



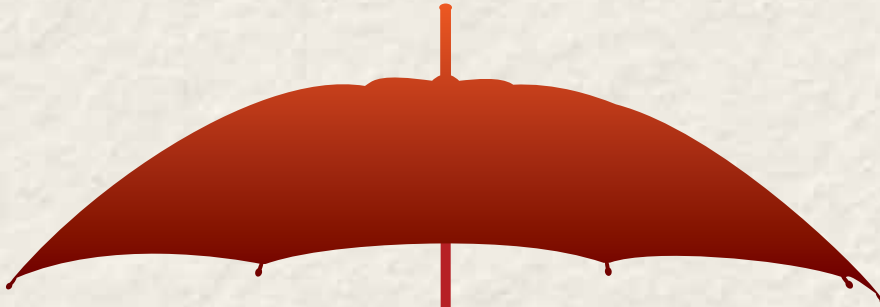
Rooted & Committed

FINCARE SMALL FINANCE BANK LIMITED

ANNUAL REPORT 2021-22

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UST as a tree is anchored and nourished by its roots, it takes an unwavering commitment and an interconnected system to support a community to thrive.

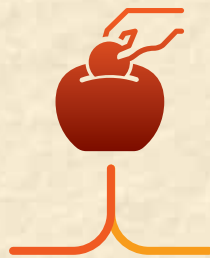
At Fincare Small Finance Bank, fortified with more than 15 years of experience, win-win relationships and a team of passionate and resilient people, we implement and activate innovative ideas that address the needs of the unserved communities. We continue to make financial inclusion the bedrock of our success. Staying rooted and committed to servicing the underbanked and unbanked Indians, we aim to nurture transformational change and bring about equitable growth at the grassroots.



Dear Friends

IT gives me immense pleasure to write to you as a participant in the fascinating story of Fincare Small Finance Bank.

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



The Big picture

At Fincare, we are committed to the twin-horse strategy of commercial success with social impact, and have come a long way in this journey. Five years into the start of the story as a bank, we have transformed into a true scheduled commercial bank. Our steadfast commitment to fuel the aspirations of millions of unbanked and underbanked households has remained the bedrock of this ship. Many headwinds came and passed, but none could halt the progress of this vision and it is continuing, strong!

The Covid fightback

In the backdrop of the second wave of Covid-19 at the start of the year, the country saw lockdowns, business restrictions and disruptions. However, there was a strong bounce back in the second half of the year. In the midst, the bank, its people and customers demonstrated a great deal of resilience. Once lockdowns halted, the bank quickly swung into action and had a steady improvement in all the key financial health metrics.

Good governance is good business

I am proud to share that we have a very diligent and engaged Board. The Board is composed of industry stalwarts and veterans with rich experience in banking, financial inclusion, rural economy and regulatory matters. The deliberations and discussions at the Board are free, frank and intended to constantly raise the bar in all endeavors of the Bank. The Board-Management interaction is regular, frequent and very constructive.

At the Bank, all compliance and governance items take the highest priority. It is our strong desire to be, one among the most respected banks in the country.

We are fortunate to have a world-class regulator and we take this opportunity to express our gratitude for their constant support and guidance.

Customers are the reason we exist

I am delighted to share that at the end of FY22 the bank had a customer base of 32 Lakh. We feel very proud to be the partner in progress of so many households. This growth is the outcome of Bank's efforts in building a formidable distribution network, comprising banking outlets, Business Correspondent (BC) points besides digital outreach leveraging Fincare 101, social media and other prospecting tools.





Our Driving Force

The tagline of the bank '*wish more get more*' speaks for what the bank seeks i.e. to inspire customers to seek more from the Bank and in turn the bank to go the extra mile to provide a delightful banking experience. In a competitive market, this is truly a quest for excellence. This quest is backed by a solid and steadfast workforce, trust of millions of customers, cutting edge technology and digital know-how and good governance practices. In short, it is about being rooted and committed.

The Digital Gene


Digital is the backbone of all that we do, both for customer experience as well as back-end operations of the Bank. Digital is the default mode of building products and processes at the Bank. And serving the unserved and underserved sections of society, the Bank takes responsibility for making banking accessible, available and anytime-anywhere banking a reality for millions.

The Sustainability Quotient

It is heartening to share that the Bank has embedded Environment Social and Governance (ESG) agenda in its operations. The Bank has adopted several initiatives towards building greater sustainability. Some of the notable projects include energy conservation, provision of occupational health and Safety environment to the employees, financial inclusion, and customer and employee satisfaction.

The Secret Sauce

It takes a lot to build a well-respected organization and the most important ingredient is its people. I believe we have a great, arguably the best team, at the Bank. Fincarians have demonstrated a great deal of perseverance and resilience in the face of an adversity. The Board would like to appreciate the management team for building a culture of respect and meritocracy at the bank.



The Great place to Work certification, second time in a row and being among the top 30 BFSI Companies is an endorsement of the best workplace practices put in place by the Bank.

At Fincare, we believe that success isn't just about accomplishment, but it's about what you inspire others to do!!

Fincare Small Finance Bank has inspired millions of households on having a greater chance at a life of dignity and self-respect and this could not have been possible without the support from all the stakeholders. Be it customers, people, investors, regulator, or community at large, the unwavering and continuous support from all quarters is heartening.

Together we have laid the foundation for something beautiful and together we shall build an enduring legacy.

Rooted & Committed.

Yours truly,

Pramod Kabra
Chairman, Fincare Small Finance Bank





Get ready! The best is yet to come!

RAJEEV YADAV
MANAGING DIRECTOR & CEO

Dear friends,

FINCARE Small Finance Bank has emerged as a best-in-class digital bank and has remained committed to the financial inclusion focus. The Bank has played a key role in bringing the underbanked and underserved sections within the mainstream of digital and financial literacy. The motto of being socially relevant has made a significant contribution to the betterment of society. The Bank's business mantra has always been commercial success with social impact, especially for those who have limited access to banking. And in this respect, the bank is on the right path.

The importance of Small Finance Banks such as Fincare, came to the fore as they became the supply line for credit to micro-entrepreneurs and micro-enterprises in the unorganized sector, leveraging their strong distribution network, high-technology-low-cost operations. Looking back at the journey from an NBFC to a Bank, the story is nothing short of a fairytale.

During FY22, the bank rolled out swift and cost-effective development of branch infrastructure without compromising on the quality aspect. 135 banking outlets were opened and operationalised during the year.

The initial days of FY22 saw us treading with caution due to the Delta scare. But as the economy opened and people aimed to break free from

the shackles of the pandemic the Bank witnessed a sharp resurgence in banking activities across customer segments and geographies.

Various initiatives and schemes brought us closer to our customers. The digital drive that the Bank intensified in FY22 helped in enhancing the connect with the customers. The regular communication enabled customers the ease of banking. The Bank has constantly focused on upgradation of its offerings by adding new features which further enriched the overall customer experience.

The Bank launched several digital products and services, such as digital current account opening, family account, photo debit card, 3-in-1 account (saving with trading and Demat account), express product (GST) for instant disbursement, micro-ATM to facilitate cash withdrawal, gold loan application for Business Correspondents (BC), to name a few. 99.6% of savings accounts and 98.4% of fixed deposits were opened digitally; a testimony to the bank's thrust on digital-first approach.

The Bank also launched Family Banking feature with which clients can club their accounts in a group so that the entire family can enjoy all the benefits while maintaining their accounts individually.

Tax-saver Fixed Deposit for HUF clients

THE digital drive that the Bank intensified in FY22 helped in enhancing the connect with the customers.

was already available to our retail individual customers since FY20. The Bank partnered with Motilal Oswal Financial services to offer 3-in-1 account to customers. Moreover, Fixed Deposit - Overdraft (FDOD) facility was introduced for Non-Resident (NR) clients.

The Bank tightened its **Risk Management Systems** with more robust rules and geo-tagging of all cash disbursal setups. This system helps in alerting customers well in time and minimizing fraudulent transactions.

The Bank partnered with ICICI Lombard General Insurance to offer 4-wheeler, 2-wheeler, cyber insurance, health and shopkeeper insurance. This is our second general insurance partnership; the first being with Go-Digit General. A plethora of financial protection services offered by the Bank gives it an edge in serving customers.

In these turbulent times, the Bank has seen steady and sustainable growth, thanks to having a full suite of products across credit, deposit, insurance and investment. This, along with a warm, personalized experience at the branches, robust risk management, adoption of new technologies has added to the positive brand image. All this was possible due to the relentless efforts of all Fincarians.

I wish to thank all the stakeholders at the bank.

Our assets are recording steady growth, deposits have taken a leap, the Bank has a healthy retail deposit mix and CASA ratio and remained well-capitalized. We have evolved into a smart banking entity where cost-and-process efficiency give us the edge.

Our mantra is to penetrate untapped markets, maximize reach and access to banking services across the country.
The sky is the limit now.

Our Board of Directors



Pramod Kabra
PART TIME CHAIRMAN &
NON-EXECUTIVE DIRECTOR



Rajeev Yadav
MANAGING DIRECTOR & CHIEF
EXECUTIVE OFFICER



Aarthi Shivanandh
INDEPENDENT DIRECTOR



Alok Prasad
INDEPENDENT DIRECTOR



Dhiraj Poddar
NOMINEE DIRECTOR
[w.e.f. 27th September, 2021]



Divya Sehgal
NOMINEE DIRECTOR
[w.e.f. 13th October, 2021]



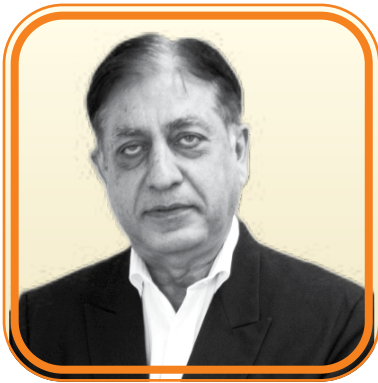
Nanda S Dave
INDEPENDENT DIRECTOR



Sameer Yogesh Nanavati
NOMINEE DIRECTOR



Sunil Satyapal Gulati
INDEPENDENT DIRECTOR



Varun Sabhlok
INDEPENDENT DIRECTOR
[up to 30th August, 2022]



Vinay Baijal
INDEPENDENT DIRECTOR



Our Leadership Team

BUSINESS



RURAL BANKING



Soham Shukla
Chief Operating Officer



Kishore Mangalvedhe
Chief Operating Officer
- South



Ravish Chandra
Chief Operating Officer
- West, Central



Virender Sharma
Chief Operating officer
- North & Alternate
channels

MORTGAGE



Deepabh Jain
Chief Operating Officer

LOAN AGAINST GOLD, SUSTAINABILITY & QUALITY



Mahender Chawla
Chief Operating Officer

BUSINESS BANKING



Jatinder Mohan Singh Shah
Chief Operating Officer

RETAIL BANKING



Ashish Misra
Chief Operating Officer



Ashish Chhabra
Chief Operating Officer
- North

Our Leadership Team

SUPPORT



CORPORATE



Keyur Doshi
Chief Financial Officer



M Sai Suryanarayana
Chief People Officer



Nilesh Sangoi
Chief Information Officer



Pankaj Gulati
Chief Marketing Officer &
Chief Operating Officer -
Corporate Services



Rakesh Das
Chief Credit Officer



Shreejith Menon
Chief Operating Officer
- Operations, Customer
Service & Facilities



Srinath S
Chief Technology Officer

CONTROL



Devika Praveen
Chief Compliance Officer



Manmohan Singh
Chief Risk Officer
[w.e.f. 1st July, 2022]



Shefaly Kothari
Head - Secretarial &
Corporate Legal



Subash V
Head Internal Audit &
Chief of Internal Vigilance

Our Bank

THE genesis of Fincare Small Finance Bank was the coming together of 2 NBFC Micro Finance Institutions, Future Financial Services and Disha Microfin. In May 2017, Disha Microfin received the final license from the RBI under section 22 of the Banking Regulation Act, 1949, to launch Banking operations.



The Bank commenced banking operations on 21st July 2017, with a vision to enable the financial inclusion of the unbanked and underbanked customer segments, including micro entrepreneurs and microenterprises and mass with the active participation of the affluent.

In the first quarter of FY20, Fincare Small Finance Bank was included in the Second Schedule of the Reserve Bank of India Act, 1934. By virtue of this, our Bank became a Scheduled Commercial Bank, a status that reflects the highest degree of trust and good governance.

Fincare Small Finance Bank has a suite of smart banking products comprising deposit, credit, wealth and protection solutions. The suite includes Saving Account, Current Account, Fixed Deposit, NRI Deposit, Recurring Deposit, 3-in-1 account, Micro Loan, Cash Overdraft, Loan against Gold, Loan against property, Institutional Finance and Two-wheeler Loan and a range of life, health and general insurance products.

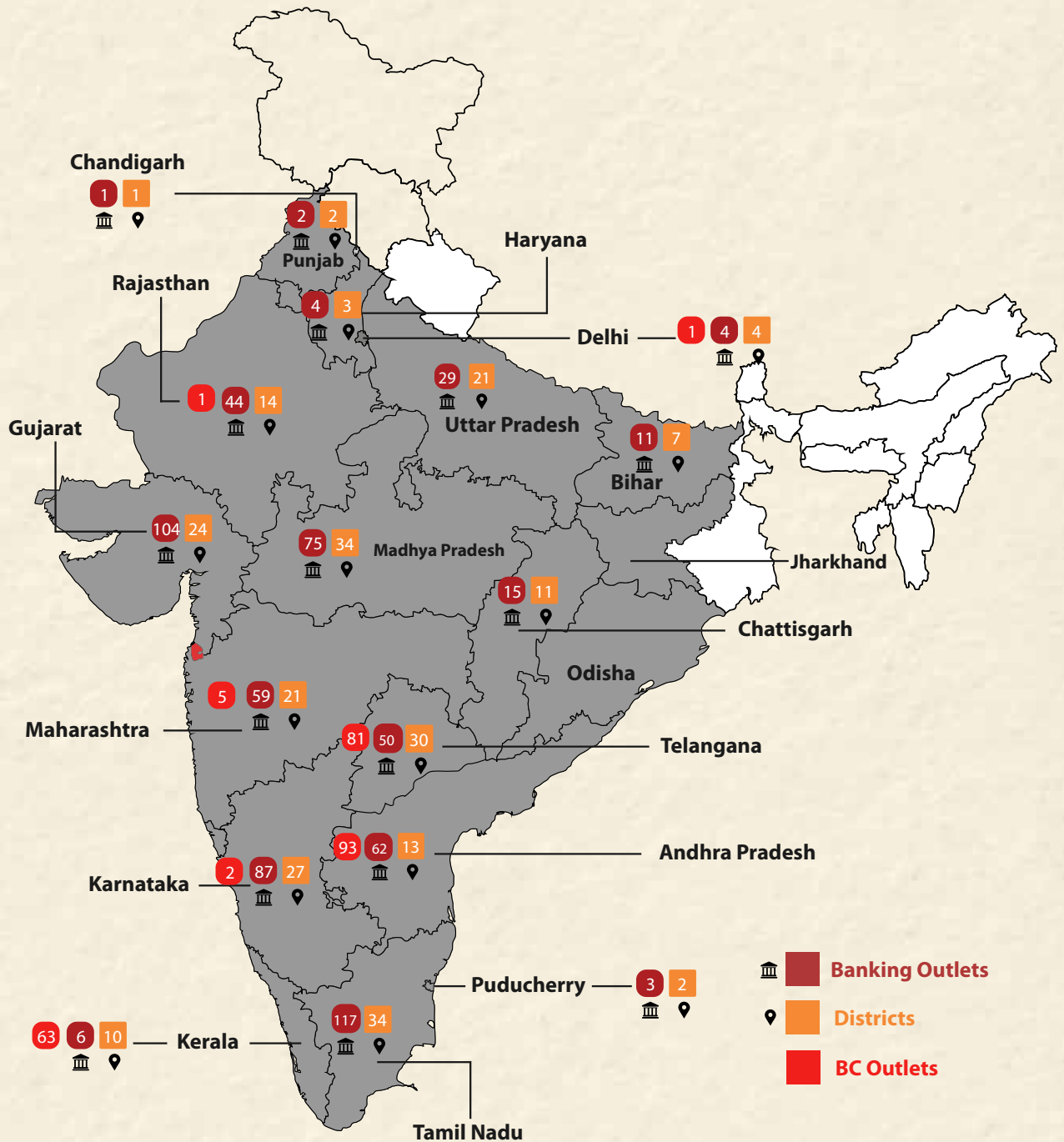
The Digital Outlook

Since inception, digital has been the operating paradigm, a force multiplier that enables us to aspire to become the best-in-class in the banking landscape in India. We recognize digital as the currency that is radically changing India's future and in particular banking. With 3D approach viz. Digital, Doorstep and delightful Deposit rates, we are confident of becoming a force to reckon and a 'Smart Bank of choice' for our target segments.

As of March 31, 2022, the Bank served 32+ Lakh customers in 17 States/UT with a workforce of 11,000+.

The Fincare Way, its guiding principles, are the key drivers of business excellence and include, Rurban approach, Think customer delight, Passionate about values, Win-Win partnerships, Compliance in letter and spirit, Deliver predictable results, Imagine the future & Technology led processes.

Our Presence



To facilitate financial inclusion of the unbanked and underbanked households in India with active participation of the more affluent customer segments



To build a best-in-class digital bank delivering value to all stakeholders



Our

2007

Future Financial Services Private Limited commences microfinance operations in Andhra Pradesh, Karnataka, and Tamil Nadu

2010

FFSPL and Disha Microfin receive funding from True North. (Formerly India Value Fund)

2017

RBI grants final license to Disha Microfin. Disha Microfin converts to, and commences operations as Fincare Small Finance Bank. Loan against Gold, Institutional Finance, Deposits and Payment businesses launched.

2009

Disha Microfin starts Microfinance Operations in Gujarat

2013

Microloans Business expands in south and west India. Loan Against Property business introduced

Milestones

2019

Crosses ₹3500 Crore of GLP and ₹2000 Crore of Deposits in 2019. Customer base crosses 15 Lakh Affordable housing loan Launched. Won Celent Model Bank Award for Financial Inclusion Initiatives.

2021

Development of technology framework for all the front end and backend processes. Introduced Community banking. Certified as Great Place to Work. Won IBA Technology Award for Cyber security & Risk Management Initiatives.

2018

Stabilization of Banking processes, people and technology - expansion of Branch footprints and launch of new products - Salary Account, NR Deposit, Insurance, Two-wheeler loan)

2020

Fincare Small Finance Bank included in the Second Schedule of the Reserve Bank of India Act, 1934. Won Economic Times BFSI Innovation Tribe Award for Best Digital Solutions. Won Financial Express Best Bank Award for Best SFB.

2022

32 Lakh+ customers. Video Banking Services launched. Footprint in new states. 919 Banking outlets. Won Celent Award for Audit process management

Imagine the Future



Technology Led Processes



Compliance in Letter & Spirit



Deliver Predictable Results



Think Customer Delight



Win-Win Partnerships



Passionate about Values








Rurban Approach



The Fincare way


The unwavering commitment to
how we do things...


Our Product Basket


01 Deposit products		
 <p>Saving Account</p>	7% <ul style="list-style-type: none"> Balance above ₹5 Lakh Instant Account Opening 	8,52,214 Customers added in FY22
	6% Balance between ₹1- ₹2 Crore	
	5.75% Balance between ₹2- ₹5 Crore	33,28,408 Account holders as on March 31, 2022
	Quarterly Interest	
 <p>Fincare 101 Account</p>	6% For balance up to ₹1 Lakh	1,48,718 Customers added in FY22
	7% <ul style="list-style-type: none"> Balance above ₹5 Lakh Instant Account Opening 	
	Quarterly Interest	4,91,302 Account holders as on March 31, 2022
 <p>Current Account</p>	24/7 <ul style="list-style-type: none"> Cash deposit anytime, anywhere at Fincare ATM Sweepin/out facility 	2,141 Customers added in FY22
	100 Free transactions across NEFT, RTGS & IMPS for premium variant	
	15 Free transactions per month for premium variant	5,180 Account holders as on March 31, 2022
 <p>Recurring Deposit</p>	₹500 Minimum Deposit	46,131 Customers added in FY22
	6-60 months Flexible Tenure	47,273 Account holders as on March 31, 2022
 <p>Retail Term Deposit</p>	₹5,000 - ₹2 Crore Minimum Deposit	21,550 Customers added in FY22
	Attractive Rate of interest	75,235 Account holders as on March 31, 2022

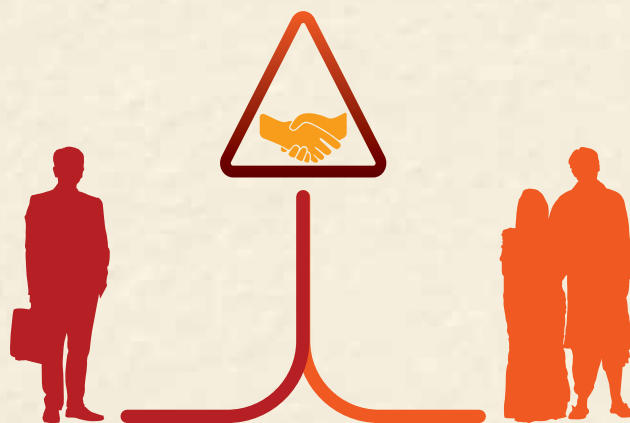
02

Loan products


 <p>Micro Loans</p>	Loan ticket size: ₹45,000 - ₹55,000	6,31,632 Customers added in FY22
	Tenure: 24 months	₹5,336.11 crore Disbursement in FY22
	Purpose: Income generation loan for women micro-entrepreneurs	₹5,767.48 crore Outstanding GLP as on March 31, 2022


 <p>Loan Against Property</p>	Loan ticket size: ₹1,50,000 - ₹50,00,000	4,176 Customers added in FY22
	Tenure: 36-120 months	₹384 crore Disbursement in FY22
	Purpose: Business loan for micro and small business owners	₹905 crore Outstanding GLP as on March 31, 2022

 <p>Loan Against Gold</p>	Loan ticket size: ₹10,000 - ₹40,00,000	9,508 Customers added in FY22
	Tenure: 3-9 months	₹752.16 crore Disbursement in FY22
	Purpose: Bridge loan for micro enterprises and self-employed	₹418.42 crore Outstanding GLP as on March 31, 2022





 <p>Institutional Finance</p>	Loan ticket size: ₹1- ₹ 20 Crore	2 Customers added in FY22
	Tenure: 3-36 months	₹20crore Disbursement in FY22
	Purpose: Loans to NBFCs for onward lending	₹27.32crore Outstanding GLP as on March 31, 2022

 <p>Affordable Housing Loan</p>	Loan ticket size: Upto ₹50 Lakh	2,820 Customers added in FY22
	Tenure: Upto 240 months	₹321.56crore Disbursement in FY22
	Purpose: Home Loan solutions for salaried and self-employed	₹386.84crore Outstanding GLP as on March 31, 2022



Micro Banking Outlet

Location: Taluka Headquarters
Customer segment: Primarily existing on Micro loans customers
Products and services: Microloans, Two-Wheeler loans and Loan Against Gold

90

Addition in FY22

386

Outlets as on March 31, 2022



Basic Banking Outlet

Location: District / Taluka Headquarters
Customer segment: Primarily existing and new-to-bank customers
Products and services: Microloans, Loan Against Property, Loan Against Gold, Two-Wheeler Loan, Saving Account, Current Account, Fixed Deposit, Recurring Deposit

31

Addition in FY22

193

Outlets as on March 31, 2022



Full Service Banking Outlet

Location: Tier I & Metro locations
Customer segment: Primarily new-to-bank customers
Products and services: Offer a full range of banking products and services and are equipped with cash recycler machines

4

Addition in FY22

94

Outlets as on March 31, 2022



Business Correspondent Outlets

Location: District / Taluka Headquarters
Customer segment: Primarily customers from low-income groups
Products and services: Similar to Micro and Basic outlets

13

Addition in FY22

236

Outlets as on March 31, 2022



Where We Stand

8,277



Gross Loan Portfolio
(₹ Crore)

6,456



Total Deposits
(₹ Crore)

6,857



Total Disbursement
(₹ Crore)

1,684



Total Income
(₹ Crore)

876



Net Interest Income
(₹ Crore)

9



Net Profit
(₹ Crore)

7.8%



Gross NPA
(%)

3.6%



Net NPA
(%)

60.0%



Cost-to-Income Ratio
(₹ Crore)

10%



Net Interest Margin
(%)

22.3%



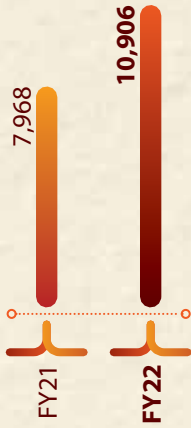
Capital Adequacy Ratio
(%)



As on March 31, 2022

Key Performance Indicators

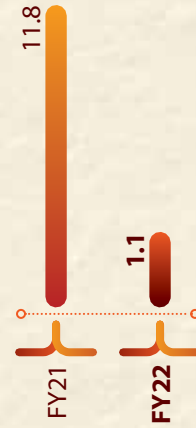
Balance Sheet
(₹ Crore)



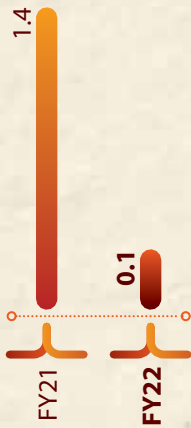
Networth
(₹ Crore)



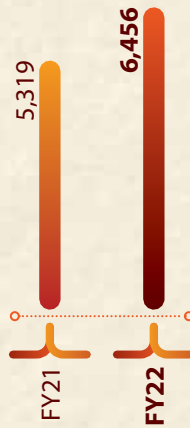
Return on Equity
(%)



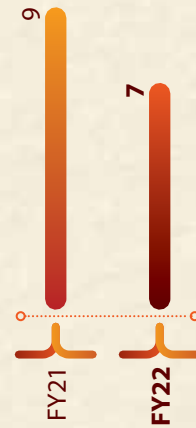
Return on Assets
(%)



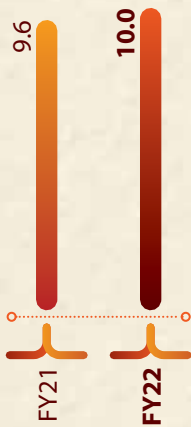
Total Deposits
(₹ Crore)



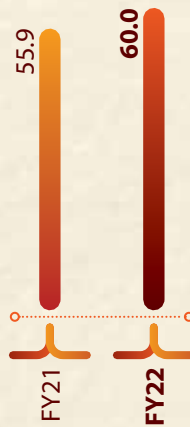
Cost of Funds
(%)



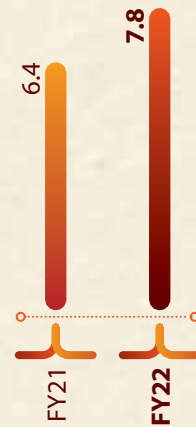
Net Interest Margin
(%)



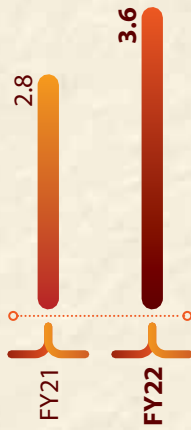
Cost-to-Income Ratio
(%)



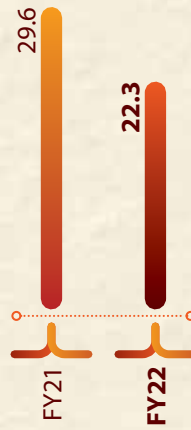
Gross NPA
(%)



Net NPA
(%)



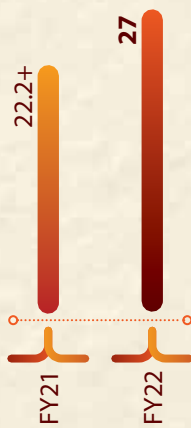
Capital Adequacy Ratio
(%)



Loan Assets under Management
(₹ Crore)



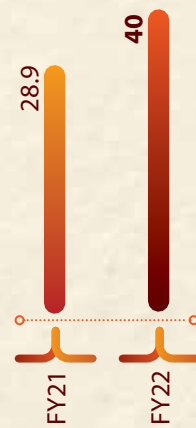
Active Loan Accounts
(No. in Lakh)



Total Disbursement
(₹ Crore)



Active Deposit Accounts
(No. in Lakh)



Our Achievements



Digital CX Award

Award Category: **WhatsApp Banking**



INDIA CSR - POSH

Award Category: **India CSR - POSH Initiatives of the Bank**



IFTA

Award Category: **Financial Inclusion - Technology Initiative**





Celent Award

Award Category: **Audit Process Management**



DOD Awards

Award Category: **Best Digital Innovation - LAP D LITE**



ET Best Brands - Certification

Award Category: **Mr. Pankaj Gulati – Best CMO**



BFSI Tech Inflection Awards and Summit - Alden Global & Nasscom

Award Category: **Financial Inclusion Technology**





Our
Business
Lines



01 Retail Banking

RETAIL banking is one of the best 'direct feedback' channels that often helps bank understand the pulse of customers. Committed to serving customers better, the Bank opened new avenues offering customers a plethora of add-ons to take their banking experience to a whole new level.

The Bank supplemented the banking suite with best-in-class banking services, by understanding the need of the hour and analyzing the feedback and queries received from customers.

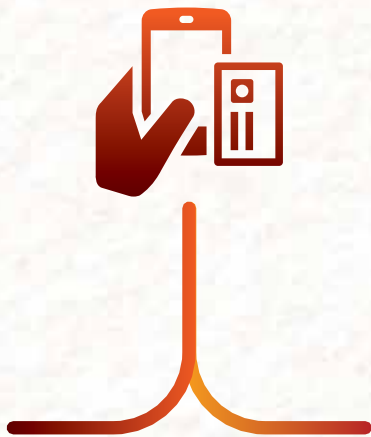
FY 22 highlights:

- Tax-saver FD for HUF clients, earlier available to retail individual customers
- Imperial Savings Account - An offering for premier clients with the promise of preferred customer service. The product is now one of the flagship savings accounts offering of the Bank
- Family Banking - with this feature, clients can club their accounts into a family group such that the entire family can enjoy the services and banking benefits while maintaining individual accounts
- FDOT facility for NR clients
- Bill-Pay Solution in Mobile Banking
- QR for merchants - Best in-industry QR experience with instant credit facility attached to a current account with the Bank
- Atom Tech partnership - To offer payment gateway solution to merchants with the Bank's current account. The Bank also offers POS solutions
- Motilal Oswal Financial services partnership - the bank started to offer 3-in-1 (Trading + Demat + Savings) account to customers
- ICICI Lombard General Insurance partnership - offering includes 2 & 4-wheeler insurance, cyber insurance, health insurance & shopkeeper insurance. This is the Banks second general insurance partnership after GoDigit
- Bharti AXA Life Insurance partnerships - This is the 3rd Life Insurance tie-up of the Bank, after Edelweiss Tokio Life Insurance & Kotak Life Insurance



02 Fincare 101

FINCARE 101 has become an important ingredient of the Fincare bouquet. Almost four years since its launch in 2018, the 101 Account has emerged as an ideal product suitable for customers seeking to cut the queue and hassle of leaving home to visit a physical branch for account opening and operations. Fincare 101 brings the bank to their fingertips.

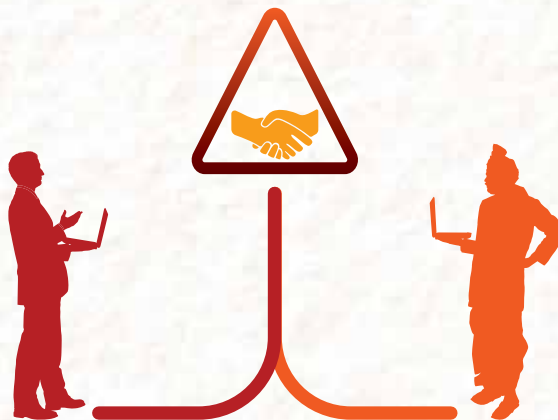


This product is tailor-made to suit tech-savvy customers. With Fincare 101, a customer can access the virtual account online, anytime and anywhere, within minutes and enjoy a host of benefits available to digital and self-servicing customers.

Fincare 101 account is of two types. The Zero Monthly Average Balance variant (101 First) with all benefits of a normal savings account and the ₹25,000 Monthly Average Balance variant (101 Priority) with offers, benefits, and free transactions. The bouquet of services is differentiated in terms of the convenience of opening standalone Fixed Deposits online while enjoying the market-leading deposit rates.

Till March 31, 2022, the total number of Fincare 101 account was 4.9 Lakhs. The new accounts were mostly sourced online through digital marketing campaigns on social media and search engines.

The flagship digital product has also paved the way for a more comprehensive digital banking suite in the years to come.



03 Rural Banking

THE Rural Banking unit of the Bank provides a financial inclusion to the marginalized section of the society that is largely overlooked by the organized sector.

Through this vertical, Bank aspires to give the under-served low-income families, primarily in tier 3 to tier 6 centers, an opportunity to live a better life and realize their aspirations.

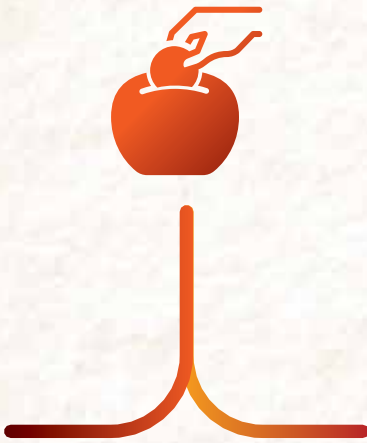
With its roots firmly entrenched in catering to base of the pyramid customers, Fincare Small Finance Bank has rich experience and expertise in this space. A significant portion of the Bank's loan portfolio comprises microloans to customers who lack access to the formal credit.

A powerful performance

The start of FY22 was challenging for urban India owing to the lockdown and its cascading effect. But Rural markets continued to show resilience, assisted by good harvest, government assistance for base of the pyramid customers. The fact that our clients are in essential services like - agri, dairy, farming etc, witnessed less disruption and hence the bank saw 20% growth in the fiscal year. The impact of the pandemic appeared to be diminishing with rural activities continuing unhindered.

The Bank entered 46 new districts within the existing states. It opened 120 microloan-focused outlets to widen its coverage.

The live customer base increased to ₹23.53 Lakh in FY22 from ₹20.46 Lakh in FY21. The Bank disbursed microloans amounting to ₹5,336 Crore in FY22, as against ₹3,610 Crore in FY21, clearly portraying the growth trajectory in a challenging year. The microloans portfolio registered a 20.39% growth in portfolio over the previous year. During the pandemic and Fincare team continued to connect with its customers to enhance their awareness on the health emergency, Covid-relevant protocols, & preventive measures.



04 Loan against Property

L OAN against property is a secured loan that is sanctioned keeping an asset as a mortgage with the lender. LAP assists in fulfilling the funds requirement of customers by providing higher ticket sizes at a lesser rate in comparison to a Personal or Business loan. The customer is also able to secure a loan for longer tenure once it is backed by an asset.



The product is designed to provide Term Loan, a combination of Term Loan and Overdraft as well as Balance Transfer loans, accepting both residential and commercial property. The loan is further accessible to multiple categories of customers such as self-employed professionals, small business owners, service professionals, proprietorship firms, partnership firms, private limited companies and of course, salaried individuals.

As the world was recovering from the post pandemic effects, people already started stepping back to their routine, yearning for normalcy and growth. With the scope and thrive of action available on ground, the bank committed to support entrepreneurs by providing a strong technology-based customer credit and evaluation solution that in-turn benefitted loan origination and on-boarding process, thereby making loans accessible and available to more customer segments and across more touch points.

In FY22, the Bank achieved total disbursement of ₹906.12 Crore. During this period, the customer base increased by 23% and the growth in the disbursement ratio was 90%.

Key highlights:

- Balance Transfer Product with Zero Processing Fee
- Connector Channel expansion and provision of loan in every geography of the Bank
- Smart credit program including Express GST, Express BT and Express top-up products committed to providing a quicker turnaround time
- Credit evaluation and solution system to ease the procedures and ensure quick sanction and disbursement
- Simple and easy-to-meet eligibility criteria with flexible repayment tenure upto 10 years



05 Affordable Housing loan

HOME ownership is an integral part of our nation's socio-economic policy and remains one of the key priorities for the government. This is even more relevant considering the trend towards rapid urbanization, nuclear families, and ever-evolving aspirations of Indian populace to climb up the socio-economic ladder. Affordable Housing Loan is an offering primarily for low-middle income households.



Business Model

The Bank has structured the business model in a way that it best fits both salaried and self-employed customer groups. Income and purchase history of home buyers were seen as the most important attributes to define the customer base.

The Bank offers affordable housing in multiple variants such as, Self-Construction, Home Purchase from Retail Builders or Sellers, extension or renovation of an existing house. The Bank has designed the customer journey in a more transparent way considering aspects such as turn-around-time, documentation and the service experience.

Growth

The Affordable Housing Loan is customized with ticket size up to ₹50 Lakh and tenure of up to 20 years. As of March 31, 2022, the AHL book stood at ₹386.84 Crore with steady growth through the months since April 2021. In FY22, the segment had an increase

of 307% in the customer base and 380% in disbursement volume.

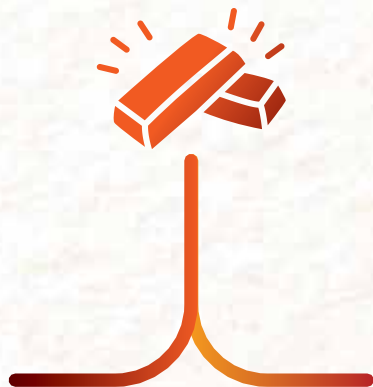
Growth Drivers

- In FY22, the Bank introduced an Express product to reduce turn-around-time
- The Bank adheres to automated pre-credit evaluation based on customized rules to ensure that the Bank's branches receive leads that are termed as eligible
- The unit built reasonable expertise in dealing with imperfect collateral while ensuring top-notch risk management practices
- A Connector channel was put in place to ensure that every market is educated about the offerings by the Bank and to create awareness among first-time Home Buyers about Pradhan Mantri Awas Yojana (PMAY) and its benefits
- The Bank strategically showed acceptance towards mixed-income and income-clubbing within the family for better loan eligibility



06 Loan against Gold

THE Loan against gold business is available at 365 active banking outlets spread across 16 states. Under the segment, loan ranging from ₹10,000 to ₹40,00,000 for tenure of 3, 6, 9 or 12 months for short-term liquidity requirements is given to microenterprises and self-employed individuals.



During FY22, the vertical recorded an overall growth of 18% over previous year. The bank disbursed over ₹790 Crore and the Gross Loan Assets at the end of the year was ₹418 Crore.

Streamlining Growth

The Bank focused on consistent build-up of AUM on a low asset-building product. The Bank maintained higher-than-industry growth rate in a challenging year, which was otherwise marred by high auctions. Also, the business was able to maintain the fund portfolio yield at ~ 17% and continued to operate with a high level of operational control in processes. The Bank also introduced the Agri Gold Loan in the last quarter of FY22 and added the Business Correspondent (BC) channel for sourcing. Besides, the robust collection follow-up mechanism established to control Non-Performing Assets (NPA) added to the portfolio growth. The Bank closed the year with an NPA of 1.5%.

A key differentiator

The Bank offers a highly competitive processing fee ranging between 0-1 percent. Moreover, nil gold appraisal charges and no hidden charges helped build a credible face of the Bank in the mind of the customer. Competitive interest rates helped the Bank win more clients while special offers such as one-time repayment of Principal and Interest at end of tenure gave Bank the edge.

Setting the Course

The product has opened an opportunity for cross-sell to the existing micro-loans consumers. It is based on an EMI model and combined with the convenience of doorstep collection model; it offers immense value for rural customers.

The Bank plans to expand its channels for sourcing and branch footprint to enhance its reach. For this, the Bank has built a state-of-the-art App to help business and operations scale at ease across multiple channels.



07 Institutional Finance

It is the constant endeavour of the bank to provide a full range of banking products and services and make them available even in locations where the bank does not have a direct presence. Towards this, the bank offers wholesale loans to institutional customers, for onward lending.



Such loans are given to entities operating in geographies or sectors with no overlap with the bank's existing markets. The target customers for this product line are Non-Banking Financial Companies (NBFCs), primarily those engaged in microfinance, vehicle finance and other asset finance. For the Bank, this line establishes the Bank's presence in the large and growing lending space in an efficient manner.

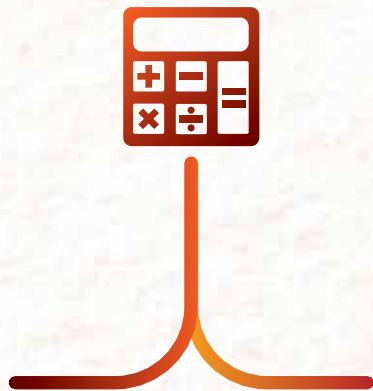
FY22 highlights:

The Bank closed FY22 with an IF Portfolio of ₹27.32 Crore. During the year, the Bank disbursed loans totaling ₹20 Crore. As of March 31, 2022, the Bank has six active NBFC partners operating in sectors spread across 24 states. All the loans are backed by hypothecation of receivables.



08 Payments

PAYMENT Channels have emerged as intrinsic facets of modern banking. These channels allow customers to execute seamless transfer of money instantly making the banking services more efficient and proficient. Here are the payment channels that the Bank has bank on in FY22:



AePS

Aadhar Enabled Payment Services (AePS) is Payment Channel, which allows consumers, who do not have a smartphone or debit card to perform basic banking transactions like cash withdrawal, fund transfer, balance enquiry through biometric authentication at mATMs.

BBPS

Bharat Bill Payment System (BBPS) is an existing bill aggregator and banks are envisaged to work as Operating Units to provide an interoperable bill payment system irrespective of which unit has on-boarded a particular biller. Payments may be made through the BBPS using cash, transfer cheques, and electronic modes. BBPS inward witnessed 26070 bill payments towards FSFB Loan Accounts worth ₹6.25 Crore. On the other hand, BBPS Outward had 29 payments towards other bill payment/Loan Accounts.

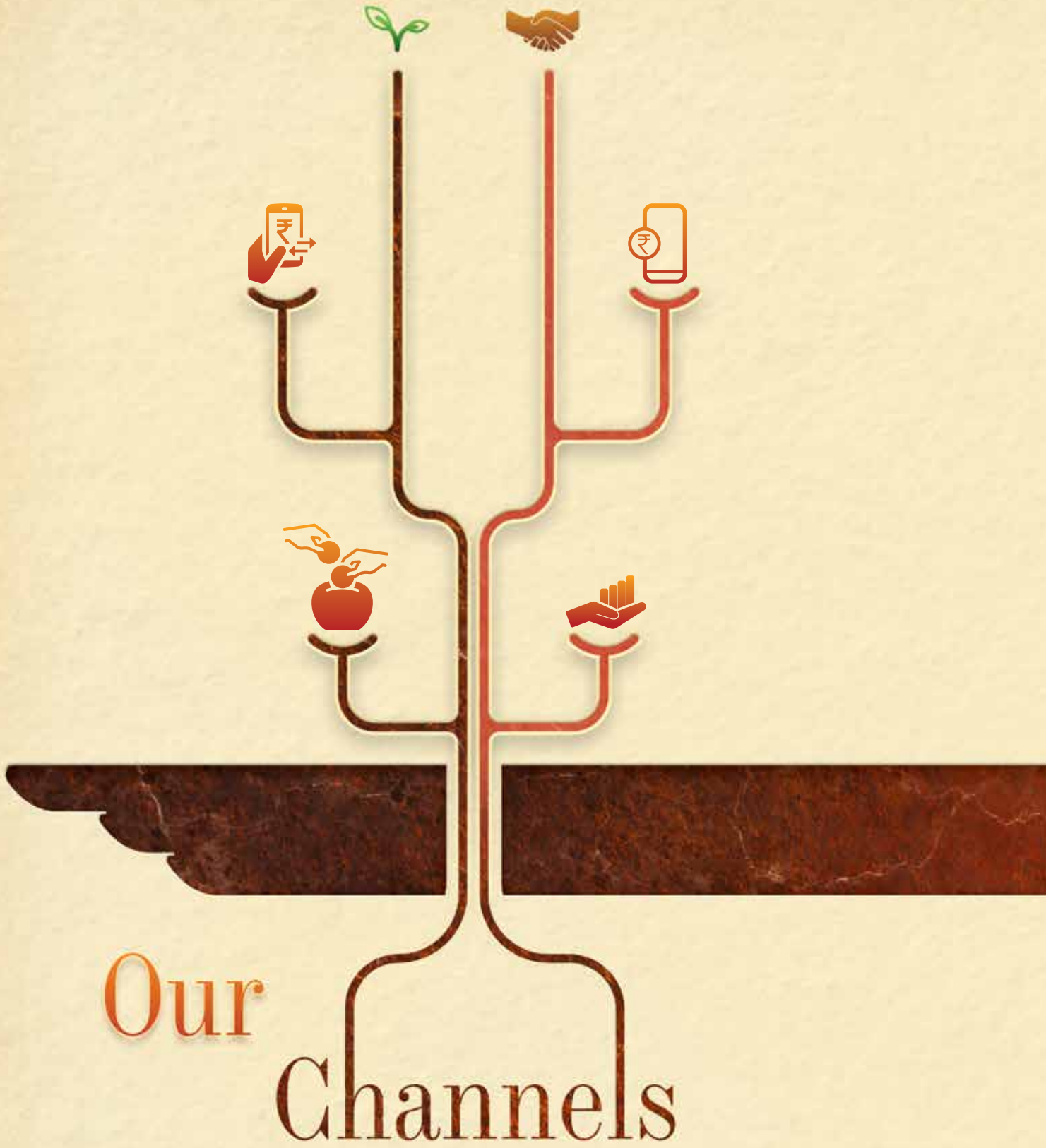
Micro ATMs

Micro ATMs services were introduced by the Bank during March 2022. It is a Channel that enables customers to withdraw cash from any branch without using ATM terminal. It is basically a POS kind of Machine, which is used to withdraw cash. The launch of this facility enhanced our customer service greatly.

UPI

Unified Payment Interface or better known as UPI is an instant real-time payment system that transfers money immediately via a mobile interface between two bank accounts. It is a concept that allows different bank accounts to join a single mobile app. The idea was established by India's National Payments Corporation and is under RBI and IBA (Indian Bank Association) supervision.





Our Channels



01 Digital Banking

DIGITALISATION has shrunk the outlets of the bank into the customer's mobile screen. Almost every banking service is now available at the fingertips. Millions of transactions happen in the invisible space making banking truly 'Smart'.

Over the years, Fincare Small Finance Bank has been at the forefront in adopting cutting edge digital initiatives and solutions. "Digital first" approach has become the default go-to-market strategy and for building products and processes at the Bank. Digital is also now in the DNA of all front-end and back-end operations of the Bank.

From a digital standpoint, the Bank has embraced the 3A philosophy - Automation, Analytics and Algorithms, which is rooted and committed to enhancing customer experience, people efficiency and process controls.

The Bank has built a strong in-house digital capability over the last few years with 100+ engineers, designers and product managers fully dedicated to the digital transformation.

This dedicated in-house team, focused on design, development, and maintenance of core digital applications, ensures that the Bank continues to remain best-in-class in a rapidly evolving banking technology landscape.

In FY22, the Bank continued to tread its digital journey by launching solutions that are not only designed to enhance customer convenience and delight, but also to digitally transform the internal operations such as audit and compliance. Customer-centricity has become the motto of the Bank.

The Bank introduced a number of digital products: current account, family account, photo debit card, 3-in-1 account (saving account with trading and Demat account), Audit management system, gold application for Banking Correspondents (BC), express products (GST) for instant disbursement, micro-ATM to facilitate withdrawals etc., to name a few.

Around 99.6% of savings accounts and 98.4% of fixed deposits were opened digitally, which is testimony of our digital-first approach.

To facilitate collections, the Bank introduced digital collection modes both on banking channels and for partners via BBPS. In FY22, 11% of overdue payments got collected via BBPS.

The key emphasis of the Bank's digital strategy is improved customer delight, increased efficiency, and reduced unit cost, by simplifying and transforming banking services. Digitisation and automation have significantly reduced the TAT and enhanced customer satisfaction.

The Bank's digital initiatives have been widely recognised by both domestic and international organisations. The Bank received several awards in FY22 as a testimony to it. Some of the prestigious ones include Celent - Model Risk Manager award, India Banking Reforms Conclave & BFSI Awards etc., to name a few.



Digital channels

1) Assisted channels: The Bank offers most of its retail products and services to customers at their doorstep and through the branch and BC network. The key assisted-banking applications are: Nano Banking (for branch and retail banking), D.Lite (for sourcing mortgage loans), Loan Against Gold (LAG) (for onboarding and servicing gold loan customers), mCare (for onboarding microloans customers), and mServe (for servicing microloans customers).



NanoBanking: This application is being used by 8,000+ users daily, across branches and BCs. During FY22, several enhancements were made to Current account (proprietorship), Family account, 3-in-1 account and assisted-banking operations such as cash operations. Integration with credit bureau for real time credit check has enabled the Bank to onboard customers. Such revamp helped reduce TAT from a few days to a few hours, resulting in enhanced customer satisfaction.

~5 Lakhs accounts opened in FY22

D.Lite: This tab-based loan origination solution for mortgages gained significant transactions during FY22 as number of applications processed increased with the launch of new products like express GST that provides instant credit. The services turnaround time reduced by 50% over FY21.

4687
LAP accounts opened
(Disbursed) during 01-
Apr-2021 to 31-Mar-2022

1712
LAP accounts disbursed
during the 01-Apr-2022
to 30-Jun-2022



Loan Against Gold: Designed to source and service LAG customers, this application was digitalised from lead generation to loan booking. In FY22, this application was rolled out to the BC network, to enable instant onboarding of the customers and disbursing the loan.

In FY22, 68,000 customers were onboarded and serviced via this application. A slew of enhancements were introduced to limit the risk exposure per customer and to reduce overall TAT.

mCare: It is an app exclusively created to help provide microloans to borrowers in rural India, which has significantly optimised TAT between customer onboarding and loan disbursement. The Algorithm-based Instant Credit Underwriting, the Maker-checker functionality for robust screening of loan application and robust authentication process enabled with e-Auth at the time of disbursement, all ensure quality of sourcing.

The customers are continuously updated on the process via SMS alerts. Mobile number update and documents in vernacular languages were among the features introduced to enhance convenience for the customers.

~15
Lakhs customers
onboarded in FY22

~6
Lakhs RDs
opened in FY22

OUR CHANNELS

mServe: This app compliments mCARE. While mCARE is an onboarding app, mSERVE is a collection application which comprises of offline and online modules to assist collection of installment for loan as well as a Recurring Deposit.

This comprehensive solution allows for accurate and real-time posting of collection to the Loan Management System (LMS) and e-receipts to customers. This application also assists field staff in evaluating center behaviour. In FY22, insurance claims settlement process was also automated.

~19,000
Crores INR loans serviced

2) Retail (customer facing) channels: The bank strengthened its position as a digital bank led by its focus on holistic banking services offering to its customers: Mobile Banking, Internet Banking, Fincare 101 and WhatsApp Banking.

Fincare 101: The application allows opening deposit account digitally and completing KYC using the Video KYC (VKYC) solution.

1.49
Lakhs Accounts opened in FY22

~44%
Increase in balances over FY21

~35%
Increase in user activity

Mobile Banking: The Bank added new features and products and revamped its fund transfer services and also launched a lite version for the rural customers. The key features include biometric authentication, integration with BBPS, option to avail overdraft against fixed deposit (ODFD). Using the app, customers can also apply for a virtual debit card, transfer funds and open a recurring deposit.

~500K
FD and RDs opened in FY22

4.1
Rating (out of 5) on Google play store, 5 Lakhs+ installs



Internet Banking: The Bank enhanced its Retail and Corporate Internet Banking applications, including ODFD, tax saver FDs, and enhanced security through adaptive authorisation.

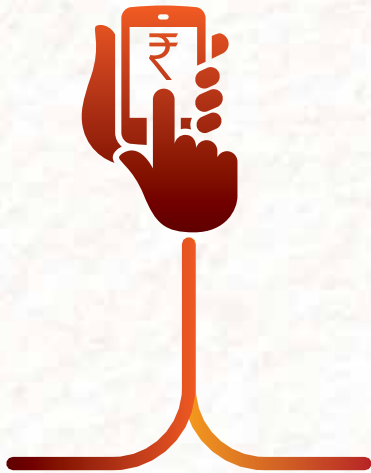
WhatsApp Banking: The Bank has been emphasising on building WhatsApp as an alternative banking channel due to its penetration and adoption.

In FY22, significant features such as a dedicated customer connect channel, payment collection for overdue accounts, tracking the status of deliverables etc. brought almost all banking services to the fingertips and reduced TAT. The Multilingual platform that offers services in English, Hindi and Hinglish is truly poised to become a leading banking channel in the days to come.

Audit management System: In Quarter 1 of 2021, the bank rolled out the Audit Management System, a mobile/tab and web-based solution to centralize, digitize and automate audit controls creation. The solution was completely developed in-house and is integrated with other bank applications which provide the bank's information like branches, employees, operations data, etc. The solution mimicked the traditional audit process but removed the subjectivity associated with the process, and centralized and digitized the process.

02 WhatsApp Banking

THE banking landscape is changing in this digital era. The growth of digital banking with the help of different applications, affordable devices and high-speed internet connections, along with fast and convenient, round the clock accessibility, has changed the paradigm of banking landscape in India.

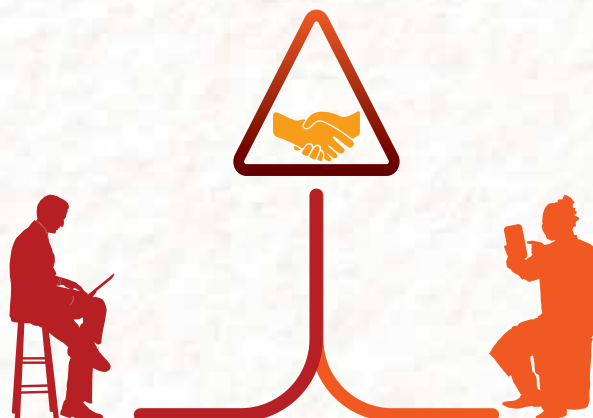


Leading the transition, Fincare Small Finance Bank offers multilingual conversational BOT in its WhatsApp Banking application; an industry-first initiative which has given a huge fillip to the efforts of the Bank to provide “banking with ease” feature to its customers.

The multi-lingual option is an added delight, which helps serve the diverse customer base, especially those in rural and semi-urban markets. Currently available in English and Hindi, Fincare aims to enable other languages like Gujarati, Tamil, Kannada and more, in near future.

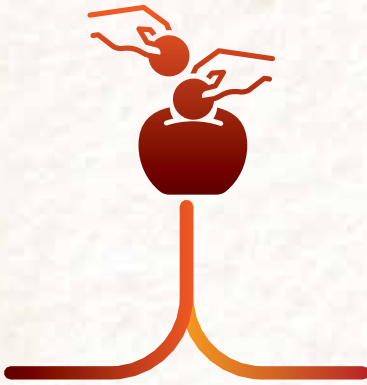
The feature permits transactions such as Know Customer ID, Balance enquiry, Mini Statement, Account Statement download, Cheque Status Enquiry, Stop cheque payment, Debit Card block request, Cheque book request etc.

Upto FY22, 44% of customer in retail segment and 45% of Fincare 101 customers has activated the WhatsApp banking facility.



03 Community Banking

THE Bank took the first step in introducing Community Banking to its core customer segment spread across rural centers. This new initiative promises customers a seamless banking experience right at the doorstep.



