spread (EIS). The future EIS basis the scheduled behavioral cash flows on execution of the transaction, discounted at the applicable rate entered into with the assignee is recorded upfront in the Statement of Profit and Loss. EIS is evaluated and adjusted for ECL and expected prepayment.

Other income and expenses

All other income and expense are recognised in the period in which they occur.

3.3 Property plant and equipments

The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if: (a) it is probable that future economic benefits associated with the item will flow to the entity; and (b) the cost of the item can be measured reliably.

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

Advances paid towards the acquisition of PPE outstanding at each reporting date are shown under

other non-financial asset. Assets acquired but not ready for intended use or assets under construction at the reporting date are classified under capital work in progress.

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

Depreciation

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

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

	Useful Life as per Schedule II (in years)	Useful Life as per Company (in years)
Computer equipment	3	3
Server	6	6
Office equipment	5	5
Furniture and fixtures	10	10
Vehicles	8	8

Leasehold improvements are amortised over the period of the lease.

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

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

3.4 Intangible Assets

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

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

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

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

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

3.5 Foreign exchange transactions & translations

a) Initial recognition

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

b) Conversion

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

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the Statement of Profit and Loss, within finance costs. All other foreign exchange gains and losses

are presented in the Statement of Profit and Loss on a net basis.

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

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

3.6 Financial instruments

a) Initial recognition and measurement:

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

b) Initial classification and subsequent measurement of financial assets:

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

- Amortised cost;
- Fair Value through Other Comprehensive Income (FVOCI) - debt instruments;

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

- FVOCI - equity instruments;
- Fair Value Through Profit and Loss (FVTPL)

Amortised cost

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

Debt instruments measured at amortised cost where they have:

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

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

FVOCI - debt instruments

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

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

FVOCI - equity instruments

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

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

FVTPL

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

Equity investments that are not designated as measured at FVOCI are designated as measured at FVTPL and subsequent changes in fair value are recognised in Statement of Profit and Loss.

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

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

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for trading or it is a derivative or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortised cost using

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Statement of Profit and Loss. Any gain or loss on derecognition is also recognised in Statement of Profit and Loss.

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

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

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

Financial assets

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

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

Financial liabilities

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

f) **Write-offs**

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that the borrower does not have assets or sources

of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any subsequent recoveries made are recognised in Statement of Profit and Loss.

g) **Offsetting:**

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously. The legally enforceable right is not contingent on future events and enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterparty.

h) **Derivatives and hedging activity:**

The Company uses derivative contracts like cross currency interest rate swaps, forward contracts, options contracts, to hedge its risk associated with foreign currency and interest rate fluctuation relating to foreign currency floating rate borrowings. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain/loss is recognised in the Statement of Profit and Loss immediately unless the derivative is designated and is effective as a hedging instrument, in which event the timing of the recognition in the Statement of Profit and Loss depends on nature and type of the hedge relationship designated.

Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in cash flow hedging reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other gains/(losses).

Amounts previously recognised in other comprehensive income and accumulated in equity relating to effective portion as described above are reclassified to profit or loss in the periods

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a nonfinancial asset or a non-financial liability, such gains and losses are transferred from equity (but not as a reclassification adjustment) and are included in the initial measurement of the cost of the non-financial asset or nonfinancial liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is reclassified immediately in profit or loss.

Fair value hedges that qualify for hedge accounting

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

The change in the fair value of the designated portion of hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

i) Restructured, rescheduled and modified loans

Restructured loans (other than OTR) where repayment terms are renegotiated as compared to the original contracted terms due to significant credit distress of the borrower are classified as credit impaired. Such loans continue to be in stage 3 until they exhibit regular payment of renegotiated principal and interest over a minimum observation of period, typically 12 months- post renegotiation,

and there are no other indicators of impairment. Having satisfied the conditions of timely payment over the observation period, these loans could be transferred to stage 1 or 2 and a fresh assessment of the risk of default be done for such loans.

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

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

j) Impairment of financial assets

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

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

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

The Company performs an assessment, at the end of each reporting period, of whether a financial assets credit risk has increased significantly since initial recognition. When determining whether credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

or effort. This includes both quantitative and qualitative information and analysis, including on historical experience and forward-looking information.

Estimation of Expected Credit Loss (ECL):

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

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

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

Exposure at default (EAD): The Exposure at Default is an estimate of the exposure at a default date taking into account the repayment of principal and interest until the reporting date.

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

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

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

Stage 1: When loans are first recognised, the Company recognises an allowance based on 12 months ECL. The 12-month ECL is a portion of

the lifetime ECL which results from default events that are possible within 12 months after the reporting date. These expected 12-month default probabilities are applied to an EAD and multiplied by the expected LGD. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2 or Stage 3.

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

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

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

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

k) Financial guarantee contracts

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

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

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

3.7 Impairment of assets other than financial assets

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

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

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

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

3.8 Employee benefits

a) Short-term employee benefits

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

b) Defined contribution plan (provident fund and ESIC)

Retirement benefits in the form of provident fund and superannuation are defined contribution

schemes. The Company has no obligation, other than the contribution payable to the respective funds. The Company recognises contribution payable to the respective funds as expenditure, when an employee renders the related service.

c) Defined benefit plan (Gratuity)

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

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

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

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

d) Compensated Absences

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

3.9 Share-based payments

Equity-settled share-based payments to employees are recognised as an expense at the fair value of equity stock options at the grant date. The fair value

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the graded vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding adjustment in equity.

3.10 Finance costs

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

3.11 Income taxes

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

a) Current tax:

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

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

b) Deferred tax:

Deferred is not recognised if it arises from temporary differences on the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of transaction, it affects neither accounting profit nor taxable profit and does not give rise to equal taxable and deductible temporary differences.

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

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

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

3.12 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash on hand, cheques and drafts on hand, balances with banks in current accounts, short term deposits with an original maturity of three months or

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

less, which are subject to an insignificant risk of change in value.

3.13 Provisions, contingent liabilities and contingent assets

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

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

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

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

Contingent liabilities and Contingent assets are reviewed at each balance sheet date.

3.14 Leases

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

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

The Company as a lessee

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

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

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

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

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

The Company as a lessor

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

3.15 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus

shares, sub-division of shares etc. that have changed the number of equities shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders is divided by the weighted average number of equity shares outstanding during the period, considered for deriving basic earnings per share and weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

3.16 Cash flow statement

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

3.17 Segment information

The Company is engaged in the business segment of Financing, whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated and to assess its performance, and for which discrete financial information is available. Operating segments of the Company are reported in a manner consistent with the internal reporting provided to the chief operating decision maker and accordingly the Company has classified its operations into three segments – Distribution (retail loan/insurance products), Retail Finance and Whole sale Finance. For presentation of segment information, directly attributable income and assets are allocated as such and the other income, expenses and other assets and liabilities are apportioned on appropriate basis.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

4 CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Cash on hand	1,555	1,339
Balances with banks		
- in current accounts*	14,299	8,057
- in fixed deposits with maturity less than 3 months	2,700	-
- Accrued interest on fixed deposits	-	-
	18,554	9,396

*From the above ₹ 2,849.80 Lakhs (PY: Nil) has been held as bank escrow account for meeting the share issue expenses for incurring initial public offer (IPO).

5 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Fixed deposit with maturity of more than 3 months and less than 12 months		
- Free	-	-
- Under Lien*	-	66
	-	66

*Fixed deposit amounting to ₹ Nil (PY - ₹ 66 Lakhs) is lein marked towards forward contract entered into to hedge against foreign currency denominated borrowing.

6 DERIVATIVE FINANCIAL INSTRUMENTS

(₹ in Lakhs)

Part I	As at 31 st March, 2024			As at 31 st March, 2023		
	Notional amounts	Fair Value - Assets	Fair Value- Liabilities	Notional amounts	Fair Value - Assets	Fair Value- Liabilities
(i) Currency derivatives						
- Spot and forwards	16,457	-	112	30,040	-	482
- Currency futures	-	-	-	-	-	-
- Currency swaps	-	-	-	-	-	-
- Options purchased	-	-	-	-	-	-
- Options sold (written)	-	-	-	-	-	-
- Others	-	-	-	-	-	-
(ii) Interest Rate Derivatives						
- Forward rate agreements and interest rate swaps	-	-	-	-	-	-
- Options purchased	-	-	-	-	-	-
- Options sold (written)	-	-	-	-	-	-
- Futures	-	-	-	-	-	-
- Others	-	-	-	-	-	-
(iii) Credit Derivatives	-	-	-	-	-	-
(iv) Equity Linked Derivatives	-	-	-	-	-	-
(v) Other Derivatives	-	-	-	-	-	-
Total	16,457	-	112	30,040	-	482

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)**

6 DERIVATIVE FINANCIAL INSTRUMENTS (Contd.)

(₹ in Lakhs)

Part II	As at 31 st March, 2024			As at 31 st March, 2023		
	Notional amounts	Fair Value - Assets	Fair Value - Liabilities	Notional amounts	Fair Value - Assets	Fair Value - Liabilities
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:						
(i) Fair value hedging						
- Currency derivatives	-	-	-	-	-	-
- Interest Rate Derivatives	-	-	-	-	-	-
- Credit Derivatives	-	-	-	-	-	-
- Equity Linked Derivatives	-	-	-	-	-	-
- Others	-	-	-	-	-	-
(ii) Cash flow hedging						
- Currency derivatives	-	-	-	-	-	-
- Interest Rate Derivatives	-	-	-	-	-	-
- Credit Derivatives	-	-	-	-	-	-
- Equity Linked Derivatives	-	-	-	-	-	-
- Others	-	-	-	-	-	-
(iii) Net investment hedging	-	-	-	-	-	-
(iv) Undesignated derivatives	16,457	-	112	30,040	-	482
Total	16,457	-	112	30,040	-	482

The Company uses forward exchange contracts to economically hedge its risks associated with currency risk arising from the foreign currency borrowing. These contracts are stated at fair value at each reporting date. (Refer note 48.03)

7 RECEIVABLES

(₹ in Lakhs)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
(i) Trade receivables		
Receivables considered good - Unsecured*	2,625	1,542
Trade Receivables which have significant increase in credit risk	593	123
	3,218	1,665
Less: Loss allowance	242	180
	2,976	1,485
(ii) Other receivables		
Receivables considered good - Unsecured (from related party)	496	496
	496	496
Less: Loss allowance	20	20
	476	476
	3,452	1,961

*Includes unbilled revenue amounting to ₹ 14 Lakhs (at 31st March, 2023: ₹ 817 Lakhs)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

7 RECEIVABLES (Contd.)

Outstanding as at 31st March, 2024 from due date of payment

(₹ in Lakhs)

	Total	Less than 6 months	6 months - 1 year	1 -2 years	2 -3 years	More than 3 year
Undisputed trade & other receivable - Considered good	3,107	3,107	-	-	-	-
Undisputed trade & other receivable which have significant increase in credit risk	593	-	-	475	118	-
Undisputed trade receivables - credit impaired	-	-	-	-	-	-
Disputed trade receivables - considered good	-	-	-	-	-	-
Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-
Disputed trade receivables - credit impaired	-	-	-	-	-	-
Total	3,700	3,107	-	475	118	-
Less: Loss Allowance	(262)	(45)	-	(99)	(118)	-
	3,438	3,063	-	375	-	-
Unbilled receivable	14					
	3,452					

Outstanding as at 31st March, 2023 from due date of payment

(₹ in Lakhs)

	Total	Less than 6 months	6 months - 1 year	1 -2 years	2 -3 years	More than 3 year
Undisputed trade & other receivable - Considered good	1,221	1,221	-	-	-	-
Undisputed trade & other receivable which have significant increase in credit risk	123	-	5	118	-	-
Undisputed trade receivables - credit impaired	-	-	-	-	-	-
Disputed trade receivables - considered good	-	-	-	-	-	-
Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-
Disputed trade receivables - credit impaired	-	-	-	-	-	-
Total	1,344	1,221	5	118	-	-
Less: Loss Allowance	(200)	(77)	(5)	(118)	-	-
	1,144	1,144	-	-	-	-
Unbilled receivable	817					
	1,961					

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

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)**

8 LOANS

As at 31st March, 2024

(₹ in Lakhs)

	Amortised Cost	At Fair Value through other comprehensive income	Total
(i) Term Loans	7,64,563	2,27,069	9,91,632
Gross carrying amount of loans	7,64,563	2,27,069	9,91,632
Less: Impairment Loss Allowance	(9,387)	-	(9,387)
Total Net (A)	7,55,176	2,27,069	9,82,245
(i) Secured by tangible assets (Refer Note 44.1.2)	7,10,213	1,48,920	8,59,133
(ii) Secured by intangible assets	-	-	-
(iii) Covered by guarantees (Refer Note 44.1.2)	1,000	-	1,000
(iv) Unsecured	53,350	78,149	1,31,499
Total Gross (B)	7,64,563	2,27,069	9,91,632
Less: Impairment Loss Allowance	(9,387)	-	(9,387)
Total Net (B)	7,55,176	2,27,069	9,82,245
Loans in India			
(i) Public sector	-	-	-
(ii) Others *	7,64,563	2,27,069	9,91,632
Total Gross (C)	7,64,563	2,27,069	9,91,632
Less: Impairment Loss Allowance	(9,387)	-	(9,387)
Total Net (C)	7,55,176	2,27,069	9,82,245

* Includes loans given to private sector

As at 31st March, 2023

(₹ in Lakhs)

	Amortised Cost	At Fair Value through other comprehensive income	Total
(i) Term Loans	7,51,649	58,625	8,10,274
Gross carrying amount of loans	7,51,649	58,625	8,10,274
Less: Impairment Loss Allowance	(10,304)	-	(10,304)
Total Net (A)	7,41,345	58,625	7,99,970
(i) Secured by tangible assets (Refer Note 44.1.2)	6,73,092	23,572	6,96,664
(ii) Secured by intangible assets	-	-	-
(iii) Covered by guarantees (Refer Note 44.1.2)	2,576	-	2,576
(iv) Unsecured	75,981	35,053	1,11,034
Total Gross (B)	7,51,649	58,625	8,10,274
Less: Impairment Loss Allowance	(10,304)	-	(10,304)
Total Net (B)	7,41,345	58,625	7,99,970
Loans in India			
(i) Public sector	-	-	-
(ii) Others *	7,51,649	58,625	8,10,274
Total Gross (C)	7,51,649	58,625	8,10,274
Less: Impairment Loss Allowance	(10,304)	-	(10,304)
Total Net (C)	7,41,345	58,625	7,99,970

* Includes loans given to private sector

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

8 LOANS (Contd.)

8.1 The Company has not advanced any loans to the promoters, directors, senior officers, relatives of directors, KMPs and the related parties either severally or jointly with any other person during the year ended 31st March, 2024. (31st March, 2023: Nil)

8.2 Disclosure required as per Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023

(₹ in Lakhs)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Loans against collateral of gold jewellery (Gross)	3,44,729	2,98,605
Total assets of the Company	11,13,784	9,07,099
Percentage of Loans against collateral of gold jewellery to Total assets of the Company	30.95%	32.92%

8.3 The table below shows the credit quality and the maximum exposure to credit risk based on the Company's impairment assessment and stage classification. The amounts presented are gross of impairment allowances.

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

(₹ in Lakhs)

Loans (at amortised cost)	As at 31 st March, 2024	As at 31 st March, 2023
Stage 1	7,05,986	6,97,757
Stage 2	42,384	37,461
Stage 3	16,193	16,431
Total	7,64,563	7,51,649

(b) Reconciliation of gross carrying amount of loan assets measured at amortised cost is given below:

(₹ in Lakhs)

	As at 31 st March, 2024				As at 31 st March, 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	6,97,757	37,461	16,431	7,51,649	5,13,114	50,122	12,858	5,76,094
Transfers to Stage 1	4,607	(3,784)	(823)	-	6,130	(4,639)	(1,491)	-
Transfers to Stage 2	(16,401)	16,852	(451)	-	(11,813)	12,339	(526)	-
Transfers to Stage 3	(5,869)	(2,710)	8,579	-	(5,380)	(5,234)	10,614	-
Assets derecognised (excluding write offs)	(3,48,541)	(16,022)	(5,741)	(3,70,304)	(2,52,545)	(23,252)	(1,325)	(2,77,122)
Asset written off #	(972)	(1,013)	(2,155)	(4,140)	-	-	(5,818)	(5,818)
Loan Repaid*	(1,12,589)	(1,473)	(1,521)	(1,15,583)	(82,014)	(2,343)	(1,012)	(85,369)
New assets originated or purchased	4,87,994	13,072	1,874	5,02,940	5,30,265	10,468	3,131	5,43,864
Gross carrying amount closing balance	7,05,986	42,384	16,193	7,64,563	6,97,757	37,461	16,431	7,51,649

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

Includes write-off pertaining to operational loss of ₹ 226 Lakhs.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)**

8 LOANS (Contd.)

(c) Reconciliation of ECL balance of loan assets measured at amortised cost is given below:

(₹ in Lakhs)

	As at 31 st March, 2024				As at 31 st March, 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	2,465	4,190	3,649	10,304	2,524	6,251	2,838	11,613
Transfers to Stage 1	719	(565)	(154)	-	1,012	(754)	(258)	-
Transfers to Stage 2	(113)	193	(80)	-	(85)	174	(89)	-
Transfers to Stage 3	(85)	(391)	476	-	(370)	(642)	1,012	-
Assets derecognised (excluding write offs)	(45)	(1,013)	(761)	(1,819)	(607)	(2,539)	(784)	(3,930)
Assets written off #	(714)	(575)	(1,397)	(2,686)	-	-	(2,892)	(2,892)
Loan Repaid*	(3,754)	(124)	(170)	(4,048)	(2,646)	(278)	(300)	(3,224)
New assets originated or purchased	3,489	2,452	1,695	7,636	2,637	1,978	4,122	8,737
ECL allowance - closing balance	1,962	4,167	3,258	9,387	2,465	4,190	3,649	10,304

*Movement covers release of provision on account of repayment, increase in provision on account of restructuring, increase in provision on account of disbursement of partly disbursed loans.

Includes write-off pertaining to operational loss of ₹ 54 Lakhs.

