



Lorem

**Empathy > Inclusion > Empower**

# ABOUT THE REPORT

The FY23 Annual Report of Fincare Small Finance Bank offers a detailed overview of the bank's performance and accomplishments throughout the financial year. It outlines the bank's journey and significant milestones, showcasing its growth and impact in the financial sector. The report delves into the bank's initiatives and strategic endeavours to generate value for stakeholders. Additionally, it highlights the bank's range of tailored products and operational strengths and digital capabilities.

The report includes management messages, information about the board of directors, and the senior management team. The report analyses the bank's risk management practices, internal audit mechanisms, and strict compliance adherence. Furthermore, the report incorporates crucial Environment, Social, and Governance (ESG) aspects, emphasising the bank's conscientious approach towards sustainability, social welfare, and ethical governance practices.

## **Disclaimer**

Statements in this report that describe the Bank's objectives, projections, estimates, expectations or predictions of the future may be 'forward-looking statements' within the meaning of the applicable securities laws and regulations. The Bank cautions that such statements involve risks and uncertainty and that actual results could differ materially from those expressed or implied. Important factors that could cause differences include cost or human, intellectual and material resources, cyclical demand and pricing in the Bank's principal markets, changes in government and RBI regulations, economic developments and other factors relating to the Bank's operations, such as litigation, labour negotiations and fiscal regimes. Some of the images used in this report are purely for illustrative purposes only, and hence they are not the photos/ images of our facilities, products or of any such nature/kind

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# CORPORATE OVERVIEW

## CORPORATE OVERVIEW







## MESSAGE FROM CHAIRMAN

I am pleased to inform you that in pursuit of the Bank's vision and mission, we have achieved significant milestones and success. Despite the challenging economic environment, our Bank demonstrated resilience, reinforcing our commitment to serving our customers, building a caring workplace and thereby creating long-term sustainable value for all our stakeholders.

I am delighted to report our robust financial performance, fuelled by our unwavering commitment to offering customer-centric solutions in a high-touch high-tech environment. This strategic approach has resulted in meaningful growth in both deposits and credit, contributing to strong balance sheet growth. Furthermore, our diligent risk management has ensured asset quality, allowing us to navigate uncertainties with confidence.

On the crucial aspect of asset quality, Fincare Small Finance Bank has demonstrated commendable improvement in this aspect over the past three years, evidenced by a substantial reduction in both gross and net non-performing assets (NPAs). Our efforts have resulted in a significant decline in the gross NPA ratio from 6.42% in 2021 to 3.25% in 2023. Furthermore, we have achieved a notable decrease in the net NPA, which declined quite remarkably, from 2.80% in 2021 to 1.30% in 2023. This underscores our commitment to maintaining a robust asset quality and calibrating growth with prudent risk management.

In line with the inclusive focus, I am delighted to share a few highlights. The number of borrowers also witnessed a steady increase, rising from 2.29 Million in 2021 to 2.77 Million in 2022, and further to 3.40 Million in 2023. The Bank has been able to extend its services to a larger customer base, thereby making a significant impact in the communities that we serve. The new-to-credit borrowers constitute 43.78% of the total borrowers in FY23. This indicates success in reaching individuals who did not have prior credit history and providing them with access to financial services.

It is with immense pleasure and utmost gratification that I present to you the FY23 annual report of Fincare Small Finance Bank. This comprehensive document serves as a testament to our remarkable progress throughout the preceding year. As the Chairman, I extend my sincere gratitude for your unwavering support and trust in our Bank and the enterprising journey that is underway.

Fincare Small Finance Bank takes great pride in its role within the banking sector India, which is committed to providing financial services to millions of unserved and underserved households. We firmly align with this cause and deeply believe in the goal of financial inclusion. To this effect, the Bank's primary focus is on new-to-credit borrowers, building a diverse customer base, and fostering a culture of financial well-being among the communities we serve. By aligning our financial products to the specific needs of micro-entrepreneurs and micro-enterprises, we empower them to achieve their goals and aspirations.

We firmly recognise the importance of technology and digital solutions in reaching remote areas and bridging the digital divide. By embracing cutting-edge technology that enables availability of banking services, we are committed to providing access to modern financial services to the unbanked and underbanked sections of the society.

At Fincare Small Finance Bank, our aim is to become the most preferred banking partner for both individuals and small businesses. Guided by this ambition, we are offering inclusive and innovative banking solutions, delivered at scale, in a safe and secure manner with high standards of ethical conduct and corporate governance.

The microloan portfolio of the Bank exhibited robust growth, both in terms of borrower accounts and disbursements. The number of microloan accounts, with a ticket size below ₹50,000 stood at 1,254,453 in FY23. Similarly, microloan disbursements stood at ₹49,049.64 Million in FY23. These highlights demonstrate effective penetration and the Bank's ability to cater to the financial needs of underserved individuals, fostering grassroots entrepreneurship and driving financial inclusion.