The community banking initiative champions the bank’s mission to promote financial inclusion, ensure easy access to financial services and strengthen its relationship with loan customers by becoming a provider of comprehensive banking services. Community Banking is about treating rural customers as a cohort having its unique financial cycles thus requiring bespoke services such as:

- Banking products like savings and loans, life, health and non-life insurance, old-age pension, and need-based investment solutions
- An effective digital banking service that is simple, safe, and secure
- Developing literacy and livelihood support for micro entrepreneurs, imparting knowledge of basic financial products, digital transactions as well as rights and responsibilities as a customer

This initiative is designed to minimize the need to travel long distances for availing banking services and replace it with a relationship-led neighborhood banking ecosystem.

How we stand out

The Bank serves 2.6 million rural customers across 49,000 villages, who have limited access to financial services and banking products. The Bank shall upgrade the relationship with these customers, who have existing JLG relationship, by becoming their holistic financial service provider. The Community Banking initiative shall focus on providing access to a full-suite of financial services, create digital awareness & confidence and impart financial literacy.

How Community Banking works Fincare Mitra

Who is a Fincare Mitra? A Mitra is one among the villagers who will serve as a Customer Service Point (CSP) offering the community with a wide range of banking services, in addition to being the face of the Bank to the local community.

Eligibility criteria for Fincare Mitra

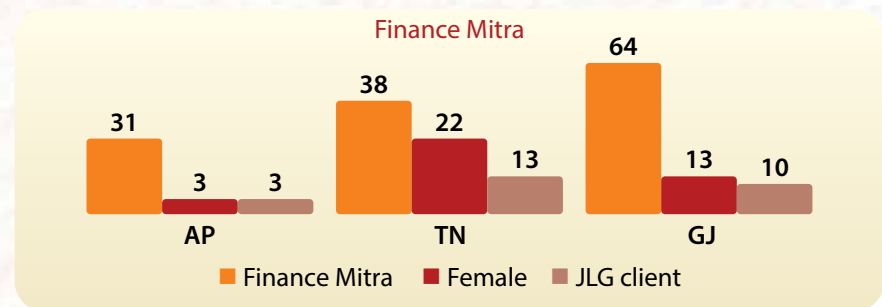
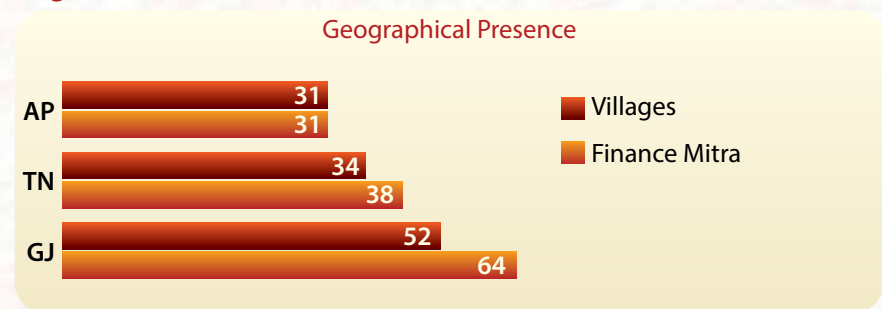
- Female or male
- Resident of the village/area where he/she is supposed to be appointed
- Minimum 10th or 10+2 pass
- Basic financial knowledge
- Financially sound with sufficient cash in- cash out balance
- Digitally savvy with ability to carry out transactions using mobile

Benefit

User-friendly and real-time banking services to customers within the neighborhood. Customers can avail the facility, get instant money any time using Cash Ops/AEPS/mATM services of the Fincare Mitra.

Community Banking has potential to change the way rural people do banking, the way they do transactions, the way they save money and where they save the money.

Progress in FY22



Glimpse of Community Banking Launch in **Andhra Pradesh**



Glimpse of Community Banking Launch in **Tamil Nadu**



Glimpse of Community Banking Launch in Gujarat

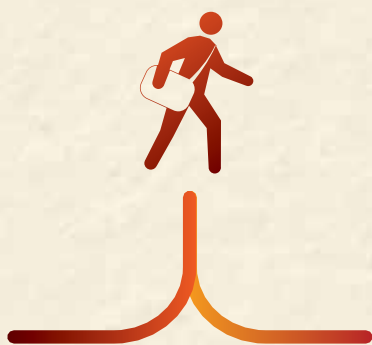


Glimpse of Financial Literacy by Fincare Mitra



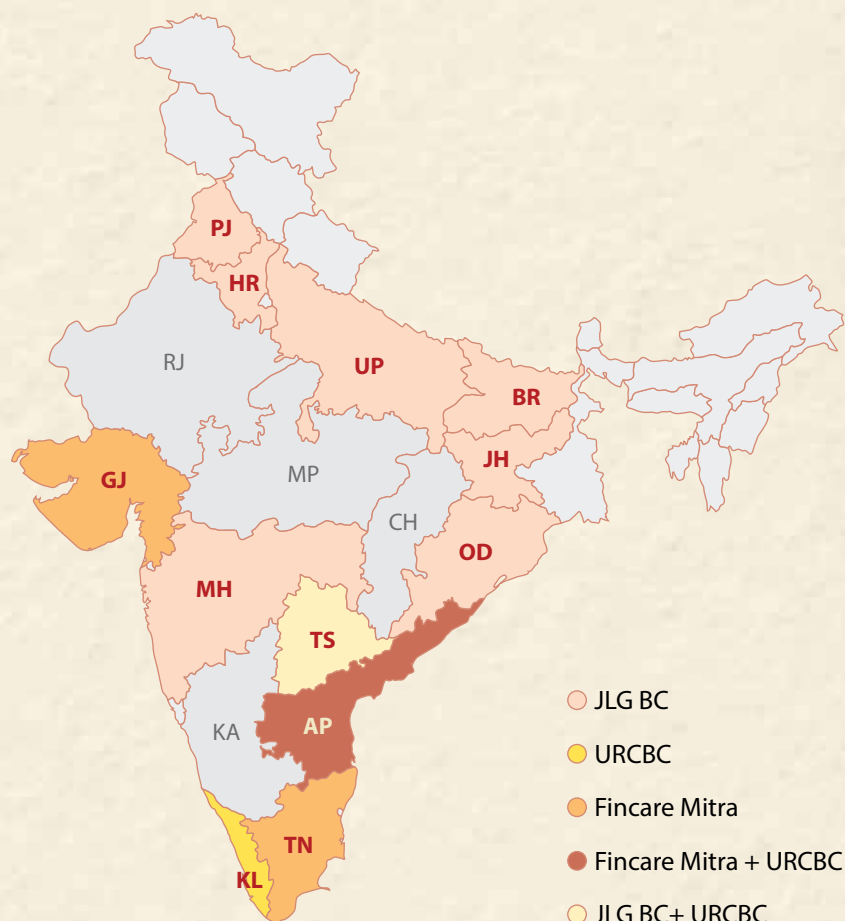
04 Business Correspondents

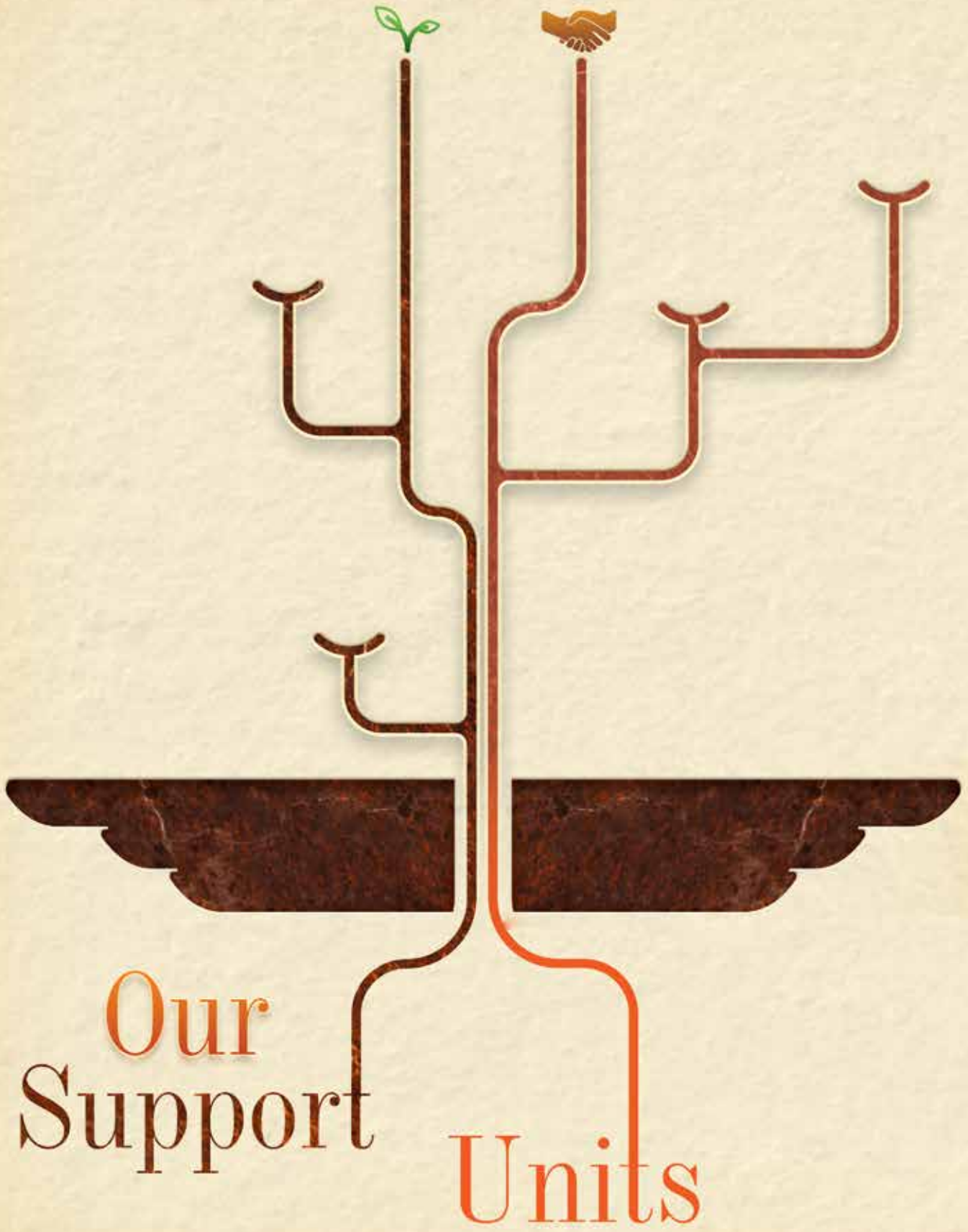
ROOTED and committed to align with the government's agenda of financial inclusion, the Bank took the Unbanked Rural Center - Business Correspondent (URC-BC) route to extend banking facilities to far flung pincodes in a cost-effective and efficient manner.



From establishing its presence through this channel initially in 2 States in FY19, currently the Bank has instituted a meaningful presence in 12 States and Union Territories. Through the Business correspondent channel, the Bank offers a wide array of products including savings account, current account with cash-in cash-out feature, Term Deposit and Loan against Gold.

In FY22, the BC channel was further expanded in Maharashtra. At present, the URC-BC channel is operational in Andhra Pradesh, Telangana, Kerala, with 236 BC outlets. 1.6 Lakh Microloan customers were added through the BC channel. In addition, during the year, around 100 training sessions were organized for URC-BC partners towards capacity building and capability enhancement.





Our
Support
Units

01 Branch Operations

THE Branch operations unit is committed to making services powerful and turning customer relations into an enduring relationship. Smooth branch operations yield healthy dividends in the long run. The unit is committed to integrating technology for end-to-end operations, automation of reporting to regulatory authorities and provides best in class customer service with highest levels of satisfaction. In FY22, a series of initiatives were taken by the unit to drive service excellence and governance.

The initiatives for **Gati & Pragati** outlets in FY22 included:

Self-audit and Virtual audit

- With volumes coming back, the rigor on supervisor review was increased. In addition to the personal visits of the supervisors, virtual audits were started to gauge the compliance level of the branches
- Branches were provided with near real-time insights about the parameters, where branch has scope of improvement. This has resulted in increasing number of branches getting a score of A+/A during the internal audits

Focus on resolution of Spurious Gold cases

- The branch ops took the challenge of resolving the spurious, below 18 ct cases in LAG as soon as the draft audit report gets published
- The objective was to reduce the financial loss of bank by ensuring recovery / closure of the loan within 3 days after its highlighted
- This has resulted in getting the major and minor errors rectified in timely manner and has kept the operational losses in this business to the minimum

CASA as cross-sell

The branch operations team focused on cross-sell efforts towards increasing Current and Saving account opening basis leads generated by the branch ops team.

Monday training by Supervisors for frontline staff

Every week, the Divisional Managers host meeting-cum-training with the branch team to discuss and educate them about the processes and gaps, if any. This has helped increase the knowledge levels at the branches.

Likewise, the initiatives at **Samruddhi** outlets included:

Customer Service

- The bank undertook mystery shopping exercise for all the Smaruddhi branches in the last quarter. This has given valuable insights to the bank and bank has initiated action on the improvement areas to make the service quality better at the branches
- Aadhaar desk reshuffled across all zones based on footfall and performance
- CRM tool extended to all outlets for enhancing customer support and reducing TAT. Branches now have a 360 degree view of their customers on their finger tips
- Processed more than 50 Lakh transactions across outlets

Operational Efficiency

- Aadhaar cash collection module in Nano Banking was made live to simplify the accounting and ensuring zero errors in posting of fee linked to Aadhaar updations
- Cash operations module enabled for all outlets
- The team adopted BYOD and enabled the account opening application on employee's mobile
- Tracking mechanism of First Time Right (FTR) for better customer service
- Gold Loan processing through Android mobile devices (BYOD) piloted in 43 Gati outlets
- All onsite ATMs are managed by Branch Operations unit leading to better controls and cost efficiency

Cross Sell

- Introduced Pay-for-self to track business contribution where every branch ops user has to achieve revenue equal to or more than his pay
- Generated ₹1069.58 Crore of business volume through cross sell (includes CASA, FD/RD, LAG & LAP/AHL)
- 100% employees met the pay-for-self criteria during the last 6 months

02 Central Processing

CENTRAL PROCESSING UNIT is the backbone of banking services. Smart and streamlined CPU service is involved directly in enhancing the efficiency of back end processes, which ultimately garners superior customer experience. In FY22, the Bank introduced some substantial changes in this unit that committed not only to enhance customer services but also adding adeptness to smarter working and removing bottlenecks in the processes.

The key initiatives in CPC in FY 22 include:



Assets

- Digitalisation of D-lite mortgage application with workflow management and various automations lowering the need for manual interventions
- Realisation of RPA benefits in daily trackers like CRR, Collection & Disbursement data and Welcome kit data
- Implementation of Smart Recon application for insurance on boarding database, GL/ Account reconciliations and death claim tracker
- Assisting Business in launch of new initiatives like Prime Minister Awas Yojana (PMAY), Emergency Credit Line Guarantee System (ECLGS), Business Banking and Alternate Channels



Payments

- 101 Auto closure - the closure of accounts opened online (101 product), which were inoperative or didn't fulfill the KYC conditions, was automated
- The bank went live on Bharat Bill Payment System (BBPS)
- Bulk Demand Draft (DD) printing process implemented
- Smart Recon implementation done for Payment products & Settlement General Ledgers (GL) automating the entire reconciliation and settlement process



Liability

- Pre-generated Kits (PGK) cheque leaves reduced from 10 to 5 in-lines with the consumption trend
- Deliverables management System (DLMS) rolled out to branches. This allows branches to track the status of customer deliverables that are couriered centrally including for PGK
- Current Account opening for Sole Proprietorship processing through Quality Control (QC) portal rolled out

CMS

Bank has gone live on Cash Management System and has entered into multiple tie-ups / partnerships to ensure timely burial, availability of cash at branches. This has helped reduce the dependency on local arrangements, reduced the float cost by significantly reducing the float maintained with other banks and helped make the process more robust.

Transaction volumes

- Total Number of NEFT transactions stood at 706950 in FY22
- Total Number of RTGS transactions stood at 79535 in FY22
- Total Number of IMPS transactions stood at 1919363 in FY22
- Total Number of UPI transactions stood at 35318684 in FY22
- Total Number of AEPS (Issuer + Acquirer) transactions stood at 638278 in FY22
- Total Number of ATM transactions stood at 8115760 in FY22
- Total Number of POS transactions stood at 832662 in FY22

03 Call Centre

CUSTOMERS drive business, which is why consistency of service is the key. Convenience is of paramount importance to customers, and this can only be executed with warm and meaningful service and through innovative solutions offered by a caring and purposive team.

Understanding customer expectations and responding through appropriate products and services has been the Bank's core strategy. The service team

of the Bank comprises of Branch operations, Central Operations and customer connect units, who are committed to delivering the highest

standards of service with speedy and comprehensive solutions to the customer's requirements.

The multi-channel platform that enables seamless services to a diverse and large customer base comprising tech-savvy urban customers and the rural and ultra-rural counterparts includes:

1. Contact Centre

The Bank has a toll free, multisite contact center available 24/7, supported by IVR in 8 languages viz. English, Hindi, Gujarati, Kannada, Tamil, Telugu, Malayalam & Marathi. The Center handles both in-bound and outbound calls. During FY22, the center handled 5.48 Lakh calls with 83% First call resolution rate. As part of the Customer Management process, the Bank runs a Net Promoter Score (NPS) survey with customers to analyze Customer satisfaction. During FY22, the Bank recorded an NPS score of 50%.

2. Chat

The Bank introduced a Chat option on its website and has seen a surge in usage of this platform. In FY22, total 38018 chats were received and 2011 needed to be addressed by Contact center executive..

3. Email

This serves as a useful platform for customers who opened their account through online channel. During the year Bank received 76,000 e-mails with average closure TAT being 2 days.

4. Customers Connect at banking outlet

The Bank runs MILAP program across all branches once in a month. During FY22, 5288 such meetings were conducted in

Gati and Pragati branches and 1062 in Samruddhi branches, in a combination of virtual and in-person mode. Except for the first quarter where the customer availability was reduced due to the pandemic, the bank has conducted MILAP meetings across all branches on monthly basis.

5. Video KYC

Video KYC was rolled out for all half-KYC Fincare 101 customers (accounts opened online by customers). During FY22, the Bank processed KYC of 32,179 customers via video KYC mode thereby strengthening the offering of the online product.

Robust Customer Service Mechanism

The Bank has a well-defined framework to monitor Key Customer Service Metrics. The customer Service Committee of the Board and the Standing Committee on Customer Service meet on regular intervals. These forums deliberate on issues faced by customers and the initiatives taken by the Bank for enhancing Customer service.

Championing Customer Rights

The Bank complies with Customer Rights Policy, which enshrines the basic rights of customers of the Bank. These rights include Right of fair treatment; Right to transparency; Fair and honest dealing; Right to suitability; Right to Privacy and Right to Grievance redressal and compensation.

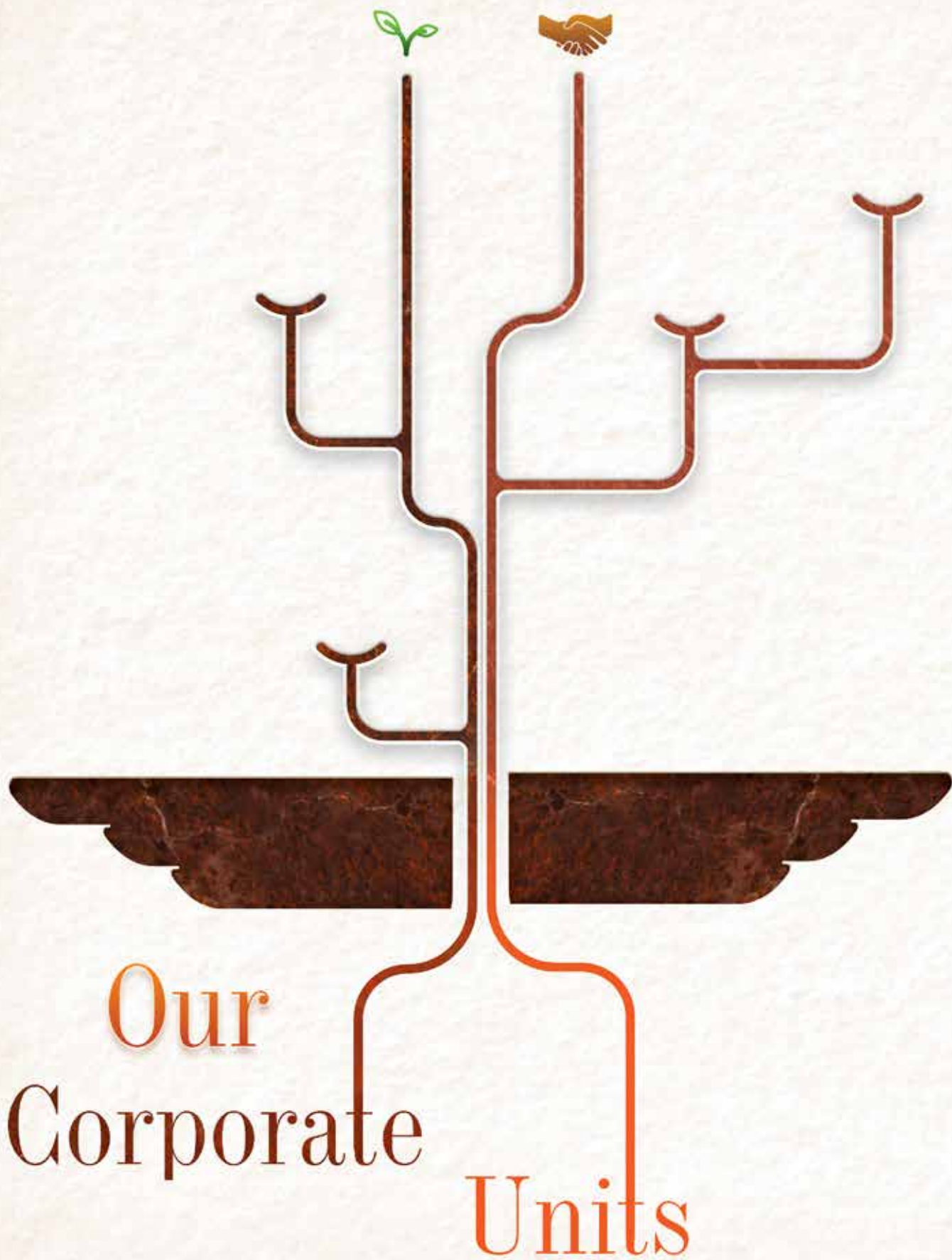
Grievance Redressal

The Bank seeks to treat its customers fairly and provide transparency in its product and service offerings. The Bank makes continuous efforts to educate its customers to enable them to make informed choices regarding banking products and services. The Bank also seeks to ensure that the products offered are based on an assessment of the customer's financial needs.

The Bank has a well-defined grievance redressal mechanism with clear turnaround times for providing resolution to customers. All complaints received by the Bank are recorded in a Customer Relationship Management system (CRM) and tracked for end-to-end resolution.

The Bank also has internal mechanism for escalation of complaints and ensures they are appropriately addressed within stipulated time.

Further, as recommended by Reserve Bank of India, the Bank has appointed a senior banker as the Internal Ombudsman. The Customer Service Committee of the Board, Standing committee on Customer service and the Branch Level Customer service Committee monitors customer service at different levels.



Our
Corporate
Units

01 Finance

FINANCE is a fundamental and major component for a successful working of the Bank and includes broad range of roles/jobs, within or outside the Bank.

Finance function ensures efficient financial management by ensuring adequate financial controls in areas of Regulatory Reporting, Statutory Audit,

Taxation, B/S and P&L management, Financial Planning & Analysis, Treasury, and Fund Raising - which are crucial to support all business activities.



The Bank has a well-defined Finance Function structure with dedicated team of professionals

During FY22, the Finance function ensured adherence to the finalization and timely submission of periodic financial and relevant MIS, all regulatory reporting, Statutory and Regulatory compliances specified by RBI, SEBI, and other Competent Authorities/Regulators with respect to Annual Statutory Audit and Limited Review and also filed an addendum to DRHP for the three months period ending June 30, 2021.

The Treasury fundraising unit completed PSLC (Priority sector lending certificate) transactions worth ₹2,800 Crore, generating PSLC income of ₹[56.5] Crore in FY22. As the country leaves the worst Covid-19 behind, normalcy is expected to return in interest rate markets.

As economic activities pick up pace, interest rates are also expected to inch up gradually and the excess liquidity overhang of the banking system to normalise. Expectations are high on restoration and revised pricing of credit & duration risk in fixed income markets, which in turn shall help in improving the interest income of the bank.

During FY22, the Bank completed all statutory remittances and periodical returns of Direct and Indirect Taxes and remained compliant. The Bank implemented the Digital Mode of Submission of Form 15G/H through Mobile /Internet banking which enhanced convenience for our customers and reduced the burden of visiting a branch.

Further, the Bank implemented the statement of financial transactions (SFT) compliance, a new directive of CBDT, to capture the related transactions in AIS (Annual information system). We are among the first Small Finance Banks in India to implement this feature in the core banking system. During the year the Bank contributed ₹25.22 Crore to the Ex-chequer in the form of GST revenue.

02 People

PEOPLE are our greatest asset. Their undying spirit amid the pandemic has shown that it takes a truly huge amount of passion and commitment to be a banker and make a positive impact on the lives of those who need our services the most, our customers.

The Bank is committed towards building a culture of empathy and inclusiveness by standing like a rock and safeguarding the people who often go beyond the call of duty. During the year, the Bank introduced several initiatives to support, monitor, engage, and empower its workforce and foster a culture of true care.



We-Care - The Fincare Way

The pandemic gave us a prudent perspective of our personal and professional lives. It taught us several things; most importantly how to value every small thing in life and to be grateful for what we already have.

Towards this, the narrative of cherishing, caring and nurturing was shared with colleagues on a regular basis through Advisory, Safety, Health and Wellness Guides. The 'We-Care' initiative of the Bank, executed for the last mile, a pledge to stand by and

support every staff member and their family was a testament of the bank's value system.

Daily health trackers, Covid Benefits including Special Leave & Allowances, calls by empaneled doctors, home delivery of medical equipment and material, are some examples of extraordinary CARE demonstrated by the Bank.





My Magical Moments

The initiative spelt 'You are important' and was designed to make every staff feel important on their Special Days such as birthday, child's birth, marriage and work anniversary. The year-round initiative helped foster the familial spirit across the organization.

THANK YOU Card

A 'Thank You' note is a simple yet powerful tool available with us. Not only does it boost the culture of appreciation but also works like glue, enhancing mutual respect and

collaboration. In difficult times, a word of gratitude makes a sea of difference in the morale of an individual. The Thank you card can be given to any colleague by any other as gratitude for help received. It's an on-the-spot recognition for making a difference - completion of task in timely manner, taking care of the quality of work done, making a process improvement, creating customer delight etc.



Welcome to the Fincare family

The Bank believes and follows the practice of 'Warmth and Belonging'. For every staff joining in Division Manager Band and above (top-500), a welcome mail is sent pan-bank to ensure that the new joiners introduced appropriately to all colleagues.

Likewise, for colleagues in rest of the bands, a band-wise combined mailer is shared pan-Bank. The Bank ensures that all new joiners receive a warm welcome and that they feel belonged to the Bank right from Day 1.



Step Up (Internal Movement)

Team member who aspires to build alternate career paths within the bank have the opportunity to do so. The Bank introduced a formal IJP policy (Step-Up) which enables colleagues to seek movement to roles as per their career aspiration.

All vacancies upto middle management (OFF-DM bands) are rolled out to internally before sourcing candidates from the market.





Rewards & Recognition

The programme is designed to felicitate staff, primarily in helping a customer or a colleague, demonstrating values of the Bank,

upholding the Bank’s image to the world, show courage in the face of adversity, especially the pandemic.

Number of staff who received an award in FY22:

Star Award	1913
CEO Award	15
Business RnR	1207
Extra Miler	95
Super Trooper	12
Wellness Champion	20



eNPS (Employee-Net Promoter Score)

This tool enables the Bank to gauge the satisfaction levels of colleagues throughout the year. It is a confidential survey and one of the key tools to assess happiness quotient.

The demographics collected by the exercise help HR to direct its efforts based on the needs of different segments/zones. In FY22 eNPS was 21.



03 Digital & IT

THE Bank's Information Technology (IT) mission and vision is committed to being the amalgamation of customer-centric operations propelling a unique and delightful customer experience which helps in achieving satisfaction and loyalty. The Bank continues to focus on accelerating the delivery through agile practices, end-to-end digitization, scalable solutions, inclusive culture, as well as secure and compliant systems in line with the regulatory requirements.

The Bank's technology department manages all banking applications through its talented team having strong domain capabilities in core banking, payments, and collections technology.

The Bank has prudently leveraged technology to balance its 'touch & tech' strategy, where the high touch enables it to nurture customer relationship and the right tech allows it to delight customers with accurate and efficient services.

Prudent technology solutions, pivoted around its customer segments, have allowed the Bank to emerge as a "Digital-first Bank" in its space. With the objective of being a "Smart Bank", the IT team has successfully implemented multiple IT solutions to improve business processes, strengthen IT infrastructure and its reliability.

The Bank is committed to providing uninterrupted services to its customers. During the Covid conundrum, the Bank proactively enabled work-from-home for all its staff and enabled necessary support to perform their duties. Over the years, the Bank has adopted Bring Your Own Device (BYOD) programme and enabled most of the Bank's services, which improved the employee productivity and reduced the turnaround time (TAT).

With the objective of simplifying banking, the Bank has taken various technology initiatives to deliver value through innovation. Some major adoptions include, application and architecture upgrade, advanced analytics with monitoring, and virtualised infrastructure. This enabled faster and efficient delivery of stable tech products, improve quality and resilience.

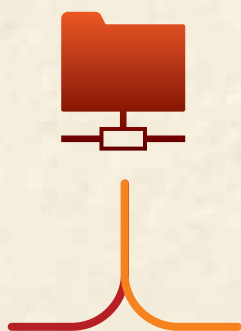
Meanwhile, the Bank also strengthened its infrastructure to maintain high performance and availability standards expected by the customers. The Bank has Cloud Based infrastructure with Amazon Web services (AWS) to increase the applications agility, speed and flexible scale.

The Bank continuously reinvents and reinvests in technologies including Application Programming Interface (API), mobility, Robotics Process Automation (RPA) and Business Intelligence (BI). It has adopted Open API solutions to deliver quicker solutions.

The Bank pursues a comprehensive cyber security programme based on industry best practices, which likely exceed regulatory guidelines. The Bank's cyber security framework is built and operated around the fundamentals viz. detect, fix, and prevent. The Bank has a 24x7 security operations monitoring centre.

1. IT Applications highlights

- The Bank strengthened its Core Banking System with additional features to meet the business and regulatory requirements well on time, including Family Account, NPA provisioning and penal interest automation etc.
- The Bank tightened its Fraud Risk Management System with more business, risk management rules and geo-tagged all its cash disbursement setups (ATM and micro ATM) to minimise online frauds. This helped in sharing alerts with customers well in time and minimising fraudulent online transactions
- In FY22, the Bank's UPI uptime stood at 99.7%, among the best in class
- The Bank implemented micro-ATM to facilitate cash withdrawal at places where the ATM network is inadequate
- The Bank revamped its Customer Relationship and Phone Banking systems with additional features. More than 55% of customer queries are being addressed through the phone banking system; the new features enabled staff to answer customer queries by 20% faster



- The Bank embraced Online Dispute Resolution system 2.0 from NPCI, which helped customers to lodge their queries and complaints online and get an instant response
- The Bank is at forefront to complete Tokenisation of cards, which secures the customers' sensitive data
- In compliance with regulatory requirement, the Bank completely masked the customers' sensitive information from all its databases
- To facilitate contactless payments, payment via QR code feature was rolled out to all current account and BC merchants of the bank

2. IT infrastructure highlights

- The Bank has continuously upgraded its core IT infrastructure at all corporate offices and Central Processing Centers with high availability to avoid single point failure. The Bank was able to maintain high availability of its IT infrastructure (close to 100%) even during the pandemic
- The Bank conducted Disaster Recovery drills periodically as per regulatory guidelines, covering all applications to ensure seamless operations and business continuity
- The Bank adopted a multi-vendor cloud infrastructure architecture to increase agility and achieve scalable solution
- The Bank revamped the Network & Security Operation Center. It has put in place real-time monitoring of these assets to prevent security incidents and infrastructure failures
- During the year the bank rolled following functionalities: (i) Audit Management System implementation; (ii) Niyrantran; (iii) BBPS; (iv) Connect App taking off to become a major contributor to mortgage business; (v) New Gold Loan app



3. Cyber security highlights

The Bank's Information Risk Department is responsible for adoption of newer and better cyber security practices on basis of emerging threats to effectively ensuring protection of the Bank's customer information and data privacy.

The Team periodically reviews new and existing infrastructure, applications, and endpoints stack basis

- (i) RBI Circulars, Advisories and Alerts
- (ii) Industry's best security practices such as CIS Benchmarks
- (iii) Recommendations by CERT-In, IB-CART along with other independent security threat sources to ensure a holistic and layered security.

- During the year, the Bank implemented various new tools and solutions to enhance its security. This includes implementation of (i) Data Classification and Discovery Solution; (ii) New Vulnerability

and Penetration Testing (VAPT) Solution; (iii) New Data Loss Prevention (DLP) solution; (iv) Advanced Threat Protection (ATP) at Email Gateway; (v) SPF, DKIM and DMARC for emails; (vi) Setting up 24x7 Security Operation Centre (SOC) team; (vii) Implementation of Layer 7 firewalls along others

- While new solutions have been implemented and existing solutions have been made more effective, the Bank continued to conduct extensive Information Security exercises such as continuous vulnerability scanning of infrastructure and applications, monthly configuration assessment of infrastructure and endpoints, daily monitoring of SIEM, antivirus, data leakage prevention, deception technology, web proxy, web application firewall alerts, quarterly configuration reviews of security solutions and access reviews



04 Marketing

‘WISH MORE, GET MORE’ the tagline of the bank inspires customers to seek more from the Bank and in turn the bank aspires to go the extra mile to provide a delightful banking experience. This tagline also conveys the Bank’s constant striving for being better every day.

The ethos is also reflected in the Bank’s journey thus far. From basic banking to an instant account proposition, from a financial inclusion player offering dignity to a provider

of modern, digital banking at the fingertips translating into delight, the Bank has continued its endeavour to be best-in-class.

In FY22, the Bank added (8.4 Lakh +) customers to its fold taking the count of active customers to (more than 35 Lakh). Customer centricity to central to handling this large and diverse customer base.

Improved Digital Engagement with Clients

The Marketing and Communication team developed a plethora of elements to connect with customers during the Covid-19 lockdown. Talking to customers to understand their financial challenges, creating awareness about cyber security and online transactions, helping navigate the crisis with confidence, the bank stood by its customers all through. As digital channels emerged to be the preferred means of banking, the Bank increased campaigns around digital literacy to enable effective usage of these channels effectively, all done through digital means.

Staff Connect

The Communication team continued to maintain strong connect with staff to keep up the morale, allay Covid fears and help stay calm under economic stress and health challenges. The Marketing team helped conduct virtual Sampark webinars to help enhance the engagement levels. During the year, 80+ webinars with 10,000+ attendees were organized.

Network Expansion

During the year, the Bank expanded its footprint in new states - 13 banking outlets got operational. Outlet launches are a high-visibility activity from a branding and marketing viewpoint, as it builds brand awareness in the neighbourhood which ultimately grabs eyeballs, generates footfalls and offers business opportunities. The Marketing unit delivered uniform brand presence and messaging across markets using digital marketing tools. The marketing activities included floating campaigns, road shows, PR outreaches, kiosk campaigns, customer connect programmes, among others.

Product/Service Launch

The launch of new products and services involves campaigns, PR outreach, customer awareness programmes, and advertorials in print media, social media and radio. This creates excitement among customers and strengthens the brand recall. During FY22, the Marketing unit facilitated 414 such launches.

Below the Line Marketing

During FY22, the marketing tool (LMS) used by the Bank generated 4,308 leads. The Bank conducted BTL activities like PUC check camps, Aadhaar Camps, distribution of palatable pens, all with the aim of gaining traction and building brand connect among customers. Co-branding and wall branding activities were also conducted as a part of plan.



Creatives & Videos

In FY22, more than 650 creatives and videos were released by the Bank across all platforms. Multiple video-based messages were sent out to create the appropriate positioning of the brand among the target segments, and these were well received on social media platforms. The team also developed various marketing and promotional creatives to build attractiveness of its new launches.

Social Media

The 'Wish More Get More' campaign and associated brand positioning initiatives were publicized on all social media platforms. Updates about launch of banking outlets, posts on smart banking products, promotional and informational videos, safe banking tips, fraud prevention etc. gave a boost to both brand salience as well as lead generation efforts across verticals. The Social media channels of the bank observed 200% growth YoY. ORM management across all the Social Media handles - Facebook, Twitter, LinkedIn, Instagram, Playstore, and Apple store was improved and upgraded.

Public relations

In FY22, more than 100 PR activities were conducted with press releases related to branch launch/product launch and other activities. With PR, the Bank focused on forging a stronger bond with its stakeholders and sectoral opinion makers by sharing a proper perspective of performance and future plans of the bank, as appropriate. Total media mentions in FY22 were more than 145.

Blogs

The online content outreach initiatives were fairly well received by the consumers. It established the Bank as a knowledge seeker and sharer. Regular blogs and online content on topics such as cyber security, financial planning, and digital literacy, among others were uploaded in order to build thought leadership on these subjects.

Multi-lingual Collaterals

In FY22, the Bank developed more than 700 communication collaterals in 9 languages. All customer-oriented collaterals were created in multiple languages to build superior customer connect and awareness.

Building Brand Salience

The brand partnered with few renowned media houses, to promote and scale the brand salience. The association was with a few flagship media properties, which helped enhance the brand equity among the target audience. Business channels such as CNBC and ET were leveraged for the same.

Alliances & Partnerships

During the year, the Bank tied up with new insurance partners to enhance the product offerings to the customers. In FY22, the bank signed up ICICI Lombard General and Bharti Axa Life as the new partnerships. Hospicash facility was introduced for rural customers, aimed at covering hospital expenses. Eight new products were added for the retail segment of the Bank.

Webinars & Events

In order to build customer connect during Covid phase II, the bank organised webinars on various topics like financial educations, Tax Planning, reduced screen time for children and time management to name a few. Total beneficiaries were more than 10,000. More than 80 webinars were conducted.

Awards

During the year, the team researched and evaluated various reputed award opportunities to position the Bank as a leader in the community and enhance the focus on brand visibility. Awards are certainly a perk that has also helped the Bank for networking with local customers or clients. Total applied: 34. Total received: 21.



05 Quality

THE Quality Function was established in this Financial Year. The key functions that this department performs is to look at the various operational processes and policies and how the same can be made better so as to improve the overall customer satisfaction for internal and external customers.



06 Facilities

THE Facilities framework has been designed and updated in sync with the changing business dynamics and widening customer segments. The Facilities team is committed to providing convenience and a great service experience to all stakeholders. It manages branch, office & staff stay finalization & set-up, procurement and general administration like travel management, facility management for the Bank.

The team manages the entire fixed asset lifecycle, from procurement to allocation, movement, scrapping and disposal. It also handles Vendor Management and has also been instrumental in organizing staff events, annual health check-up camps and yearly sporting activities, among other activities.

During FY22, the Bank rolled out swift and cost-effective branch infrastructure without compromising on the quality aspects. 135 banking outlets were opened and operationalized during the year.

The team handled the pandemic challenges with a lot of responsibility and resilience. The enormous scale of the crisis and the impact, caused fear, uncertainty, and anxiety across the globe. The team also had to face many challenges during the pandemic –lockdowns, restriction on inter-state and local travel, non-availability of buses, trains, and other means of transport. Property owners fear of the Bank staff staying at their property made huge challenge to accommodate our staff at workplace.

The Facilities team was up for the challenge and in coordination with Business and Operations teams, ensured seamless continuity of banking services and seamless access to all branch and residential facilities. Despite restrictions, the facilities team never failed to support staff connect & engagement initiatives.



FY22 Highlights

- Pan-India Covid vaccination drive - 100% coverage of 2nd Dose
- 135 new banking outlets set up
- Upgraded 100 existing branch with RLAG
- 26 BC units' conversion to banking outlets
- 16 ATM added pan India
- Branch security enhanced with Alert-Based Surveillance, Seismic Sensors, and Cube Cameras
- 99 outlets shifted to new commercial property
- Total Queries Received 2,974 and resolved 2411 (81%) within 7 days

Addition to the Network



07 Sustainability & CSR

FINCARE SFB is on a mission “to facilitate financial inclusion of the unbanked and underbanked households in India with active participation of the more affluent customer segments”. Being a rural-native player, the Institution has, over the past 14 years, played a vital role in supporting micro entrepreneurs across India, enabling business set-up and expansion, creating jobs, and transforming the lives of millions across India.



The Bank is conscious of its responsibilities towards customers, staff as well as all other stakeholders and acknowledges that Environment, Social, and Ethical Governance (ESG) is a prime driver for the creation of long-term value for all stakeholders. Therefore, the Bank is focused on minimizing the ESG impact arising out of its own operations whilst offering products and services in a responsible manner.

To this extent, the Bank developed and introduced an ESG Policy in July-2020 articulating its commitment towards environment. Social and ethical governance practices along with a framework for its implementation. As the bank gains more administrative experience, we continue to enhance our understanding of ESG and remain committed to better outcomes in the years to come.

01 Environment

- Carbon footprint
- Energy consumption
- Natural resource conservation
- Waste Management
- Risk & Impact due to climate change

03 Governance

- Compliance to all applicable regulations
- Anti-Bribery, corruption, fraud, AML
- Data protection & privacy
- Board structure & composition
- Mitigating conflict of interest



02 Social

- Human rights, child & forced labor
- Diversity, Inclusion & equal opportunity
- Community welfare
- Stakeholder health & safety
- Effective grievance mechanism

ESG Focus Areas

ESG IN ACTION



01 Environment

At Fincare SFB, we are conscious of our Carbon Footprint. We are committed to drive efforts to reduce the direct and indirect impact of our operations on the environment. As a result, we have incorporated adequate measures into our operations, products and services that shall lead to lower carbon footprint. We implemented Waste Management Policy and Energy Efficient Procurement Guidelines in 2020. We are continuously enhancing our digital offerings to minimize paper and plastic usage and monitoring our energy consumption patterns.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



SDG Impact

SDG 12 impacted through reduction in waste generation by prevention, reduction, recycling, reuse & focus on efficient use of energy.

01 Waste Management

Fincare SFB applies the universal principles of waste management i.e., Reduce, Reuse and Recover, to ensure that waste is dealt with in a way that has the least impact on the environment.

The Bank produces e-waste, hazardous waste (diesel/fuel oil residue in generators), battery waste and paper waste. The Bank disposes e-waste, hazardous wasteland battery waste in a safe manner only through

authorized dealers. In FY22, the Bank disposed 4.5 ton of e-waste e through authorized dealers.

02 Energy Conservation

During FY22, the Bank continued recording and monitoring the energy and fuel consumption on a monthly basis. The Bank currently deploys following methods for efficient use of energy:

	<p>VRF (Variable Refrigerant Flow) and Inverter ACs The Bank has installed Inverter ACs in Full-Service Banking Outlets (Samrudhi) for better performance and energy efficiency. We do not use any type of ACs in other branches. We use VRF (Variable Refrigerant Flow) ACs in our Administrative Offices. Generally, the power consumption of Inverter ACs is lower by 40-50% and in case of VRF ACs; it is lower by 20-30%</p>
	<p>LEDfication The Bank used LED lights instead CFL in Full-service and Basic banking outlets as well as our Administrative offices. Generally, LED lights reduce power consumption by 40-50%. By the virtue of using VRF ACs, Inverter ACs and LEDfication, we saved around 1331 MWh, ~ 1573 ton of CO2 emissions. This roughly translates into saving of around 9000 to 9500 trees</p>
	<p>Virtual Servers The Bank uses virtual servers through a subscription-based model instead of physical ones. Virtual servers reduced environment impact due to shared workloads. As on date, 100% of servers engaged by the Bank are virtual</p>
	<p>Paper usage The Bank continues to reduce paper usage in its core business operations through various ways. The Bank is opening 100% new saving bank account digitally, which help to save 5 pages per account opening. It helped to save 11.3 tons of paper</p>
	<p>Virtual Debit Card In order to minimize plastic usage, the Bank took the initiative of offering a virtual debit card to customers rather than a physical debit card. The bank issued around 147K virtual debit cards during FY 22 which resulted into saving of 620 kg of plastic</p>

Please note that the energy savings, paper savings, plastic savings, CO₂ emission and trees have been derived based on various guesstimates based on research.

03 Occupational Health & Safety

Fincare SFB is committed to providing all its employees a safe and healthy place to work and work practices that do not compromise the health or safety of others, including contractors, vendors or visitors. Apart from this, the Bank took a lot of steps to ensure employee-safety amidst the Covid-19 pandemic. Some of the measures adopted include:



- (i) Provided Work from Home/Remote/ Anywhere facility.
- (ii) Tied up with DocOnline to offer physical and emotional well-being services.
- (iii) Announced that the Bank shall bear the cost of vaccination of all staff, and also deployed a task force to identify available vaccination slots and assisting employees to get vaccination on priority.
- (iv) Closely monitored infected employees (and their family members) and provided them the maximum support with Hospitalization, Medicines and Oxygen.
- (v) Provided 14-days paid leave to infected staff.
- (vi) Provided wellness allowance of ₹5000/- to both, suspect and infected staff - additional post-covid allowance to positive staff.
- (vii) Provided Steam inhalation devices, Vitamin C and Zincovit tablets to employees. The Bank also provided accommodation to employees.



02 Social

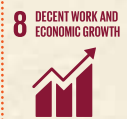
Fincare SFB is supported by a diverse, multi-state workforce across India, serving a fairly large customer base and growing fast. We are actively participating in social transformation and financial inclusion through our core business of micro-banking. We are continuously developing tools to improve communicate and service experience of our customers and employees. Through our digital offering, we are able to reduce customer grievances and build a best in class customer experience. Through our dedicated steps taken in the areas of employee engagement and wellbeing, the bank got Great Place to Work certified in Feb 22 2nd time in a row.



SDG Impact
SDG 3 through Good Health and Well-being initiatives for our employees



SDG Impact
SDG 5 & 10 through HR policy on prevention of gender bias



SDG Impact
SDG 8 through Financial Inclusion, Financial Literacy programs

01 Financial Inclusion

As of March 31, 2022, covered 47,688 villages, with ~23.53 Lakh+ base-of-pyramid customers and ~23.52 Lakh+ rural saving accounts of active microloan borrowers. As of March 31, 2022, 54% active borrowers availed their first loan with us, and we are the sole lender for 48% of our active microloan borrowers.

The Bank encourages its MFI borrowers to open savings accounts (Shakti Accounts) with easy accessibility to funds using a debit card. As of March 31, 2022, 23.53 Lakh accounts were opened. The Bank also impart financial literacy to customers at the time of loan disbursal.

03 Employee satisfaction

Fincare SFB recognizes that its employees are the key driving factor for its growth and success. The Human Resources (HR) policies are developed on principles of equal opportunity, fairness, and ethics in line with the applicable national regulatory requirements and international best practices.

Managing and Engaging Employees

The Bank has implemented, among others, Compensation & Benefits Policy, Employee Welfare Guidelines, Leave Guidelines, Recruitment & Selection Guidelines, Transfer and Relocation Guideline, Separation Guidelines, Rewards & Recognition Policy, Employee Loan Policy and Employee Welfare Guidelines for ensuring employee relations and benefits. For building employee engagement, learning and connect, the Bank uses the Microsoft Kaizala Application and internal forums such as iEngage.

Equal opportunity and Diversity

The Bank has implemented Equal Opportunity and Diversity Guidelines in order to ensure fair and positive workplace environment and culture for all employees. The Bank also ensures that job applicants and staff do not receive less favorable treatment at work on the grounds of gender, region and religion among other parameters.

Learning & Development

The Bank has a committed crew of 25+ trainers for building employee capability.

In FY22, the crew imparted training for 85,070 participant's across induction and ongoing training. The learning and improvement tree for all categories of staff consists of functional, soft skills and technical training delivered through classroom and e-learning.

The Bank has dedicated, Learning Management System, named as iExcel, equipped with 600+ hours of training content and provide a platform for blended training.

iExcel platform provides an opportunity to improve product, process, soft skills, and regulatory training.

For evaluation of the learning effectiveness assessment procedures are well in place, where the result can be published on real-time basis and participant can provide the learning experience in the same platform.

In FY22, the Bank covered 99.06% of employees on all mandatory trainings.

Grievance Mechanism

The "Employee Grievance Policy" clearly lays down the Grievance procedures for employees. Additionally, the bank has developed and implemented a Policy for Prevention, Prohibition, and Redressal of Sexual Harassment at the Workplace. There is an active Internal Complaints Committee to handle such grievances, if any.



Social Initiatives under CSR




Health & Hygiene
 No. of Beneficiaries: **31291**
 Health Checkup Camps, Steamer Distribution, Eye Camps, Mask & Sanitizer Distribution

Literacy & Livelihood
 No. of Beneficiaries: **38655**
 Financial Literacy Program, Covid Awareness Program, Skilling Workshop on Beauty Care

Community & Environment
 No. of Beneficiaries: **32204**
 Grocery Kit & Sapling distribution

02 Customer Satisfaction

Our approach entails the use of technology at every possible step of the loan or deposit process, spanning underwriting, analytics-based decision-making, real-time integration with credit bureaus, GPS tagging, mobile-based fraud risk management among other processes in order to provide a best-in-class customer experience.

	<p>Onboarding of customers New customers are onboarded digitally using employee assisted applications - Smart Bank, mCare, Lap Dlite and Fincare Connect. A potential customer can open a Fincare 101 Digital Savings account online, all by themselves. In FY22, over 98% of our new customers (borrowers and depositors) got onboarded using these channels</p>
	<p>Loan disbursements Loan disbursements in JLG, LAP and AHL are completely cashless and offer a hassle-free experience to the customers</p>
	<p>Customer service channels Customers can use Internet Banking, Mobile Banking, WhatsApp Banking and Website Chabot for reaching out to us for their banking requirements. The Bank has multi-lingual in-house customer service center for resolving customer grievances. The call center uses IVR and other modern tools and is equipped to handle all forms of queries, grievances etc.</p>

Responsible Lending

The Bank formulated and implemented Fincare SFB Exclusion List. The Bank shall not provide loan for activities falling in the list. The reason of excluding such activities ranges from economic to health, safety and cultural concerns.

 03 Governance

At Fincare SFB, we are committed to implement a robust and effective corporate governance framework, adhering to applicable national regulatory requirements, and in line with leading global guidance on good corporate governance, establish robust internal controls, compliance with policies and practices and ensure transparency and objectivity in dealing with our stakeholders.

16 PEACE, JUSTICE
AND STRONG
INSTITUTIONS



SDG Impact

SDG 16 through implementation of strong governance practices, exercising transparency in the conduct of operations

The Bank has a robust policy framework for functioning of the Board of Directors and Senior Management.

These policies are implemented not merely because of the requirement from the regulator, but because of Fincare SFB's commitment and embodiment of these in its work culture and day to day functioning.

The Bank's corporate governance report (published as part of the annual report) provides detailed disclosure of the following facets of Corporate Governance:

- Board structure & functioning
- Board meetings
- Directors
- Board committees




- Commitment to corporate governance principles (via robust governance-related policies which are publicly disclosed)
- Risk management
- Transparency and disclosure
- Shareholder information

Make the world a better place!

BEING the harbinger of social change and upliftment is intrinsic to the Bank's vision and mission. Fincare Small Finance Bank is committed to the holistic growth of lives it touches. The Bank has a dedicated team; committed to the social goals, which engages in various initiatives in order to make a difference to the communities we serve.

The Bank's CSR activities are predominantly centered on three key themes - Health and Hygiene, Literacy and Livelihood, Community and Environment.

The Bank invests time, efforts and funds in these areas to better people's lives. Over 1.5 Lakh people have benefitted from the bank's CSR initiatives during FY22.

CSR Theme	Activity	No. of Activities	No. of beneficiaries
 Health & Hygiene	Covid-19 awareness	943	28056
	Covid-19 Safety Kit Distribution	130	4726
	Free Oxygen Cylinders Distribution	1	40
	Health Check Up	800	49100
 Literacy & Livelihood	Financial Literacy	1522	35290
	FINCARE Study Centre	75	1490
 Community & Environment	Grocery Kit Distribution - Covid 19	755	26865
	Grocery Kit Distribution - Flood	75	2763
	Tree Plantation	24	4720
	Borewell Recharge	5	5
TOTAL		4330	153055

OUR SUPPORT FUNCTIONS

Keeping Society Swasth & Swachh

The pandemic has reminded us that health is wealth and keeping this mantra in mind, the bank conducted numerous health camps covering nearly 49,000 beneficiaries in FY22. Extensive Covid awareness programs were organized at regular intervals to check the spread of the virus. Covid safety kits including mask, sanitiser etc. were distributed. Free oxygen cylinders were also distributed.

Financial literacy and independence

Financial Literacy Program: The initiative sensitized people on the importance of money management and taught them how to manage money through banking system. Over 1,500 camps were conducted benefitting over 35,000 people.

Fincare Study Centre: This program supports 75 after-school study centers across KA and TN, imparting academic and life skills to children upto 8th standard. During FY22, nearly 1490 children benefitted from the initiative.

Building a better tomorrow

Aiding and uplifting community and building a sustainable environment have been a core mission of the Bank. In such trying times, especially during floods and subsequent economic impact on the wellbeing of ordinary citizens, the Bank came forward to help people in need. Some of the initiatives such as grocery distribution helped around 30,000 people.

For a Green tomorrow, the Bank has been consistently engaged in mega-plantation drives. In FY22, 24 plantation activities were organized under the Community theme. The Bank also engaged in bore well recharge to promote rainwater harvesting and water conservation.





Our Control Units

01 Risk Management

RISK Management is an inherent part of the Bank's existence and ecosystem. The Bank operates in full adherence to a comprehensive risk management framework to ensure that the risks are identified, well understood, accurately measured, controlled and pro-actively managed at all levels. To ensure that our Bank's financial strength is safeguarded, our risk management approach enables our business to achieve its strategic objectives, take measures to control such risk and deliver sustainable long-term growth, with a commitment to responsible business practices.

The Risk Management Committee of the Board (RMCB) monitors the Bank's risk management policies, procedures, strategies, appetite, processes, and controls. It also reviews various limits before they are considered by the Board, and reviews portfolio composition and impaired credits for wholesale lending.



A CREDIT RISK

Credit Risk Management at a holistic level encapsulates the Bank's approach to approving and managing credit and aims at making the systems and controls effective. The Credit Risk Management Group (CRMG) drives identification, measurement, monitoring, and reporting of Credit Risk within the Bank. CRMG is independent of Business and Credit functions and is responsible for maintaining the quality of the entire loan portfolio.

The Board-approved Credit Risk Policy provides a framework for managing credit risk in the Bank, taking into consideration the Bank's risk appetite, derived from perceived risks in the business, balanced by the targeted profitability level for the risks taken up. Credit Risk policy aims to promote quality of the assets, and prudent growth by leveraging the Bank's traditional client base in key geographies and customer segments.

During FY22, the CRMD put in place various monitoring tools and mechanism, which includes projections for estimated losses owing to the second and third wave of the pandemic.



B MARKET RISK

Market risk is the risk of losses in 'on and off-balance sheet' positions arising from the movements in market price as well as the volatility and has an impact on the Bank's earnings and capital.