(d) Gross carrying amount of loan assets measured at fair value through OCI allocated to Stage 1, Stage 2 and Stage 3

(₹ in Lakhs)

Loans (at FVOCI)	As at 31 st March, 2024	As at 31 st March, 2023
Stage 1	2,27,329	59,140
Stage 2	1,565	207
Stage 3	335	19
Total	2,29,229	59,366

(e) Reconciliation of gross carrying amount of loan assets measured at fair value through OCI allocated is given below:

(₹ in Lakhs)

	As at 31 st March, 2024				As at 31 st March, 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	59,140	207	19	59,366	-	-	-	-
Transfers to Stage 1	79	(79)	-	-	-	-	-	-
Transfers to Stage 2	(966)	966	-	-	-	-	-	-
Transfers to Stage 3	(529)	(48)	577	-	-	-	-	-
Assets derecognised (excluding write offs)	(6,764)	(57)	(19)	(6,840)	-	-	-	-
Asset written off	(598)	-	(540)	(1,138)	-	-	-	-
Loan Repaid*	(31,404)	(324)	(363)	(32,091)	-	-	-	-
New assets originated or purchased	2,08,371	900	661	2,09,932	59,140	207	19	59,366
Gross carrying amount closing balance	2,27,329	1,565	335	2,29,229	59,140	207	19	59,366

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

8 LOANS (Contd.)

(f) Reconciliation of ECL balance of loan assets measured at fair value through OCI allocated is given below:

(₹ in Lakhs)

	As at 31 st March, 2024				As at 31 st March, 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	705	33	3	741	-	-	-	-
Transfers to Stage 1	7	(7)	-	-	-	-	-	-
Transfers to Stage 2	(12)	12	-	-	-	-	-	-
Transfers to Stage 3	(8)	(5)	13	-	-	-	-	-
Assets derecognised (excluding write offs)	(85)	(19)	(3)	(107)	-	-	-	-
Assets written off	(236)	-	(213)	(449)	-	-	-	-
Loan Repaid*	(465)	-	(4)	(469)	-	-	-	-
New assets originated or purchased	1,839	331	274	2,444	705	33	3	741
ECL allowance - closing balance	1,745	345	70	2,160	705	33	3	741

*Movement covers release of provision on account of repayment, increase in provision on account of restructuring, increase in provision on account of disbursement of partly disbursed loans.

9 INVESTMENTS

9.1 At Amortised Cost

(₹ in Lakhs)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Investment in Non Convertible Debentures (NCD)	833	833
Less: Allowance for impairment loss	(250)	(167)
	583	666

9.2 At Fair value through OCI

(₹ in Lakhs)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Investments in Government Securities	24,600	65,396
	24,600	65,396

9.3 At Fair Value Through Profit & Loss

(₹ in Lakhs)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Mutual Funds (March'24 - Units : No. 68,47,330 and Cost ₹ 49,898 Lakhs) (March'23 - Units : No. 1,67,907 and Cost ₹ 2,000 Lakhs)	49,945	2,000
	49,945	2,000
Total Investments	75,128	68,062

Note: All the investments are held in India.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)**
10 OTHER FINANCIAL ASSETS

(₹ in Lakhs)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Security Deposits	2,232	1,334
Full & final recovery from employee	71	104
Bank deposits with more than 12 months maturity (Refer Note 10.1 to 10.2)	11,921	5,008
	14,224	6,446

10.1. Fixed deposit amounting to ₹ 793 Lakhs (March 2023- ₹ Nil) is lien marked towards bank guarantee issued by Axis bank to National Stock Exchange in connection with Initial Public Offer (IPO).

10.2. Fixed deposit amounting to ₹ 5,560 Lakhs (March 2023- ₹ Nil) is lien marked for overdraft facilities with Ujjivan Small Finance Bank.

11 CURRENT TAX ASSETS (NET)

(₹ in Lakhs)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Advance income taxes (net of provision for taxes)	1,033	1,197
	1,033	1,197

12 DEFERRED TAX ASSETS (NET)

(₹ in Lakhs)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Deferred tax assets (net)	219	2,183
	219	2,183

13 OTHER NON-FINANCIAL ASSETS

(₹ in Lakhs)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Input tax credit (Net)	1,044	854
Prepaid expenses	2,042	1,449
Advance to Suppliers	1,130	780
Advances to employees (other than loans)	62	102
Others	68	1
	4,346	3,186

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

14.1 PROPERTY, PLANT AND EQUIPMENT

(₹ in Lakhs)

Particulars	Computer Equipments	Office Equipments	Lease Hold improvements (Interior Furnishings)	Furniture & Fixtures	Vehicles - Cars	Server	Total Property, Plant and Equipment
Gross Block as at 1 st April, 2023	1,331	1,664	2,334	1,115	16	113	6,573
Gross Block as at 1 st April, 2022	(915)	(1,344)	(1,999)	(897)	(16)	(113)	(5,284)
Additions during year ended 31 st March, 2024	413	305	295	153	-	-	1,166
Additions during year ended 31 st March, 2023	(434)	(327)	(372)	(221)	-	-	(1,354)
Deductions during year ended 31 st March, 2024	-	11	56	14	-	-	81
Deductions during year ended 31 st March, 2023	(18)	(7)	(37)	(3)	-	-	(65)
Gross Block as at 31 st March, 2024	1,744	1,958	2,573	1,254	16	113	7,658
Gross Block as at 31 st March, 2023	(1,331)	(1,664)	(2,334)	(1,115)	(16)	(113)	(6,573)
Accumulated depreciation as at 1 st April, 2023	726	1,021	1,125	545	13	77	3,507
Accumulated depreciation as at 1 st April, 2022	(451)	(573)	(754)	(349)	(12)	(60)	(2,199)
Additions during year ended 31 st March, 2024	352	388	385	190	1	13	1,329
Additions during year ended 31 st March, 2023	(291)	(454)	(407)	(198)	(1)	(17)	(1,368)
Deductions during year ended 31 st March, 2024	-	10	53	11	-	-	74
Deductions during year ended 31 st March, 2023	(16)	(6)	(36)	(2)	-	-	(60)
Accumulated depreciation at 31 st March, 2024	1,078	1,399	1,457	724	14	90	4,762
Accumulated depreciation at 31 st March, 2023	(726)	(1,021)	(1,125)	(545)	(13)	(77)	(3,507)
Net block as at 31 st March, 2024	666	559	1,116	530	2	23	2,895
Net block as at 31 st March, 2023	(605)	(643)	(1,209)	(570)	(3)	(36)	(3,066)

14.2 Intangible Assets

(₹ in Lakhs)

Particulars	Computer Software
Gross Block as at 1 st April, 2023	773
Gross Block as at 1 st April, 2022	(602)
Additions during year ended 31 st March, 2024	299
Additions during year ended 31 st March, 2023	(171)
Deductions during year ended 31 st March, 2024	78
Deductions during year ended 31 st March, 2023	-
Gross Block as at 31 st March, 2024	994
Gross Block as at 31 st March, 2023	(773)
Accumulated depreciation as at 1 st April, 2023	453
Accumulated depreciation as at 1 st April, 2022	(296)
	-
Additions during year ended 31 st March, 2024	192
Additions during year ended 31 st March, 2023	(157)
	-
Deductions during year ended 31 st March, 2024	63
Deductions during year ended 31 st March, 2023	-
Accumulated depreciation at 31 st March, 2024	582
Accumulated depreciation at 31 st March, 2023	(453)
Net block as at 31 st March, 2024	412
Net block as at 31 st March, 2023	(320)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

14.3 Capital Work in progress (CWIP)

(₹ in Lakhs)

Particulars	CWIP
Gross Block as at 1 st April, 2023	53
Gross Block as at 1 st April, 2022	(66)
	-
Additions during year ended 31 st March, 2024	326
Additions during year ended 31 st March, 2023	(293)
Deductions during year ended 31 st March, 2024	352
Deductions during year ended 31 st March, 2023	(306)
Gross Block as at 31 st March, 2024	27
Gross Block as at 31 st March, 2023	(53)

14.4 Right-Of-Use (ROU) Asset

(₹ in Lakhs)

Particulars	ROU
ROU as at 1 st April, 2023	11,193
ROU as at 1 st April, 2022	(11,970)
Additions during year ended 31 st March, 2024	2,270
Additions during year ended 31 st March, 2023	(1,886)
Deductions during year ended 31 st March, 2024	-
Deductions during year ended 31 st March, 2023	-
Amortisation during year ended 31 st March, 2024	2,214
Amortisation during year ended 31 st March, 2023	(2,663)
ROU as at 31 st March, 2024	11,249
ROU as at 31 st March, 2023	(11,193)

14.3.1 Ageing of Capital Work in progress (CWIP)

(₹ in Lakhs)

CWIP	Amount in CWIP - 31 st March, 2024				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	17	-	10	-	27

(₹ in Lakhs)

CWIP	Amount in CWIP - 31 st March, 2023				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	35	13	5	-	53

15 TRADE PAYABLES

(₹ in Lakhs)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
(i) Total outstanding dues of micro enterprises and small enterprises	-	-
(ii) Total outstanding dues to creditors other than micro enterprises and small enterprises	1,215	2,609
	1,215	2,609

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

15.1 Other payables

(₹ in Lakhs)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
(i) Total outstanding dues of micro enterprises and small enterprises	-	-
(ii) Total outstanding dues to creditors other than micro enterprises and small enterprises	-	-
	-	-

Outstanding as at 31st March, 2024 from due date of payment

(₹ in Lakhs)

Particulars	Total	Less than 1 year	1 -2 years	2 -3 years	More than 3 year
MSME	-	-	-	-	-
Others	1,215	1,037	16	94	68
Disputed dues - MSME	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-

Outstanding as at 31st March, 2023 from due date of payment

(₹ in Lakhs)

Particulars	Total	Less than 1 year	1 -2 years	2 -3 years	More than 3 year
MSME	-	-	-	-	-
Others	2,609	2,404	60	74	71
Disputed dues - MSME	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-

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

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Principal amount remaining unpaid as at the end of the period	-	-
Interest due on above and remaining unpaid as at the end of the period	-	-
Amount of interest paid along terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, with amount of payment made to supplier beyond the appointed day	-	-
Interest due and payable on principal amounts for the period of delay in making the payment paid beyond the due date during the period but without the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006 amounts under this Act	-	-
Interest accrued and remaining unpaid at the end of each period	-	-
Amount of further interest remaining due and payable even in the succeeding periods, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)**

16 DEBT SECURITIES

(₹ in Lakhs)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
At amortised cost		
Secured		
Non-convertible redeemable debentures (refer note 16.1, 16.2, 17.3 & 17.4)	30,192	40,459
Unsecured		
Commercial paper (refer note 16.2, 16.3, 17.3 & 17.4)	-	21,000
Less: Unamortised discount	-	(336)
	30,192	61,123
Debt Securities in India	30,192	61,123
Debt Securities outside India	-	-
	30,192	61,123

16.1 Details of security cover provided for debt securities

(₹ in Lakhs)

Security Clause	31 st March, 2024	31 st March, 2023
Secured by First Pari Passu Charge by way of hypothecation of all book debt receivables, Current Assets and Investments	28,125	38,750
First Pari Passu Charge on all present and future standard business receivables (except receivables hypothecated by way of exclusive charge, if any, to any of the Identified Lenders) and current assets including investments to the extent of security cover of each lender	-	-
Subtotal	28,125	38,750
Unamortised Cost	(24)	(2)
Interest Accrued	2,091	1,711
Total	30,192	40,459

16.2 Contractual Terms of repayment of Debt Securities

(₹ in Lakhs)

Particulars	Interest Rate Range	31 st March, 2024	31 st March, 2023
Issued on Private Placement Basis			
I. Secured			
Repayable on Maturity			
Maturing within 1 year	8.25% to 9.00%	2,500	18,750
Maturing Between 1 year to 3 Years	8.25% to 9.00%	25,000	-
Maturing Between 3 year to 5 Years	8.25% to 8.30%	625	20,000
Maturing more than 5 Years		-	-
Total Payable on Maturity		28,125	38,750
Unamortised Cost		(24)	(2)
Interest Accrued		2,091	1,711
Total Carrying amount		30,192	40,459
II. Unsecured			
Repayable on Maturity			
Maturing within 1 year	8.14%	-	21,000
Maturing Between 1 year to 3 Years		-	-
Maturing Between 3 year to 5 Years		-	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

16.2 Contractual Terms of repayment of Debt Securities (Contd.)

(₹ in Lakhs)

Particulars	Interest Rate Range	31 st March, 2024	31 st March, 2023
Maturing more than 5 Years		-	-
Total Payable on Maturity		-	21,000
Unamortised Discount		-	(336)
Interest Accrued		-	-
Total Carrying amount		-	20,664

16.3 The commercial papers issued by the Company have maturity less than a year and maximum amount outstanding during the year ended March 31, 2024 was ₹ 40,000 Lakhs (31st March, 2023 - ₹ 21,000 Lakhs)

17 BORROWINGS (OTHER THAN DEBT SECURITIES)

(₹ in Lakhs)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Term Loan At amortised cost		
Secured		
Term loan from Bank (other than related party)	5,28,825	5,48,532
Term loan from Related Party	73,623	24,881
Term loans from other Parties	62,518	19,622
	6,64,966	5,93,035
Unsecured		
Term loans from Bank	-	-
Term loans from other Parties	2,621	2,501
	2,621	2,501
Loans repayable on demand		
Secured		
From Bank (other than related party)	70,118	22,532
From Related Party	6,004	8,425
From other parties	-	-
	7,43,709	6,26,493
Borrowings in India	7,43,709	6,26,493
Borrowings outside India	-	-
	7,43,709	6,26,493

17.1 Contractual terms of repayment of borrowings

(₹ in Lakhs)

Particulars	Interest Rate Range	31 st March, 2024	31 st March, 2023
I. Secured			
1. Repayable in Installments			
i. On monthly basis			
Maturing within 1 year	8.09% to 8.23%	5,500	5,500
Maturing Between 1 year to 3 Years	8.09% to 8.23%	10,156	11,000
Maturing Between 3 year to 5 Years	8.09% to 8.23%	-	4,667
Maturing more than 5 Years			
Subtotal (A)		15,656	21,167

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

17.1 Contractual terms of repayment of borrowings (Contd.)

(₹ in Lakhs)

Particulars	Interest Rate Range	31 st March, 2024	31 st March, 2023
ii. On quarterly basis			
Maturing within 1 year	7.65% to 10.20%	2,22,877	1,64,288
Maturing Between 1 year to 3 Years	7.65% to 10.20%	3,01,848	2,73,563
Maturing Between 3 year to 5 Years	7.65% to 9.20%	98,664	96,375
Maturing more than 5 Years	8.25% to 8.55%	11,359	13,000
Subtotal (B)		6,34,748	5,47,226
iii. On half-yearly basis			
Maturing within 1 year	8.30%	1,667	833
Maturing Between 1 year to 3 Years	8.30%	1,661	4,167
Subtotal (C)		3,328	5,000
iv. On Yearly basis			
Maturing within 1 year	7.82% to 9.13%	4,232	6,033
Maturing Between 1 year to 3 Years	7.82% to 9.10%	5,739	10,399
Maturing Between 3 year to 5 Years	7.82% to 9.10%	1,125	3,364
Subtotal (D)		11,096	19,796
2. Repayable on Maturity			
Maturing within 1 year	7.65% to 9.65%	75,998	30,954
Maturing Between 1 year to 3 Years		-	-
Maturing Between 3 year to 5 Years		-	-
Subtotal (C)		75,998	30,954
Unamortised Cost		(510)	(624)
Interest Accrued		772	473
Total Secured		7,41,088	6,23,992
II. Unsecured			
Repayable on Maturity			
Maturing within 1 year		-	-
Maturing Between 1 year to 3 Years	8.20%	2,500	2,500
Maturing Between 3 year to 5 Years		-	-
Maturing more than 5 Years		-	-
Unamortised Cost		-	-
Interest Accrued		121	1
Total Unsecured		2,621	2,501

17.2 During the year ended 31st March, 2024, the Company has not borrowed any Foreign Currency (US\$) denominated Term Loan other than rollover of existing foreign currency borrowing facility (31st March, 2023: ₹ 334.83 Crores). Such borrowings are currently carried at ₹ 162.57 Crores as at 31st March, 2024 (31st March, 2023: ₹ 295.37 Crores).

The foreign currency exposure on these borrowings have been economically hedged through forward contracts. (Refer note 48.03).

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

17.4 No term loan, commercial paper or any other borrowing is guaranteed by promoter or directors of the Company.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

17.5 Details of security cover provided for borrowings

(₹ in Lakhs)

Security Clause	31 st March, 2024	31 st March, 2023
First Pari Passu Charge on all present and future standard business receivables (except receivables hypothecated by way of exclusive charge, if any, to any of the Identified Lenders) and current assets including investments to the extent of security cover of each lender	7,35,826	6,24,142
Overdraft Against Fixed Deposit	5,000	-
Subtotal	7,40,826	6,24,142
Adjustment to carrying value for unamortised cost and accrued interest	262	(150)
Total	7,41,088	6,23,992

18 SUBORDINATED LIABILITIES

(₹ in Lakhs)

Particulars	31 st March, 2024	31 st March, 2023
At amortised cost		
Unsecured		
Non-convertible redeemable debentures - Related Party	24,418	24,437
Non-convertible redeemable debentures - Others	23,141	1,530
	47,559	25,967

18.1 There is no subordinated liability measured at FVTPL or designated at FVTPL.

18.2 Contractual terms of repayment of subordinated liabilities

(₹ in Lakhs)

Particulars	Interest Rate Range	31 st March, 2024	31 st March, 2023
Issued on Private Placement Basis			
Repayable on Maturity			
Maturing within 1 year		-	-
Maturing Between 1 year to 3 Years		-	-
Maturing Between 3 year to 5 Years	9.90%	25,000	25,000
Maturing more than 5 Years	9.00%	20,000	-
Total Payable on Maturity		45,000	25,000
Unamortised Cost		(213)	(274)
Interest Accrued		2,772	1,241
Total Carrying amount		47,559	25,967

19 LEASE LIABILITY

(₹ in Lakhs)

Particulars	31 st March, 2024	31 st March, 2023
Lease Liability *	12,558	13,404
	12,558	13,404

*Refer note 47 for the contractual maturities of lease liabilities

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

20 OTHER FINANCIAL LIABILITIES

(₹ in Lakhs)

Particulars	31 st March, 2024	31 st March, 2023
Book overdraft	28,859	27,397
Assignee related payable	6,470	552
Employee related payable	3,023	2,784
Auction Related Payables	78	2
Commission Payable	2,444	1,981
Account Payable - Stale Cheque	576	312
Provision for expense	3,006	1,972
Other payables*	874	78
	45,330	35,078

* Includes auction deposit payable

21 PROVISIONS

(₹ in Lakhs)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Provision for Gratuity (Refer Note 37)	467	175
Provision for Compensated leave absences (Refer Note 37)	446	336
Provision for others	36	109
	949	620

(₹ in Lakhs)

Particulars	Provision for others
Amount at the beginning of the year	109
Additional provision made during the year	17
Amount used during the year	(90)
Amount reversed during the year	-
Amount at the end of the year	36

22 OTHER NON-FINANCIAL LIABILITIES

(₹ in Lakhs)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Advances from customers	5,325	5,313
Statutory dues payable	752	442
	6,077	5,755