The number of savings accounts held by microloan customers also saw a consistent increase, reaching 2.72 Million in 2023, compared to 2.03 Million in 2021. Additionally, recurring deposit accounts of microloan customers increased from 169,040 in 2021 to 620,654 in 2022, and further reaching 1,004,168 in 2023.

Fincare Small Finance Bank have also made significant strides in enhancing its brand equity and customer engagement. The Bank's marketing initiatives have resonated with the customers, inspiring them to expect more from the Bank and reaffirming the commitment to providing a delightful banking experience. Through various channels, including social media, events, strategic partnerships, and community outreach programs, the Bank has strengthened its brand presence and deepened its relationship with customers.

Corporate governance and responsible business practices remain at the core of our operations. We have continued to uphold the highest standards of governance, ensuring transparency, accountability, and ethical conduct across the organisation. Our Assurance teams, including Audit, Compliance, Secretarial and Risk, have played a formidable role in ensuring ongoing adherence with regulatory requirements as well as safeguarding the interests of the Bank and all its stakeholders.

Looking ahead, we remain committed to our strategic goals. We shall continue to invest in technology and innovation to enhance our digital capabilities, providing

our customers with convenience and secure banking solutions. We shall strengthen our customer relationships, expand our reach, and explore new avenues for creating customer delight. Our focus on financial inclusion shall remain unwavering as we strive to make a positive impact on the relevant customer segments.

In closing, I express my sincere gratitude to our shareholders for their continued support, our dedicated staff for their hard work and commitment, and our valued customers for their trust and loyalty. Together, we shall navigate the new landscape, embrace new opportunities, and drive sustainable growth.

Thank you once again for your continued partnership.

**Pramod Kabra**

Part-Time Chairman and Non-Executive Director





## MESSAGE FROM MD&CEO

I am delighted to present the annual report of Fincare Small Finance Bank and an overview of our performance and operational highlights for the past year. This year, the annual report theme of Empathy, Inclusion, and Empowerment exemplifies the Bank's unwavering commitment to empathizing with customers, creating an inclusive atmosphere, and empowering individuals by equipping them with the necessary financial tools for their success.

The Indian banking sector is a cornerstone of the nation's economic growth and small finance banks play a vital role in catering to the diverse needs of individuals and micro enterprises, driving entrepreneurship, and empowering underserved communities with access to essential financial services.

FY23 was a remarkable year for us. The Bank experienced substantial growth in inclusive banking, expanding our reach to rural areas with 93.47% of customers hailing from these regions. A digital onboarding for seamless account opening for customers, while an extensive network of 1,231 banking outlets and 144 ATMs catered to the banking needs of discerning customers.

The Bank's dedication to rural focus and inclusive banking is exemplified by our presence in 57,186 villages. By making financial services accessible and available we have progressed well on our mission of making an impact on the lives of underserved communities.

### Review of Performance

In FY23, the Bank had a considerably improved financial & operating performance. Total income increased to ₹19,707.96 Million, while net profit rebounded strongly to ₹1,036.41 Million. Net interest margin remained stable at 10.72%, indicating consistent

profitability and asset quality improved with drop in non-performing assets, with NNPA ratio down from 3.55% in 2022 to 1.30% in 2023.

Gross Advances grew from ₹73,597.65 Million in 2022 to ₹88,778.58 Million in 2023. The CRAR decreased from 29.56% in 2021 to 22.32% in 2022 and further to 20.04% in 2023. Our PCR significantly improved from 78.16% in 2022 to 91.51% in 2023, showcasing the Bank's proactive approach to managing credit risk. The Cost of Funds reduced from 7.37% in 2022 to 6.93% in 2023. The RoE showed a substantial improvement, reaching 8.60% in 2023. These indicators highlight the Bank's focus on sustainable growth, risk management, and creating value for its shareholders.

### Community Banking

Community Banking at Fincare Small Finance Bank is transforming lives and bridging the gap in financial services. Apart from banking services, the Bank undertakes financial literacy campaigns and establishes a user-friendly digital banking infrastructure. Through the Bank's Mitra network, we serve 390 villages, enabling real-time transactions and promoting financial inclusion. With 449 active Mitras, the Bank has facilitated 3.6 Lakh transactions, fostering economic growth for the underserved communities. The Bank's commitment to Community Banking drives social value and sustainable development.

### Digital Initiatives

At Fincare Small Finance Bank, digital is at the core. The Bank has achieved remarkable results, offering account openings in less than 3 and Instant loan approvals for express products. This exceptional experience is one of the strongest value propositions of the Bank. The Bank onboarded 99% of its customers digitally, focusing on financial inclusion and doorstep service through paperless solutions.