The Bank's investments, predominantly in government securities and mutual funds, are subject to Market Risk. Such risks faced by the Bank are monitored by the Market Risk Group (MRG). The MRG independently monitors the Bank's investment and trading portfolio, in terms of risk limits stipulated in the

Market Risk Management Policy as well as Board-approved Market Risk appetite and reports deviations, if any, to the appropriate authority.

The Bank utilises both statistical and non-statistical measures for the market risk management of its trading and investment portfolios.

The tools, models and underlying risk factors are reviewed periodically to enhance their effectiveness. The group also supports the Asset-Liability Management ('ALM') of the Bank. The purpose of the Asset Liability Management Committee ('ALCO') is to act as a decision-making unit responsible for integrated balance sheet risk management from risk-return perspective including strategic management of interest rate and liquidity risks.



C OPERATIONAL RISK

Operational risk is the risk of loss resulting from inadequate or failed internal process, people, systems or an external event. The Bank has put in place Board-approved governance and organisational structure that is rooted and committed to managing Operational Risks.

The Operational Risk Management Committee (ORMC) comprising senior management personnel is responsible for overseeing implementation of Board-approved Operational Risk Management policy and framework.

The ORMC oversees the implementation of a sound operational risk management framework. The Bank has a robust process of reporting operational losses and issues, wherein the relevant areas are reviewed and gaps, if any, suitably addressed.

Various operational risk exposures are monitored regularly and reviewed periodically by the Bank to ensure effective implementation. Control and mitigation guidelines are part of various products, process operation

manuals and documents of the Bank. The Bank covers risk on account of natural disasters through appropriate insurance.

The Bank has robust information technology infrastructure with disaster recovery capability for critical components apart from having integrated Business Continuity Planning (BCP) initiatives for regular business operations. The BCP committee oversees the strategy and implementation of the disaster and business continuity framework of the Bank.

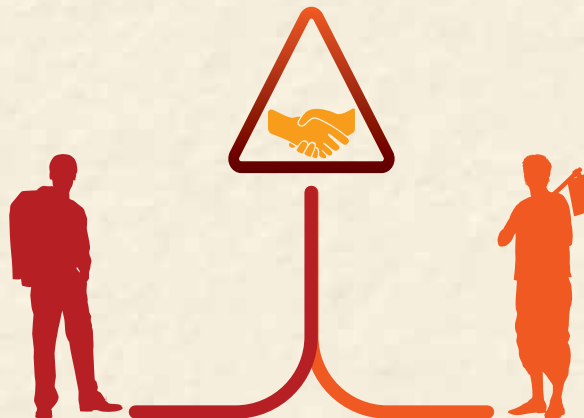


D INFORMATION SECURITY RISK

Information Security risk is identified as a material risk for the Bank, given our core strategy of being Digital. The information security group is committed to this function and works continuously towards the adoption of newer and better security practices

on Cyber security and information risk management, effective data privacy, protection of customer information, conducting continuous review of new and existing applications, analysis of

gaps to ensure implementation of all recommendations of the Gopalkrishna Committee as well as other regulatory guidelines issued from time to time.



02 Internal Audit

INTERNAL audit is an independent appraisal function, created with the objective of examining and evaluating the adequacy and effectiveness of the Bank's internal controls. In accordance with RBI guidelines, a Risk-based audit implies that a lot of emphasis is put on the internal auditor's role in mitigating risks.

While focusing on effective risk management and controls, in addition to appropriate transaction testing, the risk-based internal audit not only offers suggestions for mitigating

current risks but also anticipates areas of potential risks and plays an important role in protecting the bank from various risks.

Within IAD, the responsibilities have been divided considering maximum alignment with the current structure of the Bank.

The function focuses on the following audits:

Credit Audit covering specific loan accounts, credit process audits, credit risk management, JLG audit and others.

Business Audit cover financial audit, treasury audit, and market risk management audit.

Branch Audit encompassing key risk areas or activities at branches.

Business Process Audit covering all process or product audits of centralised activities, corporate management functions including operations risk, compliance, special audits and retail banking audits.

Information System Audit for various IT-related areas such as IT Management Processes, Applications, IT Infrastructure (Network/Operating System/Databases/Middleware) and IT & Project Governance.

Concurrent Audit for Central Processing Centre, Treasury, Loan against gold, AML, Office GL accounts and NPA review.

Performance Highlights

In FY22, the bank implemented the Audit Management System, an in-house development, which facilitated in making audit process more efficient and effective. Among other developments, using AMS, the department was able to conduct audit of banking outlets once every quarter. Beside, during the year, the audit covered all microloans as well as all full service banking outlets. Among Corporate & Control functions, audit coverage included Asset Operations, CASA & NR products, Contact Center, Operations Risk, Credit Risk, Treasury

Back Office, Internal Ombudsman, Customer Service, Institutional Liabilities, Corporate Finance, Finance Operations, Talent Acquisition, Payroll & Statutory Payments, Training, Marketing & PR, Compliance, AML, Business Legal, Liability Operations such as Account Opening, Account Servicing, Payments and FRMS Operations, Market Risk and Credit, namely, JLG, LAP, AHL, RLAP, Two Wheeler Loan & Institutional Finance.

During the year, the Information System audit was also conducted, encompassing Fincare 101, Nano Banking, IDAM, Payment Systems,

Audit Management System, D'Lite & Gold Loan application, Retail Internet Banking, Corporate Internet Banking and Mobile Banking.

In addition, audit of Capacity Management, Change Management, Information Risk Management, Security Management, Service Level Management, NPA Automation and Office GL automation were also performed.

03 Compliance

THE Bank believes in Compliance with Conscience. Hence, Compliance continues to be rooted for all the strategies and is at the axis across all domains of banking activities. The Bank has institutionalised a strong compliance culture and mechanism across the organisation in pursuit of its strategic goals of transparency and trust, among all its stakeholders. The Bank has a dedicated independent Compliance Department headed by the Chief Compliance Officer, who operates as per the well-documented compliance policy for ensuring regulatory compliance, across all businesses and operations.

The department has been functioning with sufficient authority and independence in the Bank.

The very objective of Compliance Department is to build a durable and robust compliance culture within the organisation. In this regard, the tone from the top has been percolated and emphasised periodically as very critical and are non-negotiable in compliance matters.

As Bank deals with depositors' money, having leverage is critical in monetary policy transmission and financial inclusion by adhering to the highest compliance standards. Bank with strong compliance culture treats customers fairly, helps protect employees, ensures satisfied stakeholders, and has the trust of society at large.

Compliance function is the core activity of the entity and is not outsourced. Adherence to applicable statutory provisions and regulations is the responsibility of Compliance function.

The function is responsible for apprising the Board and Senior management of the regulations, rules and standards - any related developments and ensuring compliance of supervisory observations made by RBI or any other directions in letter and spirit, in a time bound and sustainable manner.

The Compliance department provides compliance assurance to the Management and Board through the Compliance Self-Certification System and Compliance Testing Framework. The status updates of compliance risks are regularly reported to the Management and Board.

The domain of the Compliance function includes:

- (i) Advisory services on regulatory matters
- (ii) Dissemination and implementation of regulatory guidelines/directions
- (iii) Regulatory engagement
- (iv) Managing AML/ KYC/CFT
- (v) Identifying, assessing, monitoring and reporting on compliance risk

A strong compliance with sound corporate governance, oversight and assurance functions has helped in building the organisation that is strong, resilient, disciplined, that deservingly enjoys the benefits of sustained growth and customer confidence. Oversight/ assurance functions are independent of the business functions having a mutually co-operative functional relationship.

04 Secretarial & Corporate Legal

A sound corporate governance is essential for the Bank's reputation and the Secretarial function is committed to playing a definite role as a governance advisor to the Board of Directors guiding them on good corporate governance practices.

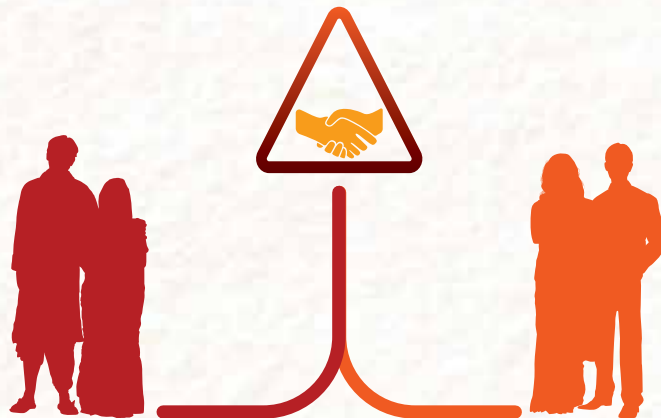
At the Bank, the Secretarial department is instrumental in assisting with timely governance reviews and helps tailor the Bank's governance principles/ practices to fit the needs and expectations of all stakeholders.

An important responsibility of the unit is to ensure that all meetings of Shareholders, Board of Directors and various Committees of the Board are run in accordance with the law and their charter. In the endeavour for continuous improvement, the Bank adopted Doss Digital Meetings, a document management and collaboration solution to enhance automation in governance and help the Bank conduct paperless meetings with complete pre, present and post meeting formalities. The solution is equipped with multiple levels of controls for current and upcoming agenda as well as past meeting archives, effortless communication through email, text, and notification alerts, voting and approvals of Directors, resolutions, motions and minutes.

The secretarial department also acts as a bridge for information exchange between the Board and the senior management. It also represents the Bank before various regulators and statutory authorities in discharge of its duties.

The secretarial department is also responsible for efficient fulfillment of Bank's compliance with statutory and regulatory requirements along with effective implementation of decisions and suggestions by the Board. During the year, the Secretarial function ensured compliances to applicable statutory and regulatory requirements by filing all the necessary documents/ forms/ reports with various authorities on time.

The Corporate Legal unit is a facilitator for business development by minimizing potential business and legal risks to the Bank. The unit plays an important role in effectively communicating potential business and legal risks to internal stakeholders, thereby enabling informed decisions. It supports business activities by enabling timely execution of agreements and necessary documentation. It also ensures that agreements are drafted and finalized in-line with the regulatory and compliance requirements and aligned to the objectives of the Bank. It provides necessary legal opinion as required from time to time. It also provides an understanding of the best practices among peers.



Statutory Reports

Director's report



To,
The Members,

Fincare Small Finance Bank Limited ("The Bank")

Your Directors take pleasure in presenting the 27th Annual Report on the business and operations of the Bank together with the Audited Financial Statements for F.Y. 2021-22.

In the last five years, the Management has strived and achieved significant success in establishing the Bank as a new-generation bank with focus on financial inclusion. With a high tech, high customer centricity model, the Bank offers innovative banking services to the bottom of the pyramid (BOP) segments and also to the more affluent customers. The Bank has been extending its reach to the unbanked/underbanked segments and aims to provide both to individuals and small businesses affordable financial products and services customized to their needs. The Bank follows a business model focused on financial inclusion and aims to provide individuals and businesses with affordable financial products and services that meet their needs and its business objective is to enhance access to savings, credit and other financial products for MSMEs and unorganized entities, especially in rural and semi-urban areas, by leveraging technology and last-mile distribution. In its journey, the bank has won several awards and accolades.

As of 31st March, 2022, the Bank had a total of 919 banking outlets of which 183 are located in Rural, 519 in Semi-Urban, 153 in Urban and 64 in Metro locations, thereby covering 14 States namely Andhra Pradesh, Bihar, Chhattisgarh, Gujarat, Haryana, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Punjab, Rajasthan, Tamil Nadu, Telangana and Uttar Pradesh & 3 Union Territories (UTs) namely Chandigarh, NCT of Delhi and Puducherry.

The Bank has a full suite of banking products such as Savings Account, Current Account, Fixed Deposit, NRI Fixed Deposit, Recurring Deposit, Micro Loan, Cash Overdraft, Loan against Gold, Loan against property, Institutional Finance and Two-wheeler Loan. The digital paradigm plays a part of the Bank's core DNA and it has been the force multiplier that has enabled the Bank to emerge as a best-in-class player in India. Your Bank recognizes digital as the currency that is going to radically change India's future, particularly in banking. As a new-age Bank, it is striving hard to set new standards in customer experience with extensive use of technology, commitment to customer delight and the 'digital first' approach supporting an extensive physical network, aids in technology-led operations.

Details of operations are given in the 'Management Discussion and Analysis' which forms part of this Annual Report.

Some of the key developments of F.Y. 2021-22 are highlighted in this report.

1. FINANCIAL HIGHLIGHTS – F.Y. 2021-22

The financial performance for F.Y. 2021-22 as compared to the previous year is summarized in the following table. (₹ in Lakhs)

Particulars	F.Y. 2021-22	F.Y. 2020-21
Interest Income	144,587	1,25,103
Other Income	20,178	12,568
Interest expended	56,978	55,005
Operating expenses	64,680	46,327
Provision and Contingencies	42,220	25,025
Profit before Tax	575	14,642
Profit after Tax	887	11,314
Surplus brought forward	18,108	9,707
Amount available for appropriation	18,995	21,021
Appropriation/transfers:		
Transfer to Statutory Reserve	222	2,829
Transfer to Other Reserves	1,254	84
Surplus carried to Balance Sheet	17,519	18,108
EPS (₹)	0.38	5.55



2. DIVIDEND

In order to strengthen the Bank's financial position as well as to support the ongoing expansion plans, your Directors did not recommend any dividend for the year under review.

3. AMOUNTS TRANSFERRED TO RESERVES

During the year under review, the Bank has transferred a sum of ₹222 Lakhs to Statutory Reserves and ₹1254 Lakhs to Other Reserves.

4. CHANGE IN NATURE OF BUSINESS

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

5. CREDIT RATING

During the period under review and till the date of Board's report, the Bank has been assigned CARE A (Stable) rating and ICRA A (Stable) rating from CARE RATINGS and ICRA respectively for its Fund based facilities. The Bank has also been assigned IND A (Stable) credit rating by India Ratings & Research for its Unsecured Sub-ordinated Debt/ Non-Convertible Debentures and CARE A Stable Rating from CARE RATINGS for its Unsecured Sub-ordinated Debt/ Non-Convertible Debentures. Further, the fixed deposit program of the Bank has been rated "ICRA A (stable outlook)" rating by ICRA which is reaffirmed and migrated from MA+ (stable outlook) as per ICRA rating scale. Further, Crisil A1+ rating is assigned for Certificate of Deposits by CRISIL.

6. TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

During the year under review, the Bank did not have any outstanding amount that was required to be transferred to the Investor Education and Protection Fund in pursuance of provisions of section 125 of the Companies Act, 2013.

7. THE STATE OF BANK'S AFFAIRS

The Bank continues to be categorized as a 'Small Finance Bank' under the RBI Regulations and during the year it continued to carry on business as 'Small Finance Bank'. As a growing 'Small Finance Bank', it has been expanding its area of operations and customer base. The management has been investing in digital solutions to support Bank's expanding operations, as required from time to time. The Bank's digital products and services aim to enhance customer convenience and expand its reach. The Bank onboarded 1.48 Lakh Fincare 101- Digital Savings account customers in FY22. The Fincare 101 solution enables in opening a completely digital Full KYC account by the customer. As a result, a total of 30,651

customers successfully opened the account via V-KYC process in FY21-22, registering 245% YoY growth. Further, instant funding option was enabled for Fincare101 accounts via Razorpay, one of the largest payment gateways in India.

Key highlights of the Bank's operations during FY22 in comparison to FY21 are as follows:

Particulars	F.Y. 2021-22	F.Y. 2020-21
Gross disbursements (₹ in Crores)	6856.54	4656.457
Gross loans (₹ in Crores)	7599.57	6108.067
No. of Banking outlets (including BC)	919	809
No. of Re-cyclers /ATMs	90 Re-cyclers & 35 ATMs	85 Re-cyclers and 23 ATMs
No. of Branches	673	550
No. of Loan Accounts	27,45,353	22,28,561
No. of Staff	11733	8850

8. CAPITAL STRUCTURE OF THE BANK

During the financial year ended March 31, 2022, the Authorized Share Capital of the Bank stood at ₹ 300,00,00,000 (Rupees Three Hundred Crores) divided into 30,00,00,000 (Thirty Crores) Equity Shares of ₹10 (Rupees Ten) each.

The issued, subscribed and paid-up capital of the Bank as on March 31, 2022 is ₹220,77,97,200 (Rupees Two Hundred and Twenty Crores Seventy-Seven Lakhs Nine-Seven Thousand Two Hundred) divided into 22,07,79,720 (Twenty-Two Crores Seven Lakhs Seventy-Nine Thousand Seven Hundred and Twenty) Equity Shares of ₹10 (Rupees Ten) each. During F.Y. 2021-22 the Bank had undertaken the following corporate actions:

- In order to meet its capital requirements, the Bank allotted 99,82,759 fully paid-up equity shares of the face value of ₹10 (Rupees Ten) each at a premium of ₹160 (Rupees One Hundred Sixty) in April 2021 on rights basis.
- Further, in May 2021 the Bank capitalized an amount of ₹1,47,18,64,800/- (Rupees One Hundred Forty Seven Crores Eighteen Lakhs Sixty Four Thousand Eight Hundred) out of the Reserves & Surplus and Retained Earnings of the Bank for the purpose of issuance of bonus shares to the shareholders of the Bank, in proportion of 2:1 i.e. 2 (Two) equity shares of face value ₹10/- (Rupees Ten) each for every 1 (One) equity share of face value ₹10/- (Rupees Ten) each held.

During FY22, pursuant to a bonus issue of the Bank in May 2021, an adjustment was made to the number of the options granted and exercise price for the options granted, such that the underlying benefit was unchanged. The modified quantities are 1,44,564 and 2,25,888 employee stock options for FY-18 and FY-19 respectively.

Particulars	F.Y 2017-18	F.Y 2018-19	F.Y 2019-20	F.Y. 2020-21
Options granted	1,44,564	2,25,888	1,96,298	21,00,568
Options vested	1,44,564	1,49,088	64,778	6,55,989
Options exercises	-	-	-	-
Total number of shares arising as a result of exercise of option	-	-	-	-
Options lapsed	-	-	-	1,33,390
the exercise price	88.33	97.00	93.33	106.91
Variation of terms of options	-	-	-	-
Money realized by exercise of options	-	-	-	-
Total number of options in force	1,44,564	2,25,888	1,96,298	19,67,178
Employee wise details of options granted	1	1	1	243
Key managerial personnel	1	1	1	3 Staff as follows: 1. Mr. Rajeev Yadav -2,14,288 2. Mr. Keyur Doshi - 1,32,300 3. Ms. Shefaly Kothari -13,230
Any other employee who receives a grant of options in any one year amounting to 5% or more of options granted during that year	Nil	Nil	Nil	2 Staff as follows: 1. Mr. Soham Shukla - 1,32,300 (6.30%) 2. Mr. Nilesh Sangoi -1,28,000 (6.09%)
Identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	Nil	Nil	Nil	

During FY22, the Bank has not issued any shares with differential rights or any sweat equity shares. Also, the Bank has not bought back any of its securities.

9. ANNUAL RETURN

Pursuant to the provisions of Section 92(3) read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the Annual Return of the Bank in form MGT – 7 has been placed on the Bank's website www.fincarebank.com.

10. NUMBER OF MEETINGS OF THE BOARD DURING THE FY22

The Board of Directors of the Bank met 21 times in FY22. The maximum interval between any two meetings did not exceed 120 days and the Minutes of all the Board Meetings were duly recorded in the Minutes Book as prescribed in the Companies Act, 2013. The details of the meetings held during the year are mentioned hereunder:

Quarter 1 (April – June)	Quarter 2 (July – September)	Quarter 3 (October- December)	Quarter 4 (January- March)
9 th April, 2021	14 th July, 2021	13 th October, 2021	1 st February, 2022
21 st April, 2021	14 th August, 2021	27 th October, 2021	11 th February, 2022
28 th April, 2021	17 th August, 2021	13 th November, 2021	17 th February, 2022
4 th May, 2021	19 th August, 2021	6 th December, 2021	
8 th May, 2021	20 th September, 2021		
31 st May, 2021	27 th September, 2021		
14 th June, 2021			
21 st June, 2021			

The Details of Attendance of Directors are available in the Corporate Governance Report annexed as **Annexure I** to this report.



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

Being a Bank, disclosure of information pertaining to loans extended, guarantees given, securities provided, acquisition of securities etc. are not required to be made.

Details of Investments are given in Schedule 8 to the Financial Statements forming part of this Annual Report.

12. PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

As there are no material related party transactions, Form AOC-2 is not required to be given pursuant to Section 134(3) (h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules 2014 for the Financial Year ended on March 31, 2022.

13. EMPLOYEE STOCK OPTION SCHEME

During the year under review, the Employee Stock Option Scheme was amended by way of special resolution passed at an extra ordinary general meeting of the Bank held on 1st May, 2021 on recommendation of Board of Directors to ensure that the scheme is in compliance with the provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. The initial pool of 10,00,000 (Ten Lakhs) options was approved by way of resolution by the Board of Directors at their meeting held on 29th March, 2019 and by shareholders at their extraordinary general meeting ("EGM") on May 10, 2019. Pursuant to a 2:1 bonus issue of equity shares of the Bank in April 2021, the number of outstanding options of the bank was modified from 10 Lakhs to 30 Lakhs. The same was approved by the Board at its meeting on 17th August, 2021. Further, the ESOP Scheme was re-amended by the shareholders vide a special resolution passed at the Annual General Meeting of the Bank held on 8th November 2021 to comply with the amendments in the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2011. The pool was further expanded from 30 Lakhs to 50 Lakhs in view of future grants.

14. LISTING OF SHARES OF THE BANK

In accordance with the terms and conditions of the Small Finance Bank (SFB) license issued to our Bank, the Bank is required to list its equity shares within three years from the date the net worth of our Bank crosses ₹500 Crores (Rupees Five Hundred Crores). In order to ensure compliance with the aforesaid licensing condition, the Bank had filed Draft Red Herring prospectus (DRHP) with Securities Exchange Board of India on 9th May, 2021, followed by an Addendum to DRHP on 20th August, 2021. However, due prevailing and overall financial considerations, the IPO process was slowed down. Also, based on internal working groups recommendations, the Association of Small Finance Banks had written to RBI for extending timelines for new as well as existing SFBs to list their securities. However, RBI had

accepted the recommendation for new SFBs only. Hence, the existing SFBs may have to comply with the existing timelines, considering the significance of Capital Adequacy. The DRHP filed on 9th May, 2021 was valid till 28th July, 2022.

Accordingly, the Board of the Bank at its meeting held on 17th June, 2022 passed a resolution to authorize the management to take all necessary steps in relation to the evaluation of options for raising additional capital including through an initial public offering by way of issue of fresh equity shares and/or offer for sale to interested and/ or existing shareholders of the Bank. Subsequently, the Bank filed a fresh Draft Red Herring prospectus (DRHP) with Securities Exchange Board of India on 7th August, 2022 proposing a primary issue of upto ₹6,250 (Rupees Six Thousand Two Hundred and Fifty) million and offer for sale of upto 17,000,000 equity shares.

15. APPOINTMENT OF AUDITORS

A. STATUTORY AUDITORS

M/s S.R. Batliboi & Associates, LLP (FRN 101049W) are appointed as Statutory Auditors of the Bank for a period of three years from F.Y. 2022 to F.Y. 2024 subject to the approval of the RBI and them meeting the eligibility criteria under Companies Act, 2013. The RBI on 29th August, 2022 approved the re-appointment of M/s S R Batliboi & Associates, LLP as Statutory Auditors for F.Y 2023.

B. SECRETARIAL AUDITOR

Pursuant to the provisions of section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Bank, at its meeting held on 17th August, 2021, has appointed M/s. Parikh Dave & Associates, Practicing Company Secretaries as the Secretarial Auditor of the Bank, to conduct Secretarial Audit for F.Y. 2021-22. The Secretarial Audit Report is appended as **Annexure II** to the Board's Report.

C. INTERNAL AUDITOR

Mr. Subash V., holding a Master's degree in Business Administration, also a Certified Associate of Indian Institute of Bankers, and a bachelor's degree in Science – Mathematics, Physics and Chemistry, was appointed as an Internal Auditor of the Bank w.e.f. 14th July, 2021 for a period of 3 years or retirement age, whichever is earlier.

16. EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS AND THE PRACTICING COMPANY SECRETARY IN THEIR REPORTS

There is no qualification, reservation, disclaimer or adverse remark made or fraud reported either by the Statutory Auditor or by the Secretarial Auditor in their reports, which otherwise would have required the Board to provide explanation in their report.

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

There are no material changes and commitments affecting the financial position of the Bank that have occurred between the end of the financial year i.e., March 31, 2022 and the date of Boards' Report.

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

(A) **Conservation of Energy and Technology Absorption:** The Bank is committed towards saving energy and performing business operations in a sustainable manner. The details pertaining to the same is provided on page no. 67 of Annual Report.

(B) **The Foreign Exchange earnings and outgo:**

Particulars	₹ (F.Y. 2021-22)	₹ (F.Y. 2020-21)
Foreign Exchange Earnings	-	-
Foreign Exchange outflow	27,32,446	53,39,741

19. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Bank does not have any Subsidiary, Joint Venture and/or Associate Company. Hence, Form AOC-1 as specified under Companies Act, 2013 is not applicable to the Bank.

20. RISK MANAGEMENT POLICY

The Bank has in place a comprehensive Risk Management framework supported by detailed policies and processes for management of Credit Risk, Market Risk, Liquidity Risk, Operational Risk, Reputational Risk and various other risks. The Board is supported by the Risk Management Committee, which is chaired by an Independent Director. It is also supported by various management committees as part of the Risk Governance framework. The design and implementation of a sound risk process is largely the responsibility of Chief Risk Officer supported by Risk Department of the Bank. At present there are no risks identified which threaten the existence of the Bank.

21. DEPOSITS

The Company being a Bank, requirements on disclosures of information in pursuance of Rule 8(5)(v) & (vi) of the Companies (Accounts) Rules, 2014, read with Sections 73 and 74 of the Companies Act, 2013 are not applicable.

22. DIRECTORS & KMPS

The Bank's Board consists of professionals with required knowledge and experience in the banking sector. The

responsibilities of the Board include, inter alia, formulating policies, taking new initiatives, reviewing performance, monitoring plans and ensuring that the Bank operates within the framework laid down by the regulator.

A) Change in Directors

During the financial year under review, following changes took place in the composition of the Board of Directors:

- Ms. Anisha Motwani resigned from the position of an Independent Director w.e.f. 15th April, 2021 due to some technical and logistical challenges with respect to her other assignments.
- The Board of Directors, upon recommendation of Nomination and Remuneration Committee, at its meeting held on 28th April, 2021, appointed Ms. Aarthi Sivanandh as an Additional Director (Independent) on the Board of the Bank. Her appointment was thereafter regularized as an Independent Director for a period of 5 years w.e.f. 28th April, 2021, by way of passing special resolution at the extra-ordinary general meeting held on 1st May, 2021.
- The Board of Directors, upon recommendation of Nomination and Remuneration Committee, at its meeting held on 21st June, 2021 appointed Ms. Nanda Sameer Dave as an Additional Director (Independent) on the Board of the Bank. Her appointment was thereafter regularized as an Independent Director for a period of 5 years w.e.f. 21st June, 2021 at the Annual General Meeting held on 8th November, 2021.
- The Board of Directors, upon recommendation of Nomination and Remuneration Committee, at its meeting held on 27th September, 2021 appointed Mr. Dhiraj Poddar as a Nominee Director (nominated by Fincare Business Services Limited) on the Board of the Bank w.e.f. 27th September, 2021..
- Mr. Ravindran Lakshmanan ceased to be a Director w.e.f. 5th October, 2021 owing to withdrawal of his nomination by Fincare Business Services Limited.
- The Board of Directors, upon recommendation of Nomination and Remuneration Committee, at its meeting held on 13th October, 2021, appointed Mr. Divya Sehgal as a Nominee Director (nominated by Fincare Business Services Limited) on the Board of the Bank w.e.f. 13th October, 2021.
- The Board of Directors, upon recommendation of Nomination and Remuneration Committee, at its meeting held on 1st February, 2022, re-appointed Mr. Vinay Baijal as an Independent Director on the Board of the Bank for a second term for the maximum tenure permissible under the provisions of the Companies Act, 2013 and applicable Banking Regulations/RBI guidelines prevailing from time to time. His re-



appointment was thereafter approved by way of passing special resolution at the extra-ordinary general meeting held on 24th February, 2022.

Further, after the period under review, i.e. March 31, 2022:

- The Board of Directors, upon recommendation of Nomination and Remuneration Committee, at its meeting held on 27th June, 2022 re-appointed Mr. Sunil Gulati and Mr. Alok Prasad as an Independent Director for a second term for the maximum tenure permissible under the provisions of the Companies Act, 2013 and applicable Banking Regulations/RBI guidelines prevailing from time to time on the Board of the Bank. Their re-appointment was thereafter approved by way of passing special resolution at the extra ordinary general meeting held on 19th July, 2022.
- The Board of Directors, upon recommendation of Nomination and Remuneration Committee, at its meeting held on 6th August, 2022 appointed Mr. Narayanan Rajagopalan Nadadur as an Additional Director (Independent) on the Board of the Bank and to hold office up to the date of next General Meeting. It is proposed to regularize his appointment as an Independent Director in the ensuing General Meeting.
- Mr. Dhiraj Poddar, Nominee Director, retires by rotation this year, and being eligible, offers himself for re-appointment. The Board recommends his re-appointment as Director of the Company liable to retire by rotation. Appropriate resolution in this regard shall be placed for approval of the shareholders at the ensuing Annual General Meeting.

The Bank is in compliance with the requirements of the RBI guidelines with respect to Small Finance Banks.

B) Changes in Key Managerial Personnel

During the period under review, there has been no change in the KMPs of the Bank.

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

There are no material orders passed by the Regulators/Courts/Tribunals during FY22, which would impact the going concern status of the Bank and its future operations. The Bank has complied with the applicable requirements and no penalties were imposed on the Bank by Stock Exchanges and SEBI during the year under review.

24. UPDATE ON INTERNAL FINANCIAL CONTROL OVER FINANCIAL REPORTING

In respect of adequacy of Internal Financial Controls (IFC) with reference to the Financial Statements, the Board has adopted the policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Bank's policies, safeguarding of its assets,

timely prevention and detection of frauds and errors, accuracy and completeness of the accounting records and timely preparation of reliable financial information. Further, the management regularly reviews the controls for any possible changes and takes appropriate actions.

25. DECLARATION BY INDEPENDENT DIRECTORS

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

26. DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE BANK ON ITS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

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

Statutory disclosures with respect to the CSR Committee and a Report on CSR Activities form part of this report as **Annexure III**.

27. COMMITTEES OF THE BOARD

The Board has constituted various Committees to take informed decisions in the interest of the Bank and to establish adequate corporate governance practice. The Board Committees deal with specific matters as per powers delegated by the Board and monitor the activities falling under different functional areas of the Bank in accordance with provisions of Companies Act, 2013, the relevant rules made thereunder, Banking Regulation Act, 1949, other guidelines issued by RBI from time to time and, the Articles of Association of the Bank.

Details of composition of various Committees are specified in the Corporate Governance Report forming part of this report as **Annexure I**.

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

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

The Directors carried out evaluation of the Board as a whole, its Committees and the Directors (Executive, Non-Executive & Independent Directors) as per the performance evaluation procedure recommended by the Nomination and Remuneration Committee (Nomination Committee) for evaluation of performance of (i) Board/ Committees (ii) Directors, in areas such as, Board composition, level

of involvement, performance of duties, attendance, etc. The Directors were updated by the Nomination and Remuneration Committee on various evaluation attributes. The Nomination and Remuneration Committee found the performance of all the Directors to be satisfactory and also found the overall functioning of the Board as well as that of its Committees as effective.

EVALUATION OF THE BOARD

The Board evaluated its performance as a whole and was satisfied with its performance and composition of Independent and Non-Independent Directors. Further, the Board appreciated that it comprised of professionals from multiple backgrounds which brought diversity of thinking and inputs to the table for effective functioning.

EVALUATION OF THE COMMITTEES OF THE BOARD

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

EVALUATION OF THE DIRECTORS BY THE BOARD

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

29. SEPARATE MEETING OF INDEPENDENT DIRECTORS

The Independent Directors of the Bank met separately on 17th March, 2022 without the presence of other directors and / or management team members, as required under Schedule IV of the Companies Act, 2013 and other applicable provisions of the Act.

30. DETAILS OF ESTABLISHMENT OF VIGIL MECHANISM FOR DIRECTORS AND EMPLOYEES

The Bank has established a Vigil Mechanism Policy pursuant to which Directors and employees of the Bank can report their concerns on unethical and/or improper behavior, practices, actual or suspected fraud or violation of the Bank's Code of Conduct or any other wrongful conduct in the Bank or of its staff. There were 4 complaints reported in the quarter ended March 31, 2022 and suitable actions were taken as per Vigil Mechanism Policy adopted by the Bank.

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

The Bank has in place a policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. The Internal Committee has been set up to redress complaints received regarding sexual harassment. All employees are covered under the policy. During F.Y. 2021-22, no complaints were received.

32. MANAGEMENT DISCUSSION & ANALYSIS

The Management Discussion and Analysis report is attached to this report as **Annexure IV**.

33. DIRECTORS RESPONSIBILITY STATEMENT

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

- a. in the preparation of the annual accounts, the applicable accounting standards were followed along with proper explanation relating to material departures;
- b. the Directors selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Bank at the end of the financial year 2021-22 and of the profit of the Bank for that period;
- c. the Directors took proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities;
- d. the Directors prepared the annual accounts on a going concern basis;
- e. the Directors laid down internal financial controls to be followed by the Bank and that such internal financial controls are adequate and were operating effectively; and
- f. the Directors devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

34. HUMAN RESOURCES

The Bank continued to attract talent, both freshers and experienced in order to support its business and expansion goals. With ongoing efforts in transforming the Bank, the Bank provided employment opportunities across business, corporate and control functions. The Bank expanded its workforce to 11,733 employees as on March 31, 2022 as against 8,850 employees as on 31st March, 2021.

The disclosures pursuant to section 197 of the Companies Act, 2013 read with Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are specified in the Corporate Governance Report forming part of this report as **Annexure I**.

35. COMPLIANCE

The Bank has established a strong compliance culture and framework in line with its strategic goals of transparency and trust, among all its stakeholders. The Bank has a dedicated Compliance Department for ensuring regulatory



compliance, across all its businesses and operations. The key functions of this department include, disseminating key regulatory updates affecting the various businesses of the Bank, reviewing new products and processes from a regulatory compliance perspective, providing guidance on compliance-related matters, among others. The Bank also put in place a 'Know Your Customer' and 'Anti-Money Laundering Policy' approved by the Board of Directors and transaction monitoring procedures, in accordance with the RBI guidelines.

36. CORPORATE GOVERNANCE REPORT

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

37. COMPLIANCE OF SECRETARIAL STANDARDS

The Bank has a dedicated Secretarial Department which ensures compliances of the Secretarial Standards issued by the Institute of Company Secretaries of India, along with the other requirements of the Companies Act, 2013 and other applicable provisions.

38. DISCLOSURE ON MAINTAINANCE OF COST RECORDS

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

39. POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

Pursuant to the provisions of Section 134 and 178 of the Companies Act, 2013, the Bank has formulated and adopted the policy on appointment and remuneration of Directors and Key Managerial Personnel, a copy of which is placed on the website of the Bank at www.fincarebank.com.

40. RBI GUIDELINES

The Bank has complied and is committed to comply with all the licensing and operating guidelines of RBI as amended from time to time and the provisions of Banking Regulation Act, 1949.

41. CAUTIONARY STATEMENT

Statements in this Directors' Report and Management Discussion and Analysis Report describing the Bank's objectives, projections, estimates, expectations or predictions may be "forward-looking statements" within the meaning of applicable RBI guidelines and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make difference to the Bank's operations include raw changes in Government regulations, Tax regimes, economic developments within India and the countries in which the Company conducts business and other ancillary factors.

42. ACKNOWLEDGMENTS

The Directors place on record their sincere thanks to the Reserve Bank of India, Securities and Exchange Board of India, Ministry of Corporate Affairs, Indian Banks' Association (IBA), Unique Identification Authority of India (UIDAI), the Bank's Customers, Depositors, Bankers and other Lenders, Shareholders, Registrar and Transfer Agent, Debenture holders, Debenture Trustees and other stakeholders for their continued support and faith reposed in the Bank. The Directors would also like to thank the BSE Limited, National Securities Depository Limited, Central Depository Services (India) Limited and the Credit Rating Agencies for their continued co-operation. The Board of Directors appreciates their support and is grateful for the confidence that they have placed in the Board of Directors and the Bank's management. The Board also places on record its deep appreciation for the dedication and commitment of the staff at all levels as their hard work, co-operation and support which enabled the Bank to achieve its corporate goals.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Sd/-

Pramod Kabra

Chairman and Non-Executive Director

DIN: 02252403

Add: 2101, Floor 21, Plot 30, Tower No.4, Strata Planet Godrej, Keshavrao, Khadymarg, Saat Rasta, Jacob Circle, Mumbai – 400011, Maharashtra

Date: 23/08/2022

Place: Bangalore

Sd/-

Rajeev Yadav

Managing Director & Chief Executive Officer

DIN: 00111379

Add: Villa 578, Phase 3, Adarsh Palm Retreat, Outer Ring Road, Devarabeesanahalli, Bellandur, Bangalore- 560103, Karnataka

Date: 23/08/2022

Place: Bangalore

REPORT ON CORPORATE GOVERNANCE

REPORT ON CORPORATE GOVERNANCE

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

BANK'S PHILOSOPHY ON CORPORATE GOVERNANCE:

The Bank's Corporate Governance Philosophy is based on the phrase "Total commitment to ethical practices in the conduct of business". At the core of its Corporate Governance practice is the Board, which oversees how the management serves and protects the long-term interests of all the stakeholders of the Bank. The Bank believes that, an active well informed and independent Board is necessary to ensure the highest standards of Corporate Governance. The Bank's Corporate Governance practices are aimed at meeting the requirements as per the Reserve Bank of India ("RBI"), Securities Exchange Board of India ("SEBI") and other

Regulators besides good practices recommended by professional bodies or practiced by leading Banks/ Companies in India.

CODE OF CORPORATE GOVERNANCE:

The Bank has adopted and implemented Corporate Governance Policy which empowers the Board with necessary authority to review and evaluate its operations. This Policy permits the Board to make decisions that are independent of the Management. The Board may change this Policy from time to time in order to effectively achieve Bank's stated objectives.

BOARD OF DIRECTORS:

The Bank has an optimal combination of Executive Director, Non-Executive Chairman, Non-Executive Directors and Independent Directors, in compliance with the provisions of the Companies Act, 2013, the Banking Regulation Act, 1949 and the Directions issued by the Reserve Bank of India (RBI) for Small Finance Banks from time to time. The Board's actions and decisions are aligned with the Bank's best interests. It is committed to the goal of sustainably elevating Bank's value. The Board critically evaluates Bank's strategic direction, management policies and their effectiveness. In terms of the Corporate Governance philosophy; all statutory and other significant material information is placed before the Board to enable it to discharge its responsibility of strategic supervision of the Bank as trustees of the Shareholders.

1. Composition of the Board and directorships held during the FY22:

Category	Name of Director	No. of Board Meetings attended	No. of Committee Meetings attended	Attendance at last AGM held on November 08, 2021	Other Directorships (As on March 31, 2022)
Executive Director	Mr. Rajeev Yadav, Managing Director and Chief Executive Officer	20	20	Yes	NIL
Non-Executive Directors	Mr. Pramod Kabra, Part-Time Chairman and Non-Executive Director	14	17	No	3 (SHREE DIGVIJAY CEMENT CO LIMITED)
	Mr. Divya Sehgal, Nominee Director	2	0	Yes	3
	Mr. Dhiraj Poddar, Nominee Director	5	6	No	8
	Mr. Sameer Nanavati, Nominee Director	16	15	No	3
Independent Directors	Mr. Alok Prasad, Independent Director	21	32	No	3 (ARMAN FINANCIAL SERVICES LIMITED)
	Mr. Sunil Gulati, Independent Director	20	40	Yes	12
	Mrs. Nanda Dave, Independent Director	12	14	Yes	1
	Mr. Varun Sabhlok, Independent Director	21	29	No	NIL
	Mr. Vinay Bajjal, Independent Director	18	26	Yes	3
	Ms. Aarthi Sivanandh, Independent Director	13	7	No	NIL

Notes:

* Ms. Anisha Motwani resigned from the position of an Independent Director w.e.f. April 15, 2021 due to some technical and logistical challenges with to her other assignments.

Notes:

- Ms. Anisha Motwani resigned from the position of an Independent Director w.e.f. 15th April, 2021 due to some technical and logistical challenges with respect to her other assignments.
- The Board of Directors, upon recommendation of Nomination and Remuneration Committee, at its meeting held on 28th April, 2021 appointed Ms. Aarthi Sivanandh as an Additional Director (Independent) on the Board of the Bank. Her appointment was thereafter regularized as an Independent Director by way of passing special resolution at the extra-ordinary general meeting held on 1st May, 2021 for a period of 5 years w.e.f. 28th April, 2021.
- The Board of Directors, upon recommendation of Nomination and Remuneration Committee, at its meeting held on 21st June, 2021 appointed Ms. Nanda Sameer Dave as an Additional Director (Independent) on the Board of the Bank. Her appointment was thereafter regularized as an Independent Director at the Annual General Meeting held on 8th November, 2021 for a period of 5 years w.e.f. 21st June, 2021.
- The Board of Directors, upon recommendation of Nomination and Remuneration Committee, at its meeting held on 27th September, 2021 appointed Mr. Dhiraj Poddar as a Nominee Director (nominated by Fincare Business Services Limited) on the Board of the Bank w.e.f. 27th September, 2021..
- Mr. Ravindran Lakshmanan ceased to be a Director w.e.f. 5th October, 2021 owing to withdrawal of his nomination by Fincare Business Services Limited.
- The Board of Directors, upon recommendation of Nomination and Remuneration Committee, at its meeting held on 13th October, 2021,

appointed Mr. Divya Sehgal as a Nominee Director (nominated by Fincare Business Services Limited) on the Board of the Bank w.e.f. 13th October, 2021.

- The Board of Directors, upon recommendation of Nomination and Remuneration Committee, at its meeting held on 1st February, 2022, re-appointed Mr. Vinay Baijal as an Independent Director for a second term for the maximum tenure permissible under the provisions of the Companies Act, 2013 and applicable Banking Regulations/RBI guidelines prevailing from time to time on the Board of the Bank. His re-appointment was thereafter approved by way of passing special resolution at the extra-ordinary general meeting held on 24th February, 2022.

2. Disclosure of relationships between Directors inter-se:

The Directors do not have any relationship inter-se.

3. Number of Shares and convertible instruments held by Non-Executive Directors:

Mr. Sameer Nanavati, a Nominee Director representing Fincare Business Services Limited holds 162213 equity shares of the Bank amounting to negligible percentage (0.007%) of total paid-up Equity Share Capital of the Bank.

Apart from the above, none of the other Non-executive Directors of the Bank hold any shares in the Bank.

BOARD MEETINGS:

The Board of Directors of the Bank met 21 (Twenty-one) times in the FY22. The maximum interval between any two meetings did not exceed 120 days and the minutes of all the Board Meetings were duly recorded in the Minutes Book as prescribed in the Companies Act, 2013. The details of the meetings held in the year are mentioned hereunder:

Quarter 1 (April – June)	Quarter 2 (July – September)	Quarter 3 (October- December)	Quarter 4 (January- March)
9 th April, 2021	14 th July, 2021	13 th October, 2021	1 st February, 2022
21 st April, 2021	14 th August, 2021	27 th October, 2021	11 th February, 2022
28 th April, 2021	17 th August, 2021	13 th November, 2021	17 th February, 2022
4 th May, 2021	19 th August, 2021	6 th December, 2021	
8 th May, 2021	20 th September, 2021		
31 st May, 2021	27 th September, 2021		
14 th June, 2021			
21 st June, 2021			

The minutes of all the Board Meetings were duly recorded in the Minutes Book.

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

COMMITTEES OF THE BOARD:

During the period under review, the Board has 11 (Eleven) Committees, namely,

- Audit Committee;
- Credit Approval Committee;
- Corporate Social Responsibility Committee;
- Customer Service Committee;
- Fraud Monitoring Committee;
- IT Strategy Committee;
- Nomination and Remuneration Committee;
- Risk Management Committee;
- Stakeholders Relationship Committee;
- Special Committee to Investigate Sambandh Fraud; and
- Willful Defaulter Identification Review Committee

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

AUDIT COMMITTEE:

Composition:

The Audit Committee ("the ACB") has been constituted in accordance with provisions of Section 177 of the Companies Act, 2013 and RBI regulations applicable to the Bank.

During FY 22 pursuant to the appointment and resignation of the Directors as mentioned in notes to point 1 of this report under the heading "Composition of the Board and directorships held during the FY22" and also to align the committee structure with RBI Circular on Corporate Governance in Banks – Appointment of Directors and constitution of committees of the Board the ACB was reconstituted on 21st June, 2021, 27th September, 2021 and 27th October, 2021. the composition of the ACB as on March 31, 2022 is as follows:

1. Mr. Vinay Baijal – Chairperson and Independent Director
2. Mr. Alok Prasad - Independent Director
3. Mr. Dhiraj Poddar – Nominee Director
4. Mr. Sameer Nanavati – Nominee Director
5. Mr. Sunil Gulati - Independent Director
6. Mr. Varun Sabhlok - Independent Director
7. Mrs. Nanda Dave – Independent Director

The ACB of the Board met 12 (Twelve) times during the year under review:

Quarter 1 (April – June)	Quarter 2 (July – September)	Quarter 3 (October- December)	Quarter 4 (January- March)
28 th April, 2021	11 th August, 2021	12 th October, 2021	27 th January, 2022
28 th May, 2021	14 th August, 2021	26 th October, 2021	11 th February, 2022
14 th June, 2021	17 th August, 2021	13 th November, 2021	
		6 th December, 2021	

Audit Committee Meeting attendance:

Name	Nature of Directorship	No. of meetings attended
Mr. Vinay Baijal	Chairperson of the Audit Committee and Independent Director	11
Mr. Alok Prasad	Independent Director	12
Mr. Pramod Kabra [#]	Part Time Chairman of Board and Non-Executive Director	4
Mr. Sameer Nanavati	Nominee Director	10
Mr. Sunil Gulati	Independent Director	12
Mr. Varun Sabhlok	Independent Director	12
Mrs. Nanda Dave [*]	Independent Director	8
Mr. Dhiraj Poddar ^{**}	Nominee Director	5

[#] Mr. Pramod Kabra was the Member of the ACB till 27th September, 2021

^{*} Mrs. Nanda Dave was inducted as a Member of the ACB w.e.f. 21st June, 2021

^{**} Mr. Dhiraj Poddar was inducted as a Member of the ACB w.e.f. 27th September, 2021

Functioning of the ACB:

On 14th July, 2021, the Board of Directors revised the charter for the ACB setting out the roles, responsibilities and functioning of the Committee. In addition to adherence to the provisions of the Companies Act, 2013, applicable guidelines of the Reserve Bank of India and all other applicable regulatory requirements, the terms of reference of the Audit Committee are covered by its charter. Its functioning, inter alia includes the following:

A. Audit-related functions

1. Recommending to the Board, the appointment, re-appointment, terms of reference and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
2. Discussing with statutory auditors before the commencement of audit, about the nature and scope of audit as well as post-audit discussion, to ascertain area of concern, if any.
3. Reviewing and monitoring the statutory and internal auditors' independence and performance, and effectiveness of audit process.
4. Approving payment to statutory auditors for any other services rendered by the statutory auditors.
5. Reviewing compliance with inspection and audit reports of Reserve Bank of India, the findings of internal investigations, discussing the scope of audit with external auditors and examining reasons for substantial defaults, if any.



6. Reviewing cases of fraud, dacoity, robbery etc., detected during the year containing information such as area of operations where such attempts were made, effectiveness of new processes and procedures put in place during the year, trend of such cases during the last three years, need for change in processes and procedures, if any, etc.
- B. Financial Statements**
1. Reviewing with the management, the annual financial statements 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, 2013;
 - (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 legal requirements relating to financial statements;
 - (vi) Disclosure of any related party transactions; and
 - (vii) Qualifications in draft Audit report.
 2. Reviewing with the management, the half-yearly financial statements before submission to the Board for approval; and
 3. Reviewing with the management, the quarterly financial statements.
- C. Internal audit related functions**
1. Reviewing with the management, the adequacy of the internal control systems;
 2. 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;
 3. Discussing with internal auditors any significant findings and follow up there on; and
 4. 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.
- D. Related Party Transactions**
- Approving or suggesting modification of transactions of the Bank with related parties, if required..
- E. Others**
1. 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 utilized 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 and making appropriate recommendations to the board to take up steps in this matter.
2. Evaluating internal financial controls and risk management systems.
 3. Appointing valuers for valuation of any property, stocks, shares, debentures, securities or goodwill or any other assets or net worth of a Bank or liability of the Bank under the provision of the Companies Act, 2013.
 4. Undertaking and / or approving valuation of undertakings or assets of the Bank, wherever it is necessary.
 5. Scrutinizing inter-Bank loans and investments.
 6. Reviewing guidelines for investing surplus funds of the Bank.
 7. Reviewing investment proposals before submission to the Board of Directors.
 8. Reviewing proposals for mergers, demergers, acquisitions, carve-outs, sale, transfer of business / real estate and its valuation report and fairness opinion, if any, thereof.
 9. Ensuring proper system of storage, retrieval, display, or printout of the electronic record.
 10. Examining the reasons for substantial defaults in the payment to the debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
 11. Reviewing the functioning of the Whistle Blower / vigil mechanism.
 12. Any other requirement in accordance with the applicable provisions of Companies Act, or any re-enactment, amendment or modification thereto from time to time.
 13. Reviewing findings and report of Fraud Monitoring Committee on periodic basis on the cases of attempted fraud and any other findings.
 14. Reviewing the KYC/Anti-Money Laundering (AML) / Counter - Financing of Terrorism (CFT) policy annually and the implementation of the Bank's AML / CFT programme.
 15. Approving appointment of Chief Financial Officer (CFO) after assessing the qualifications, experience and background, etc. of the candidate.
 16. Carrying out any other function mentioned in the terms of reference of the audit committee.
 17. Reviewing the utilization of loans and/ or advances from/ investment by the holding company in the subsidiary exceeding rupees 100 Crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.

18. Any other duties and responsibilities that are consistent with the Committee's purpose, Articles of Association as the Board or Committee deems necessary or appropriate.

b. annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice.

F. Disclosure

1. Oversight of the Bank's financial reporting process and the disclosure of its financial information to ensure that, the financial statement is correct, sufficient and credible;
2. Take note of required disclosures on significant changes in internal controls over financial reporting during the year;
3. Mandatorily review the following information:
 - (i) Management discussion and analysis of financial condition and results of operations; Statement of significant related party transactions, (as defined by the Audit Committee), submitted by management;
 - (ii) Management letters of internal control weaknesses issued by the statutory auditors;
 - (iii) Internal audit reports relating to internal control weaknesses;
 - (iv) The appointment, removal and terms of remuneration of the Chief Internal Auditor; and;
 - (v) Statement of deviations:
 - a. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the Listing Regulations.

NOMINATION AND REMUNERATION COMMITTEE:

The Nomination and Remuneration Committee ("the NRC") has been constituted in accordance with provisions of Section 178 of the Companies Act, 2013 and RBI regulations applicable to the Bank.

Composition:

During FY 22 pursuant to the appointment and resignation of the Directors as mentioned in notes to point 1 of this report under the heading "Composition of the Board and directorships held during the FY22" and also to align the committee structure with RBI Circular on Corporate Governance in Banks – Appointment of Directors and constitution of committees of the Board, the NRC was reconstituted on 21st June, 2021 and 27th October, 2021. Post these re-constitutions the composition of the NRC as on March 31, 2022 is as follows:

1. Mr. Alok Prasad – Chairperson and Independent Director
2. Mr. Sunil Gulati - Independent Director
3. Mr. Pramod Kabra – Part Time Chairman of Board and Non-Executive Director
4. Mr. Vinay Baijal - Independent Director

The NRC of the Board met 12 (twelve) times during the year under review:

Quarter 1 (April – June)	Quarter 2 (July – September)	Quarter 3 (October- December)	Quarter 4 (January- March)
8 th April, 2021	1 st July, 2021	12 th October, 2021	1 st February, 2022
20 th April, 2021	5 th August, 2021		
27 th April, 2021	3 rd September, 2021		
29 th May, 2021	27 th September, 2021		
30 th May, 2021			
31 st May, 2021			
19 th June, 2021			

Nomination and Remuneration Committee Meeting attendance:

Name	Nature of Directorship	No. of meetings attended
Mr. Alok Prasad *	Chairperson of NRC and Independent Director	12
Mr. Pramod Kabra	Part Time Chairman of Board and Non-Executive Director	11
Mr. Sunil Gulati**	Independent Director	12
Mr. Vinay Baijal	Independent Director	12

* Mr. Alok Prasad is Chairperson of the Committee w.e.f. 21st June, 2021

** Mr. Sunil Gulati was Chairperson of the NRC till 21st June, 2021

Functioning of the NRC

The Board of Directors revised the charter for the NRC setting out the roles, responsibilities and functioning of this Committee on 14th July, 2021. In addition to adherence to the provisions of the Companies Act, 2013 and applicable RBI guidelines, the terms of reference of Nomination and Remuneration Committee is covered by its Charter and its functioning, inter alia, includes the following:

1. Formulating the criteria for determining qualifications, compliance with the fit and proper criteria as required under the Reserve Bank of India Guidelines for Licensing of Small Finance Banks in the Private Sector, attributes and independence of a Director and recommending to the Board of Directors a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees;



2. While formulating the above policy, ensure that —
 - (i) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run our Bank successfully;
 - (ii) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - (iii) remuneration to Directors, Key Managerial Personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Bank and its goals
3. Formulating criteria for evaluation of performance of Independent Directors and the Board of Directors;
4. Reviewing the performance of each existing Director and considering the results of such review when determining whether or not to recommend the nomination of such Director for the next year;
5. Devising a policy on diversity of Board of Directors;
6. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommending to the Board of Directors their appointment and removal and the manner for effective evaluation of performance of the Board, its committees and individual Directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and reviewing its implementation and compliance.
7. Extending or continuing the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors;
8. Recommending to the board, all remuneration, in whatever form, payable to senior management;
9. Determining the Bank's policy on specific remuneration packages for Whole-time Directors / Executive Directors including pension rights and any compensation payment;
10. Deciding the actual Salary, Salary Grades, Overseas Allowance, Perquisites, Retirals and Increment of Whole-time Directors;
11. Defining and implementing the performance linked incentive scheme and evaluating the performance and determine the amount of incentive of the Whole-time Directors for that purpose;
12. Administering, monitoring and formulating detailed terms and conditions of the Employees Stock Option Scheme of the Bank;
13. Periodically reviewing and suggesting revision of the total remuneration package of the Whole-time Directors keeping in view performance of the Bank, standards prevailing in the industry, norms specified by RBI, statutory guidelines, etc;
14. Carrying out any other function as mandated by the Board from time to time and / or enforced/mandated by any statutory notification, amendment or modification, as may be applicable;
15. Planning for MD&CEO/ senior management succession including plans for interim succession in the event of an unexpected occurrence and submitting a report to the Board to nominate potential successors to such personnel;
16. Ensuring that a Deed of Covenant and a declaration and undertaking in Bank's favor, as may be specified by RBI, is obtained from every Director;
17. Ensuring that an annual declaration is obtained from its Directors that the information provided has not undergone change and where there is any change, requisite details from them has been obtained forthwith;
18. Scrutinizing Deed of Covenant and a declaration and undertaking submitted by each of its Directors and on a continuing basis, performing due diligence in respect of each of its Directors and reporting to the Reserve Bank if any of its directors fails to fulfil the 'fit and proper' criteria as specified by the RBI from time to time.
19. Reviewing and assessing its own performance on an annual basis;
20. Overseeing the Director succession planning process for ensuring the right mix of Directors on the Board;
21. In cases where a Director provides any services to the Bank in any other capacity, evaluating whether the Director possesses the requisite qualification for the practice of such profession;
22. Developing an Orientation (new Directors) and Continuing Education Program (CEP) for the Board and individual Directors so as to keep abreast of changes in the Bank and the environment in which it operates; and
23. Performing such other functions as may be necessary or appropriate for the performance of its duties.