23 EQUITY SHARE CAPITAL

(₹ in Lakhs)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Authorised :		
99,00,00,000 Equity Shares of ₹ 10 each	99,000	99,000
1,00,00,000 Optionally Cumulative Redeemable Preference Shares ('OCRPS') of ₹ 10 each	1,000	1,000
	1,00,000	1,00,000
Issued, Subscribed and Paid up:		
36,93,86,899 (Previous year 32,19,11,605) Equity Shares of ₹ 10 each fully paid up	36,939	32,191
	36,939	32,191

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

23 EQUITY SHARE CAPITAL (Contd.)

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

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

Particulars	As at 31 st March, 2024		As at 31 st March, 2023	
	Number of Shares	Rupees in Lakhs	Number of Shares	Rupees in Lakhs
Balance at the beginning of the year	32,19,11,605	32,191	32,15,17,605	32,152
Add: Additional equity shares Issued on account of Initial Public Offering ("IPO")	4,28,81,148	4,288	-	-
Add: ESOP exercised	45,94,146	459	3,94,000	39
Balance at the end of the year	36,93,86,899	36,939	32,19,11,605	32,191

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

For Equity shares : The Company has only one class of Equity shares having face value of ₹ 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 31 st March, 2024		As at 31 st March, 2023	
	Number of Shares	Rupees in Lakhs	Number of Shares	Rupees in Lakhs
Equity Shares				
Equity Shares Held by holding company - The Federal Bank Limited (Including 405 shares held by nominees)	61.58%	22,747	73.22%	23,569
- True North Fund VI LLP	8.74%	3,229	25.72%	8,281

- (d) Details of equity shares held by Promoters in the Company

As at 31st March, 2024

(₹ in Lakhs)

Promoters Name	No. of Shares	Percentage of Holding	% of changes during year ended 31 st March, 2024
Federal Bank Limited	22,74,71,046	61.58%	(11.64)%

As at 31st March, 2023

(₹ in Lakhs)

Promoters Name	No. of Shares	Percentage of Holding	% of changes during year ended 31 st March, 2023
Federal Bank Limited	23,56,85,332	73.22%	(0.08)%

- (e) Number of shares reserved for ESOPs

(₹ in Lakhs)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Equity Shares of ₹ 10 fully paid up		
Number of shares reserved for ESOPs	88,89,079	1,34,76,351

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)**
24 OTHER COMPONENTS OF EQUITY

(₹ in Lakhs)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Securities Premium	1,08,823	52,497
Employee stock option outstanding	1,247	1,482
Debt instruments through OCI	6,477	1,227
Statutory Reserve	15,089	10,195
General Reserve	10	10
Capital Redemption Reserve	200	200
Surplus in the Statement of Profit and Loss	57,299	37,766
	1,89,144	1,03,377

24.1 Nature and purpose of reserves
a) Securities Premium

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

b) Employee Stock Option outstanding

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

c) Other Comprehensive Income

It represents the fair value gains/(losses) post tax on loans and investments.

d) Special Reserve

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

e) General Reserve

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

f) Capital Redemption Reserve

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

g) Surplus in the statement of profit and loss

Surplus in the Statement of Profit and Loss pertain to the Company's undistributed earnings after taxes.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

24.2 Details of movement in other equity

(₹ in Lakhs)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
a) Securities Premium Account	52,497	52,326
Add : Additions during the year on issue of Equity Shares	58,347	171
Less : Share issue expenses (net of tax)	(2,021)	-
	1,08,823	52,497
b) Employee Stock Option Outstanding	1,482	727
Add : Additions/(reduction) during the year	(235)	755
	1,247	1,482
c) Other Comprehensive Income	1,333	95
Add : Additions during the year	5,206	1,238
	6,539	1,333
d) Special Reserve under section 45-IC of the Reserve Bank of India Act, 1934	10,195	6,592
Add : Additions during the year	4,894	3,603
	15,089	10,195
e) General Reserve	10	10
Add : Additions during the year	-	-
	10	10
f) Capital Redemption Reserve	200	200
Add : Additions during the year	-	-
	200	200
g) Retained Earning - Opening Balance	37,660	23,250
Add: Profit for the year	24,470	18,013
Less: Transferred to Statutory Reserve	(4,894)	(3,603)
	57,236	37,660
Other Equity	1,89,144	1,03,377

REVENUE FROM OPERATIONS

25 INTEREST INCOME

(₹ in Lakhs)

Particulars	For the year ended 31 st March, 2024	For the year ended 31 st March, 2023
Interest on loans	1,36,560	1,03,463
Interest on fixed deposits	1,636	457
Income on direct assignment	9,124	6,059
Interest income from investments	1,735	954
Interest income on security deposit	113	83
	1,49,168	1,11,016

Note: No loans have been measured at FVTPL.

26 FEE AND COMMISSION INCOME

(₹ in Lakhs)

Particulars	For the year ended 31 st March, 2024	For the year ended 31 st March 2023
Income From Distribution	3,657	3,407
Loan Servicing Fee	121	58
Other fee and charges (includes cheque bouncing charges, foreclosure charges, auction charges, etc)	2,786	2,136
	6,564	5,601

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)**

27 NET GAIN ON FAIR VALUE CHANGES

(₹ in Lakhs)

Particulars	For the year ended 31 st March, 2024	For the year ended 31 st March, 2023
a) Net gain on financial instrument at fair value through profit or loss	1,989	1,262
	1,989	1,262
b) Fair value changes:		
- Realised	1,941	1,272
- Unrealised	48	(9)
Total Net gain on fair value changes	1,989	1,262

28 OTHER INCOME

(₹ in Lakhs)

Particulars	For the year ended 31 st March, 2024	For the year ended 31 st March, 2023
Income from Provision of Facilities / Services	4,511	3,315
Miscellaneous Income *	68	153
	4,579	3,588

* Includes notice pay recoveries from employees

29 FINANCE COSTS

(₹ in Lakhs)

Particulars	For the year ended 31 st March, 2024	For the year ended 31 st March, 2023
Interest on borrowings (other than debt securities)	57,407	37,744
Foreign currency translation loss *	477	715
Interest on debt securities	7,254	6,302
Interest on subordinated liabilities	1,241	1,241
Interest on lease liability	940	943
Other interest expense	637	270
	67,956	47,215

* It represents net foreign exchange changes on foreign currency borrowings amounting to ₹ 365 Lakhs (31st March, 2023: ₹ 233 Lakhs) and mark to market loss on derivative instruments amounting to ₹ 112 Lakhs (31st March, 2023: ₹ 482 Lakhs). This includes gain or loss on foreign currency transactions.

30 FEES AND COMMISSION EXPENSES

(₹ in Lakhs)

Particulars	For the year ended 31 st March, 2024	For the year ended 31 st March, 2023
Commission and brokerage	2,287	2,328
	2,287	2,328

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

31 IMPAIRMENT ON FINANCIAL INSTRUMENTS

(₹ in Lakhs)

Particulars	For the year ended 31 st March, 2024	For the year ended 31 st March, 2023
Loans measured amortised cost *		
Bad debts (net of recoveries of ₹ 2,187.14 Lakhs for the year ended 31 st March, 2024; ₹ 1689.64 Lakhs for the year ended 31 st March, 2023)	5,250	5,324
ECL Provision	(919)	(1,310)
Loans measured fair value through other comprehensive income*		
Bad debts (net of recovery of ₹ 24.06 Lakhs for the year ended 31 st March, 2024; Nil for the year ended 31 st March, 2023)	689	-
ECL Provision	1,419	741
Other assets *		
ECL Provision on Investment	83	83
ECL Provision on Receivables	63	52
	6,585	4,890

* Note: Other than financial instruments measured at amortised cost and FVOCI, there are no financial instruments measured at FVTPL.

32 EMPLOYEE BENEFIT EXPENSES

(₹ in Lakhs)

Particulars	For the year ended 31 st March, 2024	For the year ended 31 st March, 2023
Salaries and wages	28,725	22,108
Contribution to provident and other funds (Refer note 37)	1,373	1,097
Share based payments to employees (Refer note 46)	456	796
Staff welfare expenses	1,228	759
	31,782	24,760

33 OTHER EXPENSES

(₹ in Lakhs)

Particulars	For the year ended 31 st March, 2024	For the year ended 31 st March, 2023
Advertisement and business promotion	156	175
Auditors' remuneration (refer note below 33.1)	104	101
Directors' sitting fees*	39	31
Insurance	303	219
Legal and professional fees	4,675	3,324
Printing and stationery	309	261
Rates and taxes	172	76
Rent	243	279
Repairs and maintenance - Machinery	5	4
Technology cost	3,430	2,348
Electricity charges	378	295
Corporate social responsibility ('CSR') (refer note 33.2)	310	136
Sourcing expenses	435	275
Office expenses	429	360
Postage and courier	493	487
Goods & service tax expenses	2,396	1,705

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

33 OTHER EXPENSES (Contd.)

(₹ in Lakhs)

Particulars	For the year ended 31 st March, 2024	For the year ended 31 st March, 2023
Travelling and conveyance	1,838	1,283
Recruitment charges	219	186
Servicing fees - Micro finance loans	4	(731)
Valuation charges	43	189
Housekeeping and security charges	871	822
Loss on sale of assets	-	2
Operational Loss	(37)	218
Securitisation expenses	228	121
Miscellaneous expenses	79	82
Penalty and Fines (Refer Note 48.22)	13	-
Listing Fees	12	-
	17,147	12,248

* This fees pertains to Independent Directors.

33.1 Auditors' remuneration#:

(₹ in Lakhs)

Particulars	For the year ended 31 st March, 2024	For the year ended 31 st March, 2023
For Statutory Audit	59	50
For Limited Review	35	39
For Other Matters *	1	100
For Out of pocket expenses *	9	9
	104	198
Less: Amount expensed and disclosed as exceptional item in Statement of Profit and Loss for the year ended 31 st March, 2023 (cumulative for the year ended 31 st March, 2022 and 31 st March, 2023 - refer note 60)	-	(97)
Total	104	101

* Includes amount of ₹ 97 Lakhs pertaining to Initial Public Offer (IPO) related work relating to public issuance, both of which has been expensed in the previous year as Exceptional Item in the Statement of Profit and Loss (refer note 60). During the year ended 31st March, 2022, the Company had filed the Draft Red Herring Prospectus dated 18th February, 2022, with SEBI, for the purpose of raising equity capital. However, subsequently the Company re-filed the Draft Red Herring Prospectus dated 26th July, 2023 with SEBI and the Company's equity shares have been listed on 30th November, 2023. (Refer note 61)

Excludes remuneration amounting to ₹ 217.67 Lakhs paid to the auditors during FY 2023-24 for services in connection with initial public offer of equity shares of the Company. This expense is shared between the Company and the selling shareholders in proportion of equity shares offered for subscription/sale in IPO.

33.2 Corporate Social Responsibility Expenditure

(₹ in Lakhs)

Particulars	For the year ended 31 st March, 2024	For the year ended 31 st March, 2023
Amount required to be spent during the year	306	136
Amount approved by the Board to be spent during the year	306	136
Amount spent during the year		
(a) Construction / acquisition of asset	-	-
(b) On purpose other than (a) above	310	136

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

33.2 Corporate Social Responsibility Expenditure (Contd.)

(₹ in Lakhs)

Particulars	For the year ended 31 st March, 2024	For the year ended 31 st March, 2023
Excess / (shortfall)	4	-
Nature of activities	Food Meals, Transforming Blind Women through Cricket, Tree plantation, Scholarship, Skill development	Promotion of sports, Tree plantation, Women livelihood, Cancer treatment, Eradicating Hunger & Malnutrition
Amount required to be contributed to specified fund u/s 135(6)	-	-

34 INCOME TAXES

34.1 Tax Expense

(₹ in Lakhs)

Particulars	For the year ended 31 st March, 2024	For the year ended 31 st March, 2023
Current Tax Expense		
Current Tax for the year	7,687	5,846
Current tax expense / (benefit) pertaining to prior years	-	(108)
	7,687	5,738

34.2 Deferred Taxes

(₹ in Lakhs)

Particulars	For the year ended 31 st March, 2024	For the year ended 31 st March, 2023
Change in deferred tax assets	651	551
Net deferred tax expense	651	551
Total income tax expense recognised in the year	8,338	6,289

34.3 Reconciliation of tax charge

(₹ in Lakhs)

Particulars	For the year ended 31 st March, 2024	For the year ended 31 st March, 2023
Profit before income tax expense	32,808	24,302
Enacted tax rate in India	25.17%	25.17%
Income tax expense/ (benefits) calculated on above rate	8,257	6,117
Tax effect of amounts not deductible/not taxable in calculating taxable income		
Adjustment related to tax of prior years	-	(108)
Effect of Non-deductible expenses	81	280
Income tax expense	8,338	6,289

The effective income tax rate for the year ended 31st March, 2024 is 25.41% (31st March, 2023 is 25.88%).

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)**

34.4 Movement of Deferred tax assets / Liabilities

(₹ in Lakhs)

For the year ended 31st March, 2024	Deferred tax asset/ liability Opening	In Profit or Loss	In OCI	Directly in Equity	Total Movement	Deferred tax asset/ liability Closing
Deferred taxes in relation to :						
Deferred Tax Assets						
Depreciation and Amortisation	519	90	-	-	90	609
Provision for Employee benefits	112	101	15	-	116	228
Provision for Expected Credit Loss	2,568	(22)	-	-	(22)	2,546
Lease	514	(106)	-	-	(106)	408
Effective interest rate on Financial assets	369	123		-	123	492
Fair Valuation of financial assets measured at FVOCI	(412)	-	(1,788)		(1,788)	(2,200)
Effective interest rate on Financial liabilities	230	103			103	333
Fair valuation of security deposit	19	(28)	-	-	(28)	(9)
Foreign currency translation gain/(loss)	78	30	-	-	30	108
Other timing differences	24	-	-	-	-	24
IPO Expense	-		-	460	460	460
Total Deferred Tax Assets	4,021	291	(1,773)	460	(1,022)	2,999
Deferred Tax Liabilities						
Interest income on NPA	47	-	-	-	-	47
Gain/(Loss) on fair valuation of mutual fund	2	12	-	-	12	14
Effective interest rate on Financial Liabilities	285	83	-	-	83	368
Interest/Other Charges on Direct Assignment Transaction	1,504	847	-	-	847	2,351
Total Deferred Tax Liabilities	1,838	942	-	-	942	2,780
Total	2,183	(651)	(1,773)	460	(1,964)	219

(₹ in Lakhs)

For the year ended 31st March, 2023	Deferred tax asset/ liability Opening	In Profit or Loss	In OCI	Directly in Equity	Total Movement	Deferred tax asset/ liability Closing
Deferred Assets						
Depreciation and Amortisation	391	128	-	-	128	519
Provision for Employee benefits	65	50	(4)	-	47	112
Provision for Expected Credit Loss	2,730	(162)	-	-	(162)	2,568
Lease	427	87	-	-	87	514
Effective interest rate on Financial assets	259	110		-	110	369
Fair Valuation of financial assets measured at FVOCI	-	-	(412)		(412)	(412)
Effective interest rate on Financial liabilities	120	110			110	230

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

34.4 Movement of Deferred tax assets / Liabilities (Contd.)

(₹ in Lakhs)

For the year ended 31 st March, 2023	Deferred tax asset/ liability Opening	In Profit or Loss	In OCI	Directly in Equity	Total Movement	Deferred tax asset/ liability Closing
Fair valuation of security deposit	12	7	-	-	7	19
Foreign currency translation gain/ (loss)	-	78	-	-	78	78
Other timing differences	24	-	-	-	-	24
Total Deferred Tax Assets	4,028	408	(416)	-	(7)	4,021
Deferred Liabilities						
Interest income on NPA	47	-	-	-	-	47
Gain/(Loss) on fair valuation of mutual fund	2	-	-	-	-	2
Effective interest rate on Financial Liabilities	202	83	-	-	83	285
Interest/Other Charges on Direct Assignment Transaction	628	876	-	-	876	1,504
Total Deferred Tax Liabilities	879	959	-	-	959	1,838
Total	3,149	(551)	(416)	-	(965)	2,183

35 CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

(₹ in Lakhs)

Particulars	As at 1 st April, 2023	As represented in Cash Flow Statement	Others #	As at 31 st March, 2024
Debt securities	61,123	(31,625)	694	30,192
Borrowings (other than debt securities)	6,26,493	1,16,683	533	7,43,709
Deposits	-	-	-	-
Subordinated liabilities	25,967	20,000	1,592	47,559
Lease Liabilities	13,404	(4,057)	3,211	12,558
	7,26,987	1,01,001	6,030	8,34,018

(₹ in Lakhs)

Particulars	As at 1 st April, 2022	As represented in Cash Flow Statement	Others #	As at 31 st March, 2023
Debt securities	53,342	6,000	1,781	61,123
Borrowings (other than debt securities)	4,22,435	2,03,678	380	6,26,493
Deposits	-	-	-	-
Subordinated liabilities	25,907	-	60	25,967
Lease Liabilities	13,704	(3,129)	2,829	13,404
	5,15,388	2,06,549	5,050	7,26,987

Others includes effect of interest accrued but not paid, amortisation of processing fees, fair value changes on foreign currency denominated term loan and interest on lease liabilities.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

36 EARNINGS PER SHARE ('EPS')

(₹ in Lakhs)

Particulars	Year ended 31 st March, 2024	Year ended 31 st March, 2023
Net Profit from operations attributable to equity holders	24,470	18,013
Weighted average number of equity shares outstanding	33,87,36,473	32,17,93,337
Add: Effect arising from further equity shares issued during the period	-	-
Weighted average number of equity shares for Basic Earnings per share	33,87,36,473	32,17,93,337
Basic EPS	7.22	5.60
Number of shares for ESOP dilution	48,48,207	3,03,397
Weighted average number of equity shares for Diluted Earnings per share	34,35,84,680	32,20,96,734
Dilution effect on EPS after ESOP and Preference Shares	7.12	5.59
Earnings per share		
Basic Earnings per share	7.22	5.60
Diluted Earnings per share	7.12	5.59

[Nominal value of shares ₹ 10 each]

37 RETIREMENT BENEFIT PLANS

Defined Contribution Plan

(₹ in Lakhs)

Particulars	For the year ended 31 st March, 2024	For the year ended 31 st March, 2023
Provident Fund	1,332	1,041
Employee State Insurance	41	56
	1,373	1,096

The Company has contributed ₹ Nil (31st March, 2023 is ₹ Nil) towards Gratuity trust during the year ended 31st March, 2024.