The Bank's comprehensive range of digital channels are available 24/7, enabling customers to perform transactions through mobile apps, internet banking, and WhatsApp. The Bank empowers its frontline staff with essential mobile apps, facilitating efficient end-to-end customer experience. Automated loan processing and algorithm-based credit decisions aid



in quick approvals. Digital solutions of the Bank such as SmartBank, LAP D.Lite, m-Care, and mServe, provide instant, paperless processes for account opening, loan origination, and servicing. Additionally, the Bank's specialized digital banking units and innovative offerings like Fincare Biz and WhatsApp Banking create a wow for the customers, merchants and staff alike.

Going forward we foresee a shift to a customer-led model, where customers initiate loan processes and account openings digitally. The Bank's internal processes are advancing with rule-driven automation. Video banking is gaining preference, offering convenience, and replacing traditional branches. The Bank remains committed to digital innovation, customer value, and shareholder returns.

### **The Bank's capabilities and strategies**

The Bank's primary business strategy is centered on scaling up its loan portfolio with a particular focus on secured mix to diversify its offerings while leveraging its legacy of microloans. The Bank prioritizes cross-selling relevant products to transmit the full benefit of banking suite to its customers and at end of FY23, each microloan customer had a Fincare relationship comprising 4.5 products/services. At the end of FY23, Microloans account for 60.99% of Gross Loan Portfolio, while secured loans, comprising mortgages, loan against gold and institutional finance rose to 39.01%. Building a granular and sticky deposit base is a priority for the bank, with focus on CASA and retail term deposits. The Bank has rightly invested in technology and analytics to enhance the customer experience and expand the digital product suite. Banking outlet efficiency through a combination of fund-based and fee-based products is another key aspect of the strategy.

The Bank is also fully committed to driving operational efficiency and delivering exceptional customer value proposition. The Customer Service & Contact Centre achieves high first-call resolution rates and measures customer satisfaction through NPS scores. The Central Monitoring Unit focuses on process improvements and automation, while Retail and Rural Branch Operations drive business growth and audit compliance. Asset & Payment Operations witness continuous improvements,

and Liability Operations streamline processes. The Bank prioritizes regulatory compliance, customer experience, and cost-saving initiatives to enhance operational efficiency and financial performance.

### **Human Resources**

The Bank is dedicated to fostering a culture of employee satisfaction, growth, and engagement. Some of the initiatives, such as annual celebrations, and rewards for exceptional performance, demonstrate the Bank's commitment to recognizing and nurturing talent. The talent management framework, leadership development programs, and diverse work culture further enhance employee engagement and inclusivity. The Bank prioritizes learning and development, work-life balance, and employee well-being. At Fincare Small Finance Bank, we believe that a supportive and rewarding environment is key to the success of the employees and the organization as a whole.

### **In Gratitude**

We are grateful for the unwavering support of our esteemed shareholders, customers, and stakeholders. Fincare Small Finance Bank's journey has been characterized by resilience, innovation, and a relentless commitment to excellence. As we move forward, we envision a future filled with opportunities for growth, expansion, and further strengthening our position as a leader in the Indian banking sector. We will continue to harness the power of digitalization, prioritize customer-centricity, and leverage our core capabilities to deliver exceptional value. We seek your continued support and partnership as we navigate the evolving landscape, driving positive change and transforming lives. Together, we will shape a brighter future for Fincare Small Finance Bank and all our stakeholders.