RISK MANAGEMENT COMMITTEE:

The Bank has formed Risk Management Committee ("the RMCB") of the Board for assisting the Board to establish a risk culture and risk governance framework in the organization. The function of the Committee is to identify management of risk inherent in all products and services across the Bank and to ensure that the established risk culture is adopted across all levels.

During FY 22 pursuant to the appointment and resignation of the Directors as mentioned in notes to point 1 of this report under the heading "Composition of the Board and directorships held during the FY22" and also to align the committee structure with RBI Circular on Corporate Governance in Banks – Appointment of Directors and constitution of committees of the Board, the RMCB was reconstituted on 21st June, 2021 and 27th October, 2021. Post these re-constitutions the composition of the RMCB as on March 31, 2022 is as follows:

1. Mr. Sunil Gulati – Chairperson of the RMCB and Independent Director
2. Mr. Alok Prasad – Chairman of the Board and Independent Director
3. Mr. Rajeev Yadav – Managing Director and Chief Executive Officer
4. Mr. Varun Sabhlok – Independent Director

The RMCB of the Board met 6 (six) times during the year under review:

Quarter 1 (April – June)	Quarter 2 (July – September)	Quarter 3 (October- December)	Quarter 4 (January- March)
31 st May, 2021	14 th July, 2021	27 th October, 2021	3 rd February, 2022
			16 th February, 2022
			30 th March, 2022

Risk Management Committee Meeting Attendance:

Name	Nature of Directorship	No. of meetings attended
Mr. Sunil Gulati	Chairperson of the RMCB and Independent Director	6
Mr. Pramod Kabra*	Part Time Chairman of Board and Non-Executive Director	0
Mr. Rajeev Yadav	Managing Director and Chief Executive Officer	6
Mr. Alok Prasad**	Independent Director	4
Mr. Ravindran Lakshmanan***	Nominee Director	1
Mr. Varun Sabhlok	Independent Director	6

*Mr. Pramod Kabra was the member of the RMCB till 21st June, 2021

** Mr. Alok Prasad was inducted as the member of RMCB w.e.f. 21st June, 2021

*** Mr. Ravindran Lakshmanan ceased to be a member of the Committee w.e.f. 5th October, 2021 owing to withdrawal of his nomination as nominee Director by Fincare Business Services Limited

Functioning of Risk Management Committee

On 14th July, 2021, the Board of Directors have revised the charter for the Risk Management Committee setting out the roles, responsibilities and functioning of the Committee. In addition to the applicable RBI guidelines, the terms of reference of Risk Management Committee are covered by its Charter and its functioning, inter alia includes the following:

A. Risk Management

1. Ensuring that all the current and future material risk exposures of the Bank are assessed, identified, quantified, appropriately mitigated and managed;
2. Establishing a framework for the risk management process and to ensure its implementation in the Bank;
3. Ensuring that the Bank is taking appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities;
4. Reviewing and recommending changes, from time to time, to the Risk Management plan and/ or associated frameworks, processes and practices of the Bank;
5. Enabling compliance with appropriate regulations, wherever applicable, through the adoption of best practices;
6. Verifying adherence to various risk parameters and prudential limits for treasury operations and to review its risk monitoring system;
7. Performing other activities related to this charter as requested by the Board of Directors or to address issues related to any significant subject within its term of reference;
8. Developing an integrated framework for charting / categorizing various types of loans, to determine implications on quality and review of returns and reports to the Reserve Bank of India pertaining to the Risk Monitoring function;
9. Evaluating overall risks faced by the bank and determining the level of risks which will be in the best interest of the bank;
10. Reviewing management's formulation of procedures, action plans and strategies to mitigate risks on short term as well as long term basis;
11. Reviewing the credit and liquidity stress test results on a quarterly basis;
12. Identifying, monitoring and measuring the risk profile of the bank;
13. Ensuring that the Bank's credit exposure to any one group or industry does not exceed the internally set limits and that the risk is prudently diversified;
14. Developing policies and procedures, verify the models that are used for pricing complex products, review the risk models as development takes place in the markets and also identify new risks;
15. Designing stress scenarios to measure the impact of unusual market conditions and monitor variance between the actual volatility of portfolio value and that predicted by the risk measures;
16. Monitoring compliance of various risk parameters by operating Departments;
17. Reviewing the outsourcing functions of the Bank;



18. Reviewing risk management practices, procedures and systems to ensure that same are adequate to limit potential risks faced by the bank to prudent levels (Annually). (Risk Management Framework to be reviewed for adequacy);
 19. Defining Limit Management Framework by outlining of the tolerance limits. Reporting of exceptions and breaches on a quarterly basis
 20. Reviewing adequacy of insurance policies taken by Management to cover risks/ transfer risk exposure;
 21. Ensuring compliance with Banks Group policy and regulatory requirement.
- B. Liquidity Management**
1. Ensuring compliance with Banks Group policy and regulatory requirement;
 2. Setting local targets and reviewing assumptions used for forecasting cash flows;
 3. Reviewing and approving contingency plans for liquidity and realisability assumption;
 4. Reviewing and managing concentration risk arising from both borrowers and depositors;
5. Ensuring business activity is consistent with the structural integrity of the balance sheet, including capital consumption;
 6. Ensuring that risks inherent in local payment systems are evaluated, quantified and managed.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

During FY 22 pursuant to the appointment and resignation of the Directors as mentioned in notes to point 1 of this report under heading "Composition of the Board and directorships held during the FY22" and also to align the committee structure with RBI Circular on Corporate Governance in Banks – Appointment of Directors and constitution of committees of the Board, the CSR Committee was reconstituted on 21st June, 2021 and 27th October, 2021. Post these re-constitutions the composition of the CSR Committee as on March 31, 2022 is as follows:

1. Mr. Divya Sehgal – Chairperson of CSR Committee and Nominee Director
2. Ms. Aarthi Sivanandh – Independent Director
3. Mr. Sameer Nanavati - Nominee Director
4. Mr. Varun Sabhlok - Independent Director

The CSR Committee of the Board met thrice during the year under review.

Quarter 1 (April – June)	Quarter 2 (July – September)	Quarter 3 (October- December)	Quarter 4 (January- March)
-	12 th July, 2021	26 th October, 2021	24 th January, 2022

CSR Committee Meeting Attendance:

Name	Nature of Directorship	No. of meetings attended
Mr. Divya Sehgal*	Chairperson of the CSR Committee and Nominee Director	0
Mr. Alok Prasad**	Independent Director	0
Mr. Ravindran Lakshmanan [§]	Nominee Director	1
Mr. Sameer Nanavati	Nominee Director	3
Mr. Varun Sabhlok	Independent Director	2
Ms. Anisha Motwani***	Independent Director	0
Ms. Aarthi Sivanandh****	Independent Director	3

* Mr. Divya Sehgal was inducted as a Chairperson of the CSR Committee w.e.f. 27th October, 2021

** Mr. Alok Prasad was Chairperson and member of the CSR Committee till 21st June, 2021

§ Mr. Ravindran Lakshmanan ceased to be a member of the Committee w.e.f. 5th October, 2021 owing to withdrawal of his nomination as nominee Director by Fincare Business Services Limited

***Ms. Anisha Motwani ceased to be a member of the Committee effective 15th April 2021 due to her resignation as an Independent Director.

**** Ms. Aarthi Sivanandh was inducted as a Chairperson of the CSR Committee w.e.f. 21st June, 2021 till 27th October, 2021 and w.e.f. 27th October, 2021 Ms. Sivanandh continued as a member of the CSR Committee.

The Bank has spent a total amount of ₹3,06,29,782/- towards CSR activities for FY 22 as against the total CSR obligation of ₹ 3,06,29,754/- in the areas specified in Schedule VII of the Companies Act, 2013, with no unspent amount for FY 22.

A detailed Report on Corporate Social Responsibility (CSR) Activities for FY22 is enclosed as **Annexure III**.

Functioning of the CSR Committee

The CSR Committee has acted as per the policy laid down by the Board. The Board has revised the Charter of the CSR Committee setting out the responsibilities, roles of the Committee, the terms of reference of the Committee on 26th April, 2021 which inter-alia includes the following:

To consider, review and decide the following:

1. Formulating a corporate social responsibility policy to the Board, indicating the activities to be undertaken by the Bank in areas or subject specified in the Companies Act, 2013. The activities shall be within the list of permitted activities specified in the Companies Act, 2013 and the rules thereunder;

2. Recommending the amount of expenditure to be incurred, amount to be at least 2% of the average net profit of the Bank in the three immediately preceding financial years;
3. Recommending to the Board, the amount of expenditure to be incurred on the activities pertaining to CSR.(Prescribed in Schedule VII) and monitor the same;
4. Reviewing and monitoring the corporate social responsibility activities of the Bank on behalf of the Board to ensure that the Bank is in compliance with appropriate laws and legislations;
5. Instituting a transparent monitoring mechanism for implementation of the corporate social responsibility projects or programs or activities undertaken by the Bank;
6. Monitoring the corporate social responsibility policy from time to time and issuing necessary directions as required for proper implementation and timely completion of corporate social responsibility programmes;
7. Identifying corporate social responsibility policy partners and corporate social responsibility policy programmes;
8. Reviewing management position on key stakeholder expectations involving corporate social responsibility and provide perspectives for Board's consideration;
9. Identifying and appointing the corporate social responsibility team of the Bank including corporate social responsibility manager, wherever required;
10. Reviewing management-identified opportunities to optimize the use of technology for the use of CSR activities; and
11. Performing such other duties and functions as the Board may require the corporate social responsibility committee to undertake to promote the corporate social responsibility activities of the Bank.
12. Reporting to the Board on all significant matters it has addressed and with respect to such other matters that are within its responsibilities, or such other items/matters prescribed under applicable law or prescribed by the Board in compliance with applicable law from time to time.
13. Issuing guidelines, procedures, formats, reporting mechanism and manuals in supplement and for better implementation of its policy as considered appropriate.

FRAUD MONITORING COMMITTEE:

Pursuant to the directives issued by Reserve Bank of India, the Bank set up and formed a Special Committee for Fraud Monitoring ("FMC") at the meeting of the Board of Directors held on 24-June-2017 for monitoring and follow up on cases amounting to ₹1 Crore and above.

During FY22, pursuant to the appointment and resignation of the Directors as mentioned in notes to point 1 of this report

under heading "Composition of the Board and directorships held during the FY22" and also to align the committee structure with RBI Circular on Corporate Governance in Banks – Appointment of Directors and constitution of committees of the Board, the FMC was reconstituted on 21st June, 2021 and 27th October, 2021. Post these re-constitutions the composition of the FMC as on March 31, 2022 is as follows:

The Fraud Monitoring Committee as at March 31, 2022 comprised of the following members:

1. Mr. Sameer Nanavati – Chairperson of FMC and Nominee Director
2. Mr. Alok Prasad - Independent Director
3. Mr. Rajeev Yadav – Managing Director and Chief Executive Officer
4. Ms. Aarthi Sivanandh – Independent Director *
5. Mr. Vinay Baijal - Independent Director

* Ms. Aarthi Sivanandh was inducted as a member of FMC w.e.f. 21st June, 2021

The Fraud Monitoring Committee did not meet during the year under review, since the Committee is exclusively formed for monitoring and follow up of cases of fraud involving amount of ₹1,00,00,000 (Rupees One Crore) and above and there were no cases of such fraud during the year.

Functioning of Fraud Monitoring Committee

The terms of reference in addition to the regulatory requirements is governed by the charter, which inter alia includes the following:

- Identifying the system lacunae, if any, that facilitated perpetration of the fraud and put in place measures to plug the same;
- Identifying the reasons for delay in detection, if any and report to top management of the Bank and RBI (if any);
- Monitoring progress of Central Bureau of Investigation / Police Investigation and recovery position;
- Ensuring that staff accountability is examined at all levels in all the cases of frauds and staff side action, if required, is completed quickly without loss of time;
- Reviewing the efficacy of the remedial action taken to prevent recurrence of frauds, such as strengthening of internal controls;
- Putting in place other measures as may be considered relevant to strengthen preventive measures against frauds;
- Updating the Audit committee on periodic basis on the cases of attempted fraud and action taken on them.

IT STRATEGY COMMITTEE MEETING:

IT Strategy Committee was formed by the Board of Directors at their meeting held on 24th June, 2017 in order to assist the Board in overseeing the IT functions of the Bank, besides providing inputs, reviewing and amending the aligned corporate and IT strategy.



During FY22, pursuant to the appointment and resignation of the Directors as mentioned in notes to point 1 of this report under heading “Composition of the Board and directorships held during the FY22” and also to align the committee structure with RBI Circular on Corporate Governance in Banks – Appointment of Directors and constitution of committees of the Board, the IT Strategy Committee was reconstituted on 21st June, 2021 and 27th October, 2021. Post these re-constitutions

the composition of the IT Strategy Committee as on March 31, 2022 is as follows:

1. Mr. Varun Sabhlok – Chairperson of IT Strategy Committee and Independent Director
2. Mr. Rajeev Yadav – Managing Director and Chief Executive Officer
3. Mr. Sunil Gulati – Independent Director
4. Mrs. Nanda Dave- Independent Director

The IT Strategy Committee of the Board met 5 (five) times during the year under review.

Quarter 1 (April – June)	Quarter 2 (July – September)	Quarter 3 (October- December)	Quarter 4 (January- March)
15 th June, 2021	13 th August, 2021	6 th December, 2021	2 nd March, 2022
	28 th September, 2021		

IT Strategy Committee Meeting attendance:

Name	Nature of Directorship	No. of meetings attended
Mr. Varun Sabhlok	Chairperson of the Committee and Independent Director	5
Mr. Pramod Kabra*	Part-time Chairman of the Board and Non-Executive Director	0
Mr. Rajeev Yadav	Managing Director and Chief Executive Officer	5
Mr. Sunil Gulati	Independent Director	5
Ms. Anisha Motwani**	Independent Director	0
Mrs. Nanda Dave***	Independent Director	3

*Mr. Pramod Kabra was a member of IT Strategy Committee till 21st June, 2021.

**Ms. Anisha Motwani ceased to be a member of the IT Strategy Committee w.e.f. 15th April, 2021 due to her resignation as an Independent Director.

***Mrs. Nanda Dave was inducted as a member of the IT Strategy Committee w.e.f. 21st June, 2021.

Functioning of IT Strategy Committee

Terms of reference in addition to the regulatory requirements is governed by the charter which broadly includes the following:

- Approving IT strategy and policy documents;
- Ensuring that the management has put an effective strategic planning process in place;
- Ratifying that the business strategy is indeed aligned with IT strategy;
- Ensuring that the IT Organizational structure complements the business model and its direction;
- Ascertaining that management has implemented processes and practices that ensure that IT delivers value to the business;
- Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
- Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;
- Ensuring proper balance of IT investments for sustaining Bank’s growth;
- Becoming aware about exposure towards IT risks and

controls and evaluating effectiveness of management’s monitoring of IT risks;

- Assessing Senior Management’s performance in implementing IT strategies;
- Issuing high-level policy guidance (e.g. related to risk, funding, or sourcing tasks);
- Reviewing IT or business architecture is to be designed, so as to derive the maximum business value from IT;
- Evaluating effectiveness of management’s monitoring of IT risks and overseeing the aggregate funding of IT at the Bank level;
- Reviewing IT performance and contribution of IT to businesses (i.e. delivering the promised value).

CUSTOMER SERVICE COMMITTEE:

Customer Service Committee was constituted by the Board of Directors of the Bank at their meeting held on 24th June, 2017 to assist the Board and the Bank in monitoring the quality of services rendered to the customers and to ensure implementation of directives received from the Reserve Bank of India in this regard.

During FY22 pursuant to the appointment and resignation of the Directors as mentioned in notes to point 1 of this report under heading “Composition of the Board and directorships held during the FY22” and also to align the committee structure with

RBI Circular on Corporate Governance in Banks – Appointment of Directors and constitution of committees of the Board, the Customer Service Committee was reconstituted on 21st June, 2021 and 27th October, 2021. Post these re-constitutions the composition of the Customer Service Committee as on March 31, 2022 is as follows:

1. Mrs. Nanda Dave – Chairperson of the Customer Service Committee and Independent Director
2. Mr. Rajeev Yadav – Managing Director and Chief Executive Officer
3. Ms. Aarthi Sivanandh – Independent Director
4. Mr. Sameer Nanavati – Nominee Director

The Customer Service Committee of the Board met 5 (five) times during the year under review.

Quarter 1 (April – June)	Quarter 2 (July – September)	Quarter 3 (October- December)	Quarter 4 (January- March)
24 th May, 2021	12 th July, 2021	26 th October, 2021	24 th January, 2022
	19 th August, 2021		

Customer Service Committee Meeting Attendance:

Name	Nature of Directorship	No. of meetings attended
Mr. Ravindran Lakshmanan [§]	Nominee Director	3
Mr. Rajeev Yadav	Managing Director and Chief Executive Officer	5
Mr. Sunil Gulati*	Independent Director	1
Mr. Vinay Baijal**	Independent Director	1
Ms. Anisha Motwani***	Independent Director	0
Mrs. Nanda Dave****	Independent Director	3
Ms. Aarthi Sivanandh*****	Independent Director	3
Mr. Sameer Nanavati	Nominee Director	1

* Mr. Sunil Gulati was a member of the Customer Service Committee till 21st June, 2021.

** Mr. Vinay Baijal was a member of the Customer Service Committee till 21st June, 2021.

§ Mr. Ravindran Lakshmanan ceased to be Director w.e.f. 5th October, 2021 owing to withdrawal of his nomination as nominee director by Fincare Business Services Limited and hence ceased to be a chairperson and member of the Customer Service Committee.

***Ms. Anisha Motwani ceased to be a member of the Committee w.e.f. 15th April, 2021 due to her resignation as an independent Director.

****Mrs. Nanda Dave was inducted as a member of the Customer Service Committee w.e.f. 21st June, 2021 and designated as a Chairperson w.e.f. 27th October, 2021

*****Ms. Aarthi Sivanandh was inducted as a member of the Customer Service Committee w.e.f. 21st June, 2021

Functioning of the Customer Service Committee

Terms of reference of the Committee are governed by the charter, which inter-alia includes the following:

- Formulating comprehensive deposit policy incorporating the issues arising out of the demise of a depositor for operation of his account, the product approval process, the annual survey of depositor satisfaction and the triennial audit of such services.
- Monitoring implementation of awards under the Banking Ombudsman Scheme.
- Ensuring customers are treated fairly all the times and complaints raised by them are dealt with courtesy and in time.
- Evaluating feedback on quality of customer service and overseeing implementation of commitments towards customers as per the directions received from BCSBI.
- Ensuring that all regulatory instructions regarding customer service are followed by the Bank.
- Reviewing and approving customer service policies and customer communication strategies of the Bank.
- Reviewing the performance of Standing Committee on Customer Service.

CREDIT APPROVAL COMMITTEE:

Credit Approval Committee of the Board was constituted by the Board members at their meeting held on 24th June, 2017 in order to assist the Board to approve credit exposures, which are beyond the powers delegated to the executives of Bank. This facilitates quick response to the needs of the customers and speedy disbursement of loans.

During FY22 pursuant to the appointment and resignation of the Directors as mentioned in notes to point 1 of this report under heading "Composition of the Board and directorships held during the FY22" and also to align the committee structure with RBI Circular on Corporate Governance in Banks – Appointment of Directors and constitution of committees of the Board, the Credit Approval Committee was reconstituted on 21st June, 2021 and 27th October, 2021. Post these re-constitutions the composition of the Credit Approval Committee as on March 31, 2022 is as follows:

1. Mr. Pramod Kabra – Part-time Chairman of the Board and Non-Executive Director
2. Mr. Rajeev Yadav – Managing Director and Chief Executive Officer
3. Mr. Sameer Nanavati – Nominee Director
4. Mr. Sunil Gulati - Independent Director
5. Mr. Varun Sabhlok - Independent Director



The Credit Approval Committee met one time on March 21st, 2022 during the year under review.

Credit Approval Committee Meeting Attendance:

Name	Nature of Directorship	No. of meetings attended
Mr. Pramod Kabra	Part Time Chairman of the Board and Non-Executive Director; Chairperson of the Credit Approval Committee	1
Mr. Rajeev Yadav	Managing Director and Chief Executive Officer	1
Mr. Sameer Nanavati	Nominee Director	1
Mr. Vinay Baijal*	Independent Director	0
Mr. Sunil Gulati	Independent Director	1
Mr. Varun Sabhlok**	Independent Director	1

* Mr. Vinay Baijal was a member of the Credit Approval Committee till 21st June, 2021

** Mr. Varun Sabhlok was inducted as a member of the Credit Approval Committee w.e.f. from 21st June, 2021

Functioning of the Credit Approval Committee

Terms of reference of the Committee are governed by the charter, which inter-alia includes the following:

- Formulating clear policies on standards for presentation of credit proposals, financial covenants, rating standards and benchmarks, delegation of credit approving powers, prudential limits on large credit exposures, asset concentrations, standards for loan collateral, portfolio management, loan review mechanism, risk concentrations, risk monitoring and evaluation, pricing of loans, provisioning, regulatory/legal compliance, etc.
- Approving credit exposures which are beyond the powers delegated to executives of the Bank.
- Implementing effective loan review mechanism and portfolio management.

STAKEHOLDER RELATIONSHIP COMMITTEE

Stakeholder Relationship Committee ("the SRC") was constituted on 26th April, 2021 and pursuant to the appointment and resignation of the Directors as mentioned in notes to point 1 of this report under heading "Composition of the Board and directorships held during the FY22" and also to align the committee structure with RBI Circular on Corporate Governance in Banks – Appointment of Directors and constitution of committees of the Board, the Stakeholders Relationship Committee was reconstituted on 21st June, 2021 and 27th October, 2021. Post these re-constitutions the composition of the Stakeholders Relationship Committee as on March 31, 2022 is as follows:

1. Mr. Dhiraj Poddar – Chairperson of the SRC and Nominee Director
2. Mr. Alok Prasad – Independent Director
3. Mr. Sameer Nanavati - Nominee Director
4. Mr. Rajeev Yadav – Managing Director & Chief Executive Officer
5. Mr. Divya Sehgal – Nominee Director

The SRC met one time on 21st March, 2022 during the year under review.

Stakeholders Relationship Committee Meeting Attendance:

Name	Nature of Directorship	No. of meetings attended
Mr. Dhiraj Poddar*	Chairperson of the SRC and Nominee Director	1
Mr. Rajeev Yadav	Managing Director and Chief Executive Officer	1
Mr. Sameer Nanavati	Nominee Director	1
Mr. Alok Prasad**	Independent Director	1
Mr. Divya Sehgal***	Nominee Director	0

*Mr. Dhiraj Poddar was inducted as a chairperson and member of the SRC w.e.f. 27th October, 2021

** Mr. Alok Prasad was the Chairperson of the SRC since the formation of the SRC till 27th October, 2021

*** Mr. Divya Sehgal was appointed as a member of the SRC w.e.f. 27th October, 2021

Functions of the Stakeholder Relationship Committee

- Resolving the grievances of the security holders of the Bank including complaints related to transfer/ transmission of shares, 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.

- Reviewing measures taken for effective exercise of voting rights by shareholders.
- Reviewing adherence to the service standards adopted by the Bank in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Reviewing the various measures and initiatives taken by the Bank for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/ statutory notices by the shareholders of the Bank.
- Formulating procedures in line with the statutory guidelines to ensure speedy disposal of various requests received from shareholders from time to time.
- Redressing shareholders' and investors' complaints/ grievances such as transfer of shares, non-receipt of balance sheet, non-receipt of declared dividend etc.
- Approving transfer or transmission of shares and other securities.
- Approving sub-division, consolidation and/or replacement of share or other securities certificate(s) of the Bank.
- Approving allotment and listing of shares, transfer or transmission of shares, debentures or any other securities.
- Authorizing affixation of common seal of the Bank.
- Approving the transmission of shares or other securities arising as a result of death of the sole/ any joint shareholder.
- Approving dematerialization or rematerialization of the issued shares.
- Ensuring proper and timely attendance and redressal of investor queries and grievances.
- Carrying out any other functions contained in the SEBI Listing Regulations, Companies Act, 2013 and/ or equity listing agreements (if applicable), as and when amended from time to time; and
- Delegating powers to any other employee(s), officer(s), representative(s), consultant(s), professional(s), or agent(s).

SPECIAL COMMITTEE OF BOARD

Special Committee of Board to investigate fraud perpetrated by Sambandh Finserve was constituted on 14th June, 2021 and pursuant to the appointment and resignation of the Directors as mentioned in notes to point 1 of this report under heading "Composition of the Board and directorships held during the FY22" and also to align the committee structure with RBI Circular on Corporate Governance in Banks – Appointment of Directors and constitution of committees of the Board, the Special Committee was reconstituted on 21st June, 2021 and 27th October, 2021. Post these re-constitutions the composition of the Special Committee as on March 31, 2022 is as follows:

1. Ms. Aarthi Sivanandh – Chairperson of the Special Committee and Independent Director
2. Mr. Sunil Gulati - Independent Director
3. Mr. Varun Sabhlok - Independent Director
4. Mr. Rajeev Yadav, Managing Director & Chief Executive Officer
5. Mrs. Nanda Dave – Independent Director

The Special Committee meet two times on 15th September, 2021 and 12th January, 2022 during the year under review.

Special Committee Meeting Attendance:

Name	Nature of Directorship	No. of meetings attended
Mr. Rajeev Yadav*	Managing Director and Chief Executive Officer	2
Mr. Ravindran** Lakshmanan	Nominee Director	1
Ms. Aarthi Sivanandh***	Chairperson of the Special Committee and Independent Director	1
Mr. Sunil Gulati	Independent Director	2
Mr. Varun Sabhlok	Independent Director	2
Mrs. Nanda Dave****	Independent Director	0

* Mr. Rajeev Yadav was the chairperson of the Special Committee from its formation till 27th October, 2021.

**Mr. Ravindran Lakshmanan ceased to be Director w.e.f. 5th October, 2021 owing to withdrawal of his nomination as nominee Director by Fincare Business Services Limited and hence ceased to be a member of the Committee

*** Ms. Aarthi Sivanandh was the Chairperson of the Special Committee w.e.f. 27th October, 2021

****Mrs. Nanda Dave was inducted as a member of the Special Committee w.e.f. 27th October, 2021

Function of the Special Committee

The Special Committee shall be responsible for:

- Identifying the systemic lacunae if any that facilitated perpetration of the fraud and put in place measures to plug the same
- Identifying the reasons for delay in detection, if any, reporting to top management of the bank and RBI
- Monitoring progress of CBI/Police investigation and recovery position
- Ensuring that staff accountability is examined at all levels in all the cases of frauds and staff side action, if required, is completed quickly without loss of time
- Reviewing the efficacy of the remedial action taken to prevent recurrence of frauds, such as strengthening of internal controls



WILFUL DEFAULTER IDENTIFICATION REVIEW COMMITTEE

Wilful Defaulter Identification Review Committee (“the Wilful Defaulter Committee”) was formed on 27th October, 2021 to review the decision taken by the Wilful Defaulter Identification Committee (Management Level Committee) and to tag a borrower as ‘wilful defaulter’. The Composition of Wilful Defaulter Identification Review Committee as on March 31, 2022 is as follows:

1. Mr. Pramod Kabra – Chairperson of the Wilful Defaulter Committee and Director.
3. Mr. Varun Sabhlok - Independent Director
4. Ms. Aarthi Sivanandh- Independent Director

The Wilful Defaulter Committee met one time on 12th January, 2022 during the year under review.

Wilful Defaulter Committee Attendance:

Name	Nature of Directorship	No. of meetings attended
Mr. Pramod Kabra	Part Time Chairman of the Board and Non-Executive Director; Chairperson of the Wilful Defaulter Committee	1
Ms. Aarthi Sivanandh	Independent Director	1
Mr. Varun Sabhlok	Independent Director	1

Function of the Wilful Defaulter Committee :

The Wilful Defaulter Committee shall be responsible for:

- Reviewing the recommendation of Willful Defaulter Identification Committee to tag borrower/s as willful defaulter
- Ensuring that the procedure to tag a borrower as willful defaulter is in line with regulator prescribed guidelines and Board approved Willful Defaulter Identification Policy
- Overseeing a comprehensive review of borrower and satisfying itself that the borrower is eligible to be tagged as ‘willful defaulter’
- Monitoring progress of CBI/Police investigation and recovery position.

GENERAL BODY MEETINGS:

a) Annual General Meeting:

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

The Annual General Meeting for FY 2020-21 was held on 8th November, 2021 through Video conferencing (“VC”)/other Audio-Visual Means (“OAVM”) without the physical presence of members and venue of the meeting shall be deemed to be the Registered Office of the Company situated at 301-306, 3rd Floor, Abhijeet-V Opp. Mayor’s Bungalow, Law Garden Road, Mithakhali, Ahmedabad – 380006, Gujarat.

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

Form No.	Type of Form	Relevant section	Date of filing/ submission
MGT-7	Annual Return	92(1)	30 th December, 2021
AOC-4	Balance Sheet and Profit and loss A/c	137	30 th November, 2021

b) Extra-Ordinary General Meeting:

During the Year, 3(three) Extra-Ordinary General Meetings were held viz. 20th April, 2021; 1st May, 2021; 24th February, 2022.

No special resolution was passed through postal ballot during the last year.

Also, no special resolution is proposed to be passed through Postal Ballot.

SUBSIDIARY COMPANY:

The Bank does not have any subsidiary.

MEETING OF INDEPENDENT DIRECTORS:

The Independent Directors of the Bank met on 17th March, 2022 without any Non-Independent Directors in attendance.

PERFORMANCE EVALUATION OF DIRECTORS:

The Bank followed an objective based approach for carrying out performance evaluation of Directors. Also, the performance evaluation

of the Board collectively, Board-level Committees, Independent Directors and Non-Independent Directors, was done in accordance with the relevant provisions of the Companies Act, 2013 read with relevant rules made thereunder.

REMUNERATION OF NON- EXECUTIVE DIRECTORS:

The remuneration to the Non-Executive Directors, as approved by Board, is paid in the form of sitting fees only. The RBI vide Circular No. DBR. No.BC.97/29.67.001/2014-15 dated 1st June, 2015 issued Guidelines on Compensation of Non-Executive Directors of Private Sector Banks emphasizing that in order to enable Banks to attract and retain professional Directors, it is essential that such Directors are appropriately compensated.

At the Bank, Sitting fees of ₹1,00,000/- and ₹50,000/- was paid to Non-Executive Directors (as approved by Board) for every Board and Committee meeting attended by them. However, the total amount paid to each such during a financial year did not exceed ₹20,00,000/- and were within the limits prescribed under the provisions of Companies Act, 2013.

None of the Non-Executive Directors have any pecuniary relationship or transaction with the Bank apart from receiving sitting fee.

The details of sitting fees paid to Non-Executive Directors are mentioned herein below:

Name of Director	Sitting Fees Paid (In ₹)
Mr. Alok Prasad	20,00,000
Mr. Sameer Nanavati	20,00,000
Mr. Sunil Gulati	20,00,000
Ms. Aarthi Sivanandh	16,50,000
Mr. Varun Sabhlok	20,00,000
Mr. Vinay Baijal	20,00,000
Mrs. Nanda Dave	15,00,000

CREDIT RATINGS:

During the period under review and till the date of Board's report, the Bank has been assigned CARE A (Stable) rating and ICRA A (Stable) rating from CARE RATINGS and ICRA respectively for its Fund based facilities. The Bank has also been assigned IND A (Stable) credit rating by India Ratings & Research for its Unsecured Sub-ordinated Debt/ Non-Convertible Debentures and CARE A Stable Rating from CARE RATINGS for its Unsecured Sub-ordinated Debt/ Non-Convertible Debentures. Further, the fixed deposit program of the Bank has been rated "ICRA A (stable outlook)" rating by ICRA which is reaffirmed and migrated from MA+ (stable outlook) as per ICRA rating scale. Further, Crisil A1+ rating is assigned for Certificate of Deposits by CRISIL.

CODE OF CONDUCT:

The Bank has a Code of Conduct policy in place and all staff and senior management have adhered compliance to the same.

FAIR PRACTICES CODE:

The Bank adopted the Fair Practices Code pursuant to the RBI guidelines issued in this regard, which is displayed on the Bank's website and at all branches of the Bank.

DISCLOSURE REGARDING MANAGERIAL REMUNERATION:

Sr. No.	Particulars	Remarks
1	Designation	Mr. Rajeev Yadav, Managing Director and Chief Executive Director
2	Remuneration received	₹386.1 Lakhs
3	Nature of employment, whether contractual or otherwise	Whole-time employee
4	Qualifications and experience of the employee	B. Tech and PGDM with experience of more than 25 years
5	Date of commencement of employment*	17 th July, 2017
6	The percentage of equity shares held by the employee in the company	0.00 (Negligible)

* Mr. Rajeev Yadav was re-appointed as a Managing Director and Chief Executive Officer of the Bank w.e.f. 17th July, 2020 for a period of 3 years.



Disclosure pursuant to Rule 5(1) & 5(2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

Disclosure pursuant to Rule 5(1):

Median Info:	
(i) the ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year (median means the numerical value separating the higher half of a population from the lower half and the median of a finite list of numbers may be found by arranging all the observations from lowest value to highest value and picking the middle one, if there is an even number of observations, the median shall be the average of the two middle values)	151X, 151:1 ¹
(ii) the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;	CEO - NA ² CFO - 6% ³ CS - 29% ³
(iii) the percentage increase in the median remuneration of employees in the financial year;	7.8% ⁴
(iv) the number of permanent employees on the rolls of company ²	11098 ⁵
(v) average percentile increase 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	(i) Average increase for employees other than Managerial Personnel: 10.18% ⁶ (ii) Average increase for Managerial Personnel: 10.2% ⁷
(vi) affirmation that the remuneration is as per the remuneration policy of the company	Yes

Note: (refer e-mail from HR on updated table & note)

1. Remuneration of Managing Director considered for the computation
2. Pay proposal for MD&CEO for FY22 yet to be submitted to the RBI
3. Change in Fixed pay considered for the computation due
4. The change in median remuneration of all full time employees at the bank between FY22 and FY21 considered for the computation
5. Headcount as per payroll on 15th Mar, 2022 considered
6. Weighted average salary increase for 6618 eligible staff considered – the nominal increment (excluding market correction) based on performance rating ranged from 0-16% across employment bands
7. Weighted average percentile increase for CFO and CS considered, since proposal for MD yet to be submitted.

Information with respect to Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is available for inspection at the registered office of the Bank during business hours on working days of the Bank. If any member is interested in obtaining a copy, such member may write to the Company Secretary in this regard.

Related Party Disclosure pursuant to Part A of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015:

The transactions with related parties during the year:

Nature of transaction	Relationship	31 st March, 2022	31 st March, 2021
Issue of equity shares by way of Right Issue			
Mr. Rajeev Yadav	Managing Director and Chief Executive Officer	0	-
Mr. Keyur Doshi	Chief Financial Officer	7	-
Relative of key management personnel	Relatives of key management personnel	57	-
Issue of equity shares by way of Bonus Issue			
Mr. Rajeev Yadav	Managing Director and Chief Executive Officer	0	-
Mr. Keyur Doshi	Chief Financial Officer	16	-
Fincare Business Services Limited ¹	Holding Company	11,566	-
Relative of key management personnel	Relatives of key management personnel	123	-

The transactions with related parties during the year:

Nature of transaction	Relationship	31 st March, 2022	31 st March, 2021
Securities premium on equity shares by way of Right Issue			
Mr. Rajeev Yadav	Managing Director and Chief Executive Officer	0	-
Mr. Keyur Doshi	Chief Financial Officer	109	-
Relative of key management personnel	Relatives of key management personnel	910	-
Managerial remuneration/remuneration for KMP			
Mr. Rajeev Yadav	Managing Director and Chief Executive Officer	386	295
Mr. Keyur Doshi	Chief Financial Officer	137	121
Ms. Shefaly Kothari	Company Secretary	32	28
Term deposits made with the Bank			
Fincare Business Services Limited	Holding Company	2,699	6,765
Mr. Rajeev Yadav	Managing Director and Chief Executive Officer	-	0
Relative of key management personnel	Relative of key management personnel	19	229
Term deposits matured (inclusive of interest)			
Fincare Business Services Limited	Holding Company	2,339	6,771
Mr. Rajeev Yadav	Managing Director and Chief Executive Officer	0	-
Relative of key management personnel	Relative of key management personnel	35	40
Interest expense on term deposits			
Fincare Business Services Limited	Holding Company	15	6
Mr. Rajeev Yadav	Managing Director and Chief Executive Officer	1	1
Mr. Keyur Doshi	Chief Financial Officer	0	0
Relative of key management personnel	Relative of key management personnel	34	28
Interest expense on Sub Debts			
Fincare Business Services Limited	Holding Company	-	4
Relative of key management personnel	Relative of key management personnel	1	-
Interest expense on Saving account			
Mr. Rajeev Yadav	Managing Director and Chief Executive Officer	0	0
Mr. Keyur Doshi	Chief Financial Officer	1	0
Ms. Shefaly Kothari	Company Secretary	0	0
Relative of key management personnel	Relative of key management personnel	42	12
v) Closing balance of the transactions with related parties :			
Deposit balance (savings and term deposit)			
Fincare Business Services Limited (formerly Fincare Business Services Private Limited)	Holding Company	359	
Mr. Rajeev Yadav	Managing Director and Chief Executive Officer	7	7
Mr. Keyur Doshi	Chief Financial Officer	2	2
Ms. Shefaly Kothari	Company Secretary	19	6
Relative of key management personnel	Relative of key management personnel	453	672
Sub-debt payable			
Fincare Business Services Limited	Holding Company	-	1,869
Relative of key management personnel	Relative of key management personnel	11	-
Interest payable on Sub-debt			
Fincare Business Services Limited	Holding Company	-	4
Relative of key management personnel	Relative of key management personnel	0	-
Current account balance			
Fincare Business Services Limited	Holding Company	8	142
Deposit balance (savings and term deposit)			
Fincare Business Services Limited	Holding Company	4,393	9,007
Mr. Rajeev Yadav	Managing Director and Chief Executive Officer	9	11



The transactions with related parties during the year:

Nature of transaction	Relationship	31 st March, 2022	31 st March, 2021
Mr. Keyur Doshi	Chief Financial Officer	824	27
Ms. Shefaly Kothari	Company Secretary	20	9
Relative of key management personnel	Relative of key management personnel	3,122	906
Interest expense payable on deposit balance (savings and term deposit)			
Fincare Business Services Limited	Holding Company	1	-
Mr. Rajeev Yadav	Managing Director and Chief Executive Officer	0	0
Mr. Keyur Doshi	Chief Financial Officer	1	0
Ms. Shefaly Kothari	Company Secretary	0	0
Relative of key management personnel	Relative of key management personnel	30	6
Sub-debt payable			
Fincare Business Services Limited	Holding Company	-	-
Relative of key management personnel	Relative of key management personnel	11	
Interest on Sub-debt payable			
Fincare Business Services Limited	Holding Company	-	4
Relative of key management personnel	Relative of key management personnel	1	
Current account balance			
Fincare Business Services Limited	Holding Company	1,695	2,236

VIGIL MECHANISM POLICY:

The Company has adopted a Vigil Mechanism Policy, pursuant to which, Directors, employees and vendors of the Bank can report concerns on unethical and/or improper behavior, practices, actual or suspected fraud or violation of the Bank's Code of Conduct or any other wrongful conduct in the Bank or of its employees. Details of complaints received, and the action taken on the complaints were reviewed by the Audit Committee of the Board.

VIGIL MECHANISM

Vigilance is an inseparable part of management. It promotes clean business transactions, professionalism, productivity, promptness and transparent practices and ensures putting in place systems and procedures to curb opportunities for corruption which results in improving efficiency and effectiveness of the personnel as well as the organization. Anti-corruption measures of the banks are a responsibility of the disciplinary authority identified in the bank and it has the over-all responsibility of looking into the acts of misconduct alleged against, or committed by, the employees within its control and to take appropriate punitive action. It is also required to take appropriate preventive measures so as to prevent commission of misconducts/ malpractices by the employees under its control and jurisdiction. Vigilance functions are performed by Vigilance & Ethics Officer which are wide-ranging and include collecting intelligence about corrupt practices committed, or likely to be committed, by any Bank staff; investigating or causing an investigation to be made into verifiable allegations reported to him; processing investigation reports for further consideration of the disciplinary authority concerned; referring the matters to the MD&CEO of the bank for advice wherever necessary, taking steps to prevent commission of improper practices/misconducts, etc.

FINANCIALS CIRCULATION:

Financial Results of the half year ended 30th September 2021 and March 31, 2022 were published in newspaper having nationwide circulation on 12th November 2021 and 16th June 2022 respectively in accordance with the requirements of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

OTHER DISCLOSURES:

Disclosures on transactions with related parties, as required under the Indian Accounting Standard 18, have been incorporated in the Notes to the Accounts, being part of the Annual Report.

There are no instances on non-compliance by the Bank, penalties or structures imposed by any Regulatory Authority. There are no materially significant related party transactions with the Bank's Promoters, Directors, Key Managerial Personnel or their relatives, which may have potential conflict with the interest of the Bank at large.

GENERAL SHAREHOLDER INFORMATION:

Shareholding pattern as on March 31, 2022

S. No.	Category of the Shareholder	No. of Shares	Percentage (%)
1	Promoters	173489568	78.58
2	Insurance Companies	3747660	1.70
3	Indian Bodies Corporates	6759196	3.06
5	Overseas Bodies Corporates	23663949	10.72
6	AIF	168840	0.08
7	Society	460450	0.21
8	HUF	18837	0.01
10	Indian Public	5076923	2.30
11	NRI	20000	0.01
12	Trust	7374297	3.34
	Total	22,07,79,720	100

Non-Convertible Debentures (NCDs) of the Bank have been issued in dematerialized form and have been listed on the Bombay Stock Exchange.

Registrar and Transfer Agent

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

Debenture Trustee

CATALYST TRUSTEESHIP LIMITED
(Erstwhile GDA Trusteeship Limited)
Windsor, 6th Floor, Office No. 604, C.S.T. Road
Kalina, Santacruz (East)
Mumbai - 400098
Phone: +91 22 49220525
www.catalysttrustee.com

Dematerialization:

The shares of the Company are dematerialized through KFin Technologies Private Limited (Registrar and Share Transfer Agent).

Registered Office and Corporate Office:

The Registered office of the Company is located in Ahmedabad at 301-306, 3rd Floor, Abhijeet V, Law Garden Road, Mithakhali, Ahmedabad-380006 and Corporate Office of the Bank is located in Bengaluru at 5th Floor, Bren Mercury, Kaikondanahalli, Sarjapur Main Road, Bengaluru – 560035, Karnataka.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Sd/-

Pramod Kabra

Chairman and Non-Executive Director

DIN: 02252403

Add: 2101, Floor 21, Plot 30, Tower No.4, Strata Planet Godrej, Keshavrao, Khadymarg, Saat Rasta, Jacob Circle, Mumbai – 400011, Maharashtra

Date: 23/08/2022

Place: Bangalore

Sd/-

Rajeev Yadav

Managing Director & Chief Executive Officer

DIN: 00111379

Add: Villa 578, Phase 3, Adarsh Palm Retreat, Outer Ring Road, Devarabeesanahalli, Bellandur, Bangalore- 560103, Karnataka

Date: 23/08/2022

Place: Bangalore



Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31st March, 2022

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

To,
The Members,
FINCARE SMALL FINANCE BANK LIMITED
CIN: U67120GJ1995PLC025373
301-306, 3rd Floor, ABHIJEET -V,
Opp. Mayor's Bungalow,
Law Garden Road, Mithakhali, Ahmedabad-380006

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **FINCARE SMALL FINANCE BANK LIMITED** (hereinafter called the "Bank"). 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 Bank's books, papers, minute books, forms and returns filed and other records maintained by the Bank and also the information provided by the Bank, its officers, agents and authorized representatives whether electronically or otherwise during the conduct of secretarial audit; we hereby report that in our opinion, the Bank has, during the audit period covering the financial year ended on 31st March, 2022 complied with the statutory provisions listed hereunder and also that the Bank 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 Bank for the financial year ended on 31st March, 2022 and made available to us, 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) 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: Not Applicable to the extent of Overseas Direct Investment and External Commercial Borrowings as there was no reportable event during the period under review.
- 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 (Substantial Acquisition of Shares and Takeovers) Regulations, 2011- Not applicable as the Securities covered in the regulations were not listed on any stock exchange;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (up to 12th August, 2021) and The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (with effect from 13th August, 2021)- Not applicable as the Securities covered in the regulations were not listed on any stock exchange;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (up to 16th August 2021) - Not applicable as no new Debt securities has been issued during the year under review;
 - (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 (Delisting of Equity Shares) Regulations, 2009 (up to 9th June 2021) and The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 (with effect from 10th June 2021)-Not applicable as the Equity shares of the Bank were not listed on any stock exchange;
 - (h) The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 2018- Not applicable as the Securities covered in the regulations were not listed on any stock exchange;
 - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015- Complied with to the extent Regulations governing Non-Convertible Securities;
 - (j) The Securities and Exchange Board of India (Issue and Listing of Non- Convertible Securities) Regulations, 2021 (with effect from 16th August 2021)- Not

applicable as no new Debt securities has been issued during the year under review.

We have also examined compliance with the applicable Standards / Clauses / Regulations of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI) and made effective from time to time.
- ii. Listing Agreements entered into by the Bank with BSE Limited for listing of Non-Convertible Debentures issued by Bank.

During the Audit period under review, the Bank has complied with all the material aspects / provisions of the applicable Act, Rules, Regulations, Guidelines, Standards etc. as mentioned above.

We further report that:

Having regard to the compliance system prevailing in the Bank and on examination of relevant documents and records in pursuance thereof on test - check basis, the Bank has generally complied with the aspects of the following laws specifically applicable to the Bank being a Small Finance Bank:

1. The Reserve Bank of India Act, 1934;
2. The Banking Regulation Act, 1949 and Notifications and Circulars issued by the Reserve Bank India ('RBI') from time to time;
3. Guidelines issued by RBI on Small Finance Bank dated 27th November, 2014 and Operational Guidelines issued dated 6th October, 2016;
4. The Negotiable Instruments Act, 1881;
5. The Prevention of Money Laundering Act, 2002 and The Prevention of Money- Laundering (Maintenance of Records etc.) Rules, 2005.

We further report that:

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

Adequate notice is given to all Directors to schedule the Board / Committee Meetings, agenda and detailed notes on agenda were sent at least seven days in advance except where consent of directors/ committee members was received for receiving notice of meetings, circulation of the Agenda and notes on Agenda at a shorter notice and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All the decisions at the meetings of Board of Directors/ Committees of the Bank were carried unanimously. During the year, every dissenting views of the members on any of the matters have been captured and recorded as part of the minutes.

We further report that:

Based on review of compliance mechanism established by the Bank, the information provided by the Bank, its officers and authorized representatives during the conduct of the audit and compliance certificate placed before the Board meeting, we are of the opinion that there are adequate systems and processes in the Bank commensurate with the size and operations of the Bank to monitor and ensure compliance with applicable general laws, rules, regulations and guidelines.

As informed, the Bank has responded appropriately to notices received from various statutory/regulatory authorities including initiating actions for corrective measures, wherever found necessary.

We further report that:

The compliance by the Bank of the applicable financial laws like Direct and Indirect Tax laws, has not been reviewed in this Audit since the same have been subject to the review by the Statutory Auditors and other designated professionals.

We further report that:

During the Audit period under review, the event / action having major bearing on the Bank's affairs in pursuance of the abovementioned laws, rules, regulations, guidelines, standards etc. is as mentioned below:

- i. 99,82,759 Equity shares of ₹10/- each have been issued at a securities premium of ₹160/- per share on rights basis.
- ii. 14,71,86,480 Equity shares of ₹10/- each have been issued by way of bonus in the ratio of 2:1 (Two shares for every one share held).
- iii. The Bank has filed Draft Red Herring Prospectus with Securities Exchange Board of India on May 8, 2021 for the purpose of making Initial Public Offer (IPO) of its equity shares having face value of ₹10 each for cash, aggregating up to ₹13,300 million comprising a fresh issue of up to ₹3,300 million and an offer for sale aggregating up to ₹10,000 million by its Promoter, at a price to be determined as per applicable Regulations. The Company has not come out with IPO during the year 2021-22.

FOR PARIKH DAVE & ASSOCIATES
COMPANY SECRETARIES
ICSI Unique Code No.: P2006GJ009900
Peer review Certificate No.: 796/2020

UDAY G. DAVE
PRACTICING COMPANY SECRETARY
PARTNER

Place : Ahmedabad
Date : 20/07/2022

FCS No.: 6545 C. P. No.: 7158
UDIN: F006545D000659494

Notes:

1. This report is to be read with our letter of even date which is annexed as Annexure – A and forms an integral part of this report.



ANNEXURE - A

To,
The Members,
FINCARE SMALL FINANCE BANK LIMITED
CIN: U67120GJ1995PLC025373

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

1. Maintenance of Secretarial record is the responsibility of the management of the Bank. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process 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 process and practices followed by us 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 Bank.
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, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Bank nor of the efficacy or effectiveness with which the management has conducted the affairs of the Bank.

FOR PARIKH DAVE & ASSOCIATES
COMPANY SECRETARIES
ICSI Unique Code No.: P2006GJ009900
Peer review Certificate No.: 796/2020
Sd/

UDAY G. DAVE
PRACTICING COMPANY SECRETARY
PARTNER
FCS No.: 6545 C. P. No.: 7158
UDIN: F006545D000659494

Place : Ahmedabad
Date : 20/07/2022

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

[Pursuant to Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended.]

1. Brief Outline on CSR Policy of the Bank

Fincare Small Finance Bank Limited (hereinafter referred to as the 'Bank') in particular and also the sector at large, has a meaningful social impact due to the sheer nature of the business viz. small ticket credit and also due to the client segment it addresses viz. low-income households in rural and semi-urban India. By adopting CSR as a separate pillar of core operations, the Bank aims to build greater relevance to its credo of 'a commercially successful business with a strong Social DNA'.

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

The CSR policy of the Bank is framed in line with the Guidelines on Corporate Social Responsibility for Private and Public enterprises.

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

CSR Thrust Areas

The Bank has identified select themes for undertaking CSR Projects/programs/activities across its markets of presence.

The actual distribution of the expenditure among these focus areas depends upon the local needs as may be determined by the need identification studies or discussions with borrower community/local government/Gram panchayat/NGOs. For CSR spends, the Bank gives preference to the local area(s) around which the Bank normally operates.

The key themes for the Bank's CSR program are as follows:

- Health & Hygiene
- Livelihood Promotion & Financial Literacy
- Environment Protection & Community Welfare
- Any other activities that the CSR Committee of the Bank may define from time to time, based on inputs received from stakeholders.

1 Composition of CSR Committee as on 31st March, 2022:

S. No	Name of Director	Designation/Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Divya Sehgal, Chairperson ***	Nominee Director	3	0
2	Mr. Sameer Nanavati	Nominee Director	3	3
3	Mr. Varun Sabhlok	Independent Director	3	2
4	Ms. Aarthi Sivanandh**	Independent Director	3	3
5	Mr. Ravindran Lakshmanan*	Nominee Director	3	1
6	Ms. Anisha Motwani#	Independent Director	3	0

*** Mr. Divya Sehgal was appointed as a Chairperson of the Committee effective 27th October, 2021

** Ms. Aarthi Sivanandh was appointed as a Chairperson of the Committee effective 21st June, 2021. However, post appointment of Mr. Divya Sehgal as a Chairperson of the Committee, Ms. Sivanandh continued to be a member of the Committee.

* Mr. Ravindran Lakshmanan ceased to be a member of the committee w.e.f. 5th October, 2021 owing to withdrawal of his nomination as nominee Director by Fincare Business Services Limited.

Ms. Anisha Motwani ceased to be a member of the Committee w.e.f. 15th April, 2021 due to her resignation as an Independent Director.



2. Web links where composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company:

- The composition of the CSR committee is available on our website at <https://www.fincarebank.com/sites/default/files/2022-01/Committee-Structure.pdf>
- The Committee, with the approval of the Board, has adopted the CSR Policy as required under Section 135 of the Companies Act, 2013. The CSR Policy of the Company is available on our website at <https://www.fincarebank.com/sites/default/files/2020-03/Corporate-Governance-Policy-V-2.1-22-01-2020.pdf>
- The Company has also adopted the CSR committee charter, which is available on our website at <https://www.fincarebank.com/sites/default/files/2021-08/CSR-Charter-2.0.pdf>
- The Board, based on the recommendation of the CSR committee, at its meeting held on 20th June, 2022 has approved the annual action plan / projects for FY 2022-23, the details of which are available on our website at <https://www.fincarebank.com/images/CSR-Plan-FY-23.pdf>

3. Details of impact assessment of CSR projects carried out in pursuance of sub-rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable: NA

4. Details of the amount available for set-off in pursuance of sub-rule (3) of Rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set-off for the financial year, if any: In FY 2021-22 the Bank has spent ₹28 in excess of the mandatory requirement but the same is not proposed to be set off.