Defined Benefit Obligation and Compensated Absences

(1) Contribution to Gratuity fund (funded scheme)

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Gratuity Act, an employee who has completed five years of service is entitled to specific benefits. The level of benefits provided depends on the member's length of service, managerial grade and salary at retirement age. In accordance with Indian Accounting Standard 19, actuarial valuation was done in respect of the aforesaid defined benefit plan of gratuity based on the following assumptions:-

(₹ in Lakhs)

(i) Actuarial assumptions	GRATUITY		COMPENSATED ABSENCE	
Particulars	31 st March, 2024	31 st March, 2023	31 st March, 2024	31 st March, 2023
Mortality	IALM (2012-14) Ult.	IALM (2012-14) Ult.	IALM (2012-14) Ult.	IALM (2012-14) Ult.
Interest/ Discount rate	6.97%	7.13%	6.97%	7.13%
Rate of increase in compensation	6.50%	6.50%	6.50%	6.50%
Expected average remaining service	4.45	4.24	4.45	4.25
Employee Attrition Rate(Past Service (PS))	PS: 0 to 5 : 39.11%	PS: 0 to 5 : 39.11%	PS: 0 to 5 : 39.11%	PS: 0 to 5 : 39.11%
	PS: 5 to 40 : 0.89%	PS: 5 to 40 : 0.89%	PS: 5 to 40 : 0.89%	PS: 5 to 40 : 0.89%
(ii) Changes in the present value of obligation	GRATUITY		COMPENSATED ABSENCE	
Particulars	31 st March, 2024	31 st March, 2023	31 st March, 2024	31 st March, 2023
Present value of obligation at the beginning of the year	462	319	336	307
Interest expense	32	18	20	15
Current service cost	312	218	132	83

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

37 RETIREMENT BENEFIT PLANS (Contd.)

(ii) Changes in the present value of obligation	GRATUITY		COMPENSATED ABSENCE	
Particulars	31 st March, 2024	31 st March, 2023	31 st March, 2024	31 st March, 2023
Past service cost	-	-	-	-
Actuarial (gain) /loss	(23)	(33)	91	23
Benefits paid	(38)	(29)	-	-
Benefits paid by the company	-	(31)	(114)	(92)
Present Value of obligation at the end of the year	745	462	465	336

(iii) Changes in the Fair value of Plan Assets	GRATUITY		COMPENSATED ABSENCE	
Particulars	31 st March, 2024	31 st March, 2023	31 st March, 2024	31 st March, 2023
Fair value of plan assets at beginning of the year	287	307	-	-
Adjustment to Opening Fair Value of Plan Asset	-	9	-	-
Return on Plan Assets excl. interest income	9	(18)	-	-
Interest income	20	18	-	-
Contributions by Employer	-	-	114	92
Contributions by Employee	-	-	-	-
Benefits Paid	(38)	(29)	-	-
Fair Value of Plan Assets at the end of the year	278	287	-	-

(iv) Assets and liabilities recognised in the balance sheet	GRATUITY		COMPENSATED ABSENCE	
Particulars	31 st March, 2024	31 st March, 2023	31 st March, 2024	31 st March, 2023
Present value of the obligation at the end of the year	745	462	465	336
Less: Fair value of plan assets at the end of the year	278	287	-	-
Net liability recognised	(467)	(175)	(465)	(336)
Recognised under provisions				
Current provisions	122	34	168	125
Non-current provisions	624	428	297	211

(₹ in Lakhs)

(v) Expenses recognised in the Statement of Profit and Loss	GRATUITY		COMPENSATED ABSENCE	
Particulars	31 st March, 2024	31 st March, 2023	31 st March, 2024	31 st March, 2023
Current Service Cost	312	218	132	83
Past service cost	-	-	-	-
Net interest (income)/ expense	13	1	20	15
Return on Plan Assets excluding net interest	-	-	-	-
Actuarial gain/ loss on past employment benefit obligation	-	-	91	23
Net cost recognised in the current year	325	219	243	121
Included in note 32 'Employee benefits expense'				

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)**

37 RETIREMENT BENEFIT PLANS (Contd.)

(₹ in Lakhs)

(vi) Expenses recognised in the Statement of Other comprehensive income (OCI)	GRATUITY		COMPENSATED ABSENCE	
	31 st March, 2024	31 st March, 2023	31 st March, 2024	31 st March, 2023
Particulars				
Actuarial (gain)/ loss on post employment benefit obligation	(23)	(33)	-	-
Return on Plan Assets excluding net interest	(9)	18	-	-
Total measurement cost / (credit) for the year recognised in OCI	(32)	(15)	-	-

(₹ in Lakhs)

(vii) Reconciliation of Net asset / (liability) recognised:	GRATUITY		COMPENSATED ABSENCE	
	31 st March, 2024	31 st March, 2023	31 st March, 2024	31 st March, 2023
Particulars				
Net asset / (liability) recognised at the beginning of the year	175	11	336	307
Adjustment to opening balance	-	(9)	-	-
Contributions paid	-	-	(114)	(92)
Benefits paid directly by company	-	(31)	-	-
Amount recognised in other comprehensive income	(32)	(15)	-	-
Expenses recognised at the end of year	325	219	243	121
Mortality charges and taxes	-	-	-	-
Net asset / (liability) recognised at the end of the year	467	175	465	336

(viii) Sensitivity Analysis: (GRATUITY)

(₹ in Lakhs)

Particulars	DR: Discount Rate		ER: Salary Escalation Rate	
	PVO DR +1%	PVO DR -1%	PVO ER +1%	PVO ER -1%
PVO as at 31 st March, 2024	674	830	818	681
PVO as at 31 st March, 2023	415	518	513	417

(ix) Category of planned assets

(₹ in Lakhs)

Particulars	31 st March, 2024	% Allocation	31 st March, 2023	% Allocation
Gratuity Fund (Subscription to HDFC Life Insurance Company Limited)*	278	100%	287	100%
Net asset / (liability) recognised at the end of the year	278	100%	287	100%

*The Company contributes funds towards Insurer managed Fund. These funds and returns thereof are utilised towards payment of Gratuity Liability. This scheme invests a maximum of 20% of its net assets in equity while the balance is invested in a diversified portfolio of debt and money-market instrument of varying maturities. The Unit Price of the Units in the Fund may fluctuate depending on factors affecting the capital markets and the level of interest rates prevailing in the market.

(x) Weighted average duration of defined obligation plan

(₹ in Lakhs)

Particulars	31 st March, 2024	31 st March, 2023
Weighted average duration of plan (in years)	9.39	9.37

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

37 RETIREMENT BENEFIT PLANS (Contd.)

(xi) Future commitments and pay-outs (GRATUITY)

(₹ in Lakhs)

Year	Pay-outs 31 st March, 2024	Pay-outs 31 st March, 2023
First	121.78	34.36
Second	61.97	60.65
Third	37.88	34.49
Fourth	40.93	20.63
Fifth	18.72	24.99
Six to Ten	132.55	76.73

38 RELATED PARTY DISCLOSURES

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

38.1 List of related parties

Nature of Relationship	Name of Related Party
Holding Company	The Federal Bank Limited
Associate of Holding Company	Equirus Capital Private Limited
Subsidiary of Associate of Holding Company	Equirus Insurance Broking Private Limited
Enterprises having significant influence	True North Fund VI LLP (till 30 th November, 2023)
Enterprises over which related party has significant influence	True North Enterprise Private Limited (till 30 th November, 2023)
Key Managerial Personnel (KMP)	Anil Kothuri, Managing Director and CEO
	C V Ganesh, Chief Financial Officer
	S Rajaraman, Company Secretary
	Mr. Balakrishnan Krishnamurthy, Chairman & Independent Director
	Mr. Shyam Shrinivasan, Non-Executive Director
	Mr. Ashutosh Khajuria, Nominee Director
	Mrs. Gauri Rushabh Shah, Independent Director
	Mr. Maninder Juneja Singh, Nominee Director
	Mr. Peruvemba Ramachandran Seshadri (till 22 th August, 2023), Additional Director (In the capacity of Independent Director)
	Mr. Ramesh Sundararajan (w.e.f. 15 th March, 2024), Additional Director (In the capacity of Independent Director)
	Mr. Sunil Satyapal Gulati (w.e.f. 15 th March, 2024), Additional Director (In the capacity of Independent Director)

38.2 Transactions during the year with related parties :

(₹ in Lakhs)

Nature of Transactions	For year ended 31 st March, 2024	For year ended 31 st March, 2023
The Federal Bank Limited		
Income from distribution business	3,657	3,407
Sale consideration received on direct assignment transaction	27,200	-
Servicing Fee Income on Securitisation	11	-
Interest Received on fixed deposits	26	-
Interest paid on Cash Credit Facility & Term Loan	4,935	3,678
Processing Fees	100	-

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)**
38.2 Transactions during the year with related parties : (Contd.)

(₹ in Lakhs)

Nature of Transactions	For year ended 31st March, 2024	For year ended 31st March, 2023
Interest on NCD	2,327	2,324
Bank Charges	-	4
Term Loan repaid	21,231	26,203
Term Loan availed	70,000	2,426
Cash Credit availed	6,051	-
Cash Credit repaid	8,477	3,132
Offer for sale proceeds received on behalf of Federal Bank	7,665	-
Equirus Capital Private Limited		
Book Running Lead Manager expense	194	-
Equirus Insurance Broking Private Limited		
Staff Welfare Expenses	3	-
True North Fund VI LLP		
Offer for sale proceeds received on behalf of True North Fund VI LLP	41,562	-
True North Enterprise Private Limited		
Re-imbursements of Expenses	7	30
Key Managerial Personnel		
Investment in equity shares	1,196	125
Employee Stock Option Scheme - Key Management Personnel		
No. of Options granted under ESOS (in numbers)	-	20,00,000
No. of Options outstanding under ESOS (in numbers)	25,20,018	43,21,351

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

For transactions related to KMPs refer note 38.4

38.3 Amount due (to) / from related parties:

(₹ in Lakhs)

Balance outstanding as at the year end	As at 31st March, 2024	As at 31st March, 2023
The Federal Bank Limited		
Current Account – Receivable/(Payable)	6,887	3,005
Borrowings		
Term Loan	73,661	24,892
Cash credit facility	-	2,426
WCDL	6,000	6,000
Long Term Borrowings	23,470	23,470
Account Receivable & Reimbursements	496	496
Other Payable	109	18
True North Fund VI LLP		
Other Payable	590	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

38.3 Amount due (to) / from related parties: (Contd.)

(₹ in Lakhs)

Maximum outstanding during the year	For year ended 31 st March, 2024	For year ended 31 st March, 2023
The Federal Bank Limited		
Current Account – Receivable/(Payable)	18,666	21,214
Borrowings		
Term Loan	73,661	51,094
Cash credit facility	2,906	3,405
WCDL	6,000	6,000
Account Receivable & Reimbursements	1,039	834
Account Payable	-	-
Advance to Suppliers	-	18
Long Term Borrowings	23,470	23,470

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

(₹ in Lakhs)

S. No.	Key Management Personnel Compensation	For year ended 31 st March, 2024	For year ended 31 st March, 2023
(a)	Short term employee benefits ¹	913	793
(b)	Post employment benefits ²	-	-
(c)	Other long term benefits	-	-
(d)	Termination benefits	-	-
(e)	Share based payment ³	-	-

Note -

- Includes sitting fees paid to independent directors ₹ 39.45 Lakhs and ₹ 31.10 Lakhs for the year ended 31st March, 2024 and 31st March, 2023 respectively.
- Expenses towards provision for gratuity and leave encashment which are determined on actuarial basis at an overall Company level are not included in the above information.
- The above details does not include employee stock option plan cost charged in Statement of Profit and Loss as the same is calculated for the Company as a whole, the said expense/liability pertaining specifically to key managerial personnel are not known.

39 CAPITAL MANAGEMENT

The Company's objectives when managing capital are to

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

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

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

39 CAPITAL MANAGEMENT (Contd.)

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

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

39.1 Regulatory Capital

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
CRAR (%)	23.46	17.94
CRAR - Tier I Capital (%)	19.72	15.09
CRAR - Tier II Capital (%)	3.74	2.85
Amount of subordinated debts considered as Tier II capital	37,149	20,774

40 FAIR VALUE MEASUREMENT

40.1 Fair value hierarchy

The fair values of the financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the Indian Accounting standard. An explanation of each level is given below.

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

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

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

40.2 Fair value of financial assets and liabilities

(₹ in Lakhs)

Particulars	As at 31 st March, 2024				
	Carrying Value	Fair Value	Fair value		
			Level 1	Level 2	Level 3
Financial assets measured at amortised cost					
Cash and cash equivalent [refer note 40.4(i)]	18,554	18,554	-	-	-
Bank balances other than cash and cash equivalent [refer note 40.4(i)]	-	-	-	-	-
Trade Receivables [refer note 40.4(i)]	2,976	2,976	-	-	-
Other receivables [refer note 40.4(i)]	476	476	-	-	-
Loans and advances to customers	7,55,176	7,72,624	-	-	7,72,624
Financial investments	583	583	-	-	583
Other financial assets	14,224	14,224	-	14,224	-
Total	7,91,989	8,09,437	-	14,224	7,73,207
Financial assets measured at FVOCI					
Loans and advances to customers	2,27,069	2,27,069	-	-	2,27,069
Financial investments	24,600	24,600	24,600	-	-
Total	2,51,669	2,51,669	24,600	-	2,27,069
Financial assets measured at FVTPL					
Financial investments	49,945	49,945	49,945	-	-
Total	49,945	49,945	49,945	-	-
Financial liabilities measured at amortised cost					
Trade Payables [refer note 40.4(i)]	1,215	1,215	-	-	-
Debt Securities	30,192	30,192	-	30,192	-
Borrowing other than debt securities	7,43,709	7,42,805	-	-	7,42,805
Subordinated Liabilities	47,559	33,461	-	33,461	-
Other financial liabilities	45,330	45,330	-	45,330	-
Total	8,68,005	8,53,003	-	1,08,983	7,42,805
Financial liabilities measured at FVTPL					
Derivative financial instruments	112	112	-	112	-
Total	112	112	-	112	-

(₹ in Lakhs)

Particulars	As at 31 st March, 2023				
	Carrying Value	Fair Value	Fair value		
			Level 1	Level 2	Level 3
Financial assets measured at amortised cost					
Cash and cash equivalent [refer note 40.4(i)]	9,396	9,396	-	-	-
Bank balances other than cash and cash equivalent [refer note 40.4(i)]	66	66	-	-	-
Trade Receivables [refer note 40.4(i)]	1,485	1,485	-	-	-
Other receivables [refer note 40.4(i)]	476	476	-	-	-
Loans and advances to customers	7,41,345	7,64,373	-	-	7,64,373
Financial investments	666	666	-	-	666
Other financial assets	6,446	1,439	-	1,439	-
Total	7,59,880	7,77,901	-	1,439	7,65,039
Financial assets measured at FVOCI					
Loans and advances to customers	58,625	58,625	-	-	58,625
Financial investments	65,396	65,396	65,396	-	-
Total	1,24,021	1,24,021	65,396	-	58,625
Financial assets measured at FVTPL					
Financial investments	2,000	2,000	2,000	-	-
Total	2,000	2,000	2,000	-	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

40.2 Fair value of financial assets and liabilities (Contd.)

(₹ in Lakhs)

Particulars	As at 31 st March, 2023				
	Carrying Value	Fair Value	Fair value		
			Level 1	Level 2	Level 3
Financial liabilities measured at amortised cost					
Trade Payables [refer note 40.4(i)]	2,609	2,609	-	-	-
Debt Securities	61,123	60,494	-	60,494	-
Borrowing other than debt securities	6,26,493	6,09,552	-	-	6,09,552
Subordinated Liabilities	25,967	18,786	-	18,786	-
Other financial liabilities	35,078	35,078	-	35,078	-
Total	7,51,270	7,26,519	-	1,14,358	6,09,552
Financial liabilities measured at FVTPL					
Derivative financial instruments	482	482		482	
Total	482	482	-	482	-

40.3 Valuation Techniques

Each class of financial assets/ liabilities	Techniques
Debt Securities	Fair value is estimated by a discounted cash flow model incorporating market interest rates and the Company's own credit risk or based on market-observable data.
Security deposit	Fair values of security deposits are based on discounted cash flows using a discount rate determined considering Company's incremental borrowing rate.
Loans and advances (FVOCI)	Fair values of loans are based on discounted cash flows using a discount rate determined considering Company's incremental lending rate.
Financial investments (FVOCI)	Fair value is quoted market price.
Derivative financial instruments	Fair value of forward foreign exchange contracts is determined by computing present value of payoff between contractual rate (Strike) and forward exchange rates at the testing date.
Loans and advances (Amortised Cost)	These have been valued at amortised cost (refer note 40.4 for methodologies used for valuation).
Other financial assets	These have been valued at amortised cost (refer note 40.4 for methodologies used for valuation).
Borrowings	These have been valued at amortised cost (refer note 40.4 for methodologies used for valuation). Foreign currency denominated term loan borrowing is remeasured at closing exchange rate as on reporting date.
Subordinated Liabilities	These have been valued at amortised cost (refer note 40.4 for methodologies used for valuation).
Other financial liabilities	These have been valued at amortised cost (refer note 40.4 for methodologies used for valuation).

40.4 Valuation methodologies of financial instruments not measured at fair value

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

(i) Short term and other financial assets and liabilities

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

40.4 Valuation methodologies of financial instruments not measured at fair value (Contd.)

(ii) Financial assets measured at amortised cost and fair value through other comprehensive income (FVOCI)

Valuation technique: Fair values of loans are based on discounted cash flows using a discount rate determined considering the Company's incremental lending rate.

Sensitivity: There is an inverse correlation. Higher the discount rate i.e average lending rate for the disbursed loans, lower the fair value of the assets.