Yours Sincerely

**Rajeev Yadav**  
Managing Director & CEO

## BOARD OF DIRECTORS - PROFILE

### Chairman - MD&CEO



**Pramod Kabra**  
June 24, 2017 to  
June 23, 2023



**Rajeev Yadav**  
Since July 17, 2017

### Nominee Directors



**Dhiraj Poddar**  
Since September 27, 2021



**Divya Sehgal**  
Since October 13, 2021



**Sameer Yogesh Nanavati**  
Since June 24, 2017

### Independent Directors



**Aarthi Sivanandh**  
Since April 28, 2021



**Alok Prasad**  
Since July 20, 2017



**Nanda S Dave**  
Since June 21, 2021



**Narayanan NR**  
Since August 06, 2022

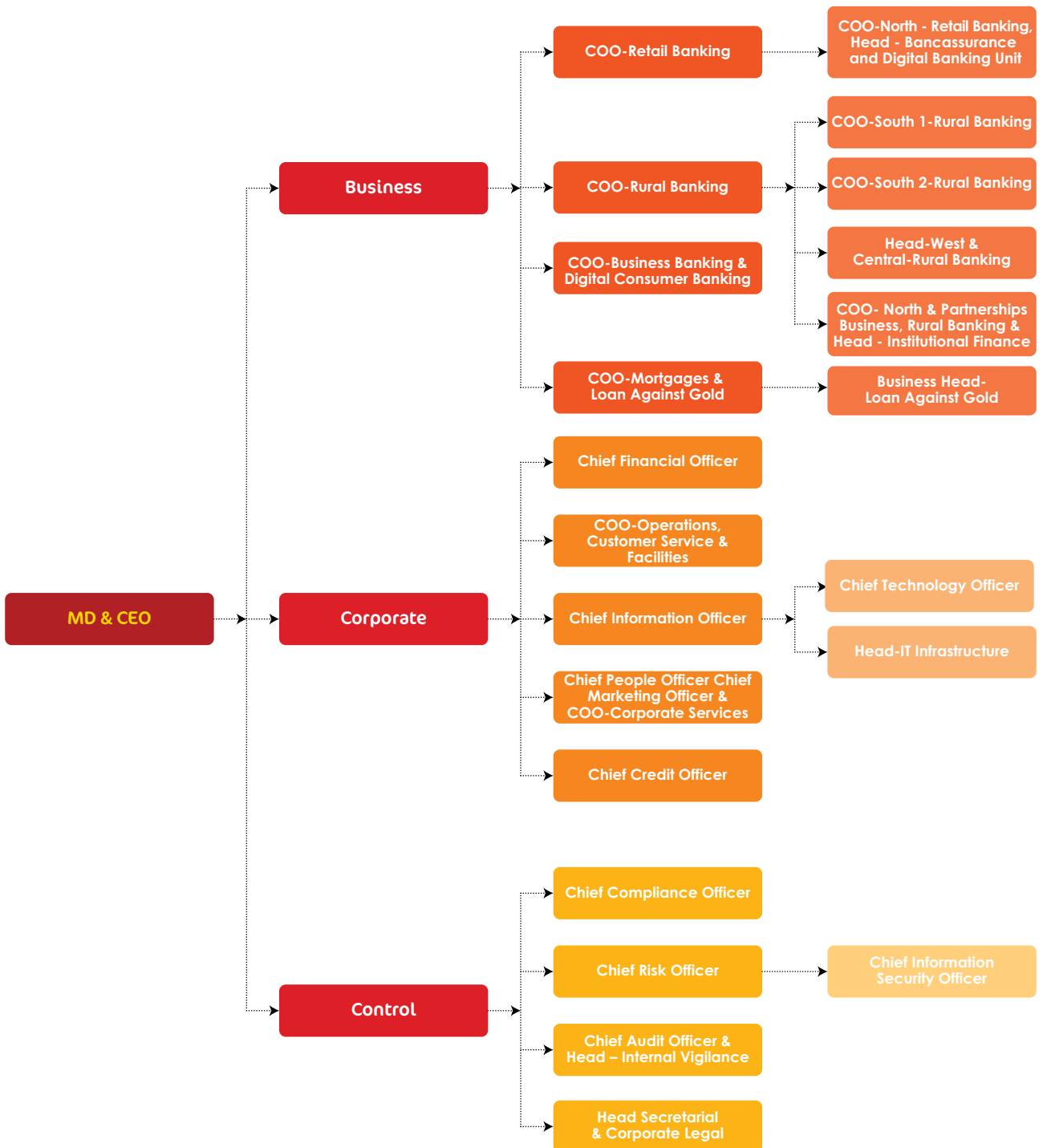


**Sunil Satyapal Gulati**  
Since July 20, 2017



**Vinay Bajjal**  
Since February 25, 2017

# LEADERSHIP TEAM - ORGANISATION CHART



\*As on 30-Jun-23

## LEADERSHIP TEAM - PROFILE



**Rajeev Yadav**  
Managing Director and Chief Executive Officer  
Since July 17, 2017



**Ashish Misra**  
Chief Operating Officer - Retail Banking  
Since August 16, 2017



**Deepabh Jain**  
Chief Operating Officer - Mortgages & Loan against Gold  
Since July 02, 2018



**Jatinder Mohan Singh Shah**  
Chief Operating Officer - Business Banking & Digital Consumer Banking  
Since April 09, 2021



**Sandeep Rajpurohit**  
Business Head - Loan Against Gold  
Since September 12, 2022



**Ashish Chhabra**  
Chief Operating Officer - North - Retail Banking, Head - Bancassurance and Digital Banking Unit  
Since October 15, 2018



**Kishore Mangalvedhe**  
Chief Operating Officer - South-1, Rural Banking  
Since April 25, 2014



**Ravish Chandra**  
Chief Operating Officer - South-2, Rural banking  
Since September 01, 2017



**Jigar Modi**  
Head-West & Central-Rural Banking  
Since December 07, 2009



**Keyur Doshi**  
Chief Financial Officer  
Since February 03, 2009



**Nilesh Sangoi**  
Chief Information Officer  
Since December 23, 2019



**Pankaj Gulati**  
Chief People Officer, Chief Marketing Officer & Chief Operating Officer - Corporate Services  
Since December 20, 2010