5. Average net profit of the company as per section 135(5): 153,14,87,698

6. a. Two percent of average net profit of the Company as per Section 135(5): ₹ 3,06,29,754

b. Surplus arising out of the CSR projects or programs or activities of the previous financial years: 0

c. Amount required to be set-off for the financial year, if any: 0

d. Total CSR obligation for the financial year (7a+7b-7c): ₹3,06,29,754

7. a. CSR amount spent or unspent for 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
₹3,06,29,782	NA				

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

S. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Project duration.	Amount allocated for the project (in ₹).	Amount spent in the current financial Year (in ₹).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹).	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number.
NOT APPLICABLE												

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

S. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Amount spent for the project (in ₹).	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration number.
1	Health Check-up	Promoting Preventive Healthcare	No	GJ	Ahmedabad	161000	No	SEVAMOB	CSR00001153
2	Health Check-up	Promoting Preventive Healthcare	No	GJ	Anand	207000	No	SEVAMOB	CSR00001153
3	Health Check-up	Promoting Preventive Healthcare	No	GJ	Aravalli	287500	No	SEVAMOB	CSR00001153
4	Health Check-up	Promoting Preventive Healthcare	No	GJ	Banaskantha	57500	No	SEVAMOB	CSR00001153
5	Health Check-up	Promoting Preventive Healthcare	No	GJ	Bharuch	57500	No	SEVAMOB	CSR00001153
6	Health Check-up	Promoting Preventive Healthcare	No	GJ	Botad	34500	No	SEVAMOB	CSR00001153
7	Health Check-up	Promoting Preventive Healthcare	No	GJ	Dohad	172500	No	SEVAMOB	CSR00001153
8	Health Check-up	Promoting Preventive Healthcare	No	GJ	Daskroi	46000	No	SEVAMOB	CSR00001153
9	Health Check-up	Promoting Preventive Healthcare	No	GJ	Gandhinagar	138000	No	SEVAMOB	CSR00001153
10	Health Check-up	Promoting Preventive Healthcare	No	GJ	Kheda	92000	No	SEVAMOB	CSR00001153
11	Health Check-up	Promoting Preventive Healthcare	No	GJ	Mahisagar	103500	No	SEVAMOB	CSR00001153
12	Health Check-up	Promoting Preventive Healthcare	No	GJ	Mehsana	161000	No	SEVAMOB	CSR00001153
13	Health Check-up	Promoting Preventive Healthcare	No	GJ	Narmada	11500	No	SEVAMOB	CSR00001153
14	Health Check-up	Promoting Preventive Healthcare	No	GJ	Panchmahal	195500	No	SEVAMOB	CSR00001153
15	Health Check-up	Promoting Preventive Healthcare	No	GJ	Sabarkantha	149500	No	SEVAMOB	CSR00001153
16	Health Check-up	Promoting Preventive Healthcare	No	GJ	Surendranagar	34500	No	SEVAMOB	CSR00001153
17	Health Check-up	Promoting Preventive Healthcare	No	GJ	Vadodara	126500	No	SEVAMOB	CSR00001153
18	Health Check-up	Promoting Preventive Healthcare	No	MP	Agarmalwa	23000	No	SEVAMOB	CSR00001153



S. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Amount spent for the project (in ₹).	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration number.
19	Health Check-up	Promoting Preventive Healthcare	No	MP	Annuppur	34500	No	SEVAMOB	CSR00001153
20	Health Check-up	Promoting Preventive Healthcare	No	MP	Barwani	103500	No	SEVAMOB	CSR00001153
21	Health Check-up	Promoting Preventive Healthcare	No	MP	Betul	92000	No	SEVAMOB	CSR00001153
22	Health Check-up	Promoting Preventive Healthcare	No	MP	Bhopal	23000	No	SEVAMOB	CSR00001153
23	Health Check-up	Promoting Preventive Healthcare	No	MP	Chhindwara	184000	No	SEVAMOB	CSR00001153
24	Health Check-up	Promoting Preventive Healthcare	No	MP	Dewas	34500	No	SEVAMOB	CSR00001153
25	Health Check-up	Promoting Preventive Healthcare	No	MP	Dhar	69000	No	SEVAMOB	CSR00001153
26	Health Check-up	Promoting Preventive Healthcare	No	MP	Dindori	11500	No	SEVAMOB	CSR00001153
27	Health Check-up	Promoting Preventive Healthcare	No	MP	Harda	11500	No	SEVAMOB	CSR00001153
28	Health Check-up	Promoting Preventive Healthcare	No	MP	Hosangadad	69000	No	SEVAMOB	CSR00001153
29	Health Check-up	Promoting Preventive Healthcare	No	MP	Indore	46000	No	SEVAMOB	CSR00001153
30	Health Check-up	Promoting Preventive Healthcare	No	MP	Jabalpur	184000	No	SEVAMOB	CSR00001153
31	Health Check-up	Promoting Preventive Healthcare	No	MP	Jhabua	69000	No	SEVAMOB	CSR00001153
32	Health Check-up	Promoting Preventive Healthcare	No	MP	Khandwa	69000	No	SEVAMOB	CSR00001153
33	Health Check-up	Promoting Preventive Healthcare	No	MP	Khargaoan	138000	No	SEVAMOB	CSR00001153
34	Health Check-up	Promoting Preventive Healthcare	No	MP	Mandla	23000	No	SEVAMOB	CSR00001153
35	Health Check-up	Promoting Preventive Healthcare	No	MP	Mandsaur	80500	No	SEVAMOB	CSR00001153
36	Health Check-up	Promoting Preventive Healthcare	No	MP	Narshingpur	207000	No	SEVAMOB	CSR00001153

S. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Amount spent for the project (in ₹).	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration number.
37	Health Check-up	Promoting Preventive Healthcare	No	MP	Neemuch	80500	No	SEVAMOB	CSR00001153
38	Health Check-up	Promoting Preventive Healthcare	No	MP	Raisen	161000	No	SEVAMOB	CSR00001153
39	Health Check-up	Promoting Preventive Healthcare	No	MP	Rajgarh	34500	No	SEVAMOB	CSR00001153
40	Health Check-up	Promoting Preventive Healthcare	No	MP	Ratlam	57500	No	SEVAMOB	CSR00001153
41	Health Check-up	Promoting Preventive Healthcare	No	MP	Rewa	34500	No	SEVAMOB	CSR00001153
42	Health Check-up	Promoting Preventive Healthcare	No	MP	Sagar	276000	No	SEVAMOB	CSR00001153
43	Health Check-up	Promoting Preventive Healthcare	No	MP	Satna	34500	No	SEVAMOB	CSR00001153
44	Health Check-up	Promoting Preventive Healthcare	No	MP	Seoni	34500	No	SEVAMOB	CSR00001153
45	Health Check-up	Promoting Preventive Healthcare	No	MP	Shahdol	34500	No	SEVAMOB	CSR00001153
46	Health Check-up	Promoting Preventive Healthcare	No	MP	Shajapur	11500	No	SEVAMOB	CSR00001153
47	Health Check-up	Promoting Preventive Healthcare	No	MP	Shujalpur	11500	No	SEVAMOB	CSR00001153
48	Health Check-up	Promoting Preventive Healthcare	No	MP	Ujjain	69000	No	SEVAMOB	CSR00001153
49	Health Check-up	Promoting Preventive Healthcare	No	MP	Vidisha	57500	No	SEVAMOB	CSR00001153
50	Health Check-up	Promoting Preventive Healthcare	No	KA	Bagalkot	69000	No	SEVAMOB	CSR00001153
51	Health Check-up	Promoting Preventive Healthcare	No	KA	Bailahongala	11500	No	SEVAMOB	CSR00001153
52	Health Check-up	Promoting Preventive Healthcare	No	KA	Ballari	34500	No	SEVAMOB	CSR00001153
53	Health Check-up	Promoting Preventive Healthcare	No	KA	Bangalore Rural	80500	No	SEVAMOB	CSR00001153
54	Health Check-up	Promoting Preventive Healthcare	No	KA	Bangalore Urban	34500	No	SEVAMOB	CSR00001153



S. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Amount spent for the project (in ₹).	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration number.
55	Health Check-up	Promoting Preventive Healthcare	No	KA	Belagavi	69000	No	SEVAMOB	CSR00001153
56	Health Check-up	Promoting Preventive Healthcare	No	KA	Belgaum	126500	No	SEVAMOB	CSR00001153
57	Health Check-up	Promoting Preventive Healthcare	No	KA	Bidar	46000	No	SEVAMOB	CSR00001153
58	Health Check-up	Promoting Preventive Healthcare	No	KA	Bijapur	11500	No	SEVAMOB	CSR00001153
59	Health Check-up	Promoting Preventive Healthcare	No	KA	Chamarajanagara	69000	No	SEVAMOB	CSR00001153
60	Health Check-up	Promoting Preventive Healthcare	No	KA	Chikkaballapur	69000	No	SEVAMOB	CSR00001153
61	Health Check-up	Promoting Preventive Healthcare	No	KA	Chikkamangalore	34500	No	SEVAMOB	CSR00001153
62	Health Check-up	Promoting Preventive Healthcare	No	KA	Chitradurga	92000	No	SEVAMOB	CSR00001153
63	Health Check-up	Promoting Preventive Healthcare	No	KA	Davanagere	80500	No	SEVAMOB	CSR00001153
64	Health Check-up	Promoting Preventive Healthcare	No	KA	Dharawad	69000	No	SEVAMOB	CSR00001153
65	Health Check-up	Promoting Preventive Healthcare	No	KA	Dharwada	34500	No	SEVAMOB	CSR00001153
66	Health Check-up	Promoting Preventive Healthcare	No	KA	Doddaballapura	11500	No	SEVAMOB	CSR00001153
67	Health Check-up	Promoting Preventive Healthcare	No	KA	Hasana	287500	No	SEVAMOB	CSR00001153
68	Health Check-up	Promoting Preventive Healthcare	No	KA	Haveri	103500	No	SEVAMOB	CSR00001153
69	Health Check-up	Promoting Preventive Healthcare	No	KA	Kalburagi	34500	No	SEVAMOB	CSR00001153
70	Health Check-up	Promoting Preventive Healthcare	No	KA	Kolar	414000	No	SEVAMOB	CSR00001153
71	Health Check-up	Promoting Preventive Healthcare	No	KA	Koppal	46000	No	SEVAMOB	CSR00001153
72	Health Check-up	Promoting Preventive Healthcare	No	KA	Mandya	57500	No	SEVAMOB	CSR00001153

S. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Amount spent for the project (in ₹).	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration number.
73	Health Check-up	Promoting Preventive Healthcare	No	KA	Mysore	184000	No	SEVAMOB	CSR00001153
74	Health Check-up	Promoting Preventive Healthcare	No	KA	Raichuru	92000	No	SEVAMOB	CSR00001153
75	Health Check-up	Promoting Preventive Healthcare	No	KA	Ramanagara	23000	No	SEVAMOB	CSR00001153
76	Health Check-up	Promoting Preventive Healthcare	No	KA	Shivamogga	103500	No	SEVAMOB	CSR00001153
77	Health Check-up	Promoting Preventive Healthcare	No	KA	Sirsi	11500	No	SEVAMOB	CSR00001153
78	Health Check-up	Promoting Preventive Healthcare	No	KA	Tumakuru	184000	No	SEVAMOB	CSR00001153
79	Health Check-up	Promoting Preventive Healthcare	No	KA	Vijayanagara	92000	No	SEVAMOB	CSR00001153
80	Health Check-up	Promoting Preventive Healthcare	No	KA	Vijayapura	46000	No	SEVAMOB	CSR00001153
81	Health Check-up	Promoting Preventive Healthcare	No	KA	Yadgiri	23000	No	SEVAMOB	CSR00001153
82	Health Check-up	Promoting Preventive Healthcare	No	TN	Chengalpattu	46000	No	SEVAMOB	CSR00001153
83	Health Check-up	Promoting Preventive Healthcare	No	TN	Chennai	34500	No	SEVAMOB	CSR00001153
84	Health Check-up	Promoting Preventive Healthcare	No	TN	Coimbatore	11500	No	SEVAMOB	CSR00001153
85	Health Check-up	Promoting Preventive Healthcare	No	TN	Cuddalore	322000	No	SEVAMOB	CSR00001153
86	Health Check-up	Promoting Preventive Healthcare	No	TN	Dharmapuri	46000	No	SEVAMOB	CSR00001153
87	Health Check-up	Promoting Preventive Healthcare	No	TN	Hosur	46000	No	SEVAMOB	CSR00001153
88	Health Check-up	Promoting Preventive Healthcare	No	TN	Kallakurchi	184000	No	SEVAMOB	CSR00001153
89	Health Check-up	Promoting Preventive Healthcare	No	TN	Kanchipuram	184000	No	SEVAMOB	CSR00001153
90	Health Check-up	Promoting Preventive Healthcare	No	TN	Kolar	23000	No	SEVAMOB	CSR00001153



S. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Amount spent for the project (in ₹).	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration number.
91	Health Check-up	Promoting Preventive Healthcare	No	TN	Krishnagiri	57500	No	SEVAMOB	CSR00001153
92	Health Check-up	Promoting Preventive Healthcare	No	TN	Mylapore	11500	No	SEVAMOB	CSR00001153
93	Health Check-up	Promoting Preventive Healthcare	No	TN	Puducheri	23000	No	SEVAMOB	CSR00001153
94	Health Check-up	Promoting Preventive Healthcare	No	TN	Ranipet	11500	No	SEVAMOB	CSR00001153
95	Health Check-up	Promoting Preventive Healthcare	No	TN	Thirupathuru	230000	No	SEVAMOB	CSR00001153
96	Health Check-up	Promoting Preventive Healthcare	No	TN	Thiruvallur	138000	No	SEVAMOB	CSR00001153
97	Health Check-up	Promoting Preventive Healthcare	No	TN	Thiruvannamalai	241500	No	SEVAMOB	CSR00001153
98	Health Check-up	Promoting Preventive Healthcare	No	TN	Tirupattur	46000	No	SEVAMOB	CSR00001153
99	Health Check-up	Promoting Preventive Healthcare	No	TN	Vellore	322000	No	SEVAMOB	CSR00001153
100	Health Check-up	Promoting Preventive Healthcare	No	TN	Willupuram	172500	No	SEVAMOB	CSR00001153
101	Fincare Study Center	Promoting Education	No	AP	Chittoor	223973	No	SCINDeA	CSR00004582
102	Fincare Study Center	Promoting Education	No	KA	Kolar	298544	No	SCINDeA	CSR00004582
103	Fincare Study Center	Promoting Education	No	KA	Ramanagara	149272	No	SCINDeA	CSR00004582
104	Fincare Study Center	Promoting Education	No	TN	Madurai	93295	No	SCINDeA	CSR00004582
105	Fincare Study Center	Promoting Education	No	TN	Pudhukottai	93295	No	SCINDeA	CSR00004582
106	Fincare Study Center	Promoting Education	No	TN	Thirupattur	279885	No	SCINDeA	CSR00004582
107	Fincare Study Center	Promoting Education	No	TN	Thiruvannamalai	130613	No	SCINDeA	CSR00004582
108	Fincare Study Center	Promoting Education	No	TN	Tiruppur	130613	No	SCINDeA	CSR00004582
109	Water borewell recharge	Conservation of Natural resource	No	KA	Haveri	201000	No	Sankalpa	CSR00005657
110	Free Oxygen Cylinders Distribution (For Home-Isolated Patients)	Preventive Health Care	Yes	GJ	Ahmedabad	593000		Elixir	CSR00001799

S. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Amount spent for the project (in ₹).	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration number.
111	Tree Plant Distribution	Environmental Sustainability	No	GJ	Gandhinagar	8500	No	Elixir	CSR00001799
112	Sapling Distribution	Environmental Sustainability	No	GJ	Kheda	84830	No	Elixir	CSR00001799
113	Sapling Distribution	Environmental Sustainability	No	GJ	Mehsana	25500	No	Elixir	CSR00001799
114	Sapling Distribution	Environmental Sustainability	No	MP	Jabalpur	34000	No	Elixir	CSR00001799
115	Sapling Distribution	Environmental Sustainability	No	MP	Sagar	85170	No	Elixir	CSR00001799
116	Sapling Distribution	Environmental Sustainability	No	RJ	Pali	85000	No	Elixir	CSR00001799
117	Sapling Distribution	Environmental Sustainability	No	RJ	Udaipur	34000	No	Elixir	CSR00001799
118	Sapling Distribution	Environmental Sustainability	No	MH	Nagpur	85000	No	Elixir	CSR00001799
119	Sapling Distribution	Environmental Sustainability	No	AP	Chittoor	85000	No	Elixir	CSR00001799
120	Sapling Distribution	Environmental Sustainability	No	KA	Shivamogga	85000	No	Elixir	CSR00001799
121	Sapling Distribution	Environmental Sustainability	No	KA	Chamarajanagar	68000	No	Elixir	CSR00001799
122	Sapling Distribution	Environmental Sustainability	No	TN	Kallakurichi	25500	No	Elixir	CSR00001799
123	Sapling Distribution	Environmental Sustainability	No	TN	Tiruvannamalai	144500	No	Elixir	CSR00001799
124	Grocery kit Distribution	Eradicating Hunger	No	GJ	Ahmedabad	28500	No	Elixir	CSR00001799
125	Grocery kit Distribution	Eradicating Hunger	No	GJ	Anand	19000	No	Elixir	CSR00001799
126	Grocery kit Distribution	Eradicating Hunger	No	GJ	Aravalli	71250	No	Elixir	CSR00001799
127	Grocery kit Distribution	Eradicating Hunger	No	GJ	Bharuch	49400	No	Elixir	CSR00001799
128	Grocery kit Distribution	Eradicating Hunger	No	GJ	Dahod	95000	No	Elixir	CSR00001799
129	Grocery kit Distribution	Eradicating Hunger	No	GJ	Mehsana	21375	No	Elixir	CSR00001799
130	Grocery kit Distribution	Eradicating Hunger	No	GJ	Navsari	54625	No	Elixir	CSR00001799
131	Grocery kit Distribution	Eradicating Hunger	No	GJ	Surat	42750	No	Elixir	CSR00001799
132	Grocery kit Distribution	Eradicating Hunger	No	GJ	Valsad	19000	No	Elixir	CSR00001799
133	Grocery kit Distribution	Eradicating Hunger	No	MP	Dhar	23750	No	Elixir	CSR00001799
134	Grocery kit Distribution	Eradicating Hunger	No	MP	Indore	37050	No	Elixir	CSR00001799
135	Grocery kit Distribution	Eradicating Hunger	No	MP	Katni	21850	No	Elixir	CSR00001799
136	Grocery kit Distribution	Eradicating Hunger	No	MP	Mandsaur	38000	No	Elixir	CSR00001799



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				State	District			Name	CSR Registration number.
137	Grocery kit Distribution	Eradicating Hunger	No	MP	Neemuch	7125	No	Elixir	CSR00001799
138	Grocery kit Distribution	Eradicating Hunger	No	MP	Raisen	13300	No	Elixir	CSR00001799
139	Grocery kit Distribution	Eradicating Hunger	No	MP	Ratlam	56525	No	Elixir	CSR00001799
140	Grocery kit Distribution	Eradicating Hunger	No	MP	Sagar	14725	No	Elixir	CSR00001799
141	Grocery kit Distribution	Eradicating Hunger	No	MP	Ujjain	32775	No	Elixir	CSR00001799
142	Grocery kit Distribution	Eradicating Hunger	No	MP	Vidisha	20425	No	Elixir	CSR00001799
143	Grocery kit Distribution	Eradicating Hunger	No	RJ	Banswara	247475	NO	Elixir	CSR00001799
144	Grocery kit Distribution	Eradicating Hunger	No	RJ	Chittorgarh	93575	NO	Elixir	CSR00001799
145	Grocery kit Distribution	Eradicating Hunger	No	RJ	Dungarpur	112575	NO	Elixir	CSR00001799
146	Grocery kit Distribution	Eradicating Hunger	No	RJ	Jhalawar	41325	NO	Elixir	CSR00001799
147	Grocery kit Distribution	Eradicating Hunger	No	RJ	Rajsamandh	40850	NO	Elixir	CSR00001799
148	Grocery kit Distribution	Eradicating Hunger	No	MH	Ahemadnagar	109725	NO	Elixir	CSR00001799
149	Grocery kit Distribution	Eradicating Hunger	No	MH	Bhandara	69825	NO	Elixir	CSR00001799
150	Grocery kit Distribution	Eradicating Hunger	No	MH	Buldhana	52250	NO	Elixir	CSR00001799
151	Grocery kit Distribution	Eradicating Hunger	No	MH	Kolhapur	148200	NO	Elixir	CSR00001799
152	Grocery kit Distribution	Eradicating Hunger	No	MH	Nagpur	85025	NO	Elixir	CSR00001799
153	Grocery kit Distribution	Eradicating Hunger	No	MH	Sangali	37050	NO	Elixir	CSR00001799
154	Grocery kit Distribution	Eradicating Hunger	No	MH	Satara	44650	NO	Elixir	CSR00001799
155	Grocery kit Distribution	Eradicating Hunger	No	MH	Washim	12350	NO	Elixir	CSR00001799
156	Grocery kit Distribution	Eradicating Hunger	No	MH	Yavatmal	18050	NO	Elixir	CSR00001799
157	Grocery kit Distribution	Eradicating Hunger	No	AP	Chittoor	312550	No	Elixir	CSR00001799
158	Grocery kit Distribution	Eradicating Hunger	No	KA	Belgaum	200450	No	Elixir	CSR00001799
159	Grocery kit Distribution	Eradicating Hunger	No	KA	Bidhar	15675	No	Elixir	CSR00001799
160	Grocery kit Distribution	Eradicating Hunger	No	KA	Chamarajanagar	15200	No	Elixir	CSR00001799
161	Grocery kit Distribution	Eradicating Hunger	No	KA	Chikkaballapur	18050	No	Elixir	CSR00001799
162	Grocery kit Distribution	Eradicating Hunger	No	KA	Chikkamangalore	38475	No	Elixir	CSR00001799

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				State	District			Name	CSR Registration number.
163	Grocery kit Distribution	Eradicating Hunger	No	KA	Chitradurga	37525	No	Elixir	CSR00001799
164	Grocery kit Distribution	Eradicating Hunger	No	KA	Davanagere	99750	No	Elixir	CSR00001799
165	Grocery kit Distribution	Eradicating Hunger	No	KA	Dharwad	24700	No	Elixir	CSR00001799
166	Grocery kit Distribution	Eradicating Hunger	No	KA	Hasana	281675	No	Elixir	CSR00001799
167	Grocery kit Distribution	Eradicating Hunger	No	KA	Haveri	121125	No	Elixir	CSR00001799
168	Grocery kit Distribution	Eradicating Hunger	No	KA	Kolar	16150	No	Elixir	CSR00001799
169	Grocery kit Distribution	Eradicating Hunger	No	KA	Mysore	56525	No	Elixir	CSR00001799
170	Grocery kit Distribution	Eradicating Hunger	No	KA	Ramanagar	63175	No	Elixir	CSR00001799
171	Grocery kit Distribution	Eradicating Hunger	No	KA	Shimoga	24700	No	Elixir	CSR00001799
172	Grocery kit Distribution	Eradicating Hunger	No	KA	Shivamogga	74100	No	Elixir	CSR00001799
173	Grocery kit Distribution	Eradicating Hunger	No	KA	Tumakuru	161975	No	Elixir	CSR00001799
174	Grocery kit Distribution	Eradicating Hunger	No	KA	Vijayapura	15675	No	Elixir	CSR00001799
175	Grocery kit Distribution	Eradicating Hunger	No	TN	Cuddalore	181450	No	Elixir	CSR00001799
176	Grocery kit Distribution	Eradicating Hunger	No	TN	Kallakurichi	28975	No	Elixir	CSR00001799
177	Grocery kit Distribution	Eradicating Hunger	No	TN	Madurai	57000	No	Elixir	CSR00001799
178	Grocery kit Distribution	Eradicating Hunger	No	TN	Nagapattinam	59375	No	Elixir	CSR00001799
179	Grocery kit Distribution	Eradicating Hunger	No	TN	Pudhukottai	37525	No	Elixir	CSR00001799
180	Grocery kit Distribution	Eradicating Hunger	No	TN	Sivagangai	15200	No	Elixir	CSR00001799
181	Grocery kit Distribution	Eradicating Hunger	No	TN	Thanjavur	351025	No	Elixir	CSR00001799
182	Grocery kit Distribution	Eradicating Hunger	No	TN	Thirupathur	166250	No	Elixir	CSR00001799
183	Grocery kit Distribution	Eradicating Hunger	No	TN	Thiruvallur	15675	No	Elixir	CSR00001799
184	Grocery kit Distribution	Eradicating Hunger	No	TN	Thiruvarur	31825	No	Elixir	CSR00001799
185	Grocery kit Distribution	Eradicating Hunger	No	TN	Thoothukudi	109250	No	Elixir	CSR00001799
186	Grocery kit Distribution	Eradicating Hunger	No	TN	Tiruppur	74100	No	Elixir	CSR00001799
187	Grocery kit Distribution	Eradicating Hunger	No	TN	Trichy	43700	No	Elixir	CSR00001799
188	Grocery kit Distribution	Eradicating Hunger	No	TN	Vellore	125875	No	Elixir	CSR00001799



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				State	District			Name	CSR Registration number.
189	Grocery kit Distribution	Eradicating Hunger	No	TN	Villupuram	6650	No	Elixir	CSR00001799
190	Grocery kit Distribution	Eradicating Hunger	No	TS	Nizamabad	104500	NO	Elixir	CSR00001799
191	Grocery kit Distribution	Eradicating Hunger	No	TS	Sangareddy	67925	NO	Elixir	CSR00001799
192	Financial Literacy	Promoting Education	No	AP	Ananthapur	11670	No	NIIT	CSR00000621
193	Financial Literacy	Promoting Education	No	AP	Chittoor	124480	No	NIIT	CSR00000621
194	Financial Literacy	Promoting Education	No	AP	Guntur	151710	No	NIIT	CSR00000621
195	Financial Literacy	Promoting Education	No	AP	Karnool	31120	No	NIIT	CSR00000621
196	Financial Literacy	Promoting Education	No	AP	Krishna	54460	No	NIIT	CSR00000621
197	Financial Literacy	Promoting Education	No	AP	Prakasham	66130	No	NIIT	CSR00000621
198	Financial Literacy	Promoting Education	No	GJ	Aravalli	229510	No	NIIT	CSR00000621
199	Financial Literacy	Promoting Education	No	GJ	Chhotaudepur	73910	No	NIIT	CSR00000621
200	Financial Literacy	Promoting Education	No	GJ	Dohad	198390	No	NIIT	CSR00000621
201	Financial Literacy	Promoting Education	No	GJ	Kheda	7780	No	NIIT	CSR00000621
202	Financial Literacy	Promoting Education	No	GJ	Mahisagar	31120	No	NIIT	CSR00000621
203	Financial Literacy	Promoting Education	No	GJ	Narmada	42790	No	NIIT	CSR00000621
204	Financial Literacy	Promoting Education	No	GJ	Navsari	42790	No	NIIT	CSR00000621
205	Financial Literacy	Promoting Education	No	GJ	Panchmahal	136150	No	NIIT	CSR00000621
206	Financial Literacy	Promoting Education	No	GJ	Surat	70020	No	NIIT	CSR00000621
207	Financial Literacy	Promoting Education	No	GJ	Tapi	35010	No	NIIT	CSR00000621
208	Financial Literacy	Promoting Education	No	GJ	Vadodara	38900	No	NIIT	CSR00000621
209	Financial Literacy	Promoting Education	No	KA	Ballari	46680	No	NIIT	CSR00000621
210	Financial Literacy	Promoting Education	No	KA	Chikkamangalore	35010	No	NIIT	CSR00000621
211	Financial Literacy	Promoting Education	No	KA	Chitradurga	11670	No	NIIT	CSR00000621
212	Financial Literacy	Promoting Education	No	KA	Davanagere	112810	No	NIIT	CSR00000621
213	Financial Literacy	Promoting Education	No	KA	Hassan	167270	No	NIIT	CSR00000621
214	Financial Literacy	Promoting Education	No	KA	Holenarsipura	7780	No	NIIT	CSR00000621

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				State	District			Name	CSR Registration number.
215	Financial Literacy	Promoting Education	No	KA	Koppal	73910	No	NIIT	CSR00000621
216	Financial Literacy	Promoting Education	No	KA	Mandya	70020	No	NIIT	CSR00000621
217	Financial Literacy	Promoting Education	No	KA	Mysore	105030	No	NIIT	CSR00000621
218	Financial Literacy	Promoting Education	No	KA	Vijayanagara	155600	No	NIIT	CSR00000621
219	Financial Literacy	Promoting Education	No	MH	Akola	27230	No	NIIT	CSR00000621
220	Financial Literacy	Promoting Education	No	MH	Amravati	42790	No	NIIT	CSR00000621
221	Financial Literacy	Promoting Education	No	MH	Aurangabad	35010	No	NIIT	CSR00000621
222	Financial Literacy	Promoting Education	No	MH	Bhandara	62240	No	NIIT	CSR00000621
223	Financial Literacy	Promoting Education	No	MH	Buldhana	73910	No	NIIT	CSR00000621
224	Financial Literacy	Promoting Education	No	MH	Gondia	50570	No	NIIT	CSR00000621
225	Financial Literacy	Promoting Education	No	MH	Nagpur	272300	No	NIIT	CSR00000621
226	Financial Literacy	Promoting Education	No	MH	Wardha	85580	No	NIIT	CSR00000621
227	Financial Literacy	Promoting Education	No	MH	Washim	31120	No	NIIT	CSR00000621
228	Financial Literacy	Promoting Education	No	MH	Yavatmal	73910	No	NIIT	CSR00000621
229	Financial Literacy	Promoting Education	No	MP	Betul	128370	No	NIIT	CSR00000621
230	Financial Literacy	Promoting Education	No	MP	Dewas	19450	No	NIIT	CSR00000621
231	Financial Literacy	Promoting Education	No	MP	Dhar	105030	No	NIIT	CSR00000621
232	Financial Literacy	Promoting Education	No	MP	Jhabua	27230	No	NIIT	CSR00000621
233	Financial Literacy	Promoting Education	No	MP	Khandwa	70020	No	NIIT	CSR00000621
234	Financial Literacy	Promoting Education	No	MP	Mandsaur	81690	No	NIIT	CSR00000621
235	Financial Literacy	Promoting Education	No	MP	Neemuch	42790	No	NIIT	CSR00000621
236	Financial Literacy	Promoting Education	No	MP	Ratlam	143930	No	NIIT	CSR00000621
237	Financial Literacy	Promoting Education	No	RJ	Banswara	19450	No	NIIT	CSR00000621
238	Financial Literacy	Promoting Education	No	RJ	Baswara	50570	No	NIIT	CSR00000621
239	Financial Literacy	Promoting Education	No	RJ	Chittorgarh	46680	No	NIIT	CSR00000621
240	Financial Literacy	Promoting Education	No	RJ	Dungarpur	70020	No	NIIT	CSR00000621



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				State	District			Name	CSR Registration number.
241	Financial Literacy	Promoting Education	No	RJ	Kherwada	3890	No	NIIT	CSR00000621
242	Financial Literacy	Promoting Education	No	RJ	Pratapgarh	54460	No	NIIT	CSR00000621
243	Financial Literacy	Promoting Education	No	RJ	Rajsamandh	42790	No	NIIT	CSR00000621
244	Financial Literacy	Promoting Education	No	RJ	Sirohi	70020	No	NIIT	CSR00000621
245	Financial Literacy	Promoting Education	No	RJ	Udaipur	248960	No	NIIT	CSR00000621
246	Financial Literacy	Promoting Education	No	TN	Dindigul	81690	No	NIIT	CSR00000621
247	Financial Literacy	Promoting Education	No	TN	Kallakurichi	7780	No	NIIT	CSR00000621
248	Financial Literacy	Promoting Education	No	TN	Kanniyakumari	38900	No	NIIT	CSR00000621
249	Financial Literacy	Promoting Education	No	TN	Kumbakonam	7780	No	NIIT	CSR00000621
250	Financial Literacy	Promoting Education	No	TN	Mayilanduthurai	38900	No	NIIT	CSR00000621
251	Financial Literacy	Promoting Education	No	TN	Pudukkottai	101140	No	NIIT	CSR00000621
252	Financial Literacy	Promoting Education	No	TN	Ranipet	15560	No	NIIT	CSR00000621
253	Financial Literacy	Promoting Education	No	TN	Thanjavur	31120	No	NIIT	CSR00000621
254	Financial Literacy	Promoting Education	No	TN	Thirunelveli	50570	No	NIIT	CSR00000621
255	Financial Literacy	Promoting Education	No	TN	Thirupattur	27230	No	NIIT	CSR00000621
256	Financial Literacy	Promoting Education	No	TN	Thiruvallur	46680	No	NIIT	CSR00000621
257	Financial Literacy	Promoting Education	No	TN	Thiruvarur	112810	No	NIIT	CSR00000621
258	Financial Literacy	Promoting Education	No	TN	Thoothukudi	50570	No	NIIT	CSR00000621
259	Financial Literacy	Promoting Education	No	TN	Tiruvannamalai	89470	No	NIIT	CSR00000621
260	Financial Literacy	Promoting Education	No	TN	Vellore	120590	No	NIIT	CSR00000621
261	Financial Literacy	Promoting Education	No	TN	Villupuram	27230	No	NIIT	CSR00000621
262	Financial Literacy	Promoting Education	No	TS	Khammam	27475	No	NIIT	CSR00000621
263	Financial Literacy	Promoting Education	No	KA	Bangalore Urban	200000	No	Rotary Club Jn	
264	COVID-19 Safety Kit Distribution	Promoting Preventive Healthcare	No	MP	Barwani	15000	Yes	NA	NA
265	COVID-19 Safety Kit Distribution	Promoting Preventive Healthcare	No	MP	Dhar	10000	Yes	NA	NA

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				State	District			Name	CSR Registration number.
266	COVID-19 Safety Kit Distribution	Promoting Preventive Healthcare	No	MP	Indore	10000	Yes	NA	NA
267	COVID-19 Safety Kit Distribution	Promoting Preventive Healthcare	No	MP	Jabalpur	4000	Yes	NA	NA
268	COVID-19 Safety Kit Distribution	Promoting Preventive Healthcare	No	MP	Khandwa	10000	Yes	NA	NA
269	COVID-19 Safety Kit Distribution	Promoting Preventive Healthcare	No	MP	Khargosan	20000	Yes	NA	NA
270	COVID-19 Safety Kit Distribution	Promoting Preventive Healthcare	No	RJ	Bhilwara	4815	Yes	NA	NA
271	COVID-19 Safety Kit Distribution	Promoting Preventive Healthcare	No	RJ	Chittorgarh	19869	Yes	NA	NA
272	COVID-19 Safety Kit Distribution	Promoting Preventive Healthcare	No	RJ	Kota	9998	Yes	NA	NA
273	COVID-19 Safety Kit Distribution	Promoting Preventive Healthcare	No	RJ	Pratapgarh	9530	Yes	NA	NA
274	COVID-19 Safety Kit Distribution	Promoting Preventive Healthcare	No	RJ	Udaipur	9530	Yes	NA	NA
275	COVID-19 Safety Kit Distribution	Promoting Preventive Healthcare	No	KA	Bangalore	41600	Yes	NA	NA
276	COVID-19 Safety Kit Distribution	Promoting Preventive Healthcare	No	KA	Bagalkote	17400	Yes	NA	NA
277	COVID-19 Safety Kit Distribution	Promoting Preventive Healthcare	No	KA	Beejapur	3000	Yes	NA	NA
278	COVID-19 Safety Kit Distribution	Promoting Preventive Healthcare	No	KA	Belgaum	25700	Yes	NA	NA
279	COVID-19 Safety Kit Distribution	Promoting Preventive Healthcare	No	KA	Bellary	9000	Yes	NA	NA
280	COVID-19 Safety Kit Distribution	Promoting Preventive Healthcare	No	KA	Bidhar	6400	Yes	NA	NA
281	COVID-19 Safety Kit Distribution	Promoting Preventive Healthcare	No	KA	Bijapur	10100	Yes	NA	NA
282	COVID-19 Safety Kit Distribution	Promoting Preventive Healthcare	No	KA	Chikkaballapur	19800	Yes	NA	NA
283	COVID-19 Safety Kit Distribution	Promoting Preventive Healthcare	No	KA	Hospet	15300	Yes	NA	NA



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				State	District			Name	CSR Registration number.
284	COVID-19 Safety Kit Distribution	Promoting Preventive Healthcare	No	KA	Kalaburgi	17100	Yes	NA	NA
285	COVID-19 Safety Kit Distribution	Promoting Preventive Healthcare	No	KA	Kolar	99800	Yes	NA	NA
286	COVID-19 Safety Kit Distribution	Promoting Preventive Healthcare	No	KA	Koppal	11549	Yes	NA	NA
287	COVID-19 Safety Kit Distribution	Promoting Preventive Healthcare	No	KA	Raichur	12100	Yes	NA	NA
288	COVID-19 Safety Kit Distribution	Promoting Preventive Healthcare	No	KA	Yadagiri	3000	Yes	NA	NA
289	COVID-19 Safety Kit Distribution	Promoting Preventive Healthcare	No	TN	Vellore	15940	Yes	NA	NA
290	Grocery kit Distribution	Eradicating Hunger	No	GJ	Ahmedabad	81815	Yes	NA	NA
291	Grocery kit Distribution	Eradicating Hunger	No	GJ	Anand	26090	Yes	NA	NA
292	Grocery kit Distribution	Eradicating Hunger	No	GJ	Aravalli	94250	Yes	NA	NA
293	Grocery kit Distribution	Eradicating Hunger	No	GJ	Banaskantha	39700	Yes	NA	NA
294	Grocery kit Distribution	Eradicating Hunger	No	GJ	Bharuch	50540	Yes	NA	NA
295	Grocery kit Distribution	Eradicating Hunger	No	GJ	Botad	41900	Yes	NA	NA
296	Grocery kit Distribution	Eradicating Hunger	No	GJ	Chhotaudepur	48024	Yes	NA	NA
297	Grocery kit Distribution	Eradicating Hunger	No	GJ	Dahod	111812	Yes	NA	NA
298	Grocery kit Distribution	Eradicating Hunger	No	GJ	Daskroi	28500	Yes	NA	NA
299	Grocery kit Distribution	Eradicating Hunger	No	GJ	Gandhinagar	13500	Yes	NA	NA
300	Grocery kit Distribution	Eradicating Hunger	No	GJ	Kheda	26700	Yes	NA	NA
301	Grocery kit Distribution	Eradicating Hunger	No	GJ	Mahisagar	26864	Yes	NA	NA
302	Grocery kit Distribution	Eradicating Hunger	No	GJ	Mehsana	78000	Yes	NA	NA
303	Grocery kit Distribution	Eradicating Hunger	No	GJ	Narmada	50940	Yes	NA	NA
304	Grocery kit Distribution	Eradicating Hunger	No	GJ	Panchmahal	84925	Yes	NA	NA
305	Grocery kit Distribution	Eradicating Hunger	No	GJ	Sabarkantha	66250	Yes	NA	NA
306	Grocery kit Distribution	Eradicating Hunger	No	GJ	Surat	31400	Yes	NA	NA
307	Grocery kit Distribution	Eradicating Hunger	No	GJ	Surendra Nagar	30560	Yes	NA	NA

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				State	District			Name	CSR Registration number.
308	Grocery kit Distribution	Eradicating Hunger	No	GJ	Vadodara	16200	Yes	NA	NA
309	Grocery kit Distribution	Eradicating Hunger	No	GJ	Valsad	53070	Yes	NA	NA
310	Grocery kit Distribution	Eradicating Hunger	No	MP	Barwani	153000	Yes	NA	NA
311	Grocery kit Distribution	Eradicating Hunger	No	MP	Dhar	163900	Yes	NA	NA
312	Grocery kit Distribution	Eradicating Hunger	No	MP	Indore	27700	Yes	NA	NA
313	Grocery kit Distribution	Eradicating Hunger	No	MP	Jhabua	48650	Yes	NA	NA
314	Grocery kit Distribution	Eradicating Hunger	No	MP	Khandwa	66500	Yes	NA	NA
315	Grocery kit Distribution	Eradicating Hunger	No	MP	Khargon	33000	Yes	NA	NA
316	Grocery kit Distribution	Eradicating Hunger	No	MP	Ratlam	163550	Yes	NA	NA
317	Grocery kit Distribution	Eradicating Hunger	No	RJ	Banswara	145200	Yes	NA	NA
318	Grocery kit Distribution	Eradicating Hunger	No	RJ	Bhilwara	32200	Yes	NA	NA
319	Grocery kit Distribution	Eradicating Hunger	No	RJ	Chittorgarh	4530	Yes	NA	NA
320	Grocery kit Distribution	Eradicating Hunger	No	RJ	Dungarpur	46700	Yes	NA	NA
321	Grocery kit Distribution	Eradicating Hunger	No	RJ	Pratapgarh	18200	Yes	NA	NA
322	Grocery kit Distribution	Eradicating Hunger	No	RJ	Udaipur	12950	Yes	NA	NA
323	Grocery kit Distribution	Eradicating Hunger	No	MH	Ahmednagar	131900	Yes	NA	NA
324	Grocery kit Distribution	Eradicating Hunger	No	MH	Akola	19300	Yes	NA	NA
325	Grocery kit Distribution	Eradicating Hunger	No	MH	Amravati	114868	Yes	NA	NA
326	Grocery kit Distribution	Eradicating Hunger	No	MH	Bhandara	126700	Yes	NA	NA
327	Grocery kit Distribution	Eradicating Hunger	No	MH	Buldhana	22000	Yes	NA	NA
328	Grocery kit Distribution	Eradicating Hunger	No	MH	Dhule	36350	Yes	NA	NA
329	Grocery kit Distribution	Eradicating Hunger	No	MH	Gondia	35200	Yes	NA	NA
330	Grocery kit Distribution	Eradicating Hunger	No	MH	Jalgaon	38750	Yes	NA	NA
331	Grocery kit Distribution	Eradicating Hunger	No	MH	Kolhapur	35000	Yes	NA	NA
332	Grocery kit Distribution	Eradicating Hunger	No	MH	Nagpur	818500	Yes	NA	NA
333	Grocery kit Distribution	Eradicating Hunger	No	MH	Sangali	49500	Yes	NA	NA



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				State	District			Name	CSR Registration number.
334	Grocery kit Distribution	Eradicating Hunger	No	MH	Satara	63500	Yes	NA	NA
335	Grocery kit Distribution	Eradicating Hunger	No	MH	Wardha	186500	Yes	NA	NA
336	Grocery kit Distribution	Eradicating Hunger	No	MH	Yavatmal	195700	Yes	NA	NA
337	Grocery kit Distribution	Eradicating Hunger	No	BR	East Champaran	1500	Yes	NA	NA
338	Grocery kit Distribution	Eradicating Hunger	No	AP	Chittoor	257600	Yes	NA	NA
339	Grocery kit Distribution	Eradicating Hunger	No	AP	Kadapa	50400	Yes	NA	NA
340	Grocery kit Distribution	Eradicating Hunger	No	KA	Bangalore	208050	Yes	NA	NA
341	Grocery kit Distribution	Eradicating Hunger	No	KA	Bagalkote	68428	Yes	NA	NA
342	Grocery kit Distribution	Eradicating Hunger	No	KA	Beejapur	65230	Yes	NA	NA
343	Grocery kit Distribution	Eradicating Hunger	No	KA	Belgaum	124640	Yes	NA	NA
344	Grocery kit Distribution	Eradicating Hunger	No	KA	Bellary	36000	Yes	NA	NA
345	Grocery kit Distribution	Eradicating Hunger	No	KA	Bidhar	25600	Yes	NA	NA
346	Grocery kit Distribution	Eradicating Hunger	No	KA	Chikkaballapur	79200	Yes	NA	NA
347	Grocery kit Distribution	Eradicating Hunger	No	KA	Hasana	80000	Yes	NA	NA
348	Grocery kit Distribution	Eradicating Hunger	No	KA	Hospet	61180	Yes	NA	NA
349	Grocery kit Distribution	Eradicating Hunger	No	KA	Kalaburgi	68400	Yes	NA	NA
350	Grocery kit Distribution	Eradicating Hunger	No	KA	Kolar	720850	Yes	NA	NA
351	Grocery kit Distribution	Eradicating Hunger	No	KA	Koppal	49160	Yes	NA	NA
352	Grocery kit Distribution	Eradicating Hunger	No	KA	Mysore	47000	Yes	NA	NA
353	Grocery kit Distribution	Eradicating Hunger	No	KA	Raichur	47250	Yes	NA	NA
354	Grocery kit Distribution	Eradicating Hunger	No	KA	Shimoga	19200	Yes	NA	NA
355	Grocery kit Distribution	Eradicating Hunger	No	KA	Tumakuru	67200	Yes	NA	NA
356	Grocery kit Distribution	Eradicating Hunger	No	KA	Yadagiri	25000	Yes	NA	NA
357	Grocery kit Distribution	Eradicating Hunger	No	TN	Cuddalore	427000	Yes	NA	NA
358	Grocery kit Distribution	Eradicating Hunger	No	TN	Madurai	90000	Yes	NA	NA
359	Grocery kit Distribution	Eradicating Hunger	No	TN	Thanjavur	353000	Yes	NA	NA

S. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Amount spent for the project (in ₹).	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration number.
360	Grocery kit Distribution	Eradicating Hunger	No	TN	Thiruvallur	57750	Yes	NA	NA
361	Grocery kit Distribution	Eradicating Hunger	No	TN	Thiruvarur	75000	Yes	NA	NA
362	Grocery kit Distribution	Eradicating Hunger	No	TN	Tirunelveli	72000	Yes	NA	NA
363	Grocery kit Distribution	Eradicating Hunger	No	TN	Tiruppur	100000	Yes	NA	NA
364	Grocery kit Distribution	Eradicating Hunger	No	TN	Tiruvannamalai	100000	Yes	NA	NA
365	Grocery kit Distribution	Eradicating Hunger	No	TN	Trichy	247500	Yes	NA	NA
366	Grocery kit Distribution	Eradicating Hunger	No	TN	Villupuram	183800	Yes	NA	NA
367	Grocery kit Distribution	Eradicating Hunger	No	TS	Kamareddy	71400	Yes	NA	NA
368	Grocery kit Distribution	Eradicating Hunger	No	TS	Medak	39200	Yes	NA	NA
369	Grocery kit Distribution	Eradicating Hunger	No	TS	Sangareddy	151550	Yes	NA	NA
370	Financial Literacy	Promoting Education	No	AP	Chittoor	9000	Yes	NA	NA
371	Financial Literacy	Promoting Education	No	KA	Ballari	6000	Yes	NA	NA
372	Financial Literacy	Promoting Education	No	KA	Hassan	6000	Yes	NA	NA
373	Financial Literacy	Promoting Education	No	MP	Indore	800	Yes	NA	NA
374	Financial Literacy	Promoting Education	No	RJ	Dungarpur	600	Yes	NA	NA
375	Financial Literacy	Promoting Education	No	RJ	Udaipur	600	Yes	NA	NA
376	Financial Literacy	Promoting Education	No	TN	Dindigul	6000	Yes	NA	NA
377	Financial Literacy	Promoting Education	No	TN	Kanniyakumari	5985	Yes	NA	NA
378	Financial Literacy	Promoting Education	No	TN	Mayilanduthurai	3000	Yes	NA	NA
379	Financial Literacy	Promoting Education	No	TN	Pudukkottai	12000	Yes	NA	NA
380	Financial Literacy	Promoting Education	No	TN	Thirunelveli	5900	Yes	NA	NA
381	Financial Literacy	Promoting Education	No	TN	Thiruvallur	4500	Yes	NA	NA
382	Financial Literacy	Promoting Education	No	TN	Thiruvarur	8050	Yes	NA	NA
383	Financial Literacy	Promoting Education	No	TN	Tiruvannamalai	6000	Yes	NA	NA

d. Amount spent in Administrative Overheads : 0

e. Amount spent on Impact Assessment, if applicable : NA

f. Total amount spent for the Financial Year (8b+8c+8d+8e) : ₹3,06,29,782



g. Excess amount for set off, if any:

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	3,06,29,754
(ii)	Total amount spent for the Financial Year	3,06,29,782
(iii)	Excess amount spent for the financial year [(ii)-(i)]	28
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	0
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	28

8. (a) Details of Unspent CSR amount for the preceding three financial years: N.A

Sl. No.	Preceding Financial Year.	Amount transferred to 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 section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in ₹)
				Name of the Fund	Amount (in ₹).	Date of transfer.	
Not Applicable							

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced.	Project duration.	Total amount allocated for the project (in ₹).	Amount spent on the project in the reporting Financial Year(in ₹)	Cumulative amount spent at the end of reporting Financial Year. (in ₹)	Status of the project - Completed /Ongoing.
NOT APPLICABLE								

9. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: (asset-wise details).

- Date of creation or acquisition of the capital asset(s) - NA
- Amount of CSR spent for creation or acquisition of capital asset. NA
- Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.NA
- Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).NA

10. Specify the reason(s), if the company has failed to spend two percent of the average net profit as per Section 135(5): NA

For Fincare Small Finance Bank Limited

Sd/-

Pramod Kabra

Chairman and Non-Executive Director

DIN: 02252403

Add: 2101, Floor 21, Plot 30, Tower No.4, Strata Planet Godrej, Keshavrao, Khadymarg, Saat Rasta, Jacob Circle, Mumbai – 400011, Maharashtra

Date: 23/08/2021

Place: Bangalore

Sd/-

Rajeev Yadav

Managing Director & Chief Executive Officer

DIN: 00111379

Add: Villa 578, Phase 3, Adarsh Palm Retreat, Outer Ring Road, Devarabeesanahalli, Bellandur, Bangalore- 560103, Karnataka

Date: 23/08/2021

Place: Bangalore

Sd/-

Divya Sehgal

Chairperson of CSR Committee & Nominee Director

DIN: 01775308

Address: Flat No. 1307 and 1308, Wing A, 13th Floor, Ashok Tower, Dr. Ambedkar Road, Parel, Sewri, Mumbai – 400 012

Date: 23/08/2021

Place: Bangalore

Management Discussion & Analysis

Indian economy

India seemed to recover really well from the Covid disaster this year. Consumption is gaining momentum, contact-intensive sectors are on a roll, it seems like post-Covid Indian economy is on the path of normalisation. Last year due to pandemic related lockdowns and supply chain crisis, growth rate contracted, though at the end of FY21, recovery seemed imminent.

This year, as expected, India clocked a growth rate of 8.7% which is one of the fastest across the globe. High rate of vaccination among general populace, unlocking of most commercial activities, pent-up demand, surge in consumption are primary reasons for the growth numbers in FY22.

From a quarterly perspective, the April-June quarter started with a spectacular 20.1% rate, but by the end of the year, the quarter GDP registered a meagre 4.1% growth rate which is significantly less as compared to the first quarter. However, given the resurgence of new Covid variant, high energy prices, inflation and global geo-political climate at the end of 2021 and beginning of 2022, experts believe, India's GDP remained fairly resilient.

The Reserve Bank of India (RBI) kept the repo rate unchanged this fiscal, which points towards recovery. The low-interest rate and adequate liquidity is tantamount to encouraging demand in the domestic market in these trying times. The rise in commodity prices put pressure on input material costs, but low interest rate remained a major contributor in the housing sector's recovery and acted as a demand stimulant.

External trade saw robust recovery in FY22 with strong capital inflow, leading to rapid forex accumulation. Owing to recovery in global demand and revival in domestic market, India's merchandise exports and imports improved and surpassed pre-Covid level. While net FDI inflows stood at \$38.6 billion in FY22, the capital account surplus was at \$86.3 billion compared to a surplus of \$63.4 billion in FY21. Moreover, at the end of financial year 2021-22, despite all headwinds, country's foreign exchange reserve stood at \$607.31 billion.

In fiscal year 2022-23, consumer confidence is likely to remain high, but higher-than-expected inflation and subsequent hike in repo rate by the central bank may curb some of the purchasing power. However, the Government's supply side reforms and continuation of reopening economic activity is more likely to moderate the fall in economic growth. Fall in the commodity prices, unlocking in informal sector shall increase consumption and government's policy reforms and spending on infrastructure shall support private capex. That said, weak global growth trend, tightening of monetary policies and global volatility in financial market are going to exert pressure on country's economic prospects.

Indian banking sector

The banking system in India is very different from any other nation because of its unique geographical, social and economic diversity.

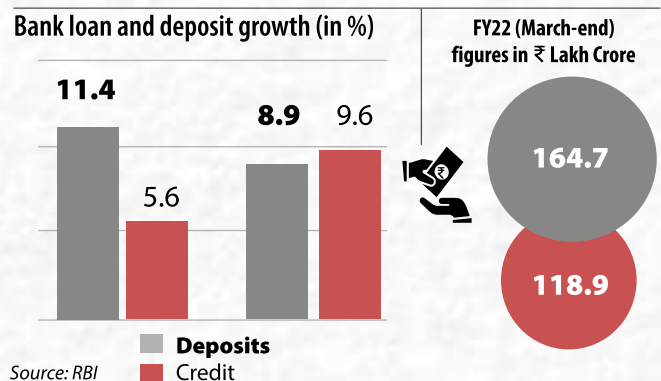
India is a country with an enormous population, 30 to 35 percent of which lives in urban areas and the rest in semi-urban and rural centers. India's economic policy framework constitutes both capitalist and socialist characteristics with a bias towards public sector investment. India has chosen growth-led-export rather than export-led-growth unlike many other developing countries, with an emphasis on self-reliance.

All these characteristics reflect in India's banking and financial structure. The Indian financial system comprises 1) Commercial banks, including all public sector, private sector, foreign and co-operative banks, 2) Financial institutions such as State Financial Corporation, 3) Non-banking financial companies (NBFC), and 4) Capital market intermediaries. At present, there are 12 public sector and 21 private sector, 46 foreign, 43 regional rural, 1539 urban cooperative, and 97,006 rural cooperative banks in India.

The last few years saw some remarkable changes in the Indian banking sector, especially in terms of technology, whereby a digital revolution has shaped the growth trajectory. Post-demonetisation, the finance industry witnessed a significant shift towards digitisation, by which, banks are able to provide enhanced customer experience. This not only provides convenience to customers and helps save time but also reduces human error, thus building reputation and loyalty. Today, people have 24x7 access to banking service, managing large amount of cash has become easier and cashless transactions with full security are gaining traction.

Banking in 2021-22: FY22 was marked with credit growth of 9.6% at the end of the fiscal, up from 5.6% in FY21. According to data released by RBI, total bank credit stood at Rs. 118.9 Lakh Crore until 25th of March, 2022. However, deposit growth slowed down

DEPOSIT GROWTH SLOWED IN FY22



in this financial year to 8.9% from 11.4% last year. Bank deposits stood at Rs. 164.7 Lakh Crore, an increase of Rs. 13.5 Lakh Crore from last year.

The surge in credit growth is primarily driven by retail lending. Shift from money market to loans since tightening of liquidity, surge in commodity prices, are the key reasons for this growth.



Interestingly, the data shows retail loan as the main driver of the outstanding credit in all of the scheduled commercial banks (SCBs) and constitutes more than 30% of their loan book, slowly replacing industrial loans which now comprise ~ 29%. The recovery in credit growth is led by private sector banks which account for more than half of the growth while public sector banks contribute ~ 45%.

In March 2022, credit to agriculture & allied activities performed well and registered a growth of 9.9%. Credit to industry grew by 7.1% in March 2022, as against 0.4% contraction in March 2021. Credit to medium industries grew 71.4% in that same period, while it was 34.5% a year ago. Credit to micro and small industries clocked a growth of 21.5% compared to only 3.9% in the previous year whereas credit to large industries saw a marginal growth against a contraction of 2.9% during the same period last year.

Overall, the banking sector performed well in FY22. The capital adequacy ratio improved and non-performing assets (NPAs) reduced. Capital risk-weighted asset ratio (CRAR) of SCBs increased from 15.84% in September 2020 to 16.54% in September 2021 because of improvement in CRAR in both public and private sector banks. The Gross non-performing advances (GNPAs) ratio of SCBs decreased from 7.5% at the end of September 2020 to 6.9% in the same period next fiscal.

Going forward, major regulatory reforms are proposed by RBI and the government for the banking sector in India. One of the big reforms is, setting up of National Asset Reconstruction Limited (NACL) and Indian Debt Resolution Company (IDRCL) by RBI, passing of the Deposit Insurance and Credit Guarantee Corporation (Amendment) Act. Among other things, post offices are proposed to come under the core banking system and setting up of 75 digital banks is in progress. The option of Central Bank Digital Currency (CBDC) is being explored by RBI, which is likely to become operational in FY 23.

<https://timesofindia.indiatimes.com/business/india-business/banks-almost-double-credit-growth-in-fy22/articleshow/90767606.cms>

https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=53631

<https://www.businesstoday.in/union-budget-2022/opinion/story/budget-2022-proposals-for-banking-sector-321760-2022-02-07>

Small finance bank

Small finance banks (SFBs) are niche banks which are engaged in providing access to financial products and services to that section of the economy which is not served by other banks i.e. micro entrepreneurs, micro enterprises, micro and small businesses and unorganised sector.

To be an SFB, entities need to fulfil some criteria. An SFB must have 25% of their branches in unbanked distant and rural areas. They have a capital requirement of at least Rs. 100 Crore and they must follow RBI norms and regulations like maintaining cash reserve ratio (CRR) and the statutory liquidity ratio (STR). SFBs can engage themselves in the business of mutual fund distribution, insurance products and pension products but only with RBI permission. They can also engage in forex operations based on the demands from their customers. And above all, the priority sector is expected to get 75% of SFBs' Adjusted Net Bank Credit. So far, 12 SFBs are

operational in the country.