(iii) Debt securities, borrowings and subordinated liabilities

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

Reconciliation of level 3 fair value measurement is as below :

(₹ in Lakhs)

Particulars	For the year ended 31 st March, 2024	For the year ended 31 st March, 2023
Balance at the beginning of the year	58,625	-
Additions during the year	1,93,935	57,733
MTM gain recognised in OCI	5,256	892
MTM gain recognised in P&L	-	-
Realised during the year	(30,747)	-
Balance at the end of the year	2,27,069	58,625

41 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

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

(₹ in Lakhs)

Assets	As at 31 st March, 2024			As at 31 st March, 2023		
	Within 1 year	After 1 year	Total	Within 1 year	After 1 year	Total
Financial Assets						
Cash and cash equivalents	18,554	-	18,554	9,396	-	9,396
Bank balance other than cash and cash equivalents	-	-	-	66	-	66
Trade receivables	2,976	-	2,976	1,485	-	1,485
Other receivables	476	-	476	476	-	476
Loans	4,74,435	5,07,810	9,82,245	3,97,062	4,02,908	7,99,970
Investments	74,546	582	75,128	67,397	665	68,062
Other financial assets	12,956	1,268	14,224	5,457	989	6,446
Non-financial Assets						
Current tax assets (net)	-	1,033	1,033	-	1,197	1,197
Deferred tax Asset (net)	-	219	219	-	2,183	2,183
Property, Plant and Equipment	-	2,895	2,895	-	3,066	3,066
Capital work-in-progress	-	27	27	-	53	53
Other Intangibles assets	-	412	412	-	320	320
Right of Use Assets	-	11,249	11,249	-	11,193	11,193
Other non-financial assets	4,085	261	4,346	2,435	751	3,186
Total Assets	5,88,028	5,25,756	11,13,784	4,83,774	4,23,325	9,07,099

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

41 MATURITY ANALYSIS OF ASSETS AND LIABILITIES (Contd.)

(₹ in Lakhs)

Liabilities	As at 31 st March, 2024			As at 31 st March, 2023		
	Within 1 year	After 1 year	Total	Within 1 year	After 1 year	Total
Financial liabilities						
Derivative financial instruments	112	-	112	482	-	482
Trade Payables	1,215	-	1,215	2,404	205	2,609
Debt Securities	2,500	27,692	30,192	39,414	21,709	61,123
Borrowings (other than Debt securities)	3,10,266	4,33,443	7,43,709	2,22,295	4,04,198	6,26,493
Subordinated Liabilities	-	47,559	47,559	-	25,967	25,967
Lease Liability	2,159	10,399	12,558	2,526	10,878	13,404
Other financial liabilities	45,330	-	45,330	35,078	-	35,078
Non-Financial liabilities						
Provisions	290	659	949	160	460	620
Other non-financial liabilities	6,077	-	6,077	5,755	-	5,755
Total liabilities	3,67,949	5,19,752	8,87,701	3,08,114	4,63,417	7,71,531
Net	2,20,079	6,004	2,26,083	1,75,659	(40,092)	1,35,568

42 SEGMENT INFORMATION

42.1 Business segment

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

1. Distribution Segment comprises of Sourcing Business of Home Loans, Auto Loans, Personal Loans & SME Loans for Holding Company.
2. Retail Finance Segment comprises of Gold Loans, Loan Against Property, MSE Loan against property, Business Loans, Personal Loans & Housing Finance.
3. Wholesale Finance Segment comprises of Construction Finance and Loans to Other NBFCs.

All operating segments' operating results are reviewed regularly by the Company's Chief Executive Officer (CEO) to make decisions about resources to be allocated to the segments and assess their performance.

(₹ in Lakhs)

Business Segments	Distribution		Retail Finance		Wholesale Finance		Total	
	Year ended 31 st March, 2024	Year ended 31 st March, 2023	Year ended 31 st March, 2024	Year ended 31 st March, 2023	Year ended 31 st March, 2024	Year ended 31 st March, 2023	Year ended 31 st March, 2024	Year ended 31 st March, 2023
Segment Revenue	3,657	3,407	1,48,495	1,11,479	210	319	1,52,362	1,15,205
Segment Expenditure	3,491	3,256	1,11,096	80,832	558	1,266	1,15,145	85,353
Allocated Expenditure (Net)	-	-	11,711	7,365	72	58	11,783	7,424
Results	166	151	25,688	23,282	(420)	(1,005)	25,434	22,428
Unallocated Income (net of unallocated Expenditure)							5,738	2,953
Interest Income on Investment							1,636	457

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

42.1 Business segment (Contd.)

(₹ in Lakhs)

Business Segments	Distribution		Retail Finance		Wholesale Finance		Total	
	Year ended 31 st March, 2024	Year ended 31 st March, 2023	Year ended 31 st March, 2024	Year ended 31 st March, 2023	Year ended 31 st March, 2024	Year ended 31 st March, 2023	Year ended 31 st March, 2024	Year ended 31 st March, 2023
Profit before Tax							32,808	25,839
Exceptional Items							-	1,537
Income Taxes							8,338	6,289
Net Profit							24,470	18,013

(₹ in Lakhs)

Business Segments	Distribution		Retail Finance		Wholesale Finance		Total	
	Year ended 31 st March, 2024	Year ended 31 st March, 2023	Year ended 31 st March, 2024	Year ended 31 st March, 2023	Year ended 31 st March, 2024	Year ended 31 st March, 2023	Year ended 31 st March, 2024	Year ended 31 st March, 2023
Segment Assets	476	476	11,10,558	8,96,543	1,498	6,700	11,12,532	9,03,719
Unallocated Assets	-	-	-	-	-	-	1,252	3,380
Total Assets	476	476	11,10,558	8,96,543	1,498	6,700	11,13,784	9,07,099
Segment Liabilities	184	484	8,86,410	7,65,755	1,107	5,293	8,87,701	7,71,531
Equity & Reserves	-	-	-	-	-	-	2,26,083	1,35,568
Total Liabilities & Equity	184	484	8,86,410	7,65,755	1,107	5,293	11,13,784	9,07,099
Capital Expenditure	-	-	1,147	1,259	-	-	1,147	1,259
Unallocated Capital Expenditure	-	-	-	-	-	-	643	549
Depreciation/ Amortisation	2	7	3,733	4,158	-	23	3,735	4,188
Impairment of Fixed Assets	-	-	-	-	-	-	-	-
Unallocated Depreciation	-	-	-	-	-	-	-	-

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

Note:

Unallocated Income comprises of Other Income earned by the business.

Unallocated Expenses comprises of Tax Expense.

43 REVENUE FROM CONTRACTS WITH CUSTOMERS

(₹ in Lakhs)

Particulars	Year ended 31 st March, 2024	Year ended 31 st March, 2023
Type of Service		
Fees and commission income (refer note 26)	6,564	5,601
Other income	4,511	3,315
Total	11,075	8,916
Geographical market		
In India	11,075	8,916
Outside India	-	-
Total	11,075	8,916

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

43 REVENUE FROM CONTRACTS WITH CUSTOMERS (Contd.)

(₹ in Lakhs)

Particulars	Year ended 31 st March, 2024	Year ended 31 st March, 2023
Timing of recognition of revenue		
Performance obligation satisfied at a point in time	11,075	8,916
Performance obligation satisfied over a period in time	-	-
Total	11,075	8,916

(₹ in Lakhs)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Contract receivables		
Trade receivables	985	1,288
Other receivable	496	496
Total	1,481	1,784

44 RISK MANAGEMENT

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

Types of Risks

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

(i) Credit Risk

The RMC & CRMC oversee the following:

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

(ii) Liquidity Risk

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

44 RISK MANAGEMENT (Contd.)

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

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

(iii) Market Risk

Market Risk is the Risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as Gold prices (relevant to Lending against Gold business of the Company), interest rates, foreign currency rates. Refer note 44.3 for details.

44.1 Credit Risk

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

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

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

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

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

Gold loans are originated basis value of under-lying collateral rather than financial background of the borrower. The underlying collateral are highly liquid and as a consequence the credit impairment risk is primarily on account of insufficiency of margin/ Loan to Value (LTV) if any. The maximum Loan to Value does not exceed the limit stipulated by the Reserve Bank of India. As a result, there is only distant possibility of losses due to adequate margin of 25% or more retained while disbursing loan. Past empirical evidence of realisation/recoveries from the liquidation of collateral have materialised insignificant Loss Given Default (LGD) rates for the gold loan portfolio.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

44.1 Credit Risk (Contd.)

(a) Impairment Assessment

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

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

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

*DPD means Days Past Due

Also refer accounting policy information 3.6 (j), 3.6 (i) and note 49.02

(b) Probability of Default (PD)

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

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

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

(c) Loss Given Default (LGD)

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

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

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

(d) Exposure at Default (EAD)

EAD is one of the key components for ECL computation. The Exposure at Default is an estimate of the exposure at a default date taking into account the repayment of principal and interest until the reporting date.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

44.1 Credit Risk (Contd.)

(e) Significant Increase in Credit Risk

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

44.1.1 Analysis of Risk Concentration

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

(₹ in Lakhs)

Industry Analysis	As at 31 st March, 2024			
	Retail	Structured Finance and corporate finance (Real Estate and Non Real Estate)	Financial Services	Total
Financial assets				
Cash and cash equivalent	-	-	18,554	18,554
Bank balances other than cash and cash equivalent	-	-	-	0
Trade Receivables	-	-	2,976	2,976
Other receivables	-	-	476	476
Loans and advances to customers	9,80,747	1,498	-	9,82,245
Financial investments	-	-	75,128	75,128
Other Financial Assets	-	-	14,224	14,224
Total	9,80,747	1,498	1,11,358	10,93,603

(₹ in Lakhs)

Industry Analysis	As at 31 st March, 2023			
	Retail	Structured Finance and corporate finance (Real Estate and Non Real Estate)	Financial Services	Total
Financial assets				
Cash and cash equivalent	-	-	9,396	9,396
Bank balances other than cash and cash equivalent	-	-	66	66
Trade Receivables	-	-	1,485	1,485
Other receivables	-	-	476	476
Loans and advances to customers	7,96,415	3,555	-	7,99,970
Financial investments	-	-	68,062	68,062
Other Financial Assets	-	-	6,446	6,446
Total	7,96,415	3,555	85,932	8,85,901

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)**

44.1.2 Collateral Held and Other Credit Enhancements

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

(₹ in Lakhs)

Financial assets - Loans	Maximum exposure to credit risk (carrying amount before ECL)		Principal type of collateral
	As at 31 st March, 2024	As at 31 st March, 2023	
Loans (at amortised cost)	7,11,213	6,75,668	Property; book receivables, Gold jewellery and covered by guarantees
Loans (at FVOCI)	1,48,920	23,572	
Total (A)	8,60,133	6,99,240	

- b) Financial assets that are stage 3 and related collateral held in order to mitigate potential losses are given below:

(₹ in Lakhs)

Financial assets measured at amortised cost	Maximum exposure to credit risk (carrying amount before ECL)	Associated ECL	Carrying Amount	Fair Value of Collateral
As at 31 st March, 2024	15,928	3,188	12,740	30,848
As at 31 st March, 2023	16,415	3,646	12,769	36,387

(₹ in Lakhs)

Financial assets measured at FVOCI	Maximum exposure to credit risk (carrying amount before ECL)	Associated ECL	Carrying Amount	Fair Value of Collateral
As at 31 st March, 2024	265	70	195	509
As at 31 st March, 2023	16	3	13	26

44.2 Liquidity Management

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

44.2.1 Maturity pattern of certain items of assets and liabilities as at 31st March, 2024

(₹ 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	72,880	8,796	45,424	66,340	1,16,826	3,21,904	99,771	11,388	7,43,329
Market borrowings	-	-	625	625	1,250	25,000	25,625	20,000	73,125
Trade payables	961	46	5	7	18	110	68	-	1,215
Lease Liability	196	195	197	550	1,021	4,233	3,848	2,318	12,558
Other financial liabilities	-	45,330	-	-	-	-	-	-	45,330
Assets									
Advances	34,709	46,480	41,704	80,372	2,51,484	2,29,402	1,62,413	1,07,610	9,54,175
Investments	57,851	-	-	16,432	-	-	-	583	74,865

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

44.2.1 Maturity pattern of certain items of assets and liabilities as at 31st March, 2023 (Contd.)

(₹ 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	14,569	7,708	34,244	53,602	1,12,172	2,86,768	1,04,576	13,004	6,26,643
Market borrowings	-	-	39,414	-	-	-	45,000	-	84,414
Trade payables	2,338	2	17	-	47	133	72	-	2,609
Lease Liability	204	203	206	626	1,287	3,981	3,822	3,075	13,404
Other financial liabilities	-	35,078	-	-	-	-	-	-	35,078
Assets									
Advances	24,597	31,284	39,813	1,39,084	1,49,042	1,90,710	1,26,706	87,200	7,88,436
Investments	23,420	10,898	10,948	16,025	5,680	-	-	-	66,971

Note: Above maturity pattern are based on Contractual Maturity.

44.2.2 Financial assets available to support future funding

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

(₹ in Lakhs)

As at 31 st March, 2024	Encumbered			Unencumbered		Total carrying amount
	Pledged as collateral	Contractually/ Legally restricted assets *	Others \$	Available as collateral	Others #	
Cash and cash equivalent	-	2,850	-	15,704	-	18,554
Bank balances other than cash and cash equivalent	-	-	-	-	-	-
Trade Receivables	-	-	-	2,976	-	2,976
Other Receivables	-	-	-	476	-	476
Loans and advances to customers	-	-	8,24,150	1,58,095	-	9,82,245
Financial investments	-	-	45,034	30,094	-	75,128
Other Financial Assets	6,353	-	5,072	2,799	-	14,224
	6,353	2,850	8,74,256	2,10,144	-	10,93,603

(₹ in Lakhs)

As at 31 st March, 2023	Encumbered			Unencumbered		Total carrying amount
	Pledged as collateral	Contractually/ Legally restricted assets *	Others \$	Available as collateral	Others #	
Cash and cash equivalent	-	-	1,884	7,512	-	9,396
Bank balances other than cash and cash equivalent	66	-	-	-	-	66
Trade Receivables	-	-	-	1,485	-	1,485
Other Receivables	-	-	-	476	-	476

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

44.2.2 Financial assets available to support future funding (Contd.)

(₹ in Lakhs)

As at 31 st March, 2023	Encumbered			Unencumbered		Total carrying amount
	Pledged as collateral	Contractually/ Legally restricted assets *	Others \$	Available as collateral	Others #	
Loans and advances to customers	-	-	7,55,950	44,020	-	7,99,970
Financial investments	-	-	31,343	36,719	-	68,062
Other Financial Assets	-	-	-	6,446	-	6,446
	66	-	7,89,176	96,659	-	8,85,901

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

Represents assets which are not restricted for use a collateral, but that the Company would not consider readily available to secure funding in normal course of business

\$ Represents assets which are given as security cover against the secured bank borrowings and non-convertible debentures.

44.3 Market Risk

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

- Gold Price Fluctuation Risk:- The Risk Management Committee of the Board does a periodic review of the Gold price movement and trends & its impact on the gold loan margins in present condition as well as under stress scenarios.
- Interest Rate Risk:- Interest Rate Risk is the risk of change in market interest rates which might adversely affect the Company's profitability.
- Foreign Currency rate Fluctuation Risk:- The Company is exposed to risk in fluctuation of Foreign Currency Rates as the Company has borrowings in foreign currency.

44.3.1 Gold Price Fluctuation Risk

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

44.3.2 Interest Rate Risk

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

44.3.2 Interest Rate Risk (Contd.)

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

(₹ in Lakhs)

For the year ended	Increase /(Decrease) in basis points	Increase in profit after tax	Decrease in profit after tax
Loans			
31 st March, 2024	25/(25)	446	(446)
31 st March, 2023	25/(25)	469	(469)
Borrowings			
31 st March, 2024	25/(25)	(1,345)	1,345
31 st March, 2023	25/(25)	(1,158)	1,158

44.3.3 Exposure to Currency Risks

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign currency rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the foreign currency borrowings taken from Banks.

The Company has hedged its foreign currency exposure through Forwards in such a manner that it has fixed determinate outflows in its functional currency and as such there would be no significant impact of movement in foreign currency rates on the Company's profit before tax (PBT).

44.3.3 Total Market Risk Exposure

(₹ in Lakhs)

Particulars	As at 31 st March, 2024			As at 31 st March, 2023		
	Carrying Amount	Traded Risk	Non-traded Risk	Carrying Amount	Traded Risk	Non-traded Risk
Financial Assets						
Cash and cash equivalent	18,554	-	18,554	9,396	-	9,396
Bank balances other than cash and cash equivalent	-	-	-	66	-	66
Trade Receivables	2,976	-	2,976	1,485	-	1,485
Other Receivables	476	-	476	476	-	476
Loans and advances to customers	9,82,245	-	9,82,245	7,99,970	-	7,99,970
Financial investments	75,128	74,545	583	68,062	67,396	666
Other Financial Assets	14,224	-	14,224	6,446	-	6,446
Total	10,93,603	74,545	10,19,058	8,85,901	67,396	8,18,505

(₹ in Lakhs)

Particulars	As at 31 st March, 2024			As at 31 st March, 2023		
	Carrying Amount	Traded Risk	Non-traded Risk	Carrying Amount	Traded Risk	Non-traded Risk
Financial Liabilities						
Derivative financial instruments	112	-	112	482	-	482
Trade payables	1,215	-	1,215	2,609	-	2,609
Other payables	-	-	-	-	-	-
Debt Securities	30,192	30,192	-	61,123	61,123	-
Borrowings other than debt securities	7,43,709	-	7,43,709	6,26,493	-	6,26,493
Subordinated liabilities	47,559	47,559	-	25,967	25,967	-
Lease Liability	12,558	-	12,558	13,404	-	13,404
Other Financial liabilities	45,330	-	45,330	35,078	-	35,078
Total	8,80,675	77,751	8,02,924	7,65,156	87,090	6,78,066

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

45 TRADE & OTHER RECEIVABLES

Provision matrix for Trade & Other Receivable

(₹ in Lakhs)

Particulars	Trade & Other receivable days past due	0-90 days	91-180 days	181-360 days	more than 360 days	Total
ECL rate		1.48%	0.00%	0.00%	36.56%	7.04%
As at 31st March, 2024	Estimated total gross carrying amount at default	3,034	87	-	593	3,714
	ECL Provision	(45)	-	-	(217)	(262)
	Net Carrying Amount	2,989	87	-	376	3,452
ECL rate		1.89%	10.03%	100.00%	100.00%	9.24%
As at 31st March, 2023	Estimated total gross carrying amount at default	1,569	469	5	118	2,161
	ECL Provision	(30)	(47)	(5)	(118)	(200)
	Net Carrying Amount	1,539	422	-	-	1,961

Note: The ECL rates are a derivation from the provisions estimated to cover the future potential losses. These estimates are made after considering past experiences of collections from counter parties and their confirmations on the amount outstanding

46 ACCOUNTING FOR EMPLOYEE SHARE BASED PAYMENTS

Shareholders of the Company had approved "Fedbank Financial Services Limited Employee Stock Option Plan 2018" ("ESOP Plan"), the result of which was announced on 13th November, 2018, enabling the Board and/or the "Nomination and Remuneration Committee" (NRC) to grant such number of equity shares, including options, to eligible employee(s) of the Company each of which is convertible into one equity share, not exceeding 6% of the aggregate number of paid up equity shares of the Company. Post Listing, the ESOP, 2018 was ratified by the shareholders vide special resolution passed in the EGM on 22nd February, 2024. Such options vest at definitive date, save for specific incidents, prescribed in scheme as framed/approved by NRC. Such options are exercisable for period following vesting at the discretion of the NRC, subject to maximum of 10 years from the date of Vesting of Options

Method used for accounting for shared based payment plan.

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

Movement in options outstanding under the Employee Stock Option Plan for the year ended 31st March, 2024.