**Rakesh Das**  
Chief Credit Officer  
Since August 01, 2016



**Devika Praveen**  
Chief Compliance Officer  
Since June 08, 2017



**Manmohan Singh**  
Chief Risk Officer  
Since June 17, 2022



**Shefaly Kothari**  
Head - Secretarial and Corporate Legal  
Since August 11, 2016



**Sovon Lal Mukherjee**  
Chief Information Security Officer  
Since May 16, 2019



**Soham Shukla**  
Chief Operating  
Officer – Rural Banking  
Since July 03, 2017

## Business-National



**Virender Sharma**  
Chief Operating Officer -  
North & Partnerships Business, Rural  
Banking & Head - Institutional Finance  
Since May 16, 2019

## Business-Zonal



**Shreejith Menon**  
Chief Operating Officer –  
Operations, Customer Service &  
Facilities  
Since July 12, 2021



**Srinath S**  
Chief Technology Officer  
Since November 11, 2021



**Srinivasa Reddy**  
Head IT Infrastructure  
Since February 01, 2023

## Corporate



**Subash V**  
Chief Audit Officer &  
Head – Internal Vigilance  
Since September 04, 2017

## Control

# OVERVIEW

## OVERVIEW





## EMPATHY – INCLUSION – EMPOWER

Fincare Small Finance Bank stands out as a unique financial institution by strongly emphasising empathy, inclusion, and empowerment. The Bank's unwavering commitment to understanding and supporting the unique needs of its customers sets it apart from others in the industry. With a dedicated focus on empathy, fostering inclusion, and promoting empowerment, Fincare Small Finance Bank cultivates a strong and trusting relationship with its customers, contributing to their financial well-being and long-term success.

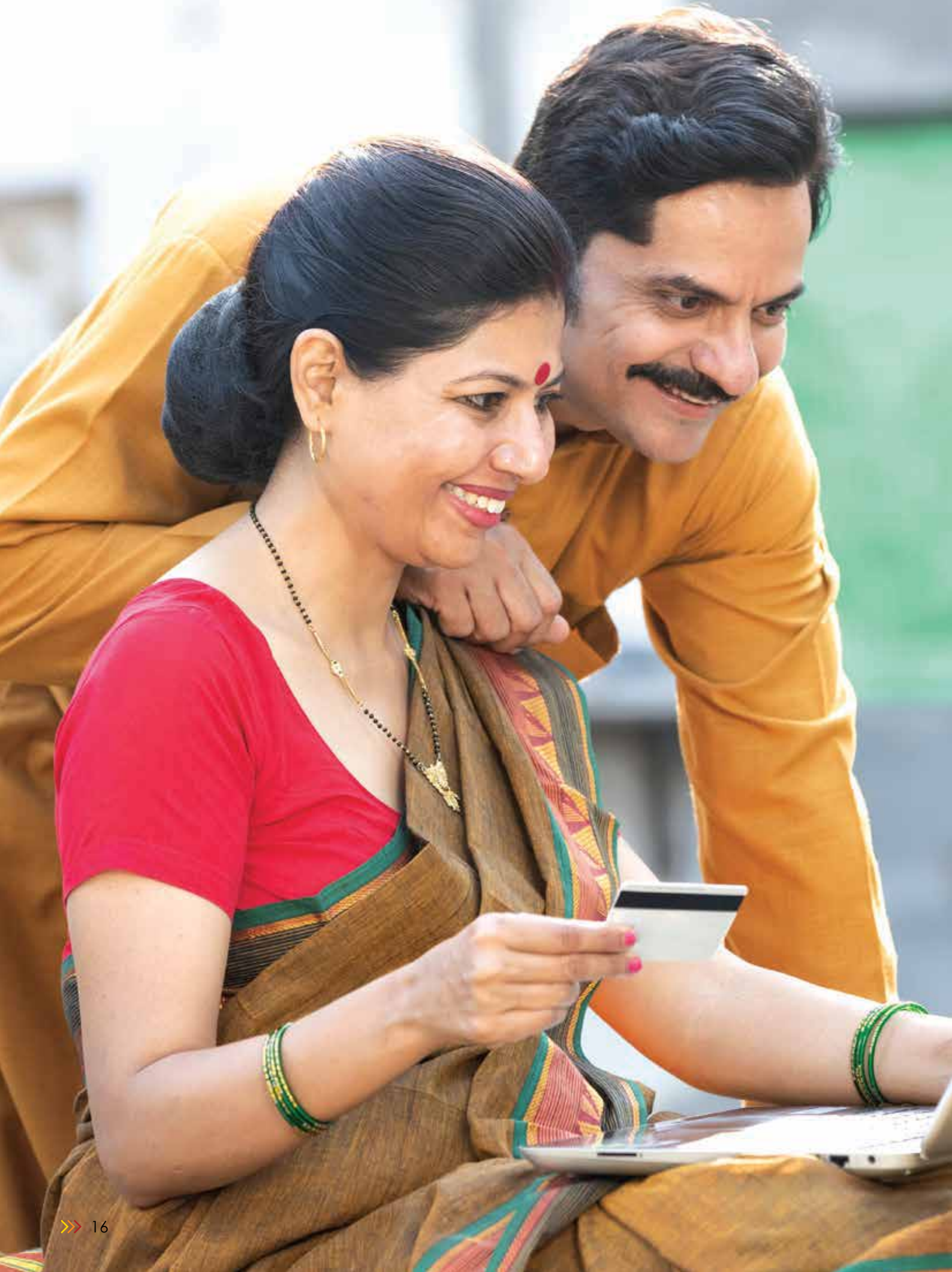
**Empathy:** Fincare Small Finance Bank truly values empathy as one of its core principles. The Bank goes beyond understanding the financial needs of its customers and actively fosters an inclusive environment where customers feel understood and supported. Fincare Small Finance Bank creates a safe and inclusive space for all individuals by embracing diversity, uniqueness, and aspirations.