The assets under management (AUM) of the SFBs grew at a CAGR of ~30% in the period of FY2016-20, but due to Covid related challenges in FY21, the growth rate was much lower at ~ 18%. The industry is estimated to have reported an annualised growth rate of 7-8% in H1FY22. However, since there is an uptick in disbursement in the next half of the financial year, the full-year growth rate will be pushing 20%. SFBs witnessed a reduction in net interest margin (NIM) in FY21 because of the challenging environment, but its profitability is supported by low operating expenses. High credit cost impacted returns in FY21, and it is likely to remain high through FY22, thus keeping the profitability subdued.

<https://www.outlookindia.com/website/story/business-news-small-finance-banks-aum-expected-to-grow-at-20-in-2022-report/408081>

About the Bank

Fincare Small Finance Bank is a high-impact institution that has its roots in rural India. Having obtained the in principle approval in 2015, the NBFC-MFI transformed itself into a Small Finance Bank with presence balanced between urban, semi-urban and rural markets. The Bank's 'digital first' approach supports its extensive physical network and focuses on technology-led banking operations. The Digital-DNA enables it to launch products faster, reach out to a wide customer segment and ensures cost-effective operations. The Bank's is run by a strong, energetic and enthusiastic professional team which has a steadfast commitment to customer centricity, compliance and cost s from all walks of lifediscipline.

Key Highlights of FY 22

- Opened and operationalised 135 banking outlets and during the year.
- Launched several digital products and services, including digital current account, family account, photo debit card, express loan (GST), micro-ATM, gold loan application for Business Correspondents (BC), to name a few.
- Launched Family Banking feature that enables clients to club their accounts in a group so that the family can enjoy all the benefits while maintaining their accounts individually.
- Partnered with Motilal Oswal Financial Services to offer 3-in-1 (Trading + Demat + Saving) account
- Business Correspondent channel expanded in Maharashtra
- Partnered with ICICI Lombard General Insurance for 2 & 4-wheeler, cyber, health, and shopkeeper insurance
- Partnered with Bharat AXA Life Insurance – the 3rd Life Insurance tie-up of the Bank

Treasury function

The Treasury fundraising unit completed PSLC (Priority sector lending certificate) transactions worth Rs 2,800 Crore, generating income of Rs [56.5] Crore in FY22. As the country leaves the worst phase of Covid-19 behind, normalcy is expected to return in interest rate markets.

As economic activities pick up pace, interest rates are also expected to inch up gradually and the excess liquidity overhang of the banking system is on the path of normalization. Expectations are high on restoration and revised pricing of credit & duration risk in Fixed Income markets, which in turn shall help in improving the interest income of the bank.

Governance

The company has solid corporate governance and the interest of the management is aligned with other stakeholders. It has integrity and ethics at its core and follows a clear Code of Conduct while carrying out its activities. The bank is committed to create an environment of trust, transparency, and accountability to support the growth of the business.

The Board of Directors forms the crux of our corporate governance practice and ensures that the management considers the best interests of everyone. The Bank has seasoned Directors on its Board, facilitating the business and making a positive impact to the direction and build up of the bank.

Information Technology

The bank has adopted modern, innovative applications and manages them in-house with the help of its team that has the necessary technical proficiency and expertise in core banking, payments and collections technology.

Our robust strategy and technology-driven solutions have helped foster meaningful customer connect and turn it into revenue generation. This has also positioned us as a "Digital-First" bank. The IT team has successfully implemented various solutions to improve business processes and strengthen IT infrastructure and its reliability.

With the aim of simplifying banking, the bank has leveraged its latest innovations to focus on customer needs. Some major adoptions include application and architecture upgrades, advanced analytics with monitoring, and virtualized infrastructure. This helped the bank drive the digital transformation that took customer experience to a new level.

Additionally, the bank rebuilt its customer relationship and phone banking systems with additional features. More than 55% of customer queries are being addressed through the phone banking system; the new feature enabled staff to answer customer queries 20% faster.

Marketing

The Marketing and Communication team developed a plethora of elements to connect with customers during the Covid-19 lockdown. The bank organised webinars on various topics like financial educations, Tax Planning, reduced screen time for children and time management to name a few. More than 80 webinars and virtual events, attended by 8000+ participants from all walks of life, were conducted and well received.

Multiple video-based messages centered around safe banking practices were sent out to create awareness with customers. The team also developed various marketing and promotional creatives

to build attractiveness of its new product & services launches.

The 'Wish More Get More' campaign and associated brand positioning initiatives were publicized on all social media platforms. It gave a boost to both brand salience as well as lead generation efforts across verticals. The social media channels of the bank observed 200% growth YoY.

People Power

Fincare SFB recognizes that its employees champion the business and determine its success or failure of it. Improving employee efficiency and performance are a priority for our organization.

During the second wave of the pandemic, the HR team continued to maintain a strong connect with staff to keep up the morale, allay Covid fears and help stay calm under economic stress and health challenges. The Bank conducted virtual Staff Connect (Sampark) events to help keep up the engagement levels.

During the year, the training unit conducted induction and ongoing training sessions. These sessions focussed on functional, soft skills and technical training delivered through classroom and e-learning modes. The Bank devised a robust evaluation system to assess its effectiveness.

The Bank has a strong grievance protocol to support staff. Additionally, the bank has developed and implemented a POSH Policy for Prevention, Prohibition, and Redressal of Sexual Harassment in the Workplace.

The Bank has in place several staff-friendly policies, including Compensation & Benefits, Staff Welfare, Leave, Recruitment and Selection, Transfer and Relocation, Separation, Rewards & Recognition, Staff Loan, for ensuring best-in-class employee benefits. For building engagement, learning and connect, the Bank uses the Microsoft Kaizala Application and internal forums (iEngage and iExcel).

Internal Audit

In FY22, the bank implemented the Audit Management System, an in-house development, which facilitated in making audit process more efficient and effective. Among other developments, using AMS, the unit was able to conduct audit of banking outlets once every quarter. Besides, during the year, the audit covered all microloan-oriented and full-service banking outlets, thanks to the tool. In FY22, the bank implemented the Audit Management System, an in-house development, which facilitated in making audit process more efficient and effective.

Among other developments, using AMS, the unit was able to conduct audit of banking outlets once every quarter. Besides, during the year, the audit covered all microloan-oriented and full-service banking outlets, thanks to the tool.

Risk and Compliance

The business is empowered with necessary tools to adequately identify and deal with potential risks. For the bank, assessment and management of risks is the best way to prepare for eventualities that may come in the way of scale and sustainability.



The Risk Management Committee of the Board (RMCB) monitors the Bank's risk management policies, procedures, strategies, appetite, processes, and controls. It also reviews various limits before they are considered by the Board, and reviews portfolio composition and impaired credits for wholesale lending.

The Bank tightened its Risk Management Systems with more robust rules and geo-tagging of all cash disbursal setups. This system helps in alerting customers well in time and minimizing fraudulent transactions.

The Bank ensures that the business remains compliant with the most recent policies and help to avoid business disruption. The compliance function is the core activity of the entity and is not outsourced.

Cautionary Statement

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

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

Pillar III Disclosure – March 31, 2022

DF-1- Scope of Application

The framework of disclosures applies to Fincare Small Finance Bank Limited (hereinafter referred to as the Bank) which started Banking Operations on July 21 2017. Disclosures are made as a standalone entity since the Bank does not have any subsidiary.

a) Capital Structure

As per Reserve Bank of India (RBI) capital adequacy norms, capital funds are classified into Tier-1 and Tier-2 capital. Tier-1 capital of the Bank consists of paid-up share capital, share premium, statutory reserves, revenue and other free reserves. Tier-2 capital consists of sub-debts, general provisions and standard assets provisions. First loss credit enhancement in the form of cash collaterals, deferred tax asset and book debt collaterals reduced from Tier I and II capital as per RBI norms.

b) Equity Capital

As on March 31, 2022, the Bank has authorized share capital of ₹30,000 Lakhs, comprising of 300,000,000 equity shares of ₹10 each and has subscribed and paid up capital of ₹22,078 Lakhs comprising of fully paid up 220,779,720 shares of ₹10 each.

c) Capital Funds:

The capital fund position for the year ended March 31, 2022 and March 31, 2021 are:

Particulars (INR Lakhs)	As at 31 st March, 2022	As at 31 st March, 2021
Tier I Capital	108,490	94,049
Tier II Capital	15,798	17,557
Total Capital Fund (Tier I + Tier II)	124,288	111,606

DF-2- Capital Adequacy

Fincare Small Finance Bank Limited (hereinafter to be referred as the Bank) is subject to RBI Master Circular on Basel III Capital Regulations issued on July 1, 2015 and amendments thereto issued from time to time by RBI.

The revised framework consists of three pillars viz.

- Minimum Capital Requirement.
- Supervisory Review of Capital Adequacy.
- Market Discipline.

The Bank has adopted standardized approach for Credit Risk for computation of Capital Adequacy Ratio (CAR). As per RBI guidelines on SFBs, currently the Bank is not considering capital charge for Market Risk and Operational Risk.

Minimum Capital Requirement

As per the operating guidelines for Small Finance Bank, the Bank is required to maintain minimum Capital Adequacy Ratio of 15% with minimum Tier I at 7.5%. As on March 31, 2022, the Bank has a healthy Capital Adequacy Ratio of 22.32% which is well above

the minimum capital adequacy requirement. The Tier 1 Capital Adequacy Ratio is 19.48% which is above the requirement of 7.5%.

Assessment of Adequacy of Capital to Support Current and Future Activities

The Bank has a policy on Internal Capital Adequacy Assessment Process (ICAAP) which is approved by the Board of Directors. Under ICAAP, the Bank determines whether it has adequate level of capital to meet regulatory norms, current and future business needs, including stress scenarios. The Bank's ICAAP evaluates and documents all risks and substantiates appropriate capital allocation for Pillar 2 risks.

ICAAP enables the Bank to evaluate the adequacy of capital to take care of the future business growth and various other risks that the Bank is exposed to, so that the minimum capital required is maintained on a continuous basis. The Bank considers both quantifiable and non-quantifiable risks while assessing capital requirements. The Bank evaluates the following risks while assessing its capital requirements:

- Credit Risk
- Interest Rate Risk in banking Book
- Liquidity Risk
- Credit Concentration Risk
- Strategic Risk
- Reputation Risk
- Residual Risk of Securitisation
- Human Capital Risk
- Outsource/Vendor Management Risk
- Collateral Risk
- Information and Cyber Security Risk

Monitoring and Reporting

The Board of Directors of the Bank maintains an active oversight over the Bank's capital adequacy levels on an ongoing basis.

Common Equity Tier I, Tier I and Total Capital Ratio

Particulars	As at 31 st March, 2022	As at 31 st March, 2021
Common Equity Tier 1 Capital Ratio	19.48%	24.91%
Tier I capital ratio	19.48%	24.91%
Tier II capital ratio	2.84%	4.65%
Total Capital Ratio (CRAR)	22.32%	29.56%

DF-3: Credit Risk: General Disclosures

Qualitative Disclosures

Credit Risk Management at a holistic level encapsulates the Bank's approach to approving and managing credits and aims at making the systems and controls effective. The Board of Directors is overall responsible for Risk Management within the Bank, including credit risk. The Risk Management Committee of the Board (RMCB)



Pillar III Disclosure – March 31, 2022

oversees the functioning of Credit Risk Management Department (CRMD) which drives identification, measurement, monitoring and reporting of Credit Risk within the Bank. CRMD is an independent department headed by Chief Risk Officer (CRO). The CRO reports to the RMCB and administratively to MD & CEO.

The Board approved Credit Risk Policy of the Bank provides a framework for managing credit risks so as to promote quality assets, profitable relationships and prudent growth by leveraging on Bank's strong franchise and traditional client base in key geographies.

Independent business and credit functions are first line of defence and responsible for day-to-day management of credit risk. The respective units formulate various internal controls to ensure adherence to risk management policies, procedures and guidelines.

The CRMD estimates and recommends overall credit risk appetite of the Bank, which is reviewed and approved by the Board. The department defines the risk assessment systems, monitor quality of loan portfolio, develop MIS and undertake loan review. The Risk MIS to top management provides adequate information on the composition of the credit portfolio, including identification of any concentration of risk. The Department monitors compliance of the risk parameters and prudential limits set by the Risk Management Committee of the Board.

Credit Risk Measurement, Mitigation, Monitoring & Reporting Systems

- **Credit Origination, underwriting**

Retail: The retail portfolio consists of JLG Microfinance Loans, Loan against Gold, Two-wheeler loans, Affordable Housing Loans, Loan Against Property, Staff Loan and Personal Loan. The JLG Microfinance Loans has standard underwriting norms for serving the base of the pyramid segment of customers. Other products such as Loan against Gold, Two-wheeler, Affordable Housing Loans and Loan Against Property have dedicated credit teams performing systematic credit assessment and valuation of collateral. The underwriting norms for each product are well defined in relevant policies and embedded in credit procedures.

Wholesale Segment: There is a separate vertical handling wholesale Corporate Loans. Detailed Board approved underwriting standards exist for this segment. A centralised credit team, which is independent of business team, performs the assessment and provides recommendations. The sanction is done by independent Credit Committee.

Treasury Counterparties: Limits to counterparties for money market products are assessed by Treasury Mid-office team and approved as per norms.

Exposures beyond certain threshold will be reviewed and approved by the Credit Committee as per delegation of powers defined for each product.

- **Delegation of Powers**

Board approved delegation of powers exist for various products and it covers exceptions and deviations approval as well. The credit sanctions are subject to review by the next higher authority to ensure adequate oversight and review. The credit underwriting in wholesale segment is subject to approval of Credit Committee and has a separate delegation matrix approved by the Board.

- **Post Sanction Review and Monitoring**

Given that the health of the Bank's asset book is the aggregate of the performance of individual credits, monitoring of individual credits through follow up and management of entity level risks on an on-going basis through periodic reviews, assessing early warning signals, ensuring end use of funds, security monitoring, LTV tracking, tracking of all exceptions, deviations, etc. contribute to maintaining credit portfolio health. In addition, monitoring of macro-economic factors and market conditions are also done.

Risk based field monitoring framework has been put in place to monitor the JLG portfolio. Additionally, detailed Credit Risk dashboard is published on monthly basis, which covers critical aspects such as product-wise asset quality and delinquencies in various buckets: 1+ days, 30+ days, 60+ days, NPA and write off. The Loan to Value (LTV) and collateral values are also closely monitored and initiated necessary action like margin calls. Early warning exercise is also carried out for proactive management of such accounts.

For wholesale customers, detailed tracking of company performance, any external credit rating migration, reporting of delinquencies by other banks via Central Repository of Information on Large Credits (CRILC), are reviewed by Credit Department to ensure timely detection of developments.

- **Recovery & Write off Guidelines**

The Bank has collection and recovery policy and the objective is to ensure efficient collection and recovery practices in a cost effective and ethical manner. The teams focus on collection in early delinquency buckets while effectively identifying and managing serious delinquency behaviour. The Bank has well defined legal recovery processes including initiating action under SARFAESI Act.

- **Periodic Reviews**

Independent Internal audit team which conducts annual audits and thematic audits.

- **Definition and Classification of Non-Performing Assets (NPAs)**

The Bank is guided by RBI prescribed Income recognition & Asset classification (IRAC) guidelines.

Pillar III Disclosure – March 31, 2022

Advances are classified into performing and non-performing advances ('NPA') based on the RBI guidelines. Further, NPAs are classified into sub-standard, doubtful and loss assets based on NPA classification and provisioning policy of the Bank, subject to the minimum classification and provisioning level prescribed by the RBI under the Income Recognition and Asset Classification norms.

The Bank follows extant RBI guidelines for resolution of stressed assets, including classification and upgradation of restructured loans.

Quantitative Disclosures

Fund based and Non-Fund based Exposure as on March 31, 2022

Exposure	Credit Exposure (INR Lakhs)
Fund based Exposure*	7,56,762
Non-Fund based Exposure	-
Total Fund based and Non-Fund based Exposures	7,56,762

*Fund based exposure includes exposure on loans and advances, exposure on Non-SLR Investments and exposure to other banks.

Geographic Distribution of Exposures as on March 31 2022

Exposures (INR Lakhs)	Domestic	Overseas	Total
Fund based Exposure	7,56,762	Nil	7,56,762
Non-Fund based Exposure	-	Nil	-
Total Fund and Non-Fund based Exposures	7,56,762	Nil	7,56,762

Residual Contractual Maturity breakup of Assets

Break up as on March 31 2022 (INR Lakhs)

Time Buckets	Advances	Investments
Day 1	2,215	49,481
2 to 7 days	6,872	2,226
8 to 14 days	10,275	2,545
15 to 30 Days	16,186	4,317
31 days to 2 months	37,828	2,043
2 months to 3 months	40,499	2,308
Over 3 months & up to 6 Month	1,09,388	15,733
Over 6 Month & up to 1 Year	1,73,097	77,608
Over 1 year & up to 3 years	2,05,880	53,903
Over 3 years & up to 5 years	48,882	4,757
Over 5 years	52,515	242
Total	7,03,637	2,15,163

*Total Net Advances / NPA Ratios / NPA Movement

Particulars	As at March 31 2022 (INR Lakhs)
(i) Gross NPAs to Net Advances (%)	7.79%
(ii) Net NPAs to Net Advances (%)	3.55%
(iii) Movement of NPAs (Gross)	
(a) Opening balance	35,359
(b) Additions during the year	109,846
(c) Reductions during the year	87,882
(d) Closing balance	57,323
(iv) Movement of Net NPAs	
(a) Opening balance	14,841
(b) Additions during the year	32,969
(c) Reductions during the year	22,827
(d) Closing balance	24,983
(v) Movement of provisions for NPAs (excluding provision on standard assets and floating provision)	
(a) Opening balance	20,518
(b) Provision made during the year	76,877
(c) Write off/ write back of excess provision	65,055
(d) Closing balance	32,340

Write Off & Recoveries

Particulars	As at March 31 2022 (INR Lakhs)
Gross NPA's as on 1 April of particular year (Opening Balance)	35,359
Additions (Fresh NPAs) during the year	109,846
Sub total (A)	145,209
Less :-	
(i) Upgradations	42,709
(ii) Recoveries (excluding recoveries made from upgraded accounts)	8,222
(iii) Technical / Prudential Write offs	36,840
(iv) Write offs other than those under (iii) above	111
Sub total (B)	87,882
Gross NPAs as on March 31 of following year (closing balance) (A-B)	57,323
Opening balance of Technical / Prudential written off accounts as at 1 April	21,037
Add : Technical / Prudential write offs during the year	36,840
Sub total (A)	57,877
Less : Recoveries made from previously technical / prudential written off accounts during the year (B)	826
Closing balance as on March 31 (A-B)	57,051



Pillar III Disclosure – March 31, 2022

Note: Non-performing assets include only non-performing advances as on March 31 2022.

DF-4: Credit Risk: Disclosures for Portfolios Subject to the Standardized Approach

Quantitative Disclosures

Bank's exposure after risk mitigation subject to the standardized approach in the following four major risk buckets as well as those that are deducted:

Particulars	As at March 31 2022 (INR Lakhs)
- At 0% risk weight	3,92,394
- Below 100% risk weight	5,22,821
- 100% risk weight	173,469
- More than 100% risk weight	3,635
- Deducted (Intangible Assets, Deferred tax assets and first loss credit enhancement in the form of cash collaterals and book debt collaterals)	9,779

DF-5- Credit Risk Mitigation for Standardised Approach

Qualitative Disclosures:

Application of Credit Risk Mitigants

The Bank uses number of techniques to mitigate the credit risks, it is exposed to. Credit Risk Mitigants have the effect of reducing the net exposure for application of risk weights. Credit Risk Mitigation techniques classified as eligible for reduction in the net exposure include:

- i) Eligible financial collateral
- ii) Guarantees
- iii) On-balance sheet netting
- iv) Application of Risk Weights

The Bank adheres to the RBI guidelines defined under the RBI Circular viz., Basel III Capital Regulation dated July 1, 2015 for application of risk weights for credit risk measurement and capital computation purposes.

Market risk element in collateral: Gold is a commodity and is subject to price fluctuations. The Bank has a system of calculating daily mark-to-market and necessary actions are initiated such as margin calls are made in case of shortfall. Thus, minimum LTV thresholds are ensured.

Guarantors and credit worthiness: The Bank has not taken any benefit of guarantors while computing capital charge.

Quantitative Disclosures:

Credit Risk Portfolio covered by the eligible financial collateral after the application of haircut

Particulars	As at March 31 2022 (INR Lakhs)
Loan Against Gold	41,687
Overdraft against Fixed Deposit	2,409

DF-6- Securitisation Exposures: Disclosure for Standardised Approach

Qualitative Disclosures:

The Bank's primary objective of securitisation activities is to increase the efficiency of capital and enhance the return on capital employed by diversifying sources of funding.

The Bank has adopted Securitisation Policy which is in alignment with the revised guidelines on securitisation dated May 7, 2012, August 21, 2012 and March 24, 2014 and any further circulars and guidelines issued by the Reserve Bank of India on Securitisation.

The said guidelines define the Assets eligible for securitisation, Minimum Holding Period (MHP), Minimum Retention Requirement (MRR), Limit on Total Retained Exposures, booking of profit for the PAR and premium securitisation transactions, Deduction of Securitisation Exposures from Capital funds, True Sale and Disclosures by the Originating Banks.

The Bank undertakes securitisation transactions mainly as an originator and undertakes the transactions with the following scope as:

1. Structurer: Structuring appropriately in a form and manner suitably tailored to meet investor requirements, while being compliant with extant regulations.
2. Provider of credit enhancement facilities: Addressing delinquencies associated with the underlying assets, i.e. bridging the gaps arising out of credit considerations between cash flows received/collected from the underlying assets and the fulfilment of repayment obligations to the beneficiaries.
3. Provider of collection and processing services: Collecting and/or managing receivables from underlying obligations, contribution from the investors to securitisation transactions, making payments to counterparties/appropriate beneficiaries, reporting the collection efficiency and other performance parameters and providing other services relating to collections and payments as may be required for the purpose of the transactions
4. Provider of Cash Collateral and Book Debts/Guarantees to the extent to be agreed to between the contracting parties.

Accounting Policy on transfer and servicing of Assets

The accounting treatment of the securitisation transactions in the books of the Bank is as per the guidance note issued by the ICAI and as prescribed by the RBI guidelines.

Pillar III Disclosure – March 31, 2022

The Bank transfers loans through securitisation transactions. The transferred loans are de-recognised when the Bank surrenders the right of benefits specified in the underlying securitised loan contracts.

Cash profit arising at the time of securitisation/assignment of loan portfolio (Premium loan transfer transactions) is amortised over the life of the underlying loan portfolio and the unamortised amount is disclosed as Deferred Income within 'Other liabilities' on the balance sheet.

Contractual rights to receive a portion of interest ('Unrealised profits') arising at the time of securitisation/ assignment of loan portfolio (PAR transactions) is recorded at its present value and disclosed as 'Interest strip on securitisation/ assignment of loan portfolio' within 'Other assets' on the balance sheet. The unrealised profits in respect of securitised/ assigned loan portfolio that is not due for collection is recorded at its present value and disclosed as 'Interest strip on securitisation/ assignment of loan portfolio' within 'Other liabilities' on the balance sheet. Income from interest strip (excess interest spread) is recognised in the statement of profit and loss, net of any losses, when redeemed in cash.

Quantitative Disclosures:

Particulars	As at March 31 2022 (INR Lakhs)
a) No of SPVs sponsored by the bank for securitisation transactions (Nos.)	9
b) Total amount of securitised assets as per books of the SPVs sponsored by the bank	5,712
c) Securitised Losses booked during the year	-
d) Amount of assets intended to be securitised within a year	-
e) Of (d), amount of assets originated within a year before securitisation.	-
f) Total amount of exposures retained by the bank to comply with MRR as on the date of balance sheet	-
i) Off-balance sheet exposures	-
First loss	-
Others	-
ii) On-balance sheet exposures	-
First loss	327
Others	-
Amount of exposures to securitisation transactions other than MRR	-
a) Off-balance sheet exposures	-
(i) Exposures to own securitisation	-
First loss	-
Others	-

Particulars	As at March 31 2022 (INR Lakhs)
(ii) Exposures to third party securitisation	-
First loss	-
Others	-
b) On-balance sheet exposures	-
(i) Exposures to own securitisation	-
First loss	-
Others	-
(ii) Exposures to third party securitisation	-
First loss	-
Others	-
g) Aggregate amount of securitisation exposures that are deducted entirely from Tier 1 capital	163

DF-7- Market Risk in Trading Book

Qualitative Disclosures:

Market Risk in Trading Book ('Held for Trading' and 'Available for Sale' categories) covers potential impact due to interest rate risks and equity price risk. At present, the Bank does not deal in foreign exchange and hence exchange risk is not applicable.

The investment activities are governed mainly by Investment Policy, Market Risk Policy and ALM Policy. These policies define the overall risk appetite, various risk and loss limits such as stop loss, Mduration thresholds, PV01 thresholds, Product limits, Credit rating hurdle rates for Non-SLR investments.

These parameters are monitored by Treasury Mid-Office and reported to ALCO, RMCB and Board at prescribed intervals. The Investment Committee oversees the trading and investment activities of the Bank.

Quantitative Disclosures:

Since Small Finance Banks need not provide capital charge towards market risk, no separate capital charge has been provided as on March 31 2022. The same has been qualitatively assessed under Pillar 2 in ICAAP exercise.

DF-8- Operational Risk

The Operational Risk arises from people, process, products and external environment. The Bank is governed by Board approved Operational Risk Management Policy.

Information security and Cyber security aspects are covered by separate policies and monitored by dedicated Information Security Committee.

The Operational Risk Management function is managed by Operational Risk Management Group (ORMG). ORMG reports to the Chief Risk Officer. Operational Risk Management Committee



Pillar III Disclosure – March 31, 2022

is headed by MD & CEO and meets once in two months. ORMG reports into Risk Management Committee of the Board (RMCB).

Risk identification: ORMG uses Risk and Control Self-Assessment (RCSA) tool and incident management activity to systematically identify various risks that the Bank is exposed to.

Risk Measurement & Monitoring: Given the Bank has large retail portfolio, dedicated field monitoring team monitors JLG activities. ORMG also conducts periodic key control testing to assess the effectiveness of various controls.

Small Finance Banks are currently exempt from providing capital charge towards Operational risk. Therefore, operational risk has been qualitatively assessed

DF-9- Interest Rate Risk in the Banking Book (IRRBB)

Qualitative Disclosures:

Interest rate risk refers to the potential impact on earnings and market value of equity due to changes in interest rates. The earning of assets and the cost of liabilities are now closely related to market interest rate volatility as interest rates are de-regularized. Any mismatch in the cash flows or re-pricing dates, therefore, will have an impact on net interest income and net interest margin.

IRRBB refers to interest rate risk pertaining to entire balance sheet other than trading book. Board of Directors are responsible for overall management of IRRBB. It has delegated it to RMCB which in turn oversees the functioning of Asset Liability Management Committee (ALCO). ALCO is a management level committee chaired by MD & CEO and is a decision-making responsible for balance sheet planning from risk-return perspective including strategic management of interest rate and liquidity risks.

Management of interest rate risk is governed by Board approved ALM Policy, Investment Policy and Market Risk Policy. The framework covers measurement, monitoring and management of IRRBB. The measures include gap analysis – Traditional & Duration Gap analysis. Board approved thresholds are defined for various gaps and monitored by ALCO. Stress testing is also performed semi-annually covering scenarios such as parallel and non-parallel shifts in yield curve to assess the likely impact of interest rate changes on banking book.

IRRBB has been assessed under Pillar 2 risk as part of ICAAP exercise. Since the changes in MVE for prescribed shock levels were well within defined norms, no capital allocation has been made towards the same.

Quantitative Disclosures:

Changes in EaR and MVE for 100 bps parallel shift in yield curve as on March 31 2022

(INR Lakhs)	+ 100 bps parallel shift	-100 bps parallel shift
Market value of Equity-MVE	1330	(1330)
Earnings at Risk- EaR	(1572)	1572

DF-10- General Disclosure for Exposures Related to Counterparty Credit Risk

Disclosures: The Bank does not have any exposures to derivatives and hence no specific disclosure is provided.

DF-16- Equities – Disclosure for Banking Book Positions

Qualitative Disclosures

Bank has Board approved policy on investments in equity.

Bank is permitted to hold such investments in Held for trading and Available for sale categories.

Any investment in equities will be approved by Investment Committee and will be in line with prudential Guidelines relating to capital market exposures.

Quantitative Disclosures

The Bank has nil exposure to equities during the year ended March 31 2022.

DF – 17 - Summary Comparison of Accounting Assets and Leverage Ratio Exposure measure

Sl No	Particulars	As at 31 st March, 2022 (INR lakhs)
1	Total consolidated assets as per published financial statements	10,90,590
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	-
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-
4	Adjustments for derivative financial instruments	-
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	-
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off- balance sheet exposures)	1,728
7	Other adjustments	(13,114)
8	Leverage ratio exposure	10,79,204

Pillar III Disclosure – March 31, 2022

DF – 18 - Leverage Ratio

SI No	Particulars	As at 31 st March, 2022 (INR lakhs)
1	On-balance sheet items (excluding derivatives and SFTs but including collateral)	10,87,092
2	Balance sheet assets deducted from Tier 1 capital and not reckoned for exposure measure above	9,616
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1) and 2))	10,77,476
Derivative exposures		
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	-
5	Add-on amounts for PFE associated with all derivatives transactions	-
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	-
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-
8	(Exempted CCP leg of client-cleared trade exposures)	-
9	Adjusted effective notional amount of written credit derivatives	-
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-
11	Total derivative exposures (sum of lines 4 to 10)	-
Securities financing transaction exposures		
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	-
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-
14	CCR exposure for SFT assets	-
15	Agent transaction exposures	-
16	Total securities financing transaction exposures (sum of lines 12 to 15)	-
Other off-balance sheet exposures		
17	Off-balance sheet exposure at gross notional amount	8,640
18	(Adjustments for conversion to credit equivalent amounts)	(6,912)
19	Off-balance sheet items (sum of lines 17 and 18)	1,728
Capital and total exposures		
20	Tier 1 capital	108,489
21	Total exposures (sum of lines 3, 11, 16 and 19)	10,79,204
Leverage ratio		
22	Basel III leverage ratio (%)	10.05%

Financial Statements

Independent Auditor's Report



To,
The Members of the **Fincare Small Finance Bank Limited**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Fincare Small Finance Bank Limited ("the Bank"), which comprise the Balance sheet as at March 31, 2022, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013 ("the Act") and circulars and guidelines issued by Reserve Bank of India (RBI) in the manner so required by banking companies and give a true and fair view in conformity with the applicable accounting standards prescribed under section 133 of the Companies Act, 2013 ("the Act") read with Companies (Accounts) Rules, 2014 (as amended) and other accounting principles generally accepted in India, of the state of affairs of the Bank as at March 31, 2022, its profit after tax and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Bank 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 we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Emphasis of Matter

We draw attention to note 2.1(ii) of Schedule 17 to the financial statements, which describes the extent to which Covid-19 pandemic that continues to impact the Bank's operations and its financial metrics including provisions which are dependent on uncertain future developments.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year ended March 31, 2022. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matters

Identification of Non-performing advances and provisioning of advances: [refer note 2.4 of Schedule 17 and note 18.4 and 18.15 to the financial statements]

Advances constitute a significant portion of the Bank's assets and the quality of these advances is measured in terms of ratio of Non-Performing Advances ("NPA") to the gross advances of the Bank. As at March 31 2022, the Gross Advances of the Bank was ₹7359.76 Crores, Gross NPA of the Bank was ₹573.23 Crores and Gross NPA ratio of the Bank was 7.79%.

How our audit addressed the key audit matter

Our audit procedures included, among others the following:

- Considered the Bank's policies for NPA identification and provisioning in assessing compliance with the IRAC, COVID 1.0 framework and COVID 2.0 framework (collectively, "RBI Regulations").



The Reserve Bank of India's ("RBI") guidelines on Income recognition and asset classification and provisioning pertaining to advances dated October 1, 2021 ("IRAC") prescribes the prudential norms for identification and classification of NPAs and the minimum provision required for such assets including restructuring. Also, Resolution Framework for Covid-19 related Stress dated August 6, 2020 ("Covid 1.0 framework") and Resolution Framework-2.0: Resolution of Covid-19 related stress of individuals and Small Business ("Covid 2.0 framework") prescribes the prudential norms for identification and provisioning of restructured cases due to Covid-19.

Given the volume and variety of loans, judgement is involved in the application of RBI Regulations for classification of loans as NPA. In view of the significance of this area to the overall audit of financial statements, it has been considered as a key audit matter

- Obtained an understanding and performed walk through of key processes controls around identification of NPAs, classification and provisioning.
- Evaluated the design and operating effectiveness of key controls (including application controls) around identification of NPAs, classification of loans in the respective asset classes viz., standard, sub-standard, doubtful and loss with reference to RBI Regulations.
- Performed account statement reviews on sample basis for account slippages and upgrades and identified customer accounts availing more than one loan from the Bank and test checked that all loans availed by a delinquent customer are classified appropriately.
- Performed analytical procedures on various financial and non-financial parameters to test the completeness of accounts identified as NPA.
- Performed test of details to test on provisioning rates applied for respective asset classes in lines with the Bank's policies.
- Tested the arithmetical accuracy of computation of provision for advances.
- Assessed disclosures included in the financial statements in respect of asset classifications and provisioning, including specific disclosures made with regard to impact of COVID-19 pandemic and related RBI Regulations.
- Tested on a sample basis that the restructuring of loans done during the year under the resolution framework was approved and implemented and provisions made on such restructured loans in accordance with the Bank's Board approved policy and the Resolution Framework.
- Obtained the management analysis for the additional provision created during the year owing to the potential impact of COVID-19 and evaluated the management estimates and assumptions used considering our understanding of the risk profiles of the customer of the Bank.

Information Technology ("IT") Systems and Controls

The reliability and security of IT systems plays a key role in the business operations of the Bank. Since large volume of transactions are processed daily, the IT controls are required to ensure that applications process data as expected and that changes made to applications are made in an appropriate manner. These systems also play a key role in the financial accounting and reporting process of the Bank.

Our audit procedures included the following:

- For testing the IT general controls, application controls and IT dependent manual controls relevant for financial reporting, we included IT specialists as part of the audit team. The IT specialists also assisted in testing of the information produced by the Bank's IT systems.

Our areas of audit focus included user access management, developer access to the production environment and changes to the IT environment across applications, networks, databases and operating systems as these are key to ensuring IT dependent and application-based controls are operating effectively.

Due to the pervasive nature and complexity of the IT environment, we have ascertained IT systems and controls as a key audit matter.

- Tested the design and operating effectiveness of the Bank's IT access controls over the information systems that are critical to financial reporting.
- Tested other IT general controls (changes management and aspects of IT operational controls).
- Inspected requests of changes to systems for appropriate approval and authorization. Further, considered the control environment relating to various interfaces, configuration and other application controls identified as key to our audit.
- Tested the design and operating effectiveness of certain automated controls that were considered as key internal controls over financial reporting.
- Instances where deficiencies were identified, tested compensating controls or performed alternate procedures.

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

The Bank's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report including the Pillar III Disclosure under the New Capital Adequacy Framework (Basel II disclosures) but does not include the financial statements and our auditor's report thereon.

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

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

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

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

The Bank's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the applicable accounting standards prescribed under section 133 of the Act read with Companies (Accounts) Rules, 2014 (as amended), the relevant provisions of the Banking Regulation Act, 1949, the circulars, guidelines and directions issued by RBI from time to time ("RBI Guidelines") and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank 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 the 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, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Bank'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 Bank has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank'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 Bank 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 significance in the audit of the financial statements for the financial year ended March 31, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

The financial statements of the Bank for the year ended March 31, 2021, included in these financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on June 14, 2021.

Report on Other Legal and Regulatory Requirements

1. The Balance sheet, the Profit and Loss Account and the Cash flow Statement for the year ended March 31, 2022, have been drawn up in accordance with the applicable accounting standards prescribed under section 133 of the Companies Act, 2013 ("the Act") read with Companies (Accounts) Rules, 2014 (as amended), the relevant provisions of the Banking Regulation Act, 1949, the circulars, guidelines and directions issued by the Reserve Bank of India (RBI) from time to time ("RBI Guidelines") and other accounting principles generally accepted in India
2. As required by sub section (3) of Section 30 of the Banking Regulation Act, 1949, we report that:
 - a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;
 - b) The transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and
 - c) The financial accounting systems of the Bank are centralized and therefore, accounting returns for the purpose of preparing financial statements are not required to be submitted by its branches; we have visited 39 branches for the purpose of our audit.
3. 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 Bank so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Accounting Standards) Rules, 2006 (as amended), to the extent they are not inconsistent with the guidelines prescribed by RBI;
 - (e) In our opinion, there are no material financial transactions or matters that have an adverse effect on the functioning of the Bank;
 - (f) On the basis of the written representations received

from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act;

- (g) With respect to the adequacy of the internal financial controls with reference to financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 1" to this report;
- (h) In our opinion, the entity being a banking company, the remuneration to the managing director during the year ended March 31, 2022 has been paid by the Bank in accordance with the provisions of Section 35B (1) of the Banking Regulation Act, 1949; and
- (i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Bank does not have any pending litigations which would impact its financial position as at March 31, 2022;
 - ii. The Bank did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at March 31, 2022;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Bank.
 - iv. a) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the note 18.35 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 Bank to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding,

whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Bank ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- b) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the note 18.35 to the financial statements, no funds have been received by the Bank from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Bank shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c) Based on such audit procedures that were 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 (a) and (b) contain any material misstatement.
- v. No dividend has been declared or paid during the year by the Bank.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per **Sarvesh Warty**
Partner

Place of Signature: Mumbai
Date: May 26, 2022

Membership Number: 121411
UDIN: 22121411AJQGCG7244



ANNEXURE I

TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF FINCARE SMALL FINANCE BANK LIMITED

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

We have audited the internal financial controls with reference to financial statements of Fincare Small Finance Bank Limited ("the Bank") as of March 31, 2022 in conjunction with our audit of the financial statements of the Bank for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Bank's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Bank'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 Bank's internal financial controls with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these 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 these 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 Bank's internal financial controls with reference to these financial statements.

Meaning of Internal Financial Controls With Reference to these 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 includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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 control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Bank has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Sarvesh Warty

Partner

Place of Signature: Mumbai

Date: May 26, 2022

Membership Number: 121411

UDIN: 22121411AJQGC7244

Balance Sheet as on March 31 2022

(All amounts in ₹ Lakhs except otherwise stated)

	Schedule	As on March 31, 2022	As on March 31, 2021
Capital and liabilities			
Capital	1	22,078	6,361
Employees stock options outstanding		638	100
Reserves and surplus	2	97,470	95,330
Deposits	3	6,45,558	5,31,850
Borrowings	4	2,94,354	1,40,043
Other liabilities and provisions	5	30,492	23,103
Total		10,90,590	7,96,787
Assets			
Cash and balances with Reserve Bank of India	6	1,11,679	1,03,650
Balances with banks and money at call and short notice	7	11,917	11,913
Investments	8	2,15,163	1,27,936
Advances	9	7,03,637	5,30,112
Fixed assets	10	4,234	3,619
Other assets	11	43,960	19,557
Total		10,90,590	7,96,787
Contingent liabilities	12	-	327
Bills for collection	-	-	-

Significant accounting policies and notes to accounts

17 & 18

Schedules referred above form an integral part of the Balance Sheet

As per our report of even date

For **S.R Batliboi & Associates LLP**
Chartered Accountants
Firm Registration No: 101049W/E300004
per **Sarvesh Warty**
Partner
Membership No.: 121411
Mumbai
May 26, 2022

For and on behalf of the Board of Directors of
Fincare Small Finance Bank Limited

Rajeev Yadav
MD and CEO
DIN: 00111379
Bengaluru
May 26, 2022

Pramod Kabra
Director
DIN: 02252403
Bengaluru
May 26, 2022

Vinay Baijal
Director
DIN: 07516339
Bengaluru
May 26, 2022

Keyur Doshi
Chief Financial Officer
Bengaluru
May 26, 2022

Shafaly Kothari
Company Secretary
M No. F7698
Bengaluru
May 26, 2022



Profit and Loss Account for the year ended March 31 2022

(All amounts in ₹ Lakhs except otherwise stated)

	Schedule	Year ended March 31, 2022	Year ended March 31, 2021
I. Income			
Interest earned	13	1,44,587	1,25,103
Other income	14	20,178	12,568
Total		1,64,765	1,37,671
II. Expenditure			
Interest expended	15	56,978	55,005
Operating expenses	16	64,680	46,327
Provision and contingencies (refer note 18.15)		42,220	25,025
Total		1,63,878	1,26,357
III. Profit/(loss)			
Net profit/Loss(-) for the year		887	11,314
Profit/Loss(-) brought forward		18,108	9,707
Total		18,995	21,021
IV. Appropriation			
Transfer to statutory reserves		222	2,829
Transfer to other reserves		1,254	84
Transfer to Government/proposed dividend		-	-
Balance carried over to the balance sheet		17,519	18,108
Total		18,995	21,021
Significant accounting policies and notes to accounts	17 & 18		
Earnings per equity share of ₹ 10 each (refer note 18.27)			
Basic (₹)		0.38	5.55
Diluted (₹)		0.38	5.55
Face value per share (₹)		10.00	10.00

Schedules referred above form an integral part of the Profit and Loss Account

As per our report of even date

For **S.R Batliboi & Associates LLP**
Chartered Accountants
Firm Registration No: 101049W/E300004
per **Sarvesh Warty**
Partner
Membership No.: 121411
Mumbai
May 26, 2022

For and on behalf of the Board of Directors of
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May 26, 2022

Cash Flow Statement for the year ended March 31 2022

(All amounts in ₹ Lakhs except otherwise stated)

	Year ended March 31, 2022	Year ended March 31, 2021
A. Cash flows from operating activities:		
Net Profit before tax	575	14,642
Adjustments for :		
Depreciation and amortisation expenses	2,012	1,701
Employee Stock Option Compensation	538	100
Amortisation of premium on SLR investments in HTM category	1,032	685
(Profit)/loss on disposal of fixed assets	3	(1)
Loan portfolio written off	36,951	3,393
Provision for Advances	6,002	18,572
Provision for other contingencies	22	(267)
Provision for Investments	561	(5)
(Profit) on sale of investment in SLR securities	(540)	(122)
Loss on sale of investment in SLR securities	284	99
(Profit) on sale of investment in mutual funds	(19)	(29)
Operating profit before working capital changes	47,421	38,768
Adjustments for :		
Increase in deposits	1,13,709	66,457
Increase/(decrease) in other liabilities	13,186	4,090
(Increase) in investments (net)	(88,564)	(27,897)
(Increase) in advances	(2,22,298)	(69,968)
(Increase)/decrease in fixed deposits	(3,752)	(516)
(Increase) in other assets	(20,138)	(21)
Cash Flows from/(used in) operating activities	(1,60,436)	10,913
Refund/(Payment) of direct taxes(Including Tax Deducted at Source)	(3,954)	(6,129)
Net cash flows from/(used in) operating activities	(1,64,391)	4,784
B. Cash flows from / (used in) investing activities:		
Purchase of fixed assets	(2,636)	(1,292)
Proceeds from sale of fixed assets	7	9
Purchase of investments in mutual funds	(5,000)	(18,000)
Proceeds from sale of investments in mutual funds	5,019	18,029
Proceeds from term money lending	(1,639)	(3,999)
Net cash flows from/(used in) investing activities	(4,249)	(5,253)



Cash Flow Statement (contd..) for the year ended March 31 2022

(All amounts in ₹ Lakhs except otherwise stated)

	Year ended March 31, 2022	Year ended March 31, 2021
C. Cash flows from / (used in) financing activities:		
Proceeds from issue of equity shares	16,971	-
Proceeds from borrowing under the LAF segment	54,000	-
Proceeds from loans availed from banks and financial institutions	1,35,804	47,000
Repayment of loans availed from banks and financial institutions	(35,493)	(39,073)
Repayment of borrowing under the LAF segment	-	(4,700)
Net cash flows from/(used in) financing activities	1,71,282	3,227
Net increase in cash and cash equivalents during the half year ended (A+B+C)	2,642	2,758
Cash and cash equivalents at the beginning of the period	1,10,284	1,07,526
Cash and cash equivalents at the end of the period*	1,12,926	1,10,284

* Includes cash and bank balances with Reserve Bank of India and balances with Banks in current account as on March 31 2022 and March 31 2021.

For **S.R Batliboi & Associates LLP**
Chartered Accountants
Firm Registration No: 101049W/E300004
per **Sarvesh Warty**
Partner
Membership No.: 121411
Mumbai
May 26, 2022

For and on behalf of the Board of Directors of
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May 26, 2022

Shafaly Kothari
Company Secretary
M No. F7698
Bengaluru
May 26, 2022

Schedules forming part of the Balance Sheet as on March 31, 2022

(All amounts in ₹ Lakhs except otherwise stated)

Schedule 1 - Capital	As on March 31, 2022	As on March 31, 2021
Authorised capital		
300,000,000 (March 31 2021: 300,000,000) equity shares of ₹ 10 each	30,000	30,000
Issued, subscribed and fully paid-up capital		
220,779,720 (March 31 2021: 63,610,481) equity shares of ₹ 10 each	22,078	6,361
Total Capital	22,078	6,361

Rights and preference of equity shareholders

Each holder of an equity share is entitled to one vote per share. The Bank declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except interim dividend. In the event of liquidation of the Bank, the holders of equity shares will be entitled to receive the remaining assets of the Bank, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

Schedule 2 - Reserves and surplus	As on March 31, 2022	As on March 31, 2021
Statutory reserve		
(Created pursuant to Section 17(2) of Banking Regulation Act, 1949)		
Opening balance	9,416	6,587
Additions during the year	222	2,829
Deductions during the year	-	-
	9,638	9,416
Share premium		
Opening balance	66,977	66,977
Additions during the year	15,972	-
Deductions during the year	(14,719)	-
	68,230	66,977
General reserves		
Opening balance	1	1
Additions during the year	-	-
Deductions during the year	-	-
	1	1
Investment fluctuation reserve		
Opening balance	828	744
Additions during the year	1,254	84
Deductions during the year	-	-
	2,082	828
Balance in profit and loss account	17,519	18,108
Total (I, II, III, IV and V)	97,470	95,330

Schedule 3 - Deposits	As on March 31, 2022	As on March 31, 2021
A. Demand deposits		
i) From banks	627	1,035
ii) From others	8,739	4,568
	9,366	5,603



Schedules forming part of the Balance Sheet as on March 31, 2022

(All amounts in ₹ Lakhs except otherwise stated)

Savings bank deposits	2,24,949	1,20,755
Term deposits		
i) From banks	1,73,120	1,49,085
ii) From others	2,38,123	2,56,407
	4,11,243	4,05,492
Total (I,II and III)	6,45,558	5,31,850
B. Deposits of branches in India	6,45,558	5,31,850
Deposits of branches outside India	-	-
Total	6,45,558	5,31,850

Schedule 4 - Borrowings	As on March 31, 2022	As on March 31, 2021
I. Borrowings in India		
i) Reserve Bank of India*	59,600	5,600
ii) Other banks	10,000	-
iii) Other institutions and agencies	-	-
a) Government of India	-	-
b) Financial Institutions*	2,04,754	1,14,443
iv) Borrowings in the form of bonds and debentures (excluding sub-ordinated debts)	-	-
v) Unsecured redeemable debentures/bonds (Refer schedule 18.1 B)	20,000	20,000
Total Borrowings in India	2,94,354	1,40,043
II. Borrowings outside India	-	-
Total (I and II)	2,94,354	1,40,043

Secured borrowings included in I above is ₹ 92,404 Lakhs , ₹ 5,932 Lakhs for March 31 2022 and March 31 2021 respectively.

Schedule 5 - Other liabilities and provisions	As on March 31, 2022	As on March 31, 2021
I. Bills payable	2,864	-
II. Inter-office adjustments (net)	-	-
III. Interests accrued	3,837	1,439
IV. General provision for standard assets (Refer schedule 18.4 J)	5,342	11,161
V. Others (including provisions)*	18,449	10,503
Total	30,492	23,103

*Others (including provisions)	As on March 31, 2022	As on March 31, 2021
Provision for other contingencies	56	34
Tax deducted at source payable	741	483
Statutory liability payable	635	430
Accrued expenses	3,243	1,872
Accrued employee expenses	2,539	1,916
Provision for gratuity (Refer schedule 18.14 A)	421	147
Provision for compensated absences (Refer schedule 18.14 C)	1,275	1,020
Provision for tax (net of advance tax)	166	165
Other liabilities	9,373	4,436
	18,449	10,503

Schedules forming part of the Balance Sheet as on March 31, 2022

(All amounts in ₹ Lakhs except otherwise stated)

Schedule 6 - Cash and balances with Reserve Bank of India	As on March 31, 2022	As on March 31, 2021
I) Cash in hand (Including foreign currency notes)*	3,304	2,628
II) Balances with Reserve Bank of India	-	-
i) in current account	11,475	15,822
ii) in other accounts	96,900	85,200
Total (I and II)	1,11,679	1,03,650

*The Bank does not have any foreign currency note balances as on March 31 2022 and March 31 2021.

Schedule 7 - Balances with banks and money at call and short notice	As on March 31, 2022	As on March 31, 2021
I. In India		
i) Balances with banks	1,247	6,634
a) In current accounts	5,032	1,280
b) In other deposit accounts*		
ii) Money at call and short notice		
a) With banks	-	-
b) With other institutions	5,638	3,999
Total (i and ii)	11,917	11,913
II. Outside India		-
i) In current accounts	-	-
ii) In other deposit accounts	-	-
iii) Money at call and short notice	-	-
Total (i,ii and iii)	-	-
Total (I and II)	11,917	11,913

*Includes fixed deposits lien marked with UIDAI ₹ 32 Lakhs (March 31 2021: ₹30 Lakhs)

Schedule 8 - Investments	As on March 31, 2022	As on March 31, 2021
I) Investment in India in		
i) Government securities	2,14,128	1,27,936
ii) Other approved securities	-	-
iii) Shares	-	-
iv) Debentures and bonds	1,035	-
v) Subsidiaries and/or joint ventures	-	-
vi) Others	-	-
Total*	2,15,163	1,27,936
II) Investment outside India in		
i) Government securities (including local authorities)	-	-
ii) Subsidiaries and/or joint ventures abroad	-	-
iii) Other Investments	-	-
Total	-	-
Grand Total (I and II)	2,15,163	1,27,936
III) Investments		
A. Investments in India		
Gross value of investments	2,15,726	1,27,939
Less: Aggregate of provision/depreciation/(appreciation)	(563)	(3)
Net investments	2,15,163	1,27,936



Schedules forming part of the Balance Sheet as on March 31, 2022

(All amounts in ₹ Lakhs except otherwise stated)

Schedule 8 - Investments	As on March 31, 2022	As on March 31, 2021
B. Investments outside India		
Gross value of investments	-	-
Less: Aggregate of provision/depreciation/(appreciation)	-	-
Net investments	-	-
Total investments*	2,15,163	1,27,936

Refer schedule 18.2 A - Investments

Schedule 9 - Advances	As on March 31, 2022	As on March 31, 2021
A. i) Bills purchased and discounted	-	-
ii) Cash credits, overdrafts and loans repayable on demand*	44,146	1,965
iii) Term loans*	6,59,491	5,28,147
Total	7,03,637	5,30,112
B. i) Secured by tangible assets (including advances against book debts)	1,75,159	1,21,071
ii) Covered by banks/Government guarantees	4,126	-
iii) Unsecured	5,24,352	4,09,041
Total	7,03,637	5,30,112
C. I. Advances in India		
i) Priority sectors	6,03,918	4,43,712
ii) Public sector	-	-
iii) Banks	-	-
iv) Others	99,719	86,400
Total	7,03,637	5,30,112
II. Advances outside India		
i) Dues from banks	-	-
ii) Dues from others	-	-
a) Bills purchased and discounted	-	-
b) Syndicate loans	-	-
c) Others	-	-
Total	-	-
Grand Total (C.I and II)	7,03,637	5,30,112

*Net of provision for non-performing assets aggregating to ₹32,340 Lakhs, ₹20,518 Lakhs and Inter-Bank Participation Certificate (IBPC) sold and outstanding ₹20,000 Lakhs, ₹52,450 Lakhs as on March 31 2022 and March 31 2021 respectively.

Schedule 10 - Fixed assets	As on March 31, 2022	As on March 31, 2021
A. Premises		
Gross block		
At cost as on March 31	-	-
Additions during the year	-	-
Deductions during the year	-	-
Closing balance	-	-
Less: Depreciation to date	-	-
Net Block	-	-

Schedules forming part of the Balance Sheet as on March 31, 2022

(All amounts in ₹ Lakhs except otherwise stated)

Schedule 10 - Fixed assets	As on March 31, 2022	As on March 31, 2021
B. Other fixed assets (including furniture and fixtures)		
At cost as on March 31		
Opening balance	9,209	7,976
Additions during the year	2,636	1,292
Deductions during the year	(93)	(59)
Closing balance	11,752	9,209
C. Accumulated depreciation		
Opening balance	5,589	3,940
Additions during the year	2,012	1,701
Deductions during the year	(83)	(51)
Closing balance	7,518	5,590
Net Block*	4,234	3,619
Total fixed assets	4,234	3,619

*Including capital work-in progress amounting to ₹5 Lakhs, ₹ Nil and intangible assets amounting to ₹151 Lakhs, ₹102 Lakhs as on March 31 2022 and March 31 2021 respectively

Schedule 11 - Other assets	As on March 31, 2022	As on March 31, 2021
I. Inter-office adjustments (net)	-	-
II. Interest accrued	12,186	9,325
III. Tax paid in advance / tax deducted at source (net)	1,969	353
IV. Stationery and stamps	-	-
V. Non-banking assets acquired in satisfaction of claims	-	-
VI. Others*	29,805	9,879
Total	43,960	19,557

*Others	As on March 31, 2022	As on March 31, 2021
Loans given as collateral towards securitisation transactions	327	327
Deferred tax asset (refer schedule 18.24)	9,302	6,651
Security deposits	1,458	1,234
Goods & Services Tax input credit	534	521
Other receivables	18,184	1,146
	29,805	9,879



Schedules forming part of the Balance Sheet as on March 31, 2022

(All amounts in ₹ Lakhs except otherwise stated)

Schedule 12 - Contingent liabilities	As on March 31, 2022	As on March 31, 2021
I. Claims against the bank not acknowledged as debts - taxes	-	-
II. Claims against the bank not acknowledged as debts - others*	-	327
III. Liability for partly paid investments	-	-
IV. Liability on account of outstanding forward exchange contracts	-	-
V. Guarantees given on behalf of constituents	-	-
a) In India	-	-
b) Outside India	-	-
VI. Acceptances, endorsements and other obligations	-	-
VII. Other items for which the bank is contingently liable	-	-
Total	-	327

*Claims against the bank not acknowledged as debts-others	Year ended March 31, 2022	Year ended March 31, 2021
Principal subordination	-	327
Total	-	327

Schedule 13 - Interest earned	Year ended March 31, 2022	Year ended March 31, 2021
I. Interest/discount on advances/bills	1,32,338	1,14,828
II. Income on investments	9,435	6,852
III. Interest on balances with Reserve Bank of India and other inter-bank funds	2,747	3,261
IV. Others*	67	162
Total	1,44,587	1,25,103

*Others	Year ended March 31, 2022	Year ended March 31, 2021
Income from securitisation/assignment of loans	-	3
Interest income on money market instruments	-	117
Interest income on Tri Party Repo lending	66	41
Others	1	1
	67	162

Schedule 14 - Other income	Year ended March 31, 2022	Year ended March 31, 2021
I. Commission, exchange and brokerage	9,675	5,098
II. Profit on sale of investments	540	151
(Less): Loss on sale of investments	(284)	(99)
III. Profit on revaluation of investments	-	-
(Less): Loss on revaluation of investments	-	-
IV. Profit on sale of land, buildings and other assets	4	3
(Less): Loss on sale of land, buildings and other assets	(7)	(2)
V. Profit on exchange/derivative transactions	-	-
(Less): Loss on exchange/derivative transactions	-	-
VI. Income earned by way of dividends etc.	-	-
VII. Miscellaneous income ¹	10,250	7,417
Total	20,178	12,568

Schedules forming part of the Balance Sheet as on March 31, 2022
(All amounts in ₹ Lakhs except otherwise stated)

¹Miscellaneous income	Year ended March 31, 2022	Year ended March 31, 2021
Income from sale of Priority Sector Lending Certificate	5,649	4,096
Income tax refund	-	12
Debit card issue/maintenance charges	3,387	2,309
Others	1,214	1,000
Total	10,250	7,417

Schedule 15 - Interest expended	Year ended March 31, 2022	Year ended March 31, 2021
I. Interest on deposit	42,116	41,602
II. Interest on Reserve Bank of India/Inter-Bank borrowings	2,984	2,054
III. Others	11,878	11,349
Total	56,978	55,005

Schedule 16 - Operating expended	Year ended March 31, 2022	Year ended March 31, 2021
I. Payments to and provisions for employees	41,207	28,919
II. Rent, taxes and lighting (refer schedule 18.25)	4,290	3,170
III. Printing and stationery	746	518
IV. Advertisement and publicity	767	504
V. Depreciation on Bank's property	2,012	1,701
VI. Directors' fees, allowances and expenses	143	113
VII. Auditors' fees and expenses	77	66
VIII. Law charges	111	2
IX. Postage, telegrams, telephones, etc.	1,224	1,149
X. Repairs and maintenance	945	540
XI. Insurance	577	477
XII. Professional fee	2,979	2,834
XIII. Other expenditure ¹	9,602	6,334
Total	64,680	46,327

¹Other expenditure	Year ended March 31, 2022	Year ended March 31, 2021
Travelling and conveyance	1,005	534
Communication expenses	578	465
Contribution towards CSR expenses (refer schedule 18.29)	306	149
Bank charges	101	105
Loss on securitisation	-	70
ATM recycler charges	1,411	985
Credit Bureau charges	240	147
Business correspondence commission	3,005	1,975
Miscellaneous expense	2,956	1,904
Total	9,602	6,334



Schedule 17 - Significant Accounting Policies forming part of the Financial Statements for the year ended March 31, 2021

1. Overview

Pursuant to the resolution passed by the shareholders at the Extra-Ordinary General Meeting held on May 19, 2017 and the issue of small finance bank license by the Reserve Bank of India ("RBI") on May 12, 2017, Disha Microfin Limited ("the Company") commenced its operations as a small finance bank with effect from July 21, 2017. Accordingly, the name of the Company was changed to Fincare Small Finance Bank Limited ("the Bank"). The Bank is a Banking Company governed by the Banking Regulation Act, 1949.