Particulars	Options	Weighted Average Exercise Price
Options outstanding as at 1 st April, 2023	1,34,76,351	55.53
Granted during the year	3,75,000	107.18
Exercised during the year	45,96,646	52.32
Forfeited /lapsed during the year	3,65,626	72.37
Options outstanding as at 31 st March, 2024	88,89,079	58.67
Options exercisable	23,22,012	50.35

Movement in options outstanding under the Employee Stock Option Plan for the year ended 31st March, 2023

Particulars	Options	Weighted Average Exercise Price
Options outstanding as at 1 st April, 2022	78,70,351	42.07
Granted during the year	62,81,250	72.37
Exercised during the year	3,94,000	43.23
Forfeited /lapsed during the year	2,81,250	72.37
Options outstanding as at 31 st March, 2023	1,34,76,351	55.53
Options exercisable	21,10,000	40.81

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

46 ACCOUNTING FOR EMPLOYEE SHARE BASED PAYMENTS (Contd.)

Following summarises the information about stock options outstanding as at 31st March, 2024.

Category	Weighted Average Exercise Price	Number of shares arising out of options	Weighted average remaining contractual life (in years)
Class A*	73.36	45,65,228	2.14
Class B#	43.63	29,72,500	1.67
Options granted to "Managing Director and CEO"	42.11	13,51,351	1.08

Following summarises the information about stock options outstanding as at 31st March, 2023

Category	Weighted Average Exercise Price	Number of shares arising out of options	Weighted average remaining contractual life (in years)
Class A*	69.00	45,00,000	2.99
Class B#	42.52	56,25,000	2.55
Options granted to "Managing Director and CEO"	60.17	33,51,351	1.83

*Time based vesting

#Time and event based vesting

Fair Valuation Methodology

The fair value of options have been estimated on the dates of each grant using the Modified Black-Scholes model (MBS). The shares of Company are listed on recognised stock exchanges. Accordingly, the Company had considered the volatility of the Company's stock price based on historical volatility of similar listed enterprises. The various assumptions considered in the pricing model for the stock options granted by the Company are:

Particulars	Unit	As at 31 st March, 2024	As at 31 st March, 2023
Fair Value of Options at grant date	₹	6.50-43.86	6.50-27.76
Fair Value of Equity Shares at grant date	₹	42.11-107.18	42.11-72.37
Exercise Price	₹	30.00-107.18	30.00-72.37
Dividend Yield	%	0.00%	0.00%
Expected volatility	%	29.14%	29.19%
Risk free interest rate *	%	6.32%	6.30%
Expected life of the option *	Years	3.17	3.19

* The values in the above items are weighted average

The Company has recorded an employee compensation expense of ₹ 456 Lakhs in the Statement of Profit and Loss (₹ 796 Lakhs during the financial year ended 31st March, 2023, in the Statement of Profit and Loss). Refer note 32.

The Company carried Employee Stock Option reserve amounting to ₹ 1,247 Lakhs (₹ 1,482 Lakhs as at 31st March, 2023) in the Balance Sheet.

The total intrinsic value amounting to ₹ 57 Lakhs (₹ 114 Lakhs as at 31st March, 2023) at the end of the year of liabilities for which the counterparty's right to cash or other assets had vested by the end of the year.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)**

47 LEASES

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

(₹ in Lakhs)

Particular	As at 31 st March, 2024	As at 31 st March, 2023
Opening Balance of ROU - Building	11,180	11,880
Addition during the year	2,270	1,886
Depreciation charges for the year	(2,208)	(2,586)
Total balance of ROU - Building	11,242	11,180

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

(₹ in Lakhs)

Particular	As at 31 st March, 2024	As at 31 st March, 2023
Opening Balance of ROU - Furniture	13	90
Addition during the year	-	0
Depreciation charges for the year	(6)	(77)
Total balance of ROU - Furniture	7	13

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

(₹ in Lakhs)

Particular	As at 31 st March, 2024	As at 31 st March, 2023
Opening Balance of Lease Liabilities	13,404	13,704
Addition during the year	1,737	1,886
Finance cost accrued during the year	940	943
Payment made during the year	(3,523)	(3,129)
Closing balance of lease liabilities	12,558	13,404

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

(₹ in Lakhs)

Particular	As at 31 st March, 2024	As at 31 st March, 2023
Depreciation charge for right of use asset	2,214	2,663
Interest expense (included in finance cost)	940	943
Total	3,154	3,606

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

(₹ in Lakhs)

Particular	As at 31 st March, 2024	As at 31 st March, 2023
Less than one year	2,977	3,370
One to five years	9,880	9,730
More than five years	2,522	3,327
Total	15,379	16,427

f) Rental expense recorded for leases of low-value assets and short term leases was ₹ 164 Lakhs for the year ended 31st March, 2024. (For the year ended 31st March, 2023 : ₹ 84 Lakhs)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

48 DISCLOSURES AS REQUIRED MASTER DIRECTION – RESERVE BANK OF INDIA (NON-BANKING FINANCIAL COMPANY – SCALE BASED REGULATION) DIRECTIONS, 2023

These disclosures are made pursuant to Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 (as amended) , to the extent applicable to the Company.

The Reserve Bank of India, vide its circular reference RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13th March, 2020 outlined the regulatory guidance in relation to Ind AS financial statements from FY 2019-20 onwards. This included guidance for computation of 'owned funds' , 'net owned funds' and 'regulatory capital'.

Accordingly, CRAR has been computed in accordance with these requirements read with the requirements of the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023.

48.01 Foreign Currency

The Company has entered into a foreign currency transaction during the year ended 31st March, 2024. The Company does not have any outstanding unhedged foreign currency exposure as at 31st March, 2024. The exposures are economically hedged.

48.02 Investments

(₹ in Lakhs)

Particular	As at 31 st March, 2024	As at 31 st March, 2023
(1) Value of investments		
(i) Gross value of investments		
(a) In India	75,378	68,229
(b) Outside India,	Nil	Nil
(ii) Provisions for depreciation		
(a) In India	250	167
(b) Outside India,	Nil	Nil
(iii) Net value of investments		
(a) In India	75,128	68,062
(b) Outside India,	Nil	Nil
(2) Movement of provisions held towards depreciation on investments		
(i) Opening balance	167	83
(ii) Add : Provisions made during the year	83	83
(iii) Less : Write-off/write-back of excess provisions during the year	-	-
(iv) Closing balance	250	167

48.03 Derivatives

a) Forward rate agreement/Interest rate swap

(₹ in Lakhs)

Particular	As at 31 st March, 2024	As at 31 st March, 2023
(i) The notional principal of swap agreements	16,457	30,040
(ii) Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	Nil	Nil
(iii) Collateral required by the NBFC upon entering into swaps	Nil	Nil
(iv) Concentration of credit risk arising from the swap	Nil	Nil
(v) The fair value of swap book	(112)	(482)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

48.03 Derivatives (Contd.)

b) Exchange traded interest rate (IR) derivatives

(₹ in Lakhs)

S. No.	Particulars	As at 31 st March, 2024	As at 31 st March, 2023
(i)	Notional principal amount of exchange traded IR derivatives undertaken during the year (instrument-wise)	Nil	Nil
(ii)	Notional principal amount of exchange traded IR derivatives outstanding	Nil	Nil
(iii)	Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	Nil	Nil
(iv)	Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	Nil	Nil

c) Qualitative disclosures

The Company uses forward exchange contracts to economically hedge its risks associated with currency risk arising from the foreign currency borrowings. These contracts are stated at fair value at each reporting date.

There is an economic relationship between the hedged item and the hedging instrument as the terms of the Forward contracts match that of the foreign currency borrowings (notional amount, interest payment dates, principal repayment date, etc.). The Company has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the Forward contracts are identical to the hedged risk components.

d) Quantitative Disclosures

(₹ in Lakhs)

Particular	As at 31 st March, 2024	As at 31 st March, 2023
(i) Derivatives (Notional Principal Amount)		
For Hedging *	16,457	30,040
(ii) Marked to Market Positions		
a) Assets (+)	Nil	Nil
b) Liability (-)	112	482
(iii) Credit Exposure	Nil	Nil
(iv) Unhedged Exposures	Nil	Nil

* The foreign currency exposure on foreign currency borrowings have been economically hedged through forward contracts.

48.04 Direct Assignment and Securitisation

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

(₹ in Lakhs)

Particular	As at 31 st March, 2024	As at 31 st March, 2023
No of SPVs sponsored by the applicable NBFC for securitisation transactions	-	-
Total amount of securitised assets as per books of the SPVs sponsored	-	-
Total Amount Outstanding	-	-
Total amount of exposure retained by the NBFC to comply with MRR as on date of balance sheet	-	-
a) Off balance sheet exposures		
First Loss	-	-
Others	-	-
b) On balance sheet exposure		
First Loss	-	-
Others	-	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

48.04 Direct Assignment and Securitisation (Contd.)

(₹ in Lakhs)

Particular	As at 31 st March, 2024	As at 31 st March, 2023
Amount of exposures to securitisation transactions other than MRR		
a) Off balance sheet exposures		
i) Exposure to own securitisation		
First Loss	-	-
Others	-	-
ii) Exposure to third party securitisation		
First Loss	-	-
Others	-	-
b) On balance sheet exposures		
iii) Exposure to own securitisation		
First Loss	-	-
Others	-	-
iv) Exposure to third party securitisation		
First Loss	-	-
Others	-	-

Part B - Details of Direct Assignment

Details of loans transferred / acquired during the year ended 31st March, 2024 under the RBI Master Direction RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22 on Transfer of Loan Exposures dated 24th September, 2021 are given below:

- (i) Details of non-performing assets (NPAs) transferred during the year is given below:

Particulars	Amount
No. of accounts	1
Aggregate principal outstanding of loans transferred	23,92,10,942
Weighted average residual tenor of the loans transferred (in months)	-
Net book value of loans transferred (at the time of transfer) *	11,96,05,471
Aggregate consideration	11,96,00,000
Additional consideration realised in respect of accounts transferred in earlier years	-

During the year provisions* of ₹ 1,268.34 Lakhs (Previous Year ₹ NIL) reversed to the profit and loss account on accounts of sale of NPA loans.

* includes principal outstanding and interest thereof

- (ii) The Company has not transferred any Special Mention Account (SMA).
(iii) Details of loans not in default transferred through Assignment are given below:

(₹ in Lakhs)

Particulars	Amount
Aggregate amount of Loan transferred (₹ In Lakhs)	1,63,917.30
Weighted average residual maturity (in months)	115
Weighted average holding period by originator (in months)	17
Retention of beneficial economic interest	5%/10%/20%/25%/40%
Coverage of tangible security coverage (in %)	60%
Rating-wise distribution of rated loans	NA

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

48.04 Direct Assignment and Securitisation (Contd.)

(iv) The Company has not acquired any loans through assignment.

(v) The Company has not acquired any stressed loan.

During the year ended 31st March, 2024, the Company has executed sixteen direct assignment transactions. The de-recognition criteria as per Ind AS 109 has been met in respect of all the direct assignment transactions. The management has evaluated the impact of all the direct assignment transactions de-recognised based on the future business plan, which is to hold these assets for collecting contractual cash flows or to sell.

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

As at 31st March, 2024

(₹ in Lakhs)

Particulars	1 to 7 days	8 to 14 days	15 to 30/31 days	Over 1 month & upto 2 months	Over 2 months & upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-	-	-
Advances	14,658	5,736	21,599	48,954	43,217	84,096	2,56,176	2,26,590	1,55,631	1,25,588	9,82,245
Investments	49,945	-	7,961	-	-	16,639	-	-	-	583	75,128
Borrowings (includes foreign currency borrowings)	15,932	19,777	38,038	10,331	46,060	68,238	1,18,075	3,48,983	1,24,747	31,279	8,21,460

As at 31st March, 2023

(₹ in Lakhs)

Particulars	1 to 7 days	8 to 14 days	15 to 30/31 days	Over 1 month & upto 2 months	Over 2 months & upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-	-	-
Advances	10,095	8,350	11,409	32,474	40,760	1,41,946	1,52,028	1,88,304	1,24,726	89,878	7,99,970
Investments	6,996	-	16,427	11,274	10,948	16,048	5,703	-	-	666	68,062
Borrowings	9,369	2,030	3,641	7,708	74,983	54,842	1,12,167	2,86,544	1,48,980	13,319	7,13,583

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

48.06 Capital to Risk Asset Ratio (CRAR)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
CRAR (%)	23.46	17.94
CRAR - Tier I Capital (%)	19.72	15.09
CRAR - Tier II Capital (%)	3.74	2.85
Amount of subordinated debts raised as Tier II capital	37,149	20,774

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

48.07 Details of non-performing accounts purchased/ sold

(a) Details of non-performing accounts purchased

(₹ in Lakhs)

Sr. No.	Particulars	As at 31 st March, 2024	As at 31 st March, 2023
(i)	No. of accounts purchased during the year	Nil	Nil
(ii)	Aggregate outstanding	Nil	Nil
(iii)	Of these, number of accounts restructured during the year	Nil	Nil
(iv)	Aggregate outstanding	Nil	Nil

(b) Details of non-performing accounts sold

Sr. No.	Particulars	As at 31 st March, 2024	As at 31 st March, 2023
(i)	No. of accounts sold during the year	1	Nil
(ii)	Aggregate outstanding*	23,92,10,942	NA
(iii)	Of these, number of accounts restructured during the year	Nil	Nil
(iv)	Aggregate outstanding	NA	NA

* Principal Outstanding

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

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

(₹ in Lakhs)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
I. 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. Exposure would also include non-fund based (NFB) limits.	4,38,439	3,33,576
(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	63,734	59,346
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures		
(a) Residential	-	-
(b) Commercial Real Estate	-	-
II. Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank and Housing Finance Companies	-	-
Total Exposure to Real Estate	5,02,173	3,92,923

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)**
48.08 Exposure to real estate sector, both direct and indirect & exposure to capital market (Contd.)
b) Exposure to Capital Market

(₹ in Lakhs)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
(i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt	Nil	Nil
(ii) advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	Nil	Nil
(iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	Nil	Nil
(iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances	Nil	Nil
(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stock brokers and market makers;	Nil	Nil
(vi) loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resource	Nil	Nil
(vii) bridge loans to companies against expected equity flows / issue	Nil	Nil
(viii) underwriting commitments taken up by the NBFCs in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	Nil	Nil
(ix) financing to stockbrokers for margin trading	Nil	Nil
(x) all exposures to Alternative Investment Funds: (i) Category I (ii) Category II (iii) Category III	Nil	Nil
Total exposure to Capital Market	Nil	Nil

48.09 Movement of credit impaired loans under Ind AS

(₹ in Lakhs)

Sr. No.	Particulars	As at 31 st March, 2024	As at 31 st March, 2023
(i)	Net impaired loss allowance to Net loans (%)	1.33%	1.59%
(ii)	Movement of credit impaired loans under Ind AS (Gross)		
	(a) Opening balance	16,450	12,858
	(b) Additions during the year	11,691	13,764
	(c) Reductions during the year	8,918	4,354
	(d) Written off	2,695	5,818
	(e) Closing balance	16,528	16,450
(iii)	Movement of Net impaired loans		
	(a) Opening balance	12,798	10,020
	(b) Additions during the year	9,233	8,627
	(c) Reductions during the year	7,746	2,923

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

48.09 Movement of credit impaired loans under Ind AS (Contd.)

(₹ in Lakhs)

Sr. No.	Particulars	As at 31 st March, 2024	As at 31 st March, 2023
	(d) Written off	1,085	2,926
	(e) Closing balance	13,200	12,798
(iv)	Movement of impairment loss allowance on credit impaired loans		
	(a) Opening balance	3,652	2,838
	(b) Additions during the year	2,458	5,137
	(c) Reductions during the year	1,172	1,431
	(d) Written off	1,610	2,892
	(e) Closing balance	3,328	3,652

48.10 Concentration of Loan, Exposure & Credit Impaired loans

(a) Concentration of Loan

(₹ in Lakhs)

Sr. No.	Particulars	As at 31 st March, 2024	As at 31 st March, 2023
(i)	Total advances to twenty largest borrowers	9,884	13,109
(ii)	Percentage of Twenty largest borrowers to Total advances	1.00%	1.62%

(b) Concentration of Exposure

(₹ in Lakhs)

Sr. No.	Particulars	As at 31 st March, 2024	As at 31 st March, 2023
(i)	Total exposure to twenty largest borrowers	9,884	13,171
(ii)	Percentage of exposure to twenty largest borrowers to Total Exposure	0.98%	1.61%

(c) Concentration of credit impaired

(₹ in Lakhs)

Sr. No.	Particulars	As at 31 st March, 2024	As at 31 st March, 2023
(i)	Total exposure of top four credit impaired accounts	3,452	5,472

(d) Sector wise distribution of credit impaired loss

(₹ in Lakhs)

Sectors	Total Exposure	Gross NPA	% of gross NPA to exposure in that sector
As at 31st March, 2024			
Agriculture and allied activities	0.00	0.00	0.00%
MSME	0.00	0.00	0.00%
Corporate borrowers	0.00	0.00	0.00%
Services	0.00	0.00	0.00%
Unsecured personal loans	0.00	0.00	0.00%
Auto Loans	0.00	0.00	0.00%
Other personal loans	0.00	0.00	0.00%
Others	9,93,792	16,528	1.66%

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)**
48.10 Concentration of Loan, Exposure & Credit Impaired loans (Contd.)

(₹ in Lakhs)

Sectors	Total Exposure	Gross NPA	% of gross NPA to exposure in that sector
As at 31st March, 2023			
Agriculture and allied activities	0.00	0.00	0.00%
MSME	0.00	0.00	0.00%
Corporate borrowers	0.00	0.00	0.00%
Services	0.00	0.00	0.00%
Unsecured personal loans	0.00	0.00	0.00%
Auto Loans	0.00	0.00	0.00%
Other personal loans	0.00	0.00	0.00%
Others	8,10,274	16,450	2.03%

(e) Intragroup Exposure

(₹ in Lakhs)

Sr. No.	Particulars	As at 31 st March, 2024	As at 31 st March, 2023
(i)	Total amount of intra-group exposures	-	-
(ii)	Total amount of top 20 intra-group exposures	-	-
(iii)	Percentage of intra-group exposures to total exposure of the NBFC on borrowers/customers	-	-

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

During the year ended 31st March, 2024 and year ended 31st March, 2023, the Company's credit exposure to single borrower and group borrowers were within the limits prescribed by the RBI.

48.12 Unsecured Advances

The Company has not taken any charge over the rights, licences, authorisation etc. against unsecured loan given to borrowers in the year ended 31st March, 2024 and year ended 31st March, 2023.