**Inclusion:** Fincare Small Finance Bank is dedicated to fostering inclusion in every aspect of its operations. The Bank recognises and celebrates the diverse backgrounds and experiences of its customers. By ensuring that its financial solutions are inclusive and tailored to meet the specific needs of individuals from all walks of life Fincare Small Finance Bank creates an environment of belonging.

**Empower:** Empowerment lies at the heart of Fincare Small Finance Bank's mission. The Bank is committed to equipping its customers with the necessary tools, knowledge, and resources to make informed financial decisions and achieve their dreams. Through a range of financial options, personalised guidance, and educational resources, Fincare Small Finance Bank empowers individuals to take control of their finances and create a better future for themselves and their families.

By prioritising empathy, fostering inclusion, and promoting empowerment, Fincare Small Finance Bank establishes itself as a progressive financial institution that not only meets the financial needs of its customers but also supports their overall growth and success.





## THE WORLD OF MORE

Discover the 'World of More' at Fincare Small Finance Bank, a financial institution creating a meaningful impact on financial inclusion. Set up in 2017, Fincare Small Finance Bank is passionately focused on addressing the banking needs of the unbanked and underbanked segments of society, comprising micro-entrepreneurs and micro-enterprises on one hand, and fulfilling the modern banking needs of mass retail, HNI and senior citizens in urban markets, on the other.

Fincare Small Finance Bank operates on a bedrock of inclusion, innovation, and sustainability. It endeavours to bridge the chasm between conventional banking and convenience banking by offering bespoke products and services tailored to the needs of different customer segments. With an unwavering commitment to empowering customers and fuelling their economic progress, Fincare is bearing a positive and transformative influence on the lives of its customers and communities.

**Embracing cutting-edge technology and digital platforms.** Fincare Small Finance Bank provides an array of financial solutions, including savings accounts, current accounts, QR Code, fixed deposits, recurring deposits, microloans, overdrafts, loans backed by property or gold, and affordable housing loan as part of a comprehensive product suite. By seamlessly merging high-touch and high-tech, the Bank ensures accessibility, availability, and affordability while maintaining best-in-class safety and security protocols, thereby making banking truly universal and ubiquitous.

Through its innovative 3D approach encompassing Digital, Doorstep, and delightful Deposit rates, the Bank has established itself as a formidable and preferred choice among the target segments, positioning the Bank as a high-quality "Smart Bank" in the industry.

Fincare Small Finance Bank has built a strong reputation based on its customer-centric approach, ethical practices, and robust risk management. The Bank's unwavering commitment to compliance standards underscores its dedication to trust and transparency. Regulated by the Reserve Bank of India (RBI), the Bank diligently follows all regulatory guidelines, prioritising the security and confidentiality of customer data and financial transactions.

With an extensive network of branches and banking outlets spanning multiple states in India, Fincare Small Finance Bank remains steadfast in its commitment to extending its reach to the farthest corners of the nation, catering to the banking needs of underserved segments.

### Credit and Deposit Offerings

Fincare Small Finance Bank is driven by a social objective underlined with commercial success: to provide accessible and affordable financial products and services to individuals, micro, small, and medium enterprises (MSMEs), as well as unorganized entities, especially in rural and semi-urban centres.