The Bank has been accorded the Scheduled Bank status by Reserve Bank of India vide Notification No. DBR.NBD. (SFB-Fincare). No.8140/16/13.216/2018-19 dated March 28, 2019 and published in the Gazette of India on April 13, 2019.

The Bank's operation includes retail and wholesale banking activities. These activities primarily include micro finance lending activities to provide financial assistance to women borrowers of economically weaker society, who are organized as joint liability groups ('JLG'), with a view of enhancement of their livelihoods in a financially viable manner, primarily in the rural areas of India. Further, the Bank is engaged in providing financial assistance to the borrowers to use the money to augment the household income through loan against property. In addition, the Bank offers other products, including institutional finance, gold loan, two wheeler loans, affordable housing loans and overdraft facility against fixed deposits or properties. The Bank operates across various states and union territories of India.

2. Summary of significant accounting policies

2.1 (i) Basis of preparation of financial statements

The financial statements have been prepared in accordance with requirements prescribed under the Third Schedule of the Banking Regulation Act, 1949. The accounting and reporting policies of the Bank used in the preparation of these financial statements conform to Generally Accepted Accounting Principles in India (Indian GAAP), the circulars and guidelines issued by Reserve Bank of India (RBI) from time to time and the Accounting Standards notified under Section 133 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014(as amended) to the extent applicable and practices generally prevalent in the banking industry in India. The Bank follows the historical cost convention and accrual method of accounting, except otherwise stated. The accounting policies adopted in the presentation of financial statement are consistent with those followed in the previous year.

2.1 (ii) Impact of COVID 19

India has witnessed multiple waves of COVID-19 pandemic since mid-2020 leading to significant volatility in Indian financial markets and a significant decrease in local economic activities and India is still emerging from the COVID-19 pandemic. Currently, while the number of new COVID-19 cases have reduced significantly and the

Government of India is in the process of withdrawing COVID-19 related restrictions, the full extent of impact of the pandemic on the Bank's operations and financial metric (including impact on provision for loan portfolio) will depend on future developments, including, among other things, any new information concerning the severity of the COVID-19 pandemic, governmental and regulatory measures and the Bank's responses thereto, which are highly uncertain at this time.

The Bank continues to carry an additional contingency provision of ₹ 670 Lakh as at March 31, 2022, which includes the additional provision for the accounts restructured under RBI Resolution framework. Further, during the current quarter, the Bank had created an additional provision of ₹ 4,322 Lakhs.

2.2 Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting periods. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from those estimates. Significant estimates used by the management in the preparation of these financial statements include estimates of the economic useful lives of fixed assets, deferred tax, accrual for employee benefits and provision for standard and non-performing assets. Difference between the actual results and estimates are recognised in the period in which the results are known/materialized. Any revision to accounting estimates is recognised prospectively in the current and future periods.

2.3. Revenue recognition

- (i) Interest income on loans is recognised in the Profit and Loss Account as it accrues by applying the rate of interest as per the agreement. Interest income on non-performing asset is recognised only when realised. Any such income recognised before the asset became non-performing and remaining unrealized as on the date of being classified as non-performing asset is reversed, as per the income recognition and asset classification norms of RBI.
- (ii) Interest on discounted instruments is recognised over the tenure of the instrument on a constant Yield to Maturity method.
- (iii) Processing fees/upfront fee, handling charges of similar charges collected at the time of sanctioning or renewal of Loan/facility is recognised at the inception/renewal of loan.
- (iv) The fees charged on debit card issuance is recognised on an upfront basis.

Schedule 17 - Significant Accounting Policies forming part of the Financial Statements for the year ended March 31, 2022

2.3 Revenue recognition (Cont'd)

- (v) The Bank enters into transactions for the sale of Priority Sector Lending Certificates (PSLCs). In the case of sale transaction, the Bank sells the priority sector obligation through the RBI trading platform. There is no transfer of risks or loan assets. The fee received for the sale of PSLCs is recognised under Miscellaneous Income within Other income on a straight-line basis over the tenure of the certificate.
- (vi) Interest income on deposits with banks and financial institutions is recognised on a time proportion accrual basis taking into account the amount outstanding and the rate applicable.
- (vii) Dividend income is recognised when the right to receive payment is established on the balance sheet date.
- (viii) Other fees and commission income (including commission income on third party products) are recognize when due, except in cases where the bank is uncertain of ultimate collection.

2.4 Advances

Classification

Advances are classified into performing and non-performing advances ('NPA') based on the RBI guidelines and are stated net of specific provisions made towards NPAs. Further, NPAs are classified into sub-standard, doubtful and loss assets based on NPA classification and provisioning policy of the Bank, subject to the minimum classification and provisioning level prescribed by the RBI under the Income Recognition and Asset Classification ('IRAC') norms.

As per IRAC norms prescribed by RBI, a loan or an advance is classified as NPA where, the interest and/or instalment of principle remains overdue for a period of more than 90 days in respect of a term loan or the account remains "out of order" in respect of an overdraft/cash credit (OD/CC) facility.

"Overdue" refers to interest and / or instalment remaining unpaid from the day it became receivable.

In case of micro-finance loans, rural micro enterprise loans, loan against gold, two wheeler loans, staff loans and CASA accounts with debit balances, NPAs are classified as sub-standard and doubtful assets as per RBI guidelines.

In case of secured institutional finance and secured overdraft against property, NPAs are classified as sub-standard and doubtful assets as per RBI guidelines.

In case of loan against property with registered mortgage and secured affordable housing loans, NPAs are classified as sub-standard and doubtful assets as per RBI guidelines.

Loss Assets

A loss asset is one where loss has been identified by the Bank but the amount has not been written off wholly. In other words, such an asset is considered uncollectable and of such little value that its continuance as a Bankable asset is not warranted although there may be some salvage or recovery value. All assets involving frauds would generally be treated as loss assets

Provisioning

General provision for standard assets made in accordance with RBI Guidelines is included under "Other Liabilities & Provisions-Others".

Further, provision for sub-standard, doubtful and loss assets in case of loan portfolio are provided based on NPA classification and provisioning policy of the Bank, subject to minimum provisioning level prescribed by RBI under IRAC norms.

Loan loss provisions in respect of NPAs are charged to the Profit and Loss Account and included under Provisions and Contingencies.

NPAs which have been fully provided for, are written off, based on management estimate and as per the NPA Provisioning and Write off Policy of the Bank.

Recoveries from bad debts written-off are recognized in the Profit and Loss Account and included under Provision and contingency under schedule 18.15.

Provision policy for securitised loans

Provision for losses arising in respect of securitisation/ assignment of micro finance portfolio loan is made in accordance with the provisioning policy for micro finance own portfolio and in case of securitized portfolio of loan against property/rural loan against property loans, it is made in accordance with the provisioning policy for loan against property/rural loan against property own portfolio, subject to maximum guarantee (including cash collaterals and unfunded guarantee) given in respect of these arrangements.

2.5 Inter-bank participation certificate ('IBPC')

The Bank enters into inter-bank participation with risk sharing as issuing bank and in accordance with the RBI guidelines, the aggregate amount of such participation are reduced from aggregate advance outstanding.

2.6 Investments

Classification

In accordance with the RBI guidelines on investment classification and valuation, investments are classified on the date of purchase into "Held for Trading" ('HFT'), "Available for Sale" ('AFS') and "Held to Maturity" ('HTM') categories (hereinafter called 'categories').



Schedule 17 - Significant Accounting Policies forming part of the Financial Statements for the year ended March 31, 2021

2.6 Investments (Cont'd)

Subsequent shifting amongst the categories is done in accordance with the RBI guidelines. Under each of these categories, investments are further classified under six groups (hereinafter called 'groups') –

(a) Government Securities, (b) Other Approved Securities, (c) Shares, (d) Debentures and Bonds, (e) Investments in Subsidiaries/Joint Ventures and (f) Other Investments.

Purchase and sale transactions in respect of all securities are recorded under 'Settlement Date' of accounting,

Basis of classification

Investments that are held principally for resale within 90 days from the date of purchase are classified under HFT category.

Investments which the Bank intends to hold till maturity are classified as HTM securities. Investments which are not classified in either of the above categories are classified under AFS category.

Acquisition cost

Brokerage, commission and broken period interest on debts instruments are recognised in the Profit and Loss Account and are not included in the cost of acquisition.

Disposal of investments

Profit/loss on sale of investments under the aforesaid three categories is recognised in the Profit and Loss Account. Cost of investments is based on the weighted average cost method. The profit from sale of investment under HTM category, net of taxes and transfer to statutory reserve, is appropriated from the Profit and Loss Account to Capital Reserve in accordance with the RBI Guidelines.

Valuation

Investments classified under AFS and HFT categories are marked to market as per the RBI guidelines.

Traded investments are valued based on the trades / quotes on the recognised stock exchanges, price list of RBI or prices declared by Primary Dealers Association of India ('PDAI') jointly with Fixed Income Money Market and Derivatives Association ('FIMMDA')/Financial Benchmark India Private Limited ('FIBL'), periodically.

The market value of unquoted government securities which qualify for determining the Statutory Liquidity Ratio ('SLR'), included in the AFS and HFT categories, is computed as per the Yield-to-Maturity ('YTM') rates published by FIMMDA/FIBL.

The valuation of Non-SLR securities, other than those quoted on the stock exchange, wherever let to yield to Maturity (YTM) rates, shall be with a mark-up (reflecting associated

credit risk) over the YTM rates for government securities put out by FIMMDA/FIBL.

Units of mutual funds are valued at the latest repurchase price / net asset value declared by the mutual fund.

Treasury bills, commercial papers and certificate of deposits being discounted instruments, are valued at carrying cost.

Securities are valued scrip wise and depreciation/appreciation aggregated for each group. Net appreciation in each group if any, being unrealized, is ignored, while net depreciation is provided for.

Investments classified under HTM category are carried at their acquisition cost and not marked to market. Any premium on acquisition is amortised over the remaining maturity period of the security on a constant yield-to-maturity basis. Such amortisation of premium is adjusted against interest income under the head Income from investments as per the RBI guidelines.

Non-performing investments are identified and depreciation / provision are made thereon based on the RBI guidelines. Any diminution, other than temporary, in the value of such securities is provided for. The depreciation / provision on such non-performing investments are not set off against the appreciation in respect of other performing securities. Interest on non-performing investments is not recognised in the Profit and Loss Account until received.

2.7 Repo Reverse Repo transactions

In accordance with the RBI guidelines Repo and Reverse Repo transactions in government securities are reflected as borrowings and lending transactions respectively. Borrowing cost on repo transaction is accounted for as interest expense and revenue on reverse repo is accounted for as interest income.

2.8 Investment Fluctuation Reserve ("IFR")

With a view to building up of adequate reserve to protect against increase in yields, RBI through circular no. RBI/2017-18/147 BBR.No.BP.BC.102/21.04.048/2017-18 dated April 02 2018, advised all banks to create an IFR with effect from the FY2018-19.

Amount transferred to IFR is not less than lower of the following:

- (i) net profit on sale of investments during the year. Or
- (ii) net profit for the year less mandatory appropriation, until the amount of IFR is at least 2% of the HFT and AFS portfolio, on a continuing basis.

The amount is drawn down from IFR as per the guidelines prescribed by RBI.

Schedule 17 - Significant Accounting Policies forming part of the Financial Statements for the year ended March 31, 2022

2.9 Transfer and servicing of assets

The Bank transfers loans through securitization/direct assignment transactions. The transferred loans are de-recognised when the Bank surrenders the rights to benefits specified in the underlying securitized/direct assignment loan contract.

Cash profit arising at the time of securitisation/assignment of loan portfolio (Premium loan transfer transactions) is amortised over the life of the underlying loan portfolio and the unamortised amount is disclosed as Deferred Income within 'Other liabilities' on the balance sheet.

Contractual rights to receive a portion of interest ('Unrealised profits') arising at the time of securitisation/assignment of loan portfolio (PAR transactions) is recorded at its present value and disclosed as 'Interest strip on securitisation/assignment of loan portfolio' within 'Other assets' on the balance sheet. In accordance with RBI guidelines, the unrealised profits in respect of securitised/assigned loan portfolio that is not due for collection is recorded at its present value and disclosed as 'Interest strip on securitisation/assignment of loan portfolio' within 'Other liabilities' on the balance sheet. Income from interest strip (excess interest spread) is recognised in the profit and loss account, net of any losses, when redeemed in cash.

2.10 Fixed assets (Property, Plant and Equipment)

Fixed assets(PPE), capital work-in progress are stated at their original cost of acquisition less accumulated depreciation. Cost comprises purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing property, plant and equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the profit and loss account for the period during which such expenses are incurred.

Advances paid towards the acquisition of tangible assets outstanding at each Balance Sheet date are disclosed as capital advances under Other Assets. The cost incurred towards tangible assets, but not ready for their intended use before each Balance Sheet date is disclosed as capital work-in-progress, if any.

Gains or losses arising from de-recognition of tangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Profit and Loss Account when the asset is derecognized.

2.11 Intangible assets

An intangible is recognized 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 bank. Intangible assets acquired separately are measured on the initial recognition at cost. The cost of an intangible assets comprises its purchase price including after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use following initial recognition, Intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Intangible assets are amortized over their estimated useful lives on a straight-line basis, commencing from the date the asset is available to the Bank for its use. Intangible assets include computer software, which is acquired, capitalized and amortized on a straight-line basis over the estimated useful life.

2.12 Depreciation and amortization

Depreciation on Fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The Bank has used the following rates to provide depreciation on its tangible assets:

Tangible asset description	Useful life
Office equipment	5 years
Computer equipment	3 years
Furniture and fixtures	10 years
Leasehold improvements	Over the period of lease

Intangible assets are amortised, on a straight line basis, commencing from the date the asset is available for its use, over their respective individual estimated useful lives as estimated by the management:

Intangible asset description	Useful life
Computer software	3 years

Depreciation / amortisation is charged on a proportionate basis for all assets purchased and sold during the period.

2.13 Impairment of assets

The Bank assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Bank estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash



Schedule 17 - Significant Accounting Policies forming part of the Financial Statements for the year ended March 31, 2021

2.13 Impairment of assets (contd.)

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. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations are recognised in the profit and loss account. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the bank estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

2.14 Employee benefits

Expenses and liabilities in respect of employee benefits are recorded in accordance with Accounting Standard 15 Employee Benefits.

Provident fund

The Bank contributes to the statutory provident fund of the Regional Provident Fund Commissioner, in accordance with the Employees' Provident Fund and Miscellaneous Provisions Act, 1952. The plan is a defined contribution plan and contribution paid or payable is recognised as an expense in the period in which services are rendered by the employee.

Gratuity

Gratuity is a post-employment benefit and is a defined benefit plan. The liability recognised in the Balance Sheet represents the present value of the defined benefit obligation at the Balance Sheet date less the fair value of plan assets (if any), together with adjustments for unrecognised actuarial gains or losses and past service costs. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the plan. Independent actuaries using the Projected unit credit method calculate the defined benefit obligation annually.

Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are

credited or charged to the Profit and Loss Account in the year in which such gains or losses arises.

Compensated absences

Liability in respect of compensated absences becoming due or expected to be availed within one year from the balance sheet date is recognised on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefit expected to be availed by the employees. Liability/Asset in respect of earned leave becoming due or expected to be availed more than one year after the balance sheet date is estimated on the basis of actuarial valuation as at the balance sheet date in a manner similar to gratuity liability.

Other short-term benefits

Expense in respect of other short-term benefits including performance incentive is recognised on the basis of amount paid or payable for the period for which the employee render services.

Other long-term employee benefits- Deferred cash variable pay

As per policy, A minimum of 60% of Total Variable Pay shall be under deferral arrangement. At least 50% of the Cash component of Variable Pay shall be under deferment. Also, in case Cash Variable Pay for a performance period is below ₹25 Lakhs, deferral may not be applicable. The NRC shall take a decision on the treatment of the deferral on an annual basis. The deferral period shall be for three years from the end of performance period. The deferral shall be on a pro-rata basis i.e. 1/3rd of deferred component and shall vest at the end of each year for the next three years. Vesting shall take place on a yearly basis after a proper assessment of performance by the NRC and adjustments can be made based on actual results. For variable pay pertaining to FY-21, paid in FY22, 100% of non-cash variable pay and 50% of cash pay was under deferral. The deferred cash variable pay has been recognised as liability at present value of the defined benefit obligation at the balance sheet date, as required by AS-15 on Employee benefits. The present value has been determined using actuarial valuation after factoring in assumptions of attrition and discounting.

2.15 Employee share based Payments

Equity - settled scheme

The Employees Stock Option Scheme (the Scheme) provides for grant of options on the Bank's equity shares to employees and Managing Director of the Bank. The Scheme provides that employees may be granted an option to subscribe to equity shares of the Bank that shall vest as per the vesting schedule determined by Nomination and Remuneration Committee. The options, post vesting, may be exercised within a specified period. In accordance with the Guidance Note on Accounting for Employee Share-based payments, issued by The Institute of Chartered Accountants of India,

Schedule 17 - Significant Accounting Policies forming part of the Financial Statements for the year ended March 31, 2022

2.15 Employee share based Payments (contd.)

the cost of equity settled transactions has been measured using the fair value method. Details regarding the determination of the fair value of the options are set out in Schedule 18.21. The fair value of the options determined as at the grant date is expensed on a straight-line basis over the vesting period, based on the Bank's estimate of equity instruments that will eventually vest, with a corresponding credit to Employee stock options outstanding account. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the Employee stock options outstanding account.

The options that do not vest because of failure to satisfy vesting condition are reversed by a credit to employee compensation expense in "Payment to and provision for employee", equal to the amortised portion of the cost of lapsed option. In respect of the options which expire unexercised the balance standing to the credit of Employee stock options outstanding account is transferred to General Reserve.

2.16 Taxes on income

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences of the earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted as at the reporting date.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Bank has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the Bank re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Bank writes-down the carrying

amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

2.17 Foreign currency transactions

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the closing rate as at the Balance Sheet date. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting Bank's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise. Non-monetary item which are measured at fair value or other similar value denominated in foreign currency are translated using the exchange rates at the date when such value is determined.

2.18 Provisions and contingent liabilities

A provision is recognised when an enterprise has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Bank 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.



Schedule 17 - Significant Accounting Policies forming part of the Financial Statements for the year ended March 31, 2021

2.18 Provisions and contingent liabilities (contd.)

A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Bank does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent assets are not recognized in the financial statement.

2.19 Borrowing costs

Borrowing costs that are attributable to the acquisition and/or construction of qualifying assets are capitalised as part of the cost of such assets, in accordance with Accounting Standard (AS) 16, Borrowing Costs. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to the profit and loss account as incurred.

2.20 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

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

2.21 Transaction cost

Transaction costs (including loan origination costs) are incremental costs that are directly attributable to the acquisition of share capital and financial liabilities. Transaction cost includes fees paid to advisors and levies by regulatory agencies, including taxes and duties. Transaction costs incurred towards:

- i. Issuance of share capital and debentures is expensed to the profit and loss account.
- ii. Acquisition of borrowings is expensed to the profit and loss account in the year in which they are incurred.

2.22 Leases

Operating leases

Leases where the lessor effectively retains substantially all

the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the Profit and Loss Account on a straight-line basis over the lease term (i.e. lock in period).

2.23 Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprises of cash in hand, balances with RBI, balances with other banks.

2.24 Segment reporting

The disclosure relating to segment information is in accordance with AS-17, Segment Reporting and as per guidelines issued by RBI.

Business segments have been identified and reported taking into account, the customer profile, the nature of products and services, the differing risks and returns, the organisation structure and the guidelines prescribed by RBI. The Bank operates in the following segments:

a) Treasury

The treasury segment primarily consists of entire investment portfolio of the Bank.

b) Corporate/Wholesale banking

Wholesale banking includes all advances to companies and statutory bodies, which are not included under Retail banking.

c) Retail banking

The retail banking segment serves retail customers through the branch network. Exposures are classified under retail banking taking into account the status of the borrower (orientation criterion), the nature of product, granularity of the exposure and the quantum thereof. Revenues of the retail banking segment are primarily derived from interest and fees earned on retail loans, interest on deposits placed as collateral with banks and financial institutions. Expenses of this segment primarily comprise interest expense on borrowings, deposits, infrastructure and premises expenses for operating the branch network, personnel costs and other direct overheads.

Since the business operations of the Bank are primarily concentrated in India, the Bank is considered to operate only in the domestic segment.

2.25 Share Issue Expenses

Share Issue expenses are adjustment form Securities premium account as permitted by section 52 of Companies Act 2013.

Schedule 18 - Notes to the Financial Statements

(All amounts in ₹ Lakhs except otherwise stated)

18.1 - Regulatory Capital

A. Composition of Regulatory Capital

The following table sets forth, for the years indicated, computation of capital adequacy as per the RBI guidelines (under Basel II):

Particulars	As on March 31, 2022	As on March 31, 2021
I. Common Equity Tier1 capital (CET 1)/ Paid up share capital and reserves(net of deductions, if any)	1,08,488	94,049
II. Additional Tier1 capital/ Other Tier 1 capital	-	-
III. Tier 1 capital (I and II)	1,08,488	94,049
IV. Tier 2 capital	15,798	17,556
V. Total capital (III and IV)	1,24,286	1,11,605
VI. Total Risk Weighted Assets (RWAs)	5,56,936	3,77,570
VII. CET 1 Ratio	19.48%	24.91%
VIII. Tier 1 Ratio (Tier 1 capital as a percentage of RWAs)	19.48%	24.91%
IX. Tier 2 Ratio (Tier 2 capital as a percentage of RWAs)	2.84%	4.65%
X. Capital to Risk Weighted Assets Ratio (CRAR) (Total Capital as a percentage of RWAs)	22.32%	29.56%
XI. Leverage Ratio	10.05%	11.91%
XII. Percentage of the shareholding of		
a) Government of India	-	-
XIII. Amount of paid-up equity capital raised during the year	15,717	-
XIV. Amount of non-equity Tier1 capital raised during the year, of which:		
XV. Perpetual Non Cumulative Preference Shares (PNCPs)	-	-
XVI. Perpetual Debt Instruments (PDI)	-	-
XVII. Amount of Tier 2 capital raised; of which:		
XVIII. Debt capital instruments (discounted value)*	9,000	13,000
XIX. Preference Share Capital Instruments: [Perpetual Cumulative Preference Shares (PCPS)/ Redeemable Non Cumulative Preference Shares (RNCPS)/ Redeemable Cumulative Preference Shares (RCPS)]	-	-

*Subordinated debt (considered in Tier 2 capital) outstanding as on March 31 2022 is ₹ 20,000 Lakhs (March 31 2021: ₹ 20,000 Lakhs).

B. Details of Sub-ordinate debt :

ISIN Number	Deemed Date of Allotment	Coupon Rate (% p.a.)	Tenure (in months)	Equivalent Amount as on March 31, 2022	Equivalent Amount as on March 31, 2021
INE519Q08020	29 May 2017	12.60%	66	2,500	2,500
INE519Q08145	20 March 2018	11.30%	75	3,700	3,700
INE519Q08137	22 March 2018	11.30%	75	3,800	3,800
INE519Q08152	30 September 2019	12.87%	72	10,000	10,000

C. Draw down from reserves

During the year ended March 31 2022 and March 31 2021, there were no drawdown from reserves.

D. Capital infusion

During the year ended March 31 2022, the Bank has infused capital ₹15,717 Lakh (March 31 2021: Nil). Details of movement in the paid up equity share capital are as below:

Particulars	As on March 31 2022		As on March 31 2021	
	Equity Shares	Amount (₹)	Equity Shares	Amount (₹)
Equity shares at the beginning of the year	6,36,10,481	6,361	6,36,10,481	6,361
Addition pursuant to equity shares issued during the year	99,82,759	998		
Addition pursuant to bonus equity shares issued during the period	14,71,86,480	14,719		
Equity shares outstanding at the end of the year	22,07,79,720	22,078	6,36,10,481	6,361

Schedule 18 - Notes to the Financial Statements

(All amounts in ₹ lakhs except otherwise stated)

18.2 Investments

A. Composition of Investment Portfolio as on March 31 2022

Particulars	Total Investments in India						Total Investments outside India				
	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and/or joint ventures	Others	Total investments in India	Government securities (including local authorities)	Subsidiaries and/or joint ventures	Others	Total Investments outside India
Held to Maturity											
Gross	1,11,025	-	-	-	-	-	1,11,025	-	-	-	-
Less: Provision for non-performing investments (NPI)	-	-	-	-	-	-	-	-	-	-	-
Net	1,11,025	-	-	-	-	-	1,11,025	-	-	-	-
Available for Sale											
Gross	1,03,667	-	-	1,035	-	-	1,04,702	-	-	-	-
Less: Provision for depreciation and NPI	545	-	-	19	-	-	564	-	-	-	-
Net	1,03,122	-	-	1,016	-	-	1,04,138	-	-	-	-
Held for Trading											
Gross	-	-	-	-	-	-	-	-	-	-	-
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-	-	-	-	-
Net	-	-	-	-	-	-	-	-	-	-	-
Total Investments	2,14,692	-	-	1,035	-	-	2,15,727	-	-	-	-
Less: Provision for non-performing investments	-	-	-	-	-	-	-	-	-	-	-
Less: Provision for depreciation and NPI	545	-	-	19	-	-	564	-	-	-	-
Net	2,14,147	-	-	1,016	-	-	2,15,163	-	-	-	-



Schedule 18 - Notes to the Financial Statements
(All amounts in ₹ lakhs except otherwise stated)

18.2 Investments (contd.)

Composition of Investment Portfolio as on March 31 2021

Particulars	Total Investments in India						Total Investments outside India				
	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and/or joint ventures	Others	Total investments in India	Government securities (including local authorities)	Subsidiaries and/or joint ventures	Others	Total Investments outside India
Held to Maturity											
Gross	86,542	-	-	-	-	-	86,542	-	-	-	-
Less: Provision for non-performing investments (NPI)	-	-	-	-	-	-	-	-	-	-	-
Net	86,542	-	-	-	-	-	86,542	-	-	-	-
Available for Sale											
Gross	41,397	-	-	-	-	-	41,397	-	-	-	-
Less: Provision for depreciation and NPI	3	-	-	-	-	-	3	-	-	-	-
Net	41,394	-	-	-	-	-	41,394	-	-	-	-
Held for Trading											
Gross	-	-	-	-	-	-	-	-	-	-	-
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-	-	-	-	-
Net	-	-	-	-	-	-	-	-	-	-	-
Total Investments	1,27,939	-	-	-	-	-	1,27,939	-	-	-	-
Less: Provision for non-performing investments	-	-	-	-	-	-	-	-	-	-	-
Less: Provision for depreciation and NPI	3	-	-	-	-	-	3	-	-	-	-
Net	1,27,936	-	-	-	-	-	1,27,936	-	-	-	-



Schedule 18 - Notes to the Financial Statements

(All amounts in ₹ lakhs except otherwise stated)

18.2 Investments (contd.)

B. Movement of Provisions for Depreciation and Investment Fluctuation Reserve

Particulars	March 31 2022	March 31 2021
i) Movement of provisions held towards depreciation on investments		
a) Opening balance	3	8
b) Add: Provisions made during the year	564	3
c) Less: Write off / write back of excess provisions during the year	3	8
d) Closing balance	564	3
ii) Movement of Investment Fluctuation Reserve		
a) Opening balance	828	744
b) Add: Amount transferred during the year	1,254	84
c) Less: Drawdown	-	-
d) Closing balance	2,082	828
iii) Closing balance in IFR as a percentage of closing balance of investments in AFS and HFT/Current category	2%	2%

C. Repurchase transactions

Tri - Party Repo / Reverse Repo

Particulars	Minimum outstanding during the year 2021-22	Maximum outstanding during the year 2021-22	Daily Average outstanding during the year 2021-22	Outstanding as on March 31 2022
Securities sold under repo*				
i. Government securities	5,397	86,912	56,742	83,956
ii. Corporate debt securities	-	-	-	-
iii. Any Other Securities	-	-	-	-
Securities purchased under reverse repo*				
i. Government securities	30,384	1,33,800	75,161	97,867
ii. Corporate debt securities	-	-	-	-
iii. Any Other Securities	-	-	-	-

Particulars	Minimum outstanding during the year 2020-21	Maximum outstanding during the year 2020-21	Daily Average outstanding during the year 2020-21	Outstanding as on 31 March 2021
Securities sold under repo*				
i. Government securities	5,397	40,626	25,022	5,397
ii. Corporate debt securities	-	-	-	-
iii. Any Other Securities	-	-	-	-
Securities purchased under reverse repo*				
i. Government securities	32,259	1,32,519	82,839	90,539
ii. Corporate debt securities	-	-	-	-
iii. Any Other Securities	-	-	-	-

* Amounts reported are based on the face value of securities under Repo and Reverse Repo.

Qualitative disclosure

The Bank applied for the segment of Repo/Reverse repo post receipt of scheduled bank license from the RBI and got the approval for the said segment. The Bank has commenced the Repo and Reverse repo operation w.e.f. 01 August 2019 after requisite collateral and default funds were in place.

The securities provided/allotted to the Bank till date for reverse repo transactions are all issued by Government of India in the form of government securities, floating rate bonds and T-Bills.

Schedule 18 - Notes to the Financial Statements

(All amounts in ₹ Lakhs except otherwise stated)

18.2 Investments (contd.)

D. Non-SLR investment portfolio

a) Issuer composition of Non-SLR investments

As on March 31, 2022

Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
PSUs	-	-	-	-	-
FIs	1,035	-	-	-	-
Banks	-	-	-	-	-
Private Corporates	-	-	-	-	-
Subsidiaries/ Joint Ventures	-	-	-	-	-
Others	-	-	-	-	-
Provision held towards depreciation	(19)	-	-	-	-
Total *	1,016				

As on March 31 2021; there was no Non - SLR investments.

b) Non-performing Non-SLR investments

During the year ended March 31 2022 and March 31 2021; there are no non performing Non - SLR investments.

E. Sale and Transfer to/from HTM Category

During the years ended March 31 , 2022 and March 31 , 2021, the Bank has not sold and transferred securities to or from HTM category exceeding 5% of the book value of investment held in HTM category at the beginning of the year. The 5% threshold referred to above does not include one-time transfer of securities to/from HTM category with the approval of Board of Directors permitted to be undertaken by banks as per the extant RBI guidelines, sale of securities to the RBI under liquidity management operations of RBI like Open Market Operations (OMO) and the Government Securities Acquisition Programme (GSAP) and sale of securities or transfer to AFS / HFT consequent to the reduction of ceiling on SLR securities under HTM.

During the year ended March 31, 2021 , there was no sale and transfer to/from HTM category.

18.3 Derivatives

During the year ended March 31 2022 and March 31 2021; the Bank has not undertaken any derivative transaction and there is no outstanding position as on the year end. Hence, disclosure related to forward rate agreement / interest rate swap, credit default swaps and exchange traded interest rate derivatives are not provided.

Schedule 18 - Notes to the Financial Statements

(All amounts in ₹ lakhs except otherwise stated)

18.4 - Asset quality

A Classification of advances and provisions held

Particulars	As on March 31 2022				As on March 31 2022							
	Standard	Non-Performing			Standard	Non-Performing						
	Total Standard Advances	Sub-standard	Doubtful	Loss	Total Non-Performing Advances	Total	Total Standard Advances	Sub-standard	Doubtful	Loss	Total Non-Performing Advances	Total
Gross Standard Advances and NPAs												
Opening Balance	5,15,270	22,027	1,232	12,100	35,359	5,50,629	5,22,947	2,411	439	1,622	4,472	5,27,419
Add: Additions during the year					1,09,846							35,712
Less: Reductions during the year*					87,882							4,825
Closing balance	6,78,654	52,837	3,612	874	57,323	7,35,977	5,15,270	22,027	1,232	12,100	35,359	5,50,629
*Reductions in Gross NPAs due to:												
i) Upgradation					42,709	42,709						35,712
ii) Recoveries (excluding recoveries from upgraded accounts)					8,222	8,222						143
iii) Technical/ Prudential Write-offs					36,840	36,840						3,393
iv) Write-offs other than those under (iii) above					111	111						
Provisions (excluding Floating Provisions)												
Opening balance of provisions held	11,161	8,057	361	12,100	20,518	31,679	10,610	747	128	1,622	2,497	13,107
Add: Fresh provisions made during the year					76,877							21,108
Less: Excess provision reversed/ Write-off loans					65,055							3,087
Closing balance of provisions held	5,342	30,320	1,146	874	32,340	37,682	11,161	8,057	361	12,100	20,518	31,679
Net NPAs												
Opening Balance		13,970	871	-	14,841			1,665	310	-	1,975	
Add: Fresh additions during the year					32,969							15,012
Less: Reductions during the year					22,827							2,146
Closing Balance		22,517	2,466	-	24,983			13,970	871	-	14,841	



Schedule 18 - Notes to the Financial Statements

(All amounts in ₹ lakhs except otherwise stated)

18.4 - Asset quality (contd.)

A Classification of advances and provisions held (contd..)

Particulars	As on March 31 2022				As on March 31 2022					
	Standard		Non-Performing		Standard		Non-Performing			
	Total Standard Advances	Sub-standard	Doubtful	Loss	Total Standard Advances	Sub-standard	Doubtful	Loss		
Floating Provisions										
Opening Balance	-	-	-	-	-	-	-	-	-	-
Add: Additional provisions made during the year	-	-	-	-	-	-	-	-	-	-
Less: Amount drawn down during the year	-	-	-	-	-	-	-	-	-	-
Closing balance of floating provisions	-	-	-	-	-	-	-	-	-	-
Technical write-offs and the recoveries made thereon										
Opening balance of Technical/ Prudential written-off accounts					21,037					17,814
Add: Technical/ Prudential write-offs during the year					36,840					3,393
Less: Recoveries made from previously technical/ prudential written-off accounts during the year					826					170
Closing balance					57,051					21,037

The Bank has compiled the data for the purpose of this disclosure from its internal MIS system.

*The Bank has changed the estimate relating to incremental provisioning of non-performing assets during third quarter of the financial year based on days past due. The impact on account of the this change in estimate is decrease in provision towards NPA by ₹7,591 Lakhs and increase in the Profit after tax by ₹5680. Lakhs.

B. Ratios

Particulars	As on	
	March 31 2021	March 31 2022
Gross NPA to Gross Advances	7.79%	6.42%
Net NPA to Net Advances	3.55%	2.80%
Provision Coverage Ratio*	78.16%	73.68%

*Provision Coverage Ratio is computed after considering Technical Write Offs'

Schedule 18 - Notes to the Financial Statements

(All amounts in ₹ lakhs except otherwise stated)

18.4 - Asset quality (contd.)

C Particulars of accounts restructured for the year ended March 31 2021 (As per RBI circular no. RBI/DOR/2021-22/83 DOR.ACC.REC.No.45/21.04.018/2021-22 dated 30 August 2021 this note has been discontinued from the current financial year)

Asset Classification	Under CDR Mechanism				Under SME Debt Restructuring Mechanism				Others				Total					
	Standard	Sub-Standard	Doubtful	Loss	Standard	Sub-Standard	Doubtful	Loss	Standard	Sub-Standard	Doubtful	Loss	Standard	Sub-Standard	Doubtful	Loss	Total	
Restructured Accounts as on April 1 of the FY (opening figures)	No. of borrowers	-	-	-	-	-	-	-	49	-	-	15	64	-	49	-	15	64
	Amount Outstanding	-	-	-	-	-	-	-	2	-	-	1	3	-	2	-	1	3
	Provision there-on	-	-	-	-	-	-	-	1	-	-	1	2	-	1	-	1	2
Fresh restructuring during the year	No. of borrowers	-	-	-	-	238	14,326	-	-	238	14,326	-	14,564	238	14,326	-	-	14,564
	Amount Outstanding	-	-	-	-	82	5,488	-	-	82	5,488	-	5,570	82	5,488	-	-	5,570
	Provision there-on	-	-	-	-	23	1,389	-	-	23	1,389	-	1,412	23	1,389	-	-	1,412
Upgradations to restructured standard category during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Provision there-on	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the year and hence need not be shown as restructured standard advances at the beginning of the next year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Provision there-on	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Downgradations of restructured accounts during the year	No. of borrowers	-	-	-	-	-	-	-	-	(14)	(14)	28	-	(14)	(14)	28	-	-
	Amount Outstanding	-	-	-	-	-	-	-	-	(4)	(4)	8	-	(4)	(4)	8	-	-
	Provision there-on	-	-	-	-	-	-	-	-	(4)	(4)	8	-	(4)	(4)	8	-	-
Write-offs of restructured accounts during the year	No. of borrowers	-	-	-	-	-	-	-	-	(13)	(10)	(10)	(23)	-	(13)	-	(10)	(23)
	Amount Outstanding	-	-	-	-	-	-	-	-	(0)	(1)	(1)	(1)	-	(0)	-	(1)	(1)
	Provision there-on	-	-	-	-	-	-	-	-	(0)	(1)	(1)	(1)	-	(0)	-	(1)	(1)
Movement in accounts	No. of borrowers	-	-	-	-	-	-	-	-	(31)	(5)	(36)	-	(31)	-	(5)	-	(36)
	Amount Outstanding	-	-	-	-	-	-	-	-	(1)	(0)	(1)	-	(1)	-	(0)	-	(1)
	Provision there-on	-	-	-	-	-	-	-	-	(0)	0	(0)	-	(0)	-	0	-	(0)
Restructured Accounts as on March 31 of the year (closing figures)	No. of borrowers	-	-	-	-	224	14,317	-	28	14,317	-	28	14,569	224	14,317	-	28	14,569
	Amount Outstanding	-	-	-	-	78	5,485	-	8	5,485	-	8	5,571	78	5,485	-	8	5,571
	Provision there-on	-	-	-	-	19	1,386	-	8	1,386	-	8	1,413	19	1,386	-	8	1,413

- 1 Out of 14,326 accounts, 14,231 restructured accounts have been provided additional finance as a part of resolution plan which was initially classified as standard as per Prudential Framework for resolution of stressed assets dated June 7, 2019. The amount outstanding and provision thereon, towards such additional finance is ₹ 3,330 Lakhs and ₹839 Lakhs respectively as on March 31 2021.
- 2 Additional finance, with an amount outstanding and provision thereon of ₹132 Lakhs and ₹ 39 Lakhs respectively as on March 31 2021 was downgraded to sub-standard during the year ended March 31 2021.



18.4 Asset quality (contd.)

D. Details of Restructured Account as per Circular no. RBI/2018-19/203 DBR.No.BPBC.45/21.04.048/2018-19 dated 07 June 2019

Particulars	Agriculture and allied activities		Corporates (excluding MSME)		Micro small and medium enterprises		Retail (excluding agriculture and MSME)		Total	
	March 31 2022	March 31 2021	March 31 2022	March 31 2021	March 31 2022	March 31 2021	March 31 2022	March 31 2021	March 31 2022	March 31 2021
Standard	No. of Borrowers	2,447	224	-	-	-	-	-	2,447	224
	Gross Amount ¹	455	78	-	-	-	-	-	455	78
	Provision held	2	19	-	-	-	-	-	2	19
Sub-standard	No. of Borrowers	38,854	14,317	-	-	-	-	-	38,854	14,317
	Gross Amount	8,745	5,484	-	-	-	-	-	8,745	5,484
	Provision held	4,002	1,385	-	-	-	-	-	4,002	1,385
Doubtful	No. of Borrowers	72	28	-	-	-	-	-	72	28
	Gross Amount	19	8	-	-	-	-	-	19	8
	Provision held	19	8	-	-	-	-	-	19	8
Total	No. of Borrowers	41,373	14,569	-	-	-	-	-	41,373	14,569
	Gross Amount	9,219	5,570	-	-	-	-	-	9,219	5,570
	Provision held	4,023	1,412	-	-	-	-	-	4,023	1,412

¹ Excludes interest accrued

The Bank has compiled the data for the purpose of this disclosure from its internal MIS system.

E. Details of resolution plan implemented under the Resolution Framework for Covid-19-related Stress as per RBI circular dated August 6, 2020 (Resolution Framework 1.0) and May 05, 2021 (Resolution Framework 2.0) as at March 31, 2022 are given below:

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 (i.e. 30 September, 2021) (A) ^{2,1}	Of (A), aggregate debt that slipped into NPA during the half-year ended March 31 2022	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 (i.e. March 31 2022) ³
Personal Loans	-	-	-	-	-
Corporate persons*	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others	25,977	10,673	266	2,901	12,138
Total	25,977	10,673	266	2,901	12,138

* As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

The amounts mentioned in above table does not include interest accrued as on the date of implementation of the plan.

¹Includes cases where the resolution plan implemented after 30 September 2021

²Represents fund based outstanding as of 30 September 2021

³Represents fund based outstanding as of March 31 2022



Schedule 18 - Notes to the Financial Statements

(All amounts in ₹ Lakhs except otherwise stated)

18.4 - Asset quality (contd.)

F. Disclosure on implementation of resolution plan as required under RBI circular dated June 7, 2019 on Prudential Framework for Resolution of Stress Assets Financial Year 2021-22

Particulars	Resolution Plan implemented	Resolution Plan not implemented
No. of borrowers where timeline for implementation of resolution plan was before March 31 2022	59,799	Nil
Fund based outstanding as on March 31 2022	12,801*	Nil
Additional provision held as per RBI circular of June 7, 2019	54	Nil

*Includes the amount technically written off

G. Disclosure on the scheme for MSME sector - restructuring of advances

During the year ended March 31 2022 and 2021, the Bank has not done any MSME restructuring.

H. Details of financial assets sold to securitisation / reconstruction company for asset reconstruction.

The Bank has not sold any financial assets during the year ended March 31 2022 and March 31 2021 to securitisation / reconstruction company for asset reconstruction.

I. Details of non-performing financial assets purchased / sold

The Bank has not purchased or sold any non performing financial assets during the year ended March 31 2022 and March 31 2021.

J. Provisions towards standard assets

Particulars	As on March 31, 2022	As on March 31, 2021
Provisions towards standard assets	5,342	11,161
	5,342	11,161

K. Sector-wise Advances and Gross NPAs

Particulars	As on March 31 2022			As on March 31 2021		
	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to total advances in that sector	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to total advances in that sector
A. Priority Sector						
I. Agriculture and allied activities	4,14,352	34,015	8.21%	2,98,015	18,485	6.20%
Small & Marginal Farmer	3,07,525	28,970	9.42%	2,37,469	14,829	6.24%
Agriculture-Others	1,06,827	5,045	4.72%	60,546	3,656	6.04%
II. Advances to industries sector eligible as priority sector lending	2,011	27	1.34%	92	10	10.87%
III. Services	13,407	114	0.85%	52,885	7,371	13.94%
IV. Personal loans and others	2,04,952	17,843	8.71%	1,20,267	3,335	2.77%
Sub-total (A)	6,34,722	51,999	8.19%	4,71,259	29,201	6.20%
B. Non Priority Sector						
Agriculture and allied activities	9,311	260	2.79%	2,349	55	2.34%
Industry	6,892	223	3.23%	1,158	17	1.47%
Services	15,436	190	1.23%	5,161	93	1.80%
Personal loans	69,616	4,651	6.68%	70,703	5,993	8.48%
Sub-total (B)	1,01,255	5,324	5.26%	79,371	6,158	7.76%
Total (A+B)	7,35,977	57,323	7.79%	5,50,630	35,359	6.42%

Provision on Gross NPA ₹ 32,340 Lakhs (March 31 2021: ₹20,518 Lakhs)

The Bank has compiled the data for the purpose of this disclosure from its internal MIS system.

Schedule 18 - Notes to the Financial Statements

(All amounts in ₹ Lakhs except otherwise stated)

18.4 - Asset quality (contd.)

L. Higher provision for Covid 19

India has witnessed multiple waves of COVID-19 pandemic since mid-2020 leading to significant volatility in Indian financial markets and a significant decrease in local economic activities and India is still emerging from the COVID-19 pandemic. Currently, while the number of new COVID-19 cases have reduced significantly and the Government of India is in the process of withdrawing COVID-19 related restrictions, the full extent of impact of the pandemic on the Bank's operations and financial metric (including impact on provision for loan portfolio) will depend on future developments, including, among other things, any new information concerning the severity of the COVID-19 pandemic, governmental and regulatory measures and the Bank's responses thereto, which are highly uncertain at this time.

The Bank continues to carry an additional contingency provision of ₹ 670 Lakh as at March 31, 2022, which includes the additional provision for the accounts restructured under RBI Resolution framework. Further, during the current quarter, the Bank had created an additional provision of ₹ 4,322 Lakhs.

M. Overseas Assets, NPAs and Revenue

The Bank does not hold any overseas assets / NPAs as on March 31 2022 and March 31 2021 and also no overseas operations were undertaken during the year. Hence revenue from overseas operation in 'Nil'.

N. Divergence in asset classification and provisioning

There was no divergence observed by the RBI for the FY 2020-21 and Bank is not in receipt of any communication from RBI in this regard for FY 2021-2022.

The Bank does not hold any overseas assets / NPAs As on March 31 2022 and March 31 2021 and also no overseas operations were undertaken during the year. Hence revenue from overseas operation in 'Nil'.

O. Disclosure of provision for fraud

Particulars	As on March 31, 2022	As on March 31, 2021
Number of frauds reported during the year to the RBI	43	35
Amount involved in such frauds	71	859
Provision made during the year (net of recovery)	18	836
Unamortised provision debited from other reserves	-	-

18.5 - Business ratios

Particulars	As on March 31, 2022	As on March 31, 2021
(i) Interest income as a percentage to working funds ¹	15.46%	15.88%
(ii) Non interest income as a percentage to working funds ¹	2.24%	1.62%
(iii) Cost of Deposits ⁵	7.35%	8.19%
(iv) Net Interest Margin ⁶	9.98%	9.62%
(v) Operating profit ² as a percentage to working funds ¹	4.61%	4.63%
(vi) Return on assets (average) ⁷	0.09%	1.44%
(vii) Business ³ per employee ⁴	104	115
(viii) Profit per employee ⁴	0.09	2

¹ For the purpose of computing the ratio, working funds represent the monthly average of total assets computed for reporting dates of Form X submitted to the RBI under Section 27 of the Banking Regulation Act, 1949.

² Operating profit is net profit for the year before provisions and contingencies.

³ Business is monthly average of advances and deposits (net of inter bank deposits) as reported to the RBI in Form X under section 27 of the Banking Regulation Act, 1949.

⁴ Productivity ratios are based on average employee number.

⁵ For the purpose of computing the ratio, Interest represents interest on deposit and deposit represent the monthly average of total deposit computed for reporting dates of Form X submitted to the RBI under Section 27 of the Banking Regulation Act, 1949.

⁶ Net Interest Income/ Average Earning Assets where Net Interest Income= Interest Income – Interest Expense and Average earning assets is monthly average of advances, Investments and money at call and short notice as reported to the RBI in Form X under section 27 of the Banking Regulation Act, 1949.

⁷ Return on Assets would be with reference to average working funds (i.e., total of assets excluding accumulated losses, if any).

Schedule 18 - Notes to the Financial Statements

(All amounts in ₹ lakhs except otherwise stated)

18.6 - Asset liability management (ALM)

Assets and liabilities are classified in the maturity buckets as per the guidelines issued by the RBI. The following table sets forth, the maturity pattern of assets and liabilities of the Bank as at March 31 2022.

	Day 1	2 to 7 days	8 to 14 days	15 to 30 days	31 days to 2 months	Over 2 months & up to 3 months	Over 3 month & up to 6 month	Over 6 Month & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposits	15,925	8,459	20,154	4,057	12,609	12,746	53,313	1,60,905	3,37,257	18,739	1,394	6,45,558
Advances ^{2,3}	2,215	6,872	10,275	16,186	37,828	40,499	1,09,388	1,73,097	2,05,880	48,882	52,515	7,03,637
Investments	49,481	2,226	2,545	4,317	2,043	2,308	15,733	77,608	53,903	4,757	242	2,15,163
Borrowings ¹	-	32,804	11,000	3,000	650	3,383	18,347	42,044	1,49,147	33,210	769	2,94,354
Foreign currency assets	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Foreign currency liabilities	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

The following table sets forth, the maturity pattern of assets and liabilities of the Bank as at March 31 2021.

	Day 1	2 to 7 days	8 to 14 days	15 to 30 days	31 days to 2 months	Over 2 months & up to 3 months	Over 3 month & up to 6 month	Over 6 Month & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposits	5,124	5,983	7,417	4,620	11,265	11,537	51,603	1,17,587	2,89,170	27,537	7	5,31,850
Advances ^{2,3}	1,648	4,701	7,471	14,939	30,394	32,362	88,980	1,40,955	1,56,083	31,400	21,179	5,30,112
Investments	39,968	1,943	1,834	3,338	1,427	1,598	7,800	16,750	46,555	6,722	1	1,27,936
Borrowings ¹	-	-	1,800	-	-	833	12,863	18,645	74,017	30,910	975	1,40,043
Foreign currency assets	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Foreign currency liabilities	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

The Bank has compiled the data for the purpose of this disclosure from its internal MIS system.

Classification of assets and liabilities under the different maturity buckets is based on the estimates and assumptions used by the Bank for compiling the structural liquidity statement submitted to the RBI. This has been relied upon by the auditor.

Notes:

- 1 The above borrowings exclude interest accrued and due and interest accrued but not due.
- 2 The advances comprise of portfolio loan and does not include interest accrued but not due.
- 3 Includes interest bearing loans only.



Schedule 18 - Notes to the Financial Statements (All amounts in ₹ lakhs except otherwise stated)

18.7 Segment reporting

Business segments have been identified and reported taking into account, the customer profile, the nature of products and services, the differing risks and returns, the organisation structure and the guidelines prescribed by the RBI. The Bank operates in the following segments:

- Treasury**
The treasury segment primarily consists of entire investment portfolio of the Bank.
- Corporate/Wholesale banking**
Wholesale banking includes all advances to companies and statutory bodies, which are not included under Retail banking.
- Retail banking**
The retail banking segment serves retail customers through the branch network. Exposures are classified under retail banking taking into account the status of the borrower (orientation criterion), the nature of product, granularity of the exposure and the quantum thereof. Revenues of the retail banking segment are primarily derived from interest and fees earned on retail loans, interest on deposits placed as collateral with banks and financial institutions. Expenses of this segment primarily comprise interest expense on borrowings, deposits, infrastructure and premises expenses for operating the branch network, personnel costs and other direct overheads.
- Other banking operations**
Other Banking operations include other items not attributable to any particular business segment.
- Unallocated**
All items which are reckoned at an enterprise level are classified under this segment. This includes other unallocable assets and liabilities.

Geographical segments

The business operations of the Bank are concentrated in India hence the Bank is considered to operate only in domestic segment.

Business segments Particulars	Treasury		Corporate/Wholesale Banking		Retail Banking		Other Banking Operations		Total	
	March 31 2022	March 31 2021	March 31 2022	March 31 2021	March 31 2022	March 31 2021	March 31 2022	March 31 2021	March 31 2022	March 31 2021
Revenue	12,451	10,335	499	2,157	1,51,815	1,25,179	-	-	1,64,765	1,37,671
Result	7,329	5,747	333	765	6,637	19,135	-	-	14,299	25,647
Unallocated expenses									13,724	11,005
Operating profit									575	14,642
Income taxes									(312)	3,328
Extraordinary Profit/Loss									-	-
Net profit									887	11,314
Other information:										
Segment assets	3,58,530	2,44,742	3,169	7,857	7,09,476	5,28,706	-	-	10,71,175	7,81,305
Unallocated assets									19,415	15,482
Total assets									10,90,590	7,96,787
Segment liabilities	1,66,086	45,550	1,101	2,983	7,73,548	6,36,735	-	-	9,40,735	6,85,268
Unallocated liabilities									1,49,855	1,11,519
Total liabilities									10,90,590	7,96,787

Note: In computing the above disclosure, certain assumptions and estimates are made by the management which have been relied upon by the auditor.