48.13 Fraud Reporting

The fraud detected and reported for the year ended 31st March, 2024 amounted to ₹ 321.84 Lakhs. (year ended 31st March, 2023 : ₹ 1,767.05 Lakhs)

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

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

48.15 Details of 'provision and contingencies'

(₹ in Lakhs)

Sr. No.	Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	For the year ended 31 st March, 2024	For the year ended 31 st March, 2023
1	Provision for depreciation on investment	83	83
2	Provision towards credit impaired loans	(324)	814
3	Provision towards income tax	7,687	5,846
4	Other provision and contingencies	-	-
5	Provision for standard loans (Stage 1 & 2)	826	(1,382)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

48.16 Draw down from reserves

The Company has not made any draw down from reserves during the year ended 31st March, 2024 (31st March, 2023 - Nil).

48.17 Disclosure of complaints

(I) Summary information on complaints received by the Company from customers and from the Office of Ombudsman:

Sr. No.	Particulars	For the year ended 31 st March, 2024	For the year ended 31 st March, 2023
Complaints from customers			
1	No. of complaints pending as at the beginning of the year	-	2
2	No. of complaints received during the year	37	6
3	No. of complaints disposed during the year	37	8
3.1	Of which, number of complaints rejected by the NBFC	11	3
4	No. of complaints pending as at the end of the year	-	-
Maintainable complaints from the Office of Ombudsman			
5	Number of maintainable complaints received by the NBFC from Office of Ombudsman	109	67
5.1	Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman	109	65
5.2	Of 5, number of complaints resolved through conciliation/mediation/ advisories issued by Office of Ombudsman	-	2
5.3	Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	-	-
6	Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

Note: Maintainable complaints refer to complaints on the grounds specifically mentioned in Integrated Ombudsman Scheme, 2021 (Previously The Ombudsman Scheme for Non-Banking Financial Companies, 2018) and covered within the ambit of the Scheme.

(II) Top five grounds of complaints received by the NBFCs from customers

For the year ended 31st March, 2024

Sr. No.	Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
	1	2	3	4	5	6
I	Issuance of Foreclosure Letter	-	12	500%	-	-
II	Release of Pledge Gold Ornaments	-	5	NA	-	-
III	Loan Recovery Related	-	4	100%	-	-
IV	Levy of Pre Payment Charges	-	3	NA	-	-
V	Gold Loan Auction Related	-	2	NA	-	-

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)**
48.17 Disclosure of complaints (Contd.)
For the year ended 31st March, 2023

Sr. No.	Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
	1	2	3	4	5	6
I	EMI recovery	-	2	100%	-	-
II	Issuance of Foreclosure Letter	-	2	100%	-	-
III	CIBIL Related	-	1	0%	-	-
IV	Rate of Interest Related	-	1	0%	-	-
V	Others	-	-	-	-	-

48.18 Registration obtained from Financial Sector Regulators

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

48.19 Ratings assigned by the credit rating agencies and migration of ratings during the year

Sr. No.	Particulars	Name of the Instrument	For the year ended 31 st March, 2024	For the year ended 31 st March, 2023	Ratings Migration
1	Long Term	Bank Lines	India Rating and Research Pvt. Ltd. (IND AA+ /Stable); CARE Ratings (CARE AA+ Stable)	India Rating and Research Pvt. Ltd. AA-/Stable); CARE Ratings (CARE AA Stable / CARE A1+)	Upgrade
2	Short Term	Bank Lines	CARE Ratings (CARE A1+)		-
3	Short Term	Commercial paper	CRISIL Ratings Limited (CRISIL A1+)	CRISIL Ratings Limited (CRISIL A1+)	-
4	Long Term	Non convertible debentures	CARE Ratings (CARE AA+/Stable)	CARE Ratings (CARE AA/Stable)	Upgrade
5	Long Term	Non convertible debentures	India Rating and Research Pvt. Ltd. (IND AA+/Stable)	India Rating and Research Pvt. Ltd. (IND AA-/Stable)	Upgrade
6	Long Term	Non convertible debentures	CRISIL Ratings Limited (CRISIL AA/ Positive)		-
7	Long Term	Non convertible debentures - Subordinated Debt	India Rating and Research Pvt. Ltd. (IND AA+/Stable)	India Rating and Research Pvt. Ltd. (IND AA-/Stable)	Upgrade
8	Long Term	Non convertible debentures - Subordinated Debt	CARE Ratings (CARE AA+/Stable)		-
9	Short Term	Commercial paper	ICRA Limited (ICRA A1+)	ICRA Ltd A1+	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

48.20 Amounts due to Investor Education and Protection Fund

There is no amount due to be credited to Investor Education and Protection Fund as at 31st March, 2024 (31st March, 2023 - Nil)

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

48.22 Penalties imposed by RBI and other regulators

	(₹ in Lakhs)	
Penalty imposed by	31 st March, 2024	31 st March, 2023
RBI	8.80	-
Goods and Service Tax (GST)	0.08	-
Provident Fund	2.36	-
BSE	1.53	-
Total	12.77	-

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

There are no overseas assets owned by the Company.

48.24 Breach of Covenant

The Company has Non-convertible Debentures listed on the debt segment of BSE. As a debt listed Company, pursuant to Regulation 52 of the Listing Regulations, the Company was required to publish quarterly financial results within 45 days from the completion of the quarter. Due to the IPO process, which culminated with a listing on the NSE/BSE on 30th November, 2023, the submission of the unaudited limited review results for the quarter and half year ended ended 30th September, 2023 got delayed and was submitted after the 45 days period stipulated by the Regulation 52 of the Listing Regulations subsequent to the results being approved by the Board of Directors at its board meeting held on 11th December, 2023.

The delayed filing of the unaudited limited review results for the quarter ended 30th September, 2023 had also led to delay in submission of quarterly financial information to its lenders attracting breach in non-financial covenant. Subsequently the matter stands closed and there is no material impact on the financial statements of the Company as on the reporting date.

48.25 DIVERGENCE IN ASSET CLASSIFICATION AND PROVISIONING - DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA (SCALE BASED REGULATION) RBI/2022-23/26 DOR.ACC.REC.NO.20 /21.04.018 /2022-23 DATED 19th April, 2022.

There are no additional Gross NPAs identified by RBI which exceeds 5 % of the reported Gross NPAs for the year ended 31st March, 2024. (31st March, 2023: Nil)

48.26 Dividend Declared

The Company has not declared any dividend for the year ended 31st March, 2024. (31st March, 2023: Nil)

48.27 Pledged Securities

The Company has not given any loans against pledged securities during the year ended 31st March, 2024. (31st March, 2023: Nil)

48.28 Disclosure pursuant to Reserve Bank of India notification DNBS.CC.PD.No.356/03.10.01/2013-14 dated 16th September, 2013 pertaining to gold loans

Details of Gold auction conducted

Particulars	For the year ended 31 st March, 2024	For the year ended 31 st March, 2023
No. of loan accounts	9,109	10,295
Principal Amount outstanding at the date of auction (₹ in Lakhs)	4,390	5,786
Interest Amount outstanding at the date of auction (₹ in Lakhs)	714	1,096
Total value fetched (₹ in Lakhs)	6,546	8,103

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.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)**
48.29 Schedule to the Balance Sheet of a non deposit taking Non-Banking Financial Company (as required in terms of Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023

(₹ in Lakhs)

Sr. No.	Particulars	As at 31 st March, 2024	As at 31 st March, 2023
	Liabilities side		
1	Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid*:		
	(a) Debentures		
	-Secured	30,192	40,459
	-Unsecured	47,559	25,967
	(other than falling within the meaning of public deposits)		
	(b) Deferred Credits	-	-
	(c) Term Loans	6,67,587	5,95,536
	(d) Inter-corporate loans and borrowing	-	-
	(e) Commercial Paper	-	20,664
	(f) Public Deposits	-	-
	(g) Other Loans (represents Working Capital Demand Loan, Cash credit, Bank Over draft and Liability component of Compound financial instrument)	76,121	30,957
	* There is no overdue		
2	Break-up of (1)(f) above (outstanding public deposit inclusive of interest accrued thereon but not paid		
	(a) In the form of unsecured debenture	-	-
	(b) In the form of partly secured debenture i.e. debenture where there is a shortfall in the value of security	-	-
	(c) Other public deposits	-	-
	Asset side		
3	Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :		
	(a) Secured	8,60,133	6,99,240
	(b) Unsecured	1,31,499	1,11,034
4	Break up of Leased Assets and stock on hire and other assets counting towards AFC activities		
	(i) Lease assets including lease rentals under sundry debtors		
	(a) Finance Lease	-	-
	(b) Operating Lease	-	-
	(ii) Stock on hire including hire charges under sundry debtors:		
	(a) Assets on hire	-	-
	(b) Repossessed Assets	-	-
	(iii) Other loans counting towards AFC activities		
	(a) Loans where assets have been repossessed	-	-
	(b) Loans other than (a) above	-	-
5	Break-up of Investments (net of provision for diminution in value)		
	Current Investments:		
1	Quoted		
	(i) Shares:		
	(a) Equity	-	-
	(b) Preference	-	-

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)**

48.29 Schedule to the Balance Sheet of a non deposit taking Non-Banking Financial Company (as required in terms of Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 (Contd.)

(₹ in Lakhs)

Sr. No.	Particulars	As at 31 st March, 2024	As at 31 st March, 2023
	(ii) Debentures and bonds	-	-
	(iii) Units of mutual funds	49,945	2,000
	(iv) Government Securities	24,600	65,396
	(v) Others	-	-
2	Unquoted		
	(i) Shares:		
	(a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and bonds	583	666
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others	-	-
	Long Term Investments:		
1	Quoted		
	(i) Shares:		
	(a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others	-	-
2	Unquoted		
	(i) Shares:		
	(a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others	-	-
6	Borrower group-wise classification of assets financed as in (3) and (4) above (amount net of provision)		
1	Related Parties		
	(a) Subsidiaries		
	(i) Secured	-	-
	(ii) Unsecured	-	-
	(b) Companies in the same group		
	(i) Secured	-	-
	(ii) Unsecured	-	-
	(c) Other related parties		
	(i) Secured	-	-
	(ii) Unsecured	-	-

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)**

48.29 Schedule to the Balance Sheet of a non deposit taking Non-Banking Financial Company (as required in terms of Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 (Contd.)

(₹ in Lakhs)

Sr. No.	Particulars	As at 31 st March, 2024	As at 31 st March, 2023
2	Other than related parties		
	(i) Secured	8,60,133	6,99,240
	(ii) Unsecured	1,31,499	1,11,034
	Total	9,91,632	8,10,274
7	Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):		
1	Related Parties		
	(a) Subsidiaries		
	(i) Market Value / Break up or fair value or NAV	-	-
	(ii) Book Value (Net of Provisions)	-	-
	(b) Companies in the same group		
	(i) Market Value / Break up or fair value or NAV	-	-
	(ii) Book Value (Net of Provisions)	-	-
	(c) Other related parties		
	(i) Market Value / Break up or fair value or NAV	-	-
	(ii) Book Value (Net of Provisions)	-	-
2	Other than related parties		
	(i) Market Value / Break up or fair value or NAV	-	-
	(ii) Book Value (Net of Provisions)	75,128	68,062
	Total	75,128	68,062
8	Other Information:		
	(i) Gross Non-Performing Assets		
	(a) Related parties	-	-
	(b) Other than related parties	16,528	16,450
	(ii) Net Non-Performing Assets		
	(a) Related parties	-	-
	(b) Other than related parties	13,200	12,798
	(iii) Assets acquired in satisfaction of debt	-	-

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)**

48.30 Disclosure in term of notification no. RBI/2019-20/170 DOR (NBFC).CC.PD.No. 109/22.10.106/2019-20

(A) Comparison between provisions required under Income Recognition, Asset Classification and Provisioning and impairment allowances made under Ind AS 109

Asset classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying amount as per Ind AS		Loss Allowances (Provision) as required under Ind AS 109		Net carrying amount		Provision required under IRACP norms		Difference between Ind AS 109 and IRACP norms	
		31 st March, 2024	31 st March, 2023	31 st March, 2024	31 st March, 2023	31 st March, 2024	31 st March, 2023	31 st March, 2024	31 st March, 2023	31 st March, 2024	31 st March, 2023
(1)	(2)	(3)	(4)	(4)	(6)	(5) = (3) - (4)	(8) = (4) - (6)	(6)	(10)	(7) = (4) - (6)	(12) = (6) - (10)
Performing Assets											
Standard	Stage 1	9,31,573	7,56,190	1,867	2,465	9,29,707	7,53,725	3,624	3,047	(1,758)	(582)
	Stage 2	34,545	30,547	4,100	4,176	30,444	26,371	923	1,478	3,178	2,698
Sub Total		9,66,118	7,86,737	5,967	6,640	9,60,151	7,80,096	4,547	4,525	1,420	2,116
Non Performing Assets (NPA)											
Sub Standard	Stage 3	9,092	11,588	1,690	1,882	7,402	9,706	838	1,181	852	701
	Stage 2*	9,056	7,088	69	14	8,987	7,074	817	709	(748)	(695)
	Stage 3	6,263	4,197	1,238	1,600	5,025	2,597	1,271	895	(33)	705
Doubtful (upto 1 year)											
Doubtful (1 - 3 year)	Stage 3	883	615	200	118	683	497	304	180	(104)	(62)
Doubtful (more than 3 year)	Stage 3	0	0	0	0	0	0	0	0	(0)	(0)
Sub-total for Doubtful		7,146	4,812	1,438	1,718	5,708	3,094	1,575	1,075	(137)	643
Loss	Stage 3	220	49	223	49	(3)	(0)	226	49	(3)	-
Sub-total for NPA		25,514	23,537	3,420	3,664	22,094	19,874	3,456	3,014	(36)	649
Total	Stage 1	9,31,573	7,56,190	1,867	2,465	9,29,707	7,53,725	3,624	3,047	(1,758)	(582)
	Stage 2	43,601	37,635	4,169	4,190	39,431	33,445	1,739	2,187	2,430	2,003
	Stage 3	16,458	16,449	3,351	3,649	13,107	12,800	2,639	2,305	712	1,344
	Total	9,91,632	8,10,274	9,387	10,304	9,82,245	7,99,970	8,002	7,539	1,384	2,765

* These represent gold loan accounts which have been classified as Stage 2 based on the Credit Risk policy and assessment of the Company which lays down the definition of 'default', the Company considers for it's staging analysis. Further, the Company has also considered Loan to Value (LTV) margin, empirical evidence of realisation from the liquidation of collateral and other information. These accounts are classifiable as Sub-standard under the extant regulatory provisions.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

48.30 Disclosure in term of notification no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 (Contd.)

(B) Disclosure in term of RBI notification no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13th March, 2020 relating to classification of gold loan accounts that are past due beyond 90 days but not treated/ classified as impaired (Stage 3) assets by virtue of the following:

- Gold loans are originated basis value of under-lying collateral rather than financial background of the borrower.
- The underlying collateral are highly liquid and as a consequence the credit impairment risk is primarily on account of insufficiency of margin/Loan to Value (LTV) if any.
- At the time of re-pledge/rollover of the gold loan facility, there is no concession granted/offered to the borrower by the Company and process followed is similar to that which would have been followed for any new borrower as there is a fresh-assessment of collateral (including additional margin/collateral brought-in by borrowers) and it is ensured that the collateral value is within the RBI prescribed LTV norms at origination.
- Past empirical evidence of realisation/recoveries from the liquidation of collateral i.e. immaterial/insignificant Loss Given Default (LGD) rates for the gold loan portfolio.

Particulars	Number of Accounts as at 31 st March, 2024	Total amount Outstanding as at 31 st March, 2024	Number of Accounts as at 31 st March, 2023	Total amount Outstanding as at 31 st March, 2023
		(in Lakhs)		(in Lakhs)
Accounts where 90 days rebuttal is done	3,886	4,692	2,653	3,289
Accounts linked to above	4,002	4,364	3,369	3,799
Total	7,888	9,056	6,022	7,088

48.31 Public Disclosures as mandated by LRM framework for NBFCs issued by the RBI on 4th November, 2019.

a) Funding Concentration based on significant counterparty

(₹ in Lakhs)

Sr. No.	Significant counterparty*	As at 31 st March, 2024	
		Amount	% of total liabilities
1	Federal Bank Ltd	1,04,059	11.72%
2	Indian Bank(Including Erst. Allahabad Bank)	77,798	8.76%
3	Canara Bank Ltd	77,694	8.75%
4	State Bank of India Ltd	68,403	7.71%
5	ICICI Bank Ltd	58,761	6.62%
6	Bank of Baroda Ltd	49,879	5.62%
7	SIDBI Ltd	49,076	5.53%
8	HDFC Bank Ltd	48,254	5.44%
9	Other Retailers	45,208	5.09%
10	IDBI Bank Ltd	40,682	4.58%
11	Indusind Bank Ltd	30,004	3.38%
12	Axis Bank Ltd	28,251	3.18%
13	HSBC Ltd	25,026	2.82%
14	Karnataka Bank Ltd	20,542	2.31%
15	Bank of Maharashtra Ltd	18,243	2.06%
16	Bajaj Finance Ltd	16,063	1.81%
17	Central Bank of India Ltd	11,714	1.32%
18	Bank of India Ltd	9,991	1.13%

*Significant counterparty has been defined as exposure greater than 1%

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

48.31 Public Disclosures as mandated by LRM framework for NBFCs issued by the RBI on 4th November, 2019. (Contd.)

b) Top 10 borrowings

(₹ in Lakhs)

Sr. No.	Significant counterparty	As at 31 st March, 2024	
		Amount	% of total Borrowing
1	Federal Bank Ltd	1,04,059	12.67%
2	Indian Bank(Including Erst. Allahabad Bank)	77,798	9.47%
3	Canara Bank Ltd	77,694	9.46%
4	State Bank of India Ltd	68,403	8.33%
5	ICICI Bank Ltd	58,761	7.15%
6	Bank of Baroda Ltd	49,879	6.07%
7	SIDBI Ltd	49,076	5.97%
8	HDFC Bank Ltd	48,254	5.87%
9	Other Retailers	45,208	5.50%
10	IDBI Bank Ltd	40,682	4.95%

c) Funding Concentration based on significant instrument/product

(₹ in Lakhs)

Sr. No.	Significant product	As at 31 st March, 2024	
		Amount	% of total liabilities
1	Term Loan- Secured	6,64,966	74.91%
2	NCD - Unsecured	47,559	5.36%
3	Commercial paper	-	0.00%
4	NCD - Secured	30,192	3.40%
5	Short Term working Capital	76,123	8.58%
6	Term Loan- Unsecured	2,621	0.30%

d) Stock Ratio

(₹ in Lakhs)

Sr. No	Particulars	As at 31 st March, 2024
		%
1	Commercial Paper as % of Total Liabilities	0.00%
2	Commercial Paper as % of Total Assets	0.00%
3	Other Short Term Liabilities as % of Total Liabilities	14.62%
4	Other Short Term Liabilities as % of Total Asset	11.65%

48.31 Public Disclosures as mandated by LRM framework for NBFCs issued by the RBI on 4th November, 2019.

a) Funding Concentration based on significant counterparty

(₹ in Lakhs)

Sr. No.	Significant counterparty*	As at 31 st March, 2023	
		Amount	% of total liabilities
1	Bank of Baroda Ltd	75,793	9.82%
2	Canara Bank Ltd	69,875	9.06%
3	Indian Bank(Including Erst. Allahabad Bank)	68,898	8.93%
4	Federal Bank Ltd	57,684	7.48%
5	SIDBI Ltd	54,662	7.08%
6	HDFC Bank Ltd	39,738	5.15%
7	Axis Bank Ltd	38,418	4.98%
8	ICICI BANK Ltd	29,888	3.87%
9	State Bank of India Ltd	29,117	3.77%
10	IDBI Ltd	28,723	3.72%
11	Karnataka Bank Ltd	28,591	3.71%

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)**
48.31 Public Disclosures as mandated by LRM framework for NBFCs issued by the RBI on 4th November, 2019. (Contd.)