#### Deposit Products

- Savings Account
- Online Savings Account – Fincare 101
- Current Account
- Term Deposit
- Recurring Deposit

#### Loan Products

- Micro loan
- Loan against Property
- Loan against Gold
- Affordable Housing Loan
- Two-Wheeler Loan
- Overdraft
- Supply Chain Finance
- Institutional Finance

#### Third Party Products

- Life, Health & General Insurance
- Wealth Management - 3 in 1 Account,

#### Payment Products

- QR Code
- Prepaid Card
- UPI
- AePS, BBPS
- Micro ATM

#### Banking Channels & Services

- Banking outlet
- ATM/Recycler
- Toll Free Number
- Customer Care e-mail
- Internet Banking (Retail/Corporate)
- Mobile Banking
- WhatsApp Banking
- Video Banking

# NUMBER OF BANKING OUTLETS



BRANCHES



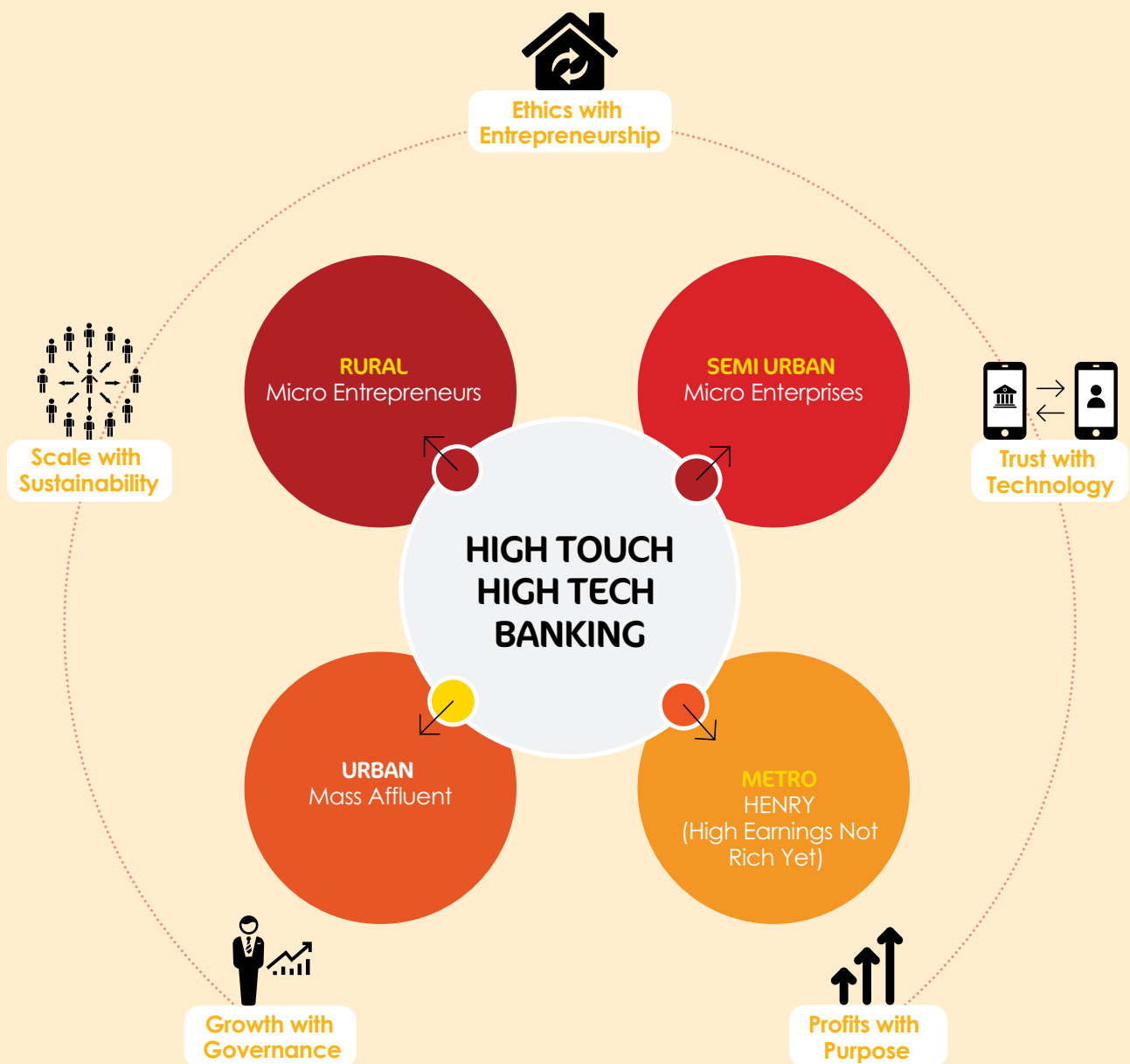
ATMs



BUSINESS CORRESPONDENTS

# BUSINESS MODEL: FINCARE SMALL FINANCE BANK

Fincare Small Finance Bank embodies a distinct business model that seamlessly integrates financial inclusion with technology, profitability with social impact, thereby facilitating provision of affordable and accessible financial products and services to underserved individuals and businesses.