Schedule 18 - Notes to the Financial Statements

(All amounts in ₹ lakhs except otherwise stated)

18.8 Related party disclosure

Description of relationship	Nature of relationship
i) Parties where control exists Fincare Business Services Limited ¹	Holding Company
ii) Key management personnel Mr. Rajeev Yadav Mr. Keyur Doshi Ms. Shefaly Kothari	Managing Director and Chief Executive Officer Chief Financial Officer Company Secretary
iii) Other related parties Mr. Rakesh Rai, Ms. Komal Keyur Doshi, Mr. Parth Keyur Doshi, Mr. Gopalbhai Doshi, GOPALBHAI DOSHI (HUF), Keyur Doshi HUF Ms. Sarojben Doshi, Dr. Poonam Yadav, Mr. Viraj Yadav, Ms. Nysa Yadav, Ms. Saroj Khola and Mr. H S Khola.	Relatives of key management personnel

iv) The transactions with related parties during the year :

Nature of transaction	Relationship			March 31 2022	March 31 2021
Issue of equity shares by way of Right Issue		No. of Equity Shares	Value per Share		
Mr. Rajeev Yadav	Managing Director and Chief Executive Officer	101	10	0	-
Mr. Keyur Doshi	Chief Financial Officer	68,171	10	7	-
Relative of key management personnel	Relatives of key management personnel	5,68,644	10	57	-
Issue of equity shares by way of Bonus Issue					
Mr. Rajeev Yadav	Managing Director and Chief Executive Officer	224	10	0	-
Mr. Keyur Doshi	Chief Financial Officer	1,63,964	10	16	-
Fincare Business Services Limited ¹	Holding Company	11,56,59,712	10	11,566	-
Relative of key management personnel	Relatives of key management personnel	12,28,168	10	123	-
Securities premium on equity shares by way of Right Issue					
Mr. Rajeev Yadav	Managing Director and Chief Executive Officer	101	160	0	-
Mr. Keyur Doshi	Chief Financial Officer	68,171	160	109	-
Relative of key management personnel	Relatives of key management personnel	5,68,644	160	910	-
Managerial remuneration/remuneration for KMP					
Mr. Rajeev Yadav	Managing Director and Chief Executive Officer			386	295
Mr. Keyur Doshi	Chief Financial Officer			137	121
Ms. Shefaly Kothari	Company Secretary			32	28
Term deposits made with the Bank					
Fincare Business Services Limited	Holding Company			2,699	6,765
Mr. Rajeev Yadav	Managing Director and Chief Executive Officer			-	0
Relative of key management personnel	Relative of key management personnel			19	229

Schedule 18 - Notes to the Financial Statements

(All amounts in ₹ Lakhs except otherwise stated)

18.8 Related party disclosure (contd.)

Nature of transaction	Relationship			March 31 2022	March 31 2021
Term deposits matured (inclusive of interest)					
Fincare Business Services Limited	Holding Company			2,339	6,771
Mr. Rajeev Yadav	Managing Director and Chief Executive Officer			0	-
Relative of key management personnel	Relative of key management personnel			35	40
Interest expense on term deposits					
Fincare Business Services Limited	Holding Company			15	6
Mr. Rajeev Yadav	Managing Director and Chief Executive Officer			1	1
Mr. Keyur Doshi	Chief Financial Officer			0	0
Relative of key management personnel	Relative of key management personnel			34	28
Interest expense on Sub Debts					
Fincare Business Services Limited	Holding Company			-	4
Relative of key management personnel	Relative of key management personnel			1	-
Interest expense on Saving account					
Mr. Rajeev Yadav	Managing Director and Chief Executive Officer			0	0
Mr. Keyur Doshi	Chief Financial Officer			1	0
Ms. Shefaly Kothari	Company Secretary			0	0
Relative of key management personnel	Relative of key management personnel			42	12

v) Closing balance of the transactions with related parties :

Nature of transaction	Relationship			March 31 2022	March 31 2021
Deposit balance (savings and term deposit)					
Fincare Business Services Limited (formerly Fincare Business Services Private Limited)	Holding Company			359	-
Mr. Rajeev Yadav	Managing Director and Chief Executive Officer			7	7
Mr. Keyur Doshi	Chief Financial Officer			2	2
Ms. Shefaly Kothari	Company Secretary			19	6
Relative of key management personnel	Relative of key management personnel			453	672
Sub-debt payable					
Fincare Business Services Limited	Holding Company			-	1,869
Relative of key management personnel	Relative of key management personnel			11	-
Interest payable on Sub-debt					
Fincare Business Services Limited	Holding Company			-	4
Relative of key management personnel	Relative of key management personnel			0	-
Current account balance					
Fincare Business Services Limited	Holding Company			8	142



Schedule 18 - Notes to the Financial Statements

(All amounts in ₹ Lakhs except otherwise stated)

18.8 Related party disclosure (contd.)

vi) Maximum outstanding during the year:

Nature of transaction	Relationship	March 31 2022	March 31 2021
Deposit balance (savings and term deposit)			
Fincare Business Services Limited	Holding Company	4,393	9,007
Mr. Rajeev Yadav	Managing Director and Chief Executive Officer	9	11
Mr. Keyur Doshi	Chief Financial Officer	824	27
Ms. Shefaly Kothari	Company Secretary	20	9
Relative of key management personnel	Relative of key management personnel	3,122	906
Interest expense payable on deposit balance (savings and term deposit)			
Fincare Business Services Limited	Holding Company	1	-
Mr. Rajeev Yadav	Managing Director and Chief Executive Officer	0	0
Mr. Keyur Doshi	Chief Financial Officer	1	0
Ms. Shefaly Kothari	Company Secretary	0	0
Relative of key management personnel	Relative of key management personnel	30	6
Sub-debt payable			
Fincare Business Services Limited	Holding Company	-	-
Relative of key management personnel	Relative of key management personnel	11	
Interest on Sub-debt payable			
Fincare Business Services Limited	Holding Company	-	4
Relative of key management personnel	Relative of key management personnel	1	
Current account balance			
Fincare Business Services Limited	Holding Company	1,695	2,236

18.9 Concentration of deposits, advances, exposures and NPAs

A. Concentration of deposits

Particulars	As on March 31, 2022	As on March 31, 2021
Total deposits of twenty largest depositors	1,14,812	86,141
Percentage of deposits of twenty largest depositors to total deposits of the Bank	17.78%	16.20%

B. Concentration of advances

Particulars	As on March 31, 2022	As on March 31, 2021
Total advances to twenty largest borrowers	14,390	8,923
Percentage of advances to twenty largest borrowers to total advances of the Bank	1.99%	1.48%

The Bank has compiled the data for the purpose of this disclosure from its internal MIS system.

C. Concentration of exposures

Particulars	As on March 31, 2022	As on March 31, 2021
Total exposure to twenty largest borrowers / customers	14,390	8,923
Percentage of exposures to twenty largest borrowers / customers to total exposure of the Bank on borrowers / customers	1.99%	1.48%

Investment exposure of non-borrower have not been considered while arriving at total exposure.

The Bank has compiled the data for the purpose of this disclosure from its internal MIS system.

D. Concentration of NPAs

Particulars	As on March 31, 2022	As on March 31, 2021
Total Exposure to the top twenty NPA accounts	664	1,650
Percentage of exposures to the twenty largest NPA exposure to total Gross NPAs	1.16%	4.67%

Schedule 18 - Notes to the Financial Statements

(All amounts in ₹ lakhs except otherwise stated)

18.10 Liquidity coverage ratio

Quantitative information on Liquidity coverage ratio (LCR) is given below:

Particulars	Quarted ended 30 June 2021		Quarted ended 30 September 2021		Quarted ended 31 December 2021		Quarted ended March 31 2022	
	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)
1) Total High Quality Liquid Assets (HQLA)	2,47,478	2,16,089	1,84,705	1,84,705	1,84,705	1,84,705	1,84,705	1,99,780
Cash outflows								
2) Retail deposits and deposits from small business customers, of which:								
- Stable deposits	-	-	-	-	-	-	-	-
- Less stable deposits	3,23,020	32,302	3,44,983	34,498	3,66,123	36,612	3,79,180	37,918
3) Unsecured wholesale funding, of which:								
- Operational deposits (all counterparties)	52,987	52,987	66,010	66,010	60,918	60,918	73,948	73,948
- Non operational deposits (all counterparties)	-	-	-	-	-	-	-	-
- Unsecured debt	-	-	-	-	-	-	-	-
4) Secured wholesale funding	20,017	7,088	23,985	10,092	13,107	26	25,700	9,800
5) Additional requirements, of which								
- Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
- Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
- Credit and liquidity facilities	3,681	184	5,039	252	2,438	122	6,227	362
6) Other contractual funding obligations	6,780	6,780	8,574	8,574	8,623	8,623	9,500	9,500
7) Other contingent funding obligations	-	-	-	-	-	-	-	-
8) Total Cash Outflows	99,341	99,341	1,19,426	1,19,426	1,06,301	1,06,301	1,31,528	1,31,528
Cash Inflows								
9) Secured lending (e.g. reverse repos)	1,02,189	-	85,795	-	-	-	73,857	-
10) Inflows from fully performing exposures	32,126	16,063	35,361	17,681	32,314	16,157	38,507	19,253
11) Other cash inflows	176	176	120	120	413	413	1,850	1,850
12) Other contractual cash inflows	10,088	5,044	11,699	5,849	12,945	6,472	12,416	6,208
13) Total Cash Inflows	1,44,579	21,283	1,32,974	23,650	45,672	23,042	1,26,630	27,311
14) Total HQLA	2,47,478	2,16,089	1,84,705	1,84,705	1,84,705	1,84,705	1,99,780	1,99,780
15) Total Net Cash Outflows	78,058	95,776	83,259	83,259	83,259	83,259	1,04,217	1,04,217
16) Liquidity Coverage Ratio (%)	317.04%	225.62%	221.84%	221.84%	221.84%	221.84%	191.70%	191.70%

*The disclosure is arrived taking into account simple average of each of the line item of LCR components over 90 days of each quarter of year ended March 31 2022 and March 31 2021. In computing the above information, certain assumptions and estimate have been made by the management which have been relied upon by the auditor.

The Bank has compiled the data for the purpose of this disclosure from its internal MIS system.

Schedule 18 - Notes to the Financial Statements

(All amounts in ₹ lakhs except otherwise stated)

18.10 Liquidity coverage ratio(contd.)

Quantitative information on Liquidity coverage ratio (LCR) is given below:

Particulars	Quarted ended 30 June 2020		Quarted ended 30 September 2020		Quarted ended 31 December 2020		Quarted ended March 31 2021	
	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)
1) Total High Quality Liquid Assets (HQLA)		2,05,342		1,79,376		2,03,219		1,97,469
Cash outflows								
2) Retail deposits and deposits from small business customers, of which:								
- Stable deposits		-		-		-		-
- Less stable deposits	2,49,097	24,910	2,75,474	27,547	2,91,730	29,173	3,07,689	30,769
3) Unsecured wholesale funding, of which:								
- Operational deposits (all counterparties)	59,631	59,631	81,113	81,113	68,190	68,190	65,327	65,327
- Non operational deposits (all counterparties)	-	-	-	-	-	-	-	-
- Unsecured debt	-	-	-	-	-	-	-	-
4) Secured wholesale funding	30,345	3,824	28,431	10,395	20,639	2,853	18,091	6,417
5) Additional requirements, of which								
- Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
- Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
- Credit and liquidity facilities	2,731	334	5,963	298	6,783	339	2,585	129
6) Other contractual funding obligations	-	-	-	-	-	-	-	-
7) Other contingent funding obligations	-	-	-	-	-	-	-	-
8) Total Cash Outflows		88,699		1,19,353		1,00,555		1,02,642
Cash inflows								
9) Secured lending (e.g. reverse repos)	1,27,268	-	68,006	-	91,104	-	80,811	-
10) Inflows from fully performing exposures	1,742	871	5,071	2,535	27,133	13,566	36,666	18,333
11) Other cash inflows	2,746	2,746	13,295	13,295	3,983	3,983	2,494	2,494
12) Total Cash Inflows	1,31,756	3,617	86,372	15,830	1,22,220	17,549	1,19,971	20,827
13) Total HQLA		2,05,342		1,79,376		2,03,219		1,97,469
14) Total Net Cash Outflows		85,082		1,03,523		83,006		81,815
15) Liquidity Coverage Ratio (%)		241.35%		173.27%		244.83%		241.36%

**The disclosure is arrived taking into account simple average of each of the line item of LCR components over 90 days of each quarter of year ended March 31 2021 and March 31 2020. In computing the above information, certain assumptions and estimate have been made by the management which have been relied upon by the auditor.

The Bank has compiled the data for the purpose of this disclosure from its internal MIS system.



Schedule 18 - Notes to the Financial Statements

(All amounts in ₹ Lakhs except otherwise stated)

18.10 Liquidity coverage ratio(contd.)

Qualitative Disclosure around LCR

The Bank maintains Liquidity Coverage Ratio (LCR) which is a ratio of High-Quality Liquid Assets (HQLA) to Expected Net Cash Outflow over the next 30 calendar days, as per the RBI guidelines. Banks were required to meet the minimum required level of 100% LCR with effect from April 01, 2021.

The LCR is being computed and monitored on daily simple average basis. The objective of the LCR is to ensure that the Bank maintains an adequate level of unencumbered HQLAs that can be converted into cash to meet its liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario specified by supervisors.

The numerator, High Quality Liquid Assets comprises mainly of excess SLR securities, cash, excess CRR balances, Marginal Standing Facility ('MSF') to the extent of 3 per cent till December 31, 2021 and 2 per cent from January 01, 2022 of Net Demand and Time Liabilities ('NDTL') as guided by the RBI Circular and Facility to Avail Liquidity for Liquidity Coverage Ratio ('FALLCR') up to another 15 per cent of NDTL while the denominator i.e. cash outflow over next 30 days comprises mainly of the deposit maturities and other cash outflows net of cash inflows in next 30 day period. The denominator i.e., cash outflows comprise current and savings deposits, term deposits from all counterparties, bank deposits maturing within next 30 days and other contractual outflows including other liabilities. These cash outflows netted off against cash inflows from loan repayment and other contractual inflows within next 30 days.

18.11 Net Stable Fund Ratio

Quantitative information on Net Stable Fund Ratio (NSFR) is given below:

(₹ in Crore)	Quarted ended December 31, 2021					Quarted ended March 31, 2022				
	Unweighted value by residual maturity				Weighted value	Unweighted value by residual maturity				Weighted value
	No maturity ¹⁷	< 6 months	6 months to < 1yr	≥ 1yr		No maturity ¹⁷	< 6 months	6 months to < 1yr	≥ 1yr	
ASF Item										
1 Capital: (2+3)	1,145	-	-	175	1,320	1,202	-	-	175	1,377
2 Regulatory capital	1,145	-	-	175	1,320	1,202	-	-	175	1,377
3 Other capital instruments	-	-	-	-	-	-	-	-	-	-
4 Retail deposits and deposits from small business customers: (5+6)	-	520	441	2,996	3,767	-	614	448	3,175	4,026
5 Stable deposits	-	-	-	-	-	-	-	-	-	-
6 Less stable deposits	-	520	441	2,996	3,767	-	614	448	3,175	4,026
7 Wholesale funding: (8+9)	-	1,114	970	1,973	2,300	-	1,294	1,522	2,172	2,849
8 Operational deposits	-	-	-	-	-	-	-	-	-	-
9 Other wholesale funding	-	1,114	970	1,973	2,300	-	1,294	1,522	2,172	2,849
10 Other liabilities: (11+12)	399	-	-	-	-	305	-	-	-	-
11 NSFR derivative liabilities	-	-	-	-	-	-	-	-	-	-
12 All other liabilities and equity not included in the above categories	399	-	-	-	-	305	-	-	-	-
13 Total ASF (1+4+7+10)	1,544	1,634	1,411	5,144	7,387	1,507	1,908	1,970	5,522	8,252
RSF Item										
14 Total NSFR high-quality liquid assets (HQLA)					63					64
15 Deposits held at other financial institutions for operational purposes	14	-	-	-	7	12	-	-	-	6
16 Performing loans and securities: (17+18+19+21+23)	-	2,241	1,629	2,768	4,275	-	2,340	1,731	3,073	4,645



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(All amounts in ₹ Lakhs except otherwise stated)

18.11 Net Stable Fund Ratio(Contd.)

Quantitative information on Net Stable Fund Ratio (NSFR) is given below:

(₹ in Crore)	Quarted ended December 31, 2021					Quarted ended March 31, 2022				
	Unweighted value by residual maturity				Weigh- ted value	Unweighted value by residual maturity				Weigh- ted value
	No maturity ¹⁷	< 6 months	6 months to < 1yr	≥ 1yr		No maturity ¹⁷	< 6 months	6 months to < 1yr	≥ 1yr	
17 Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-	-	-	-	-	-
18 " Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions "	-	38	2	0	7	-	10	5	11	15
19 Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	-	2,142	1,562	2,149	3,679	-	2,260	1,652	2,361	3,963
20 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	-	-	-	-	-	-	-
21 Performing residential mortgages, of which:	-	61	65	619	589	-	70	74	701	667
22 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	-	-	-	-	-	-	-
23 Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	-	-	-	-	-	-	-	-	-
24 Other assets: (sum of rows 25 to 29)	-	-	-	-	-	-	-	-	-	-
25 Physical traded commodities, including gold	-	-	-	-	-	-	-	-	-	-
26 Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	-	-	-	-	-	-	-	-	-	-
27 NSFR derivative assets	-	-	-	-	-	-	-	-	-	-
28 NSFR derivative liabilities before deduction of variation margin posted	-	-	-	-	-	-	-	-	-	-
29 All other assets not included in the above categories	428	50	-	590	1,042	490	274	55	534	1,187
30 Off-balance sheet items	64	-	-	-	3	164	-	-	-	8
31 Total RSF (14+15+16+24+29+30)	-	-	-	-	5,390	-	-	-	-	5,910
32 Net Stable Funding Ratio (%)	-	-	-	-	137.05%	-	-	-	-	139.61%

The Bank has compiled the data for the purpose of this disclosure from its internal MIS system.

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(All amounts in ₹ Lakhs except otherwise stated)

18.11 Net Stable Fund Ratio (Contd.)

Qualitative Disclosure around NSFR

The Net Stable Funding Ratio (NSFR) is a significant component of the Basel III norms. Post Global Financial Crisis, the Basel Committee on Banking Supervision (BCBS) proposed certain reforms to strengthen global capital and liquidity regulations with the objective of promoting a more resilient banking sector. BCBS introduced "Basel III: International framework for liquidity risk measurement, standards and monitoring" in December 2010 which presented a global regulatory standard on liquidity viz., Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) for measuring and monitoring liquidity profile of the Banks. Subsequently, the Reserve Bank of India introduced detailed guidelines for measuring LCR and NSFR.

The NSFR promotes resilience over a longer-term time horizon by requiring banks to fund their activities with more stable sources of funding on an ongoing basis. The Asset Liability Management (ALM) Policy approved by the Board covers overall governance around liquidity profile of the Bank. The Asset Liability Committee (ALCO) is a decision-making unit responsible for implementing the liquidity and interest rate risk management strategy of the Bank in line with its risk management objectives and ensures adherence to the risk tolerance/limits set by the Board.

The guidelines for NSFR were effective from December 1, 2021. The NSFR is defined as the amount of available stable funding relative to the amount of required stable funding. "Available stable funding" (ASF) is defined as the portion of capital and liabilities expected to be reliable over the time horizon considered by the NSFR, which extends to one year. The amount of stable funding required ("Required Stable Funding") (RSF) of a specific institution is a function of the liquidity characteristics and residual maturities of the various assets held by the Bank. The minimum NSFR requirement set out in the RBI guideline is 100%, the Bank has maintained well above the RBI requirement.

18.12 Exposures

A. Exposure to Real Estate Sector ⁴

Particulars	As on March 31, 2022	As on March 31, 2021
i) Direct exposure		
a) Residential Mortgages ¹	41,356	8,969
PSL (₹23,778 Lakhs as on March 31 2022 and ₹8,555 as on March 31 2021)		
b) Commercial Real Estate ²	-	-
c) Investments in Mortgage-Backed Securities (MBS) and other securitized exposures		
i. Residential	-	-
ii. Commercial Real Estate	-	-
ii) Indirect Exposure³	-	-
Total	41,356	8,969

1 Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented. Individual housing loans eligible for inclusion in priority sector advances shall be shown separately. Exposure would also include non-fund based (NFB) limits.

2 Lending secured by mortgages on commercial real estate (office buildings, retail space, multipurpose commercial premises, multifamily 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;

3 Fund based and non-fund-based exposures on National Housing Bank.

4 Loan against property (given for the general business purpose other than real estate) secured against properties having exposure of ₹1,09,082 Lakhs have not been considered in real estate exposure (previous year – ₹65,628 Lakhs).

B. Exposure to capital market

As at March 31 2022 and March 31 2021, the Bank does not have any exposure to capital market.

C. Factoring exposures

As at March 31 2022 and March 31 2021, the Bank does not have any factoring exposure.

D. Risk category wise country exposure

The Bank's exposures are concentrated in India only, hence country risk exposure as at March 31 2022 and March 31 2021 is 'Nil'.

E. Details of single borrower limit (SGL) / group borrower limit (GBL) exceeded by the Bank

During the year ended March 31 2022 and March 31 2021, the Bank's credit exposures to single borrowers and group borrowers were within the limits prescribed under the extant RBI guidelines.



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(All amounts in ₹ Lakhs except otherwise stated)

18.12 Exposures (Contd.)

F. Unsecured advances

Particulars	As on March 31, 2022	As on March 31, 2021
I) Total unsecured advances of the bank	5,24,352	4,09,041
II) Out of I), amount of advances for which intangible securities such as charge over the rights, licenses, authority, etc. have been taken	-	-
III) Estimated value of such intangible securities	-	-

G. Intra group exposure

The Bank does not have any intra group advances, hence intra group exposure as at March 31 2022 and March 31 2021 is 'Nil'.

H. Unhedged Foreign currency Exposure

The Bank does not have any unhedged foreign currency exposure as at March 31 2022 and March 31 2021.

I. Details of loans transferred / acquired under the RBI Master Direction on Transfer of Loan Exposures dated September 24, 2021

During the year ended March 31 2022 and March 31 2021, the Bank has not transferred any non-performing assets (NPAs) or transferred any Special Mention Account (SMA) and loan not in default or acquired any loans not in default through assignment or acquired any stressed loans or purchased non-performing financial assets from other banks or sold non-performing financial assets to other banks.

18.13 Disclosure of Penalties imposed by the RBI

No penalties have been levied on the Bank by the RBI during the year ended March 31 2022 and 2021.

18.14 Employee benefits

A. Gratuity

The Bank has a defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for gratuity on cessation of employment and it is computed at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The following tables summarise the components of net benefit expense recognised in the Profit and Loss account and the funded status and amounts recognised in the balance sheet for the gratuity plan.

Particulars	Year ended March 31 2022 (₹)	Year ended March 31 2021 (₹)
The amounts recognised in the Profit and Loss account are as follows:		
Service cost	447	328
Interest cost	76	61
Expected return on plan assets	(71)	(49)
Net actuarial gain on plan assets	(15)	(177)
Past service cost	-	1
Expense recognised in the Profit and Loss account	437	164
The amounts recognised in the Balance Sheet are as follows:		
Present value of the obligation as at the end of the year	1,576	1,186
Less :Fair value of plan assets as at the end of the year	1,154	1,039
Net liability recognised in the Balance Sheet	422	147
Changes in the present value of defined benefit obligation:		
Defined benefit obligation at the beginning of the year	1,186	1,058
Service cost	447	328

Schedule 18 - Notes to the Financial Statements

(All amounts in ₹ Lakhs except otherwise stated)

18.14 Employee benefits (contd..)

A. Gratuity(contd..)

Particulars	Year ended March 31 2022 (₹)	Year ended March 31 2021 (₹)
Interest cost	76	61
Actuarial gain	(27)	(177)
Benefits paid	(106)	(84)
Defined benefit obligation at the end of the year	1,576	1,186
Changes in the fair value of plan assets:		
Fair value at the beginning of the year	1,039	647
Expected return on plan assets	71	49
Actuarial Gain/(loss)	(12)	(0)
Contributions	162	390
Employer direct benefit payments	-	38
Benefits paid	(106)	(84)
Admin expenses/taxes paid from plan assets	-	(1)
Fair value as at the end of the year	1,154	1,039
Assumptions used in the above valuations are as under:		
Discount rate	7.12%	6.67%
Expected return on plan assets	6.67%	6.03%
Future salary increase	10.00%	10.00%
Attrition rate	30.00%	30.00%
Retirement age (years)	60 Yrs	60 Yrs

Experience adjustments:

Particulars	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2018
Defined benefit obligation	1,576	1,186	611	327	200
Less: Plan assets	1,154	1,039	143	144	135
Excess/(Deficit)	422	147	468	183	65
Experience adjustments on liabilities - gain / (loss)	22	22	1	(12)	30
Experience adjustments on assets - (gain) / loss	(12)	(1)	(9)	1	(7)

B. Defined contribution plan

The Bank makes contributions to the statutory provident fund as per the Employees' Provident Funds and Miscellaneous Provisions Act, 1952. This is a defined contribution plan as per Accounting Standard (AS) 15. Contributions made during the year ended March 31 2022 amounted to ₹1,746 Lakhs (March 31 2021 : ₹1,278 Lakhs).

C. Compensated absences

The actuarial liability in respect of privilege leave granted to employees of the Bank and outstanding as at March 31 2022 is ₹1,275 Lakhs (March 31 2021: ₹1020 Lakhs).

Assumptions used in the above valuations are as under:	As at March 31, 2022	As at March 31, 2021
Discount rate	7.12%	6.67%
Future salary increase	10.00%	10.00%



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(All amounts in ₹ Lakhs except otherwise stated)

18.15 Provision and contingencies

Provision and contingencies recognised in the Profit and Loss account comprise:

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Provision for Non-Performing Investments	-	-
Provision for non-performing assets (includes bad debts written off ₹36,951 Lakhs (March 31 2021: ₹3,393 Lakhs)	36,610	20,961
Provision made towards Income tax		
- current tax	2,339	5,960
- deferred tax (credit) (refer schedule 18.24)	(2,651)	(2,632)
- MAT credit entitlement	-	-
Provision for standard assets	(5,136)	(2,979)
Provision for restructured assets (refer schedule 18.4C)	10,672	3,814
Provision for other contingencies	386	(99)
	42,220	25,025

18.16 Disclosure of complaints

A. Summary information on complaints received by the bank from customers and from the Offices of Ombudsman

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
I. Complaints received by the bank from its customers		
Number of complaints pending at beginning of the year	6	39
Number of complaints received during the year	298	531
Number of complaints disposed during the year	300	564
Of which, number of complaints rejected by the bank	22	36
Number of complaints pending at the end of the year	4	6
II. Maintainable complaints received by the bank from Office of Ombudsman		
i. Number of maintainable complaints received by the bank from Office of Ombudsman	107	144
a) Number of complaints resolved in favour of the bank from Office of Ombudsman	111	156
b) Number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	3	3
c) Number of complaints resolved after passing of Awards by Office of Ombudsman against the bank	-	4
ii. Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

The Bank has compiled the data for the purpose of this disclosure from its internal MIS system.

Note: Maintainable complaints refer to complaints on the grounds specifically mentioned in Integrated Ombudsman Scheme, 2021 (Previously Banking Ombudsman Scheme, 2006) and covered within the ambit of the Scheme

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(All amounts in ₹ Lakhs except otherwise stated)

18.16 Disclosure of complaints (contd.)

B. Top five grounds of complaints received by the bank from customers

	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
Year ended 31 March 2022						
I.	ATM/Debit cards	-	44	(66%)	-	-
II.	Loans and advances	2	44	69%	1	-
III.	Internet/Mobile/ Electronic banking	-	41	(37%)	1	-
IV.	Levy of charges without prior notice/ excessive charges/ foreclosure charges	1	13	(38%)	-	-
V.	Staff behaviour	-	9	125%	1	-
VI.	Others	3	147	(49%)	1	-
	Total	6	298		4	-
Year ended March 31 2021						
I.	ATM/Debit cards	7	129	(10%)	-	-
II.	Loans and advances	1	26	53%	2	-
III.	Internet/Mobile/ Electronic banking	4	65	48%	-	-
IV.	Levy of charges without prior notice/ excessive charges/ foreclosure charges	6	21	(60%)	1	-
V.	Staff behaviour	-	4	(67%)	-	-
VI.	Others	21	286	23%	3	1
	Total	39	531		6	1

18.17 Letter of comfort

The Bank has not issued letter of comfort during the year ended March 31 2022 and March 31 2021.

18.18 Bancassurance Business

The fees or commission earned in respect of insurance/mutual fund broking business.

Particulars	As at March 31, 2022	As at March 31, 2021
Income for selling life insurance policies	1,207	794
Income from selling non-life insurance policies	79	65
Income from selling mutual fund product	-	-



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18.19 Off Balance Sheet SPVs Sponsored (which are required to be consolidated as per accounting norms)

There are no off balance sheet SPVs sponsored by the Bank, which needs to be consolidated as per accounting norms as on March 31 2022 and March 31 2021.

18.20 Disclosure on Remuneration

A) Qualitative Disclosures

(a) Information relating to the composition and mandate of the Remuneration Committee.

The Nomination and Remuneration Committee (NRC) of the Board is the main body that sets the principles, parameters and governance framework of the remuneration policy and also assists the Board to fulfil its responsibility that remuneration policy and practices, reward, fairly and responsibly, in relation to the Bank and individual performance.

As on March 31 2022, the NRC had four members of which three are Independent Directors. The functions of the committee include recommendation of appointment of Directors to the Board, evaluation of the performance of the Directors, approve remuneration for Directors, Key Management Personnel (KMP) viz. Managing Director & Chief Executive Officer, Chief Financial Officer and Company Secretary, as well as senior management personnel viz. Material Risk Takers (MRT) of the Bank.

External consultants whose advice has been sought, the body by which they were commissioned, and in what areas of the remuneration process

The Bank did not take any advise from an external consultant on any area of remuneration for the year ended March 31 2022

Scope of the Bank's remuneration policy (e.g. by regions, business lines), including the extent to which it is applicable to foreign subsidiaries and branches

Pursuant to the guidelines issued by RBI, the Compensation Policy of the Bank (Version 1) was approved by the Board on 16 June 2020 and the same covers all employee of the Bank.

Type of employees covered and number of such employees

All permanent employees of the Bank, categorised into Chief Executive Officer, MRT, Control function staff and Others, are covered under the policy. The total number of permanent employees of the Bank as at March 31 2022 (Payroll cut-off date) was 11,098.

(b) Information relating to the design and structure of remuneration processes.

Key features and objectives of remuneration policy: The Bank has, under the guidance of the Board and the NRC, followed remuneration practices intended to drive meritocracy and performance based on a prudent risk management framework. The Compensation policy is aligned to the guidelines issued by the RBI vide notification RBI/2019-20/89 DOR.Appt. BC.No.23/29.67.001/2019-20 dated 04 November 2019 (the RBI guidelines).

The Remuneration policy of the Bank is designed with a view to

- i. ensure that the level and composition of remuneration is in line with other companies in the industry, sufficient to attract and retain right talent, at all levels and keep them motivated enough to meet the organizational objectives.
- ii. ensure that a reasonable balance is maintained in terms of composition of remuneration, both,
 - a. performance-linked - fixed and variable components
 - b. time horizon linked – immediate and long term retention components
- iii. Ensure that remuneration is linked to nature of role played by the individual in the Bank (i.e., Chief Executive Officer, MRT, Control function staff or Others)

Effective governance of compensation: The NRC has oversight over compensation to KMP as well as MRT.

The Remuneration policy of the Bank is designed with a view to :

Alignment of compensation philosophy with prudent risk taking: While the Bank seeks to achieve a mix of fixed and variable remuneration that is prudent, it currently has designed the remuneration composition based on role of the individual in the Bank.
-For Chief Executive Officer and MRT, a balanced combination of fixed and variable pay (immediate and deferred) is used.
-For Control function staff and Others, the predominant component is fixed pay and variable pay is used for rewarding performance.

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18.20 Disclosure on Remuneration (contd.)

Also, the remuneration of employees in financial and risk control functions is not linked to business outcomes and solely depends on their individual/department quality and performance goal achievement. The Bank seeks to align remuneration with financial and non- financial performance indicators.

Whether the remuneration committee reviewed the Bank's remuneration policy during the past year, and if so, an overview of any changes that were made: The updated remuneration of the bank (Version 3) was approved by Board of the Bank in Jun 2021

Discussion of how the Bank ensures that risk and compliance employees are remunerated independently of the businesses they oversee: The remuneration of employees in control functions such as Risk and Compliance depends solely on their individual/department performance and is not linked to any business outcomes.

- (c) **Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks.**

Overview of the key risks that the Bank takes into account when implementing remuneration measures: The Board approves the overall risk management policy including risk framework, limits, etc. The Bank conducts all its business activities within this framework. The NRC while assessing the performance of the Bank Chief Executive Officer and MRT, considers adherence to the policies and accordingly make its recommendations to the Board.

Overview of the nature and type of key measures used to take account of these risks, including risks difficult to measure: The evaluation process incorporates both qualitative and quantitative aspects including asset quality, provisioning, increase in stable funding sources, refinement/improvement of the risk management framework, effective management of stakeholder relationships and continuity of key members of senior management.

Discussion of the ways in which these measures affect remuneration: In order to ensure alignment of remuneration with prudent practices, in addition to business performance, the NRC takes into account adherence to the risk and compliance framework.

Discussion of how the nature and type of these measures have changed over the past year and reasons for the changes, as well as the impact of changes on remuneration: With the adoption of new compensation policy in line with RBI guidelines, there is greater emphasis on linking variable pay of MRT to risk taking and to bring a reasonable balance in their fixed and variable pay. Also, the elements of Deferral, Malus and Clawback have been adopted for MRT.

- (d) **Description of the ways in which the Bank seeks to link performance during a performance measurement period with levels of remuneration**

Overview of main performance metrics for the Bank, top level business lines and individuals: The main performance metrics include reasonable business growth, asset quality, profitability, productivity and efficiency metrics, compliance, digital quotient and customer-centricity.

Discussion of how amounts of individual remuneration are linked to the Bank-wide and individual performance: The assessment of employees is based on parameters viz. Bank level goals, functional goals, individual competency assessment and subjective evaluation. The proposed weightage of performance parameters for MRT is Bank goals - 20%, Functional goals-40%, Competency Rating - 20% and Subjective Assessment - 20%.

- (e) **A discussion of the bank's policy on deferral and vesting of variable remuneration and a discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting.**

As per policy, A minimum of 60% of Total Variable Pay shall be under deferral arrangement. At least 50% of the Cash component of Variable Pay shall be under deferment. Also, in case Cash Variable Pay for a performance period is below ₹25 Lakhs, deferral may not be applicable. The NRC shall take a decision on the treatment of the deferral on an annual basis.



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18.20 Disclosure on Remuneration (contd.)

The deferral period shall be for three years from the end of performance period. The deferral shall be on a pro-rata basis i.e. 1/3rd of deferred component and shall vest at the end of each year for the next three years. Vesting shall take place on a yearly basis after a proper assessment of performance by the NRC and adjustments can be made based on actual results. For variable pay pertaining to FY-21, paid in FY22, 100% of non-cash variable pay and 50% of cash pay was under deferral.

Discussion of the measures the Bank will in general implement to adjust remuneration in the event that performance metrics are weak, including the Bank's criteria for determining weak performance metrics : The variable compensation paid to Chief Executive Officer and MRT is linked to achievement of Bank level goals and functional goals. As per policy, the deterioration in financial performance of the Bank shall lead to contraction in variable pay, which can even be reduced to zero. While deterioration on account of uncontrollable factors may not necessarily be considered for contraction in variable compensation, the NRC may take a decision on the percent of contraction based on available information. Further deferred vesting, malus and clawback shall be applicable to variable pay component of Chief Executive Officer and MRT to facilitate adjusting remuneration in the event that performance metrics are weak .

Description of the ways in which the Bank seeks to adjust remuneration to take account of the longer term performance: Adjustments to remuneration on account of long term performance is included in the Variable Pay philosophy. Variable Pay shall have a mix of cash and non cash components for Chief Executive Officer and MRT. For other employees, eligibility for non cash variable pay shall be determined by the NRC on a case to case basis. The non cash component shall be in the form of Stock Options. As per policy, in general, 40% of non cash variable pay (wherever applicable) and cash variable pay (where it exceeds a specified threshold) of any employee of the Bank shall vest at the end of performance period and the remaining 60% shall be under deferral arrangement.

Discussion of the Bank's policy and criteria for adjusting deferred remuneration before vesting and (if permitted by national law) after vesting through claw back arrangements: As part of the new compensation policy, malus and clawback is applicable to all categories of staff. The variable shall be subject to malus and clawback arrangements in the event of subdued or negative financial performance. Malus shall cover future vesting only and shall not reverse vesting after it has already occurred. In the event of wilful and deliberate misrepresentation or misreporting of financial performance of the Bank in any year, clawback shall be applicable. The decision shall be taken by the NRC after taking into account all material facts. A lookback period of 3 years from the date of vesting shall be applicable to the clawback clause.

(f) **Description of the different forms of variable remuneration (i.e., cash and types of share-linked instruments) that the bank utilizes and the rationale for using these different forms.**

Overview of the forms of variable remuneration offered. A discussion of the use of different forms of variable remuneration and, if the mix of different forms of variable remuneration differs across employees or group of employees, a description of the factors that determine the mix and their relative importance:

The forms of variable remuneration used by the Bank are:

- a. **Performance Incentives** – used for rewarding teams (primarily Business functions) for business growth, customer count/satisfaction, asset quality, audit score etc.
- b. **Performance Pay** – used for rewarding performance against quarterly/yearly goals/key risk areas.
- c. **Share-linked Instruments** - As per the Compensation policy of the Bank, variable pay shall have a mix of cash and non cash components for Chief Executive Officer and MRT. For other employees, eligibility for non cash variable pay shall be determined by the NRC on a case to case basis. The non cash component shall be in the form of Stock Options.
- d. **Long Term Retention Bonus (LTRB)** – a tool for retention and improved morale - While short-term retention bonus plan continues to be in use, LTRB is discontinued w.e.f. 01 March 2019.

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18.20 Disclosure on Remuneration (cont'd)

B) Quantitative Disclosures (covers only Chief Executive Officer/ Material Risk Takers)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
a) i - Number of meetings held by the Remuneration Committee during the year	Twelve	Twelve
ii - remuneration paid to its members.	Nil	Nil
b) Number of employees having received a variable remuneration award during the year. ²	17 employees received Performance pay and 16 employees were granted employee stock options.	15 employees received Performance pay and ¹ employee was granted employee stock options.
c) Number and total amount of sign on awards made during the financial year	Nil	Nil
d) Details of guaranteed bonus, if any, paid as joining / sign on bonus	Nil	Nil
e) Details of severance pay, in addition to accrued benefits, if any.	Nil	Nil
f) Total amount of outstanding deferred remuneration		
- Cash (₹ in Lakhs)	291	207
- Shares	Nil	Nil
- Share linked instruments (ESOPs) ^{4 10} (Nos.)	13,10,448	1,23,484
- Others	Nil	Nil
g) Total amount of deferred remuneration paid out during the year	Nil	Nil
h) Breakdown of amount of remuneration awards for the year to show fixed and variable, deferred and non deferred.		
- Fixed pay	1,559	1,437
- Variable pay		
- Non deferred ⁵ (₹ in Lakhs)	291	156
- Deferred ² (ESOPs) ⁶	13,10,448	1,23,484
i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.	Nil	Nil
j) Total amount of reductions during the financial year due to ex post explicit adjustments.	Nil	Nil
k) Total amount of reductions during the financial year due to ex post implicit adjustments.	Nil	Nil
l) Number of MRTs identified ⁷	17	18
m) Number of cases where malus has been exercised	Nil	Nil
n) Number of cases where clawback has been exercised	Nil	Nil
o) Number of cases where both malus and clawback have been exercised	Nil	Nil
p) The mean pay for the bank as a whole (excluding sub-staff) ⁸	3.25	3.39
q) Deviation/Ratio of the pay of Managing Director from/to the mean pay ⁹ (₹ in Lakhs/times)	292/91x	285/85.13X

C) Disclosure on remuneration to Non-Executive Directors

The Bank has paid remuneration to its Non- executive director by way of sitting fees for attending meetings of the Board and its committees. An amount of ₹143 Lakhs (March 31 2021: ₹ 113 Lakhs) was paid as sitting fees to the Non-Executive Directors during the year.

Notes

- 1 Amount includes fixed pay and variable paid during the year but does not include value of ESOPs.
- 2 The count includes MD & CEO. During the year, MRT otherthan MD & CEO were granted employee stock options for performance Period FY 21
- 3 Amount for FY 21 includes defered variable pay (Cash) for MD & CEO and MRT. Amount for FY 22 includes defered Variable pay cash for MRT only. Proposal for MD & CEO Yet to submitted to RBI
- 4 Includes employee stock option granted in FY 22 for the performance Period FY 21 or earlier
- 5 Previous year amount includes payout for the performance period FY 21 paid in FY 22 and Current year amount includes payout for



Schedule 18 - Notes to the Financial Statements

(All amounts in ₹ Lakhs except otherwise stated)

18.20 Disclosure on Remuneration (cont'd)

performance period FY 22 to be paid in FY 23. The amount for FY 21 also includes Variable Pay cash paid in FY 22 to MD & CEO. Proposal for Variable Pay for FY 22 for MD & CEO yet to be submitted to RBI.

6 This includes ESOP granted to MRT including MD & CEO for Performance period FY 21 or earlier

7 This includes MRT and MD & CEO

8 Mean is computed as (Fixed Pay for Active Staff as on 31-Mar-22 / Active HC as on 31-Mar-22)

9 Computed as Fixed Pay for MD & CEO / Mean pay as computed above)

10 Pursuant to a Rights issue by the bank, the number of outstanding options for FY 18 and FY 19 were revised (48188*3 & 75,296*3) and the exercise price was reduced to 285/3 and 280/3 respectively

18.21 Employee Share Based Payments:

At their meetings held on 29 March 2019 and 10 May 2019, the Board and the shareholders of the Bank respectively passed a resolution approving the "Fincare Small Finance Bank Stock Option Scheme"(as amended from time to time) (hereinafter referred as 'the scheme') to create, offer, issue and allot in one or more tranches, to or for the benefit of employees including Managing Director of the Bank, such number of employee options, not exceeding 1,000,000, that would eventually convert into equity shares of ₹10 each in the hands of the employees of the Bank.

The eligible employees under this scheme are determined by the NRC at its sole discretion. The NRC would determine the vesting schedule of any grant made under this scheme and the same would be intimated to the eligible employee at the time of the grant. An eligible employee shall be entitled to exercise the vested option(s) and seek allotment of the shares of the Bank as per this scheme, within a period of five years from the vesting date at the exercise price intimated at the time of the grant.

ESOP-2018-FSFB Plan:

a) The details of activity under ESOP-2018-FSFB Plan have been summarised below:

	Year ended March 31, 2022		Year ended March 31, 2021	
	No. of options	Weighted average exercise price	No. of options	Weighted average exercise price
Outstanding at the beginning of the year	-	-	-	-
Granted during the year *	13,10,448	106.91	1,23,484	280.85
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Options outstanding at the end of the year	13,10,448	106.91	1,23,484	280.85
Out of the above exercisable at the end of the year	4,36,804	106.91	40,750	280.85

* The Bank had granted 1,96,297 options for FY 20 to the MD & CEO which has been accounted during the year after due approval received from the RBI. The options vest in a graded manner over a period of three years and are exercisable in one or more tranches within a period of five years from the date of vesting, failing which the options shall lapse.

Further, the Bank has granted 13,10,448 options pertaining to FY 21 to MD & CEO and MRT.

b) The details of exercise price for stock options outstanding at the end of the year are:

Range of exercise prices	No. of options outstanding	Weighted average remaining contractual life of options (years)	Weighted average exercise price (₹)
80-90	1,44,564	2.06	88.33
90-100	4,22,184	2.62	95.29
100-110	13,10,448	3.09	106.91
	18,77,196	2.90	102.87

Schedule 18 - Notes to the Financial Statements

(All amounts in ₹ Lakhs except otherwise stated)

18.21 Employee Share Based Payments: (contd.)

c) Fair value of Employee stock options

The fair value of the options is estimated using Black-Scholes options pricing model. The following table lists the inputs to the model used for determining fair value of the options.

	Year ended March 31, 2022	Year ended March 31, 2021
Weighted average exercise price (₹)	102.87	280.85
Weighted average share price (₹)	102.87	280.85
Expected volatility	43.38% - 43.49%	33.50% - 36.40%
Life of the options granted (Vesting and exercise period)		
- At the grant date	3.50 yrs - 5.50 yrs	3.50 yrs - 5.50 yrs
Risk free interest rate	5.22% - 6.07%	6.48% - 7.19%
Expected Dividend rate	-	-

As Fincare Small Finance Bank Limited is an unlisted company, so the Bank calculated the expected annual volatility of stock price using stock price volatility information of other peers from BSE for the latest historical period as per time to maturity.

d) Effect of the employee share-based payment plans on the Profit and Loss Account and on the financial position:

Particulars	March 31, 2022	March 31, 2021
Total employee compensation cost pertaining to share-based payment plans	538	100
Compensation cost pertaining to equity-settled employee share-based payment plan included above	538	100
Liability for employee stock options outstanding as at year end	638	100

18.22 Disclosures relating to securitisation

Particulars	As at March 31, 2022	As at March 31, 2021
a) No of SPEs holding assets for securitisation transactions originated by the originator	9	9
b) Total amount of securitised assets as per books of the SPEs	5,712	5,740
c) Total amount of exposures retained by the bank to comply with MRR as on the date of balance sheet		
i) Off-balance sheet exposures		
First loss	-	-
Others	-	-
ii) On-balance sheet exposures		
First loss	327	327
Others	-	-
d) Amount of exposures to securitisation transactions other than MRR		
a) Off-balance sheet exposures		
(i) Exposures to own securitisation		
First loss	-	-
Others	-	-
(ii) Exposures to third party securitisation		
First loss	-	-
Others	-	-
b) On-balance sheet exposures		
(i) Exposures to own securitisation		
First loss	-	-
Others	-	-
(ii) Exposures to third party securitisation		
First loss	-	-



Schedule 18 - Notes to the Financial Statements

(All amounts in ₹ Lakhs except otherwise stated)

18.22 Disclosures relating to securitisation (contd.)

Others	-	-
e) Sale consideration received for the securitised assets and gain/loss on sale on account of securitisation"	-	-
f) Form and quantum (outstanding value) of services provided by way of liquidity support, post-securitisation asset servicing, etc.	-	-
g) Performance of facility provided. Please provide separately for each facility viz. Credit enhancement, liquidity support, servicing agent etc. Mention percent in bracket as of total value of facility provided		
- Amount paid	-	-
- Repayment received	-	-
- Outstanding amount	-	-
h) Average default rate of portfolios observed in the past. Please provide breakup separately for each asset class i.e. RMBS, Vehicle Loans etc	-	-
i) Amount and number of additional/top up loan given on same underlying asset. Please provide breakup separately for each asset class i.e. RMBS, Vehicle Loans, etc.	-	-
j) Investor complaints		
(i) Directly/Indirectly received and;	-	-
(ii) Complaints outstanding	-	-

18.23 Depositor Education and Awareness Fund

During the year ended March 31 2022 and March 31 2021 no amount has been transferred to Depositor Education and Awareness Fund.

18.24 Deferred tax assets

Particulars	As at March 31, 2022	As at March 31, 2021
Deferred tax asset arising on:	598	465
Depreciation and amortisation		
Provision for employee benefits:	321	257
Compensated absences	106	58
Gratuity	27	103
Long Term Retention Bonus (LTRB)	155	9
Others	4	-
Deferred rent	8,091	5,759
Provision on portfolio loans		
	9,302	6,651

18.25 Operating leases

The Bank's significant leasing arrangements are in respect of operating leases for office premises which are renewable on mutual consent at agreed terms. The aggregate lease rentals payable are charged to the Profit and Loss Account.

Head office, registered office and branch office premises are obtained on operating lease. The branch office premises are generally rented on cancellable term ranging from twelve months to thirty six months with escalation clause; however none of the branch lease agreement carries non-cancellable lease periods. There are no restrictions imposed by lease arrangements. There are no subleases. Certain offices of the Bank have non-cancellable lease arrangements and the minimum lease payments for such arrangements during the non-cancellable period have been disclosed follows.

Lease payments during the year are charged to the Profit and Loss Account.

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Lease payments recognised in the profit and loss account.	3,477	2,669

Schedule 18 - Notes to the Financial Statements

(All amounts in ₹ Lakhs except otherwise stated)

18.25 Operating leases (contd.)

The details of lease commitments in terms of minimum lease payments within the non-cancellable period are as follows:

Particulars	As at March 31, 2022	As at March 31, 2021
Within one year	347	218
Later than one year but not later than five years	257	423
Later than five years	15	177

18.26 Micro small and medium enterprises

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
i) Principal amount remaining unpaid (but within due date as per the MSMED Act)	-	39
ii) Interest due thereon remaining unpaid	-	-
iii) Interest paid by the Bank in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along-with the amount of the payment made to the supplier beyond the appointed day during the year.	-	-
iv) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006	-	-
v) Interest accrued and remaining unpaid	-	-
vi) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-

There are no delays in payments to micro and small enterprises as required to be disclosed under 'The Micro, Small and Medium Enterprises Development Act, 2006'. The determination has been made to the extent such parties were identified by the management based on the information available and are relied upon by the auditor.

18.27 Earnings per equity share

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Net profit attributable to equity shareholders	887	11,314
Weighted average number of shares outstanding during the year used for computing basic earnings per share (nos)	23,19,87,571	20,41,72,596
Weighted average number of shares outstanding during the year used for computing Diluted earnings per share (nos)	23,19,87,571	20,41,72,596
Basic earnings per share	0.38	5.55
Diluted earnings per share	0.38	5.55

18.28 Inter-Bank Participation Certificate (IBPC) transactions

During the year, the Bank has sold its advances through IBPCs. The details are as follows:

Particulars	Year ended March 31, 2022 (₹)	Year ended March 31, 2021 (₹)
i) Aggregate value of IBPCs transaction during the year ¹	49,400	80,450
ii) Aggregate consideration received	49,400	80,450
iii) Aggregate gain recorded	-	-
iv) IBPCs outstanding	20,000	52,450

¹aggregate value of the own portfolio pool identified for IBPC transaction ₹ 123,500 Lakhs (2021 : ₹ 201,125 Lakhs).



Schedule 18 - Notes to the Financial Statements

(All amounts in ₹ Lakhs except otherwise stated)

18.29 - Corporate social responsibility (CSR)

- a) Gross amount required to be spent by the Bank during year ended March 31 2022 is ₹ 306 Lakhs (March 31 2021: ₹ 149 Lakhs) under section 135 of the Companies Act, 2013.
- b) Amount spent during the year on:

Particulars	In cash	Yet to be paid in cash	Total
i) Construction /acquisition of asset	-	-	-
ii) On purpose other than (i) above	306	-	306
	306	-	306

Amount spent during the previous year on:

Particulars	In cash	Yet to be paid in cash	Total
i) Construction /acquisition of asset	-	-	-
ii) On purpose other than (i) above	149	-	149
	149	-	149

18.30 Payment of DICGC Insurance Premium

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Payment of DICGC Insurance Premium	580	475
Arrears in payment of DICGC premium	-	-

18.31 Priority Sector Lending Certificate (PSLC) Purchased and Sold during the Year

During the year ended March 31 2022, the Bank sold PSLCs amounting to ₹ Nil (2021 : ₹ 7,500 Lakhs) under agriculture category, ₹ 2,80,000 Lakhs (2021: ₹ 257,500 Lakhs) under small and marginal farmers category. The income earned on the PSLCs sold during the year is ₹ 5,649 Lakhs (2021 : ₹ 4,096 Lakhs).

During the year ended March 31 2022, the Bank bought PSLCs amounting to ₹ 59,000 under Micro enterprises category. The expense incurred on the PSLCs bought during the year is ₹ 952 Lakhs.

During the year ended March 31 2021 the bank had not bought PSLCs.

18.32 Implementation of IFRS converged Indian Accounting Standards (Ind-AS)

The Ministry of Corporate Affairs (MCA), Government of India has notified the Companies (Indian Accounting Standards) Rules, 2015 on February 16, 2015. Further, a Press Release was issued by the MCA on January 18, 2016 outlining the roadmap for implementation of Indian Accounting Standards (IND AS) converged with International Financial Reporting Standards (IFRS) for banks. As per earlier instructions, banks in India were required to comply with the IND AS for financial statements for accounting periods beginning from April 1, 2018 onwards, with comparatives for the periods ending March 31, 2018 or thereafter. Progressing towards IND AS, the Bank had prepared pro forma financials as on June 30, 2017 as per extant regulatory guidelines and submitted the same to the RBI. On April 05, 2018, the RBI had announced deferment of implementation date by one year with IND AS being applicable to banks for accounting periods beginning April 01, 2019 onwards. In preparation for the same, the Bank has been submitting quarterly pro-forma financials to the RBI from quarter ended June 30, 2018. On March 22, 2019, the RBI has announced deferment of the implementation of IND AS by banks till further notice; however, the Bank continues to submit to the RBI pro-forma financials on half year basis.

18.33 Marketing and distribution

The Bank has received fees of ₹ 36 Lakhs (March 31 2021: ₹ Nil) with respect to marketing and distribution function (excluding bancassurance business) during the financial year ended March 31 2022.

18.34 Amortisation of expenditure on account of enhancement in family pension of employees

During the year ended March 31 2022 and March 31 2021, the Bank has not done any expenditure towards enhancement of family pension of employee.

Schedule 18 - Notes to the Financial Statements

(All amounts in ₹ Lakhs except otherwise stated)

18.35 Funding transactions

To the best of our knowledge and belief, the Bank, as part of its authorised normal business, grants loans and advances, makes investment, to and accepts deposits and borrowings from its customers, other entities and persons. These transactions are part of Bank's authorised normal business, which is conducted ensuring adherence to regulatory requirements.

Other than the transactions described above

- 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 Bank to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in other persons or entities identified by or on behalf of the Bank ("Ultimate Beneficiaries") or provide any guarantee, security or like on behalf of the Ultimate Beneficiaries.
- The Bank has not received any funds from any person(s) or entity(ies) ("Funding Party") with the understanding, whether recorded in writing or otherwise, that the Bank shall, whether, directly or indirectly, lend or invest in other persons or entities identified by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

18.36 Details of Large Exposures Framework limits exceeded by the Bank

As per regulatory guidelines, with effect from April 1, 2019 in case of single counterparty, the sum of all the exposure values of a bank to a single counterparty must not be higher than 20 percent of the bank's available eligible capital base at all times. In exceptional cases, Board of bank may allow an additional 5 percent exposure of the bank's available eligible capital base. In case of group of connected counterparties, the sum of all the exposure values of a bank to a group of connected counterparties must not be higher than 25 percent of the bank's available eligible capital base at all times.

The eligible capital base for this purpose is the effective amount of Tier 1 capital fulfilling the criteria defined in Master Circular on Basel III – Capital Regulation /Master Direction on 'Basel III Capital Regulations' as per the last audited balance sheet.

During the years ended March 31, 2022 and March 31, 2021, the Bank has not exceeded the prudential exposure limits as laid down by the RBI guidelines under Large Exposure Framework.

18.37 Previous year's figures have been regrouped / reclassified, wherever considered necessary, in order to make them comparable with figures for the current year.

Pursuant to the requirements of 'Master Direction on Financial Statements – Presentation and Disclosures' issued by RBI dated August 30, 2021, recoveries from written off accounts hitherto included as part of 'Other Income' have been classified as a credit to 'Provision and Contingencies'; there is no change in the Net Profit for the period.

These are the notes appended to and forming part of the financial statements for the year ended March 31, 2022

As per our report of even date.

For **S.R Batliboi & Associates LLP**
Chartered Accountants
Firm Registration No: 101049W/E300004
per **Sarvesh Warty**
Partner
Membership No.: 121411
Mumbai
May 26, 2022

For and on behalf of the Board of Directors of
Fincare Small Finance Bank Limited

Rajeev Yadav
MD and CEO
DIN: 00111379
Bengaluru
May 26, 2022

Pramod Kabra
Director
DIN: 02252403
Bengaluru
May 26, 2022

Vinay Baijal
Director
DIN: 07516339
Bengaluru
May 26, 2022

Keyur Doshi
Chief Financial Officer
Bengaluru
May 26, 2022

Shefaly Kothari
Company Secretary
M No. F7698
Bengaluru
May 26, 2022



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