(₹ in Lakhs)

Sr. No.	Significant counterparty*	As at 31 st March, 2023	
		Amount	% of total liabilities
12	Union bank of India Ltd	25,736	3.34%
13	Bank of Maharashtra Ltd	24,914	3.23%
14	Bajaj Finance Ltd	22,122	2.87%
15	Central Bank of India Ltd	15,719	2.04%
16	CITI Bank Ltd	15,004	1.94%
17	Indian Overseas Bank Ltd	14,423	1.87%
18	Bank of India Ltd	13,940	1.81%
19	DC (Corporate)	11,344	1.47%
20	Other Retailers	10,629	1.38%
21	KVB Bank Ltd	10,201	1.32%
22	DCB Bank Ltd	10,061	1.30%

*Significant counterparty has been defined as exposure greater than 1%

b) Top 10 borrowings

(₹ in Lakhs)

Sr. No.	Significant counterparty	As at 31 st March, 2023	
		Amount	% of total borrowings
1	Bank of Baroda Ltd	75,793	10.62%
2	Canara Bank Ltd	69,875	9.79%
3	Indian Bank(Including Erst. Allahabad Bank)	68,898	9.66%
4	Federal Bank Ltd	57,684	8.08%
5	SIDBI Ltd	54,662	7.66%
6	HDFC Bank Ltd	39,738	5.57%
7	Axis Bank Ltd	38,418	5.38%
8	ICICI BANK Ltd	29,888	4.19%
9	State Bank of India Ltd	29,117	4.08%
10	IDBI Ltd	28,723	4.03%

c) Funding Concentration based on significant instrument/product

(₹ in Lakhs)

Sr. No.	Significant product	As at 31 st March, 2023	
		Amount	% of total liabilities
1	Short Term working Capital	15,953	2.07%
2	Term Loan- Secured	6,08,038	78.81%
3	Term Loan- Unsecured	2,501	0.32%
4	Commercial paper	20,664	2.68%
5	NCD - Secured	40,459	5.24%
6	NCD - Unsecured	25,967	3.37%

d) Stock Ratio

(₹ in Lakhs)

Sr. No	Particulars	As at 31 st March, 2023
		%
1	Commercial Paper as % of Total Liabilities	2.68%
2	Commercial Paper as % of Total Assets	2.28%
3	Other Short Term Liabilities as % of Total Liabilities	7.84%
4	Other Short Term Liabilities as % of Total Asset	6.67%

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

69 Disclosure of restructured advances

Sr. No.	Type of restructuring		Under CDR Mechanism				Under SME Debt Restructuring Mechanism				Others				Total				
	Assets classification Details		Standard	Substandard	Doubtful	Loss	Total	Standard	Substandard	Doubtful	Loss	Total	Standard	Substandard	Doubtful	Loss	Total		
1	Restructured Accounts as on 1 st April, 2023 of the FY (opening figures)	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6	6	
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	360	360
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	71	71
2	Fresh restructuring during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Upgradations to restructured standard category during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Downgradations of restructured accounts during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Write-offs of restructured accounts during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Restructured Accounts as on 31 st March, 2024 (closing figures)	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

₹ in Lakhs

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)**
49.01 Disclosure in compliance with RBI circular 2020-21/17 DOR.No.BP.BC/4/21.04.048/2020-21

RBI vide its circular 2020-21/17 DOR.No.BP.BC/4/21.04.048/2020-21 dated 6th August, 2020 and vide circular DOR.STR.REC.12/21.04.048/2021-22 dated 5th May, 2021 has allowed a one-time restructuring of existing loans to MSMEs classified as 'standard' without any downgrade in the asset classification, subject to prescribed conditions

(₹ in Lakhs)

As at	No. of accounts restructured	Amount outstanding
31st March, 2024	12	907
31st March, 2023	71	3,026

49.02 Disclosure in compliance with RBI circular 2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21

(₹ in Lakhs)

Format-B**As at March 2024**

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year (A)	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half-year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year
Personal Loans	10,591	-	26	892	9,673
Corporate persons*	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	-	-	-	-	-

* As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

(₹ in Lakhs)

Format-B**As at March 2023**

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year (A)	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half-year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year
Personal Loans	13,516	-	128	311	13,077
Corporate persons*	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	-	-	-	-	-

* As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

50 During the year ended 31st March, 2024, based on assessment and approval of the Board, the Company has written off the loans and advances amounting to ₹ 4,603 Lakhs. (March 2023 - ₹ 5,813 Lakhs.)

51 LCR DISCLOSURE

(₹ in Lakhs)

Particulars	As at 31 st March, 2024		As at 31 st December, 2023		As at 30 th September, 2023		As at 30 th June, 2023		As at 31 st March, 2023	
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Asset										
1 Total High Quality Liquid Assets (HQLA)	32,044	32,044	30,204	30,204	33,796	33,796	27,433	27,433	27,258	27,258
Cash Outflows										
2 Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-	-	-
3 Unsecured wholesale funding	-	-	-	-	-	-	-	-	-	-
4 Secured wholesale funding	43,828	50,402	42,407	48,768	51,688	59,440	57,882	66,564	36,830	42,355
5 Additional requirements, of which	-	-	-	-	-	-	-	-	-	-
(i) Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-	-	-
(ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-	-	-
(iii) Credit and liquidity facilities	14,814	17,037	10,047	11,554	4,388	5,046	5,460	6,279	7,911	9,098
6 Other contractual funding obligations	13,224	15,208	11,136	12,806	10,432	11,997	7,137	8,208	34,951	40,194
7 Any other contingent outflows	24,747	28,459	20,823	23,947	14,655	16,853	22,218	25,551	8,307	9,553
8 TOTAL CASH OUTFLOWS	96,613	1,11,106	84,413	97,076	81,163	93,337	92,698	1,06,603	87,999	1,01,200
8B 75% of (Weighted Cash Outflow)		83,330		72,807		70,003		79,952		75,900
Cash Inflows										
9 Secured lending	27,176	20,382	27,092	33,670	33,670	25,253	27,400	20,550	21,730	16,298
10 Inflows from fully performing exposures	-	-	-	-	-	-	-	-	-	-
11 Other cash inflows	1,59,723	1,19,792	1,16,361	87,271	45,967	34,476	94,839	71,129	1,30,073	97,555
12 TOTAL CASH INFLOWS	1,86,899	1,40,174	1,43,453	1,20,941	79,637	59,728	1,22,239	91,679	1,51,803	1,13,853
13 TOTAL HQLA		32,044		30,204		33,796		27,433		27,258
14 TOTAL NET CASH OUTFLOWS		27,777		24,269		33,610		26,651		25,300
15 LIQUIDITY COVERAGE RATIO (%)		115%		124%		101%		103%		108%
Components of High Quality Liquid Asset										
1 Cash and cash equivalents		8,013		5,808		4,065		2,941		6,336
2 Investment in Government securities		24,031		24,396		29,731		24,492		20,922

As part of the Liquidity Risk Management Framework for NBFCs, RBI has mandated maintenance of Liquidity Coverage Ratio (LCR) effective 1st December, 2020. The Company is required to maintain adequate unencumbered High Quality Liquid Asset (HQLA) to meet its liquidity needs for a 30 calendar-day time horizon under a significantly severe liquidity stress scenario. The objective of the LCR is to promote the short-term resilience of the liquidity risk profile. Presently, the Company is mandated to maintain a minimum LCR of 85%, effective 1st December, 2023, progressively reaching up to the required level of 100% by 1st December, 2024.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

51 LCR DISCLOSURE (Contd.)

The LCR is calculated by dividing the Company's stock of HQLA by its total net cash outflows over a 30-day stress period. "High Quality Liquid Assets (HQLA)" means liquid assets that can be readily sold or immediately converted into cash at little or no loss of value or used as collateral to obtain funds in a range of stress scenarios. Total Net cash outflows is defined as total expected cash outflows minus total expected cash inflows in the specified stress scenario for the subsequent 30 calendar days. The main drivers of LCR are adequate HQLAs and lower net cash outflow. Major source of borrowings for the Company are Term loans/ Working capital limits from Banks, Non-Convertible Debentures and Commercial papers.

Note: The above ratio is computed in line with RBI Guideline.

52 TRANSFER OF FINANCIAL ASSETS

The Company has transferred a pool of loans arising from financing activities through securitisation transaction. In this transaction, the Company has provided credit enhancements to the transferee. Because of the existence of credit enhancements in this transaction, the Company continues to have the obligation to pay to the transferee, limited to the extent of credit enhancement, even if it does not collect the equivalent amounts from the original asset and continues to retain significantly all risks and rewards associated with the receivables, and hence, such transfer does not meet the derecognition criteria resulting into the transfer not being recorded as sale. Consequently, the proceeds received from the transfer has been recorded as collateralised debt obligation.

The carrying amount of loans arising from financing activities along with the associated liabilities is as follows

(₹ in Lakhs)

Nature of Assets	As at 31 st March, 2024		As at 31 st March, 2023	
	Carrying amount of sold assets	Carrying amount of associated liabilities	Carrying amount of sold assets	Carrying amount of associated liabilities
Loans	-	-	-	-

53 CONTINGENT LIABILITIES (TO THE EXTENT NOT PROVIDED FOR)

(₹ in Lakhs)

Sr. No.	Particulars	As at 31 st March, 2024	As at 31 st March, 2023
a.	Claims against the company not acknowledged as debt		
1	Disputed Income Taxes ⁽¹⁾	103	46
2	Disputed Indirect Taxes ⁽²⁾	25	-
3	Other Sums contingently liable for ⁽³⁾	43	23
b.	Guarantees excluding financial guarantees		
	Bank Guarantee to National Stock Exchange in connection with the IPO	793	-
	Total	964	69

- 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 ₹ 32.18 Lakhs, ₹ 9.29 Lakhs, ₹ 61.52 for AY 2011-12, AY 2017-18 and AY 2022-23, this has been challenged by the Company before the Commissioner of Income Tax (Appeals).
- The GST Officer has disallowed some of the GST input credit taken in GST return for non reconciliation of Input tax credit with GSTR 2B and incorrect demand raised for Input tax credit already reversed u/r 38 by the Company and accordingly raised a demand of ₹ 9.17 Lakhs and ₹ 15.47 Lakhs for FY 2017-18 for Delhi and Gujarat respectively, this has been challenged by the Company before the Appellate Authority.
- The Payment of Bonus Act, 1979 was amended with retrospective effect during financial year 2020-21, the estimated probable additional cost to the Company on account of this to the extent it pertains to the earlier financial years has not been considered a liability by placing reliance on Kerala High Court judgement which has stayed this matter and accordingly this is disclosed as contingent liability amounting ₹ 23 Lakhs.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

53 CONTINGENT LIABILITIES (TO THE EXTENT NOT PROVIDED FOR) (Contd.)

Stamp duty payable on the unattested deed of hypothecation in Mumbai, Maharashtra as per the Article 6(2) of Schedule I of the Maharashtra Stamp Act, 1958 being 0.3% of the amount agreed in the contract, subject to maximum of ₹ 20,00,000/- (Rupees Twenty Lakhs Only)

4. In Line with industry practice, the Company auctions gold kept as security by borrowers whose loans are in default. Certain customers of the Company have filed suits in consumer/civil courts for auctioning of their gold ornaments or for obtaining of stay order against auction of their pledged gold. The management does not expect any material liability from such suits.
5. Future cash outflows in respect of above are determinable only on receipt of judgements /decisions pending with various forums/authorities. It is not practicable for the Company to estimate the timings of the cashflows, if any, in respect of the above pending resolution of the respective proceedings. The Company does not expect any reimbursement in respect of the above contingent liabilities. The Company is of the opinion that above demands are not sustainable and expects to succeed in its appeals. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

54 CAPITAL AND OTHER COMMITMENTS

(₹ in Lakhs)

Sr. No.	Particulars	As at 31 st March, 2024	As at 31 st March, 2023
1	Estimated amount of contracts remaining to be executed on capital accounts not provided for (Net of advances)	431	205
2	Other Commitments towards partly disbursed loans	13,119	6,467

55 CAPITAL AND LCR

(₹ in Lakhs)

Sr. No.	Ratios	As at 31 st March, 2024			As at 31 st March, 2023	Variance	Reason for Variance (if above 25%)
		Numerator	Denominator	Ratio			
1	Capital to risk weighted asset ratio (CRAR)	2,45,358	10,45,682	23.46%	17.94%	30.79%	Increase on account of fresh capital raised through IPO process and infusion of new sub debt
2	Tier I CRAR	2,06,247	10,45,682	19.72%	15.09%	30.68%	Increase on account of fresh capital raised through IPO process
3	Tier II CRAR	39,111	10,45,682	3.74%	2.85%	31.01%	Increase on account of new sub debt raised.
4	Liquidity Coverage Ratio	32,044	27,777	115%	108%	7.08%	-

As at 31st March, 2023

Sr. No.	Ratios	Numerator	Denominator	Ratio
1	Capital to risk weighted asset ratio (CRAR)	1,46,031	8,14,016	17.94%
2	Tier I CRAR	1,22,793	8,14,016	15.09%
3	Tier II CRAR	23,238	8,14,016	2.85%
4	Liquidity Coverage Ratio	27,258	25,300	108%

Notes:

1. Capital Adequacy Ratio has been computed as per relevant RBI Guidelines. (CRAR = [Tier I Capital + Tier II capital]/Total Risk weighted Assets)
2. Liquidity Coverage Ratio has been computed as per relevant RBI Guidelines. (LCR = Total High Quality Liquid Assets/Total Net Cash Outflows)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

56 DISCLOSURE AS REQUIRED UNDER RULE 11(E) AND RULE 11(F) OF THE COMPANIES (AUDIT AND AUDITORS) RULES, 2014

1. No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in a party identified by or on behalf of the Company (Ultimate Beneficiaries).
2. The Company has not received any fund from any party(s) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
3. There is no dividend declared or paid during the period by the Company.

57 ADDITIONAL REGULATORY INFORMATION PURSUANT TO THE REQUIREMENT OF SCHEDULE III TO THE COMPANIES ACT 2013

- (i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- (ii) The Company has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current or previous year.
- (iii) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (iv) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
 - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- v) The Company has not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961
- (vi) The Company has borrowings from banks and financial institutions on the basis of security of current assets. The quarterly returns or statements of current assets filed by the Company with banks and financial institutions are in agreement with the books of accounts.
- (vii) The Company have not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (viii) The Company has complied with the number of layers prescribed under the Companies Act, 2013, to the extent applicable.
- (ix) The Company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.
- (x) Disclosure of transactions with the companies struck off under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956

S. No.	Name of Struck off Companies	Nature of transaction	Balance outstanding as on 31 st March, 2024 (in Lakhs)	Balance outstanding as on 31 st March, 2023 (in Lakhs)	Relationship with struck off Company
1	G J CONSTUCTION PRIVATE LIMITED	Payables	-	-	No
2	TRACE RECOVERY AGENCY PVT LTD	Payables	-	-	No

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

- 58** ₹ 0 Lakhs indicates values are lower than ₹ 0.5 Lakhs, where applicable
- 59** Between May-July 2022, the Company experienced an information security incident involving a ransomware and consequent isolation of impacted IT services. In response to this, the Management initiated comprehensive containment efforts to address the incident. Restoration of all impacted applications has been done and business is continuing as usual. The Company appointed an expert to investigate the nature, event and causes of data breach and remediation efforts recommended to enhance safeguards and avoid breaches are in progress of being implemented. The Company believes that data integrity is maintained and not compromised. There has been no litigations and claims relating to this cyber security incident till date.
- 60** During the previous year, the Company had filed the Draft Red Herring Prospectus dated 18th February, 2022, with SEBI, for the purpose of raising equity capital. However, due to various internal and external considerations the plan to issue equity shares to public was put on hold. Accordingly, the Company had expensed the following in the Statement of Profit and Loss in previous year.

(₹ in Lakhs)

Sr. No.	Particulars	As at 31 st March, 2024	As at 31 st March, 2023
1	Legal and professional fees	-	1,065
2	Auditors' remuneration (Refer note 33.1)	-	213
3	Rates and taxes	-	223
4	Insurance	-	14
5	Miscellaneous Expenses	-	22
	Total	-	1,537

- 61** The Company's equity shares have been listed on National Stock Exchange ("NSE") and on BSE Limited ("BSE") on 30th November, 2023 on account of completion of the Initial Public Offering ("IPO") consisting of fresh issue of 4,28,81,148 equity shares amounting to ₹ 60,000 Lakhs and through an offer for sale of 3,51,61,723 equity shares amounting to ₹ 49,226 Lakhs having equity shares of face value of ₹10 each at premium of ₹130 per share(including 3,36,087 employee quota equity share allocation at premium of ₹120 per share.) Share issue expenses of the Company's amounting to ₹ 2,020.55 Lakhs (net of tax) has been adjusted to securities premium. Refer note 24.2 (a) of the financial statements.

Detail of Utilisation of IPO Proceeds is as under:-

(₹ in Lakhs)

Item Head	Estimated Net Proceeds as per Prospectus	Revised Net Proceeds	Utilised Upto 31 st March, 2024	Unutilised as on 31 st March, 2024
For augmentation of Company's Tier – I capital base	57,391	57,405	56,546	859
Total	57,391	57,405	56,546	859

IPO proceeds which were unutilised as at 31st March, 2024 were temporarily retained/parked in the Monitoring Agency & Escrow Account

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
FRN: 101248W/W-100022

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

C. V. Ganesh
Chief Financial Officer

S. Rajaraman
Company Secretary
M.No.F3514

Ashwin Suvarna
Partner
Membership No. 109503

Anil Kothuri
MD & CEO
DIN:00177945

Balakrishnan Krishnamurthy
Non Executive Chairman
DIN:00034031

Gauri Rushabh Shah
Independent Director
DIN:06625227

Place: Mumbai
Date: 29th April, 2024

Place: Mumbai
Date: 29th April, 2024

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