## OUR PURPOSE AND IDENTITY



### Brand Identity

The brand symbol of Fincare Small Finance Bank has a profound meaning, symbolizing the journey of progress and growth. The icon, referred to as the "progression" icon, draws its inspiration from the famous Fibonacci sequence.

The Fibonacci sequence is a mathematical concept that follows a specific pattern: each number in the sequence is the sum of the two preceding numbers. This sequence, with its inherent harmony and growth, serves as the foundation for the symbol's design.

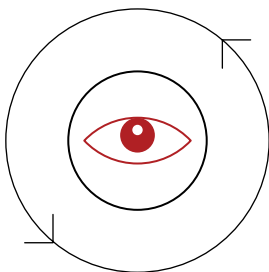
The progression icon is a visual representation showcasing the steady and measured steps to something bigger and better. Each step is an inspiration for keep moving ahead on the chosen path. It captures the essence of progress, emphasizing that every stage, no matter how small, has significance and it contributes to the overall journey towards financial well-being.

Just as the Fibonacci sequence illustrates the inherent harmony and balance in nature, the progression icon represents the harmony balance in one's journey of financial well-being.

By incorporating the icon into its brand identity, Fincare Small Finance Bank aims to inspire its customers and instill a sense of positivity and progress. It signifies the Bank's commitment to supporting individuals at every stage of their financial journey and encourages them to view each step as an advancement towards their desired financial goals.

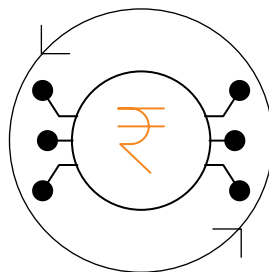






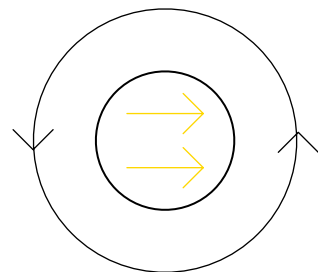
**VISION**

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



**MISSION**

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



**THE FINCARE WAY - GUIDING PRINCIPLES**

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.

## Key Milestones of the Bank:

### MILESTONES:

Fincare Small Finance Bank Limited (Fincare SFB) embarked on a remarkable journey in the year 1995 under the name 'Banass Finlease Private Limited,' gradually evolving into a thriving small finance bank (1986 ACTS & 1997 – AMMACTS - the society/trust which is the predecessor of Future Financial Services Limited is an earlier start).

The remarkable journey of Fincare Small Finance Bank Limited commenced in 2007 when Future Financial Services Limited) an NBFC-ND commenced microloans business in and around Chittoor, AP. Later, in 2009, Disha Microfin Ltd, another NBFC-ND commenced similar business in Gujarat. The 2 entities received an investment from a common entity, True North Fund V LLP and that laid the foundation for building a best-in-class financial services institution in the base-of-pyramid space. The 2 entities got rebranded as 'Fincare' around 2014 and later that year, an application for conversion to a small finance bank was made to the RBI. In 2015, the RBI granted an in-principle approval to the Fincare group. A pivotal moment arrived on 21st July 2017, that marked the transformation of the Fincare group into a small finance bank.

Since then, Fincare Small Finance Bank has consistently witnessed steady growth involving an impressive expansion in its customer base, surpassing many milestones and culminating in a remarkable 4.27 Million customers by 2023. The Bank's footprint too expanded in this phase, and it reached a total of 1231 by 2023. The relentless pursuit of growth was supported by substantial investments from esteemed entities such as True North Fund V LLP, Silver Leaf Oak (Mauritius) Limited, Leap Frog Rural Inclusion (India) Limited and Tata Capital Financial Services Limited.

Demonstrating its dedication to serving diverse customer needs, Fincare Small Finance Bank expanded its operations to East India with the opening of its inaugural branch in Kolkata in 2023. Moreover, the Bank introduced non-resident non-callable fixed deposits, broadening its range of offerings and reinforcing its position as a trusted financial institution for a cross-section of customer segments.



**Future Financial Services Limited ('Future')** commenced microloans business in, Andhra Pradesh



**Disha Microfin Limited ('Disha')** commenced microloans business in Gujarat



**Future** and **Disha** joined hands with **True North** for building a best-in-class financial services institution at base-of-pyramid

**India Finserve Advisors Group Management unit set up**

**6** States/UTs, **115** Outlets, **1** Lakh + Customers, **300** + Employees



Both **Future** and **Disha** registered with RBI as an NBFC-MFI

Bank partnership business - **Lok Management Services** - launched **Operational integration** of Future & Disha started

**7** States/UTs **150** Outlets, **3** Lakh + Customers, **800** + Employees



Brand name '**Fincare**' adopted by the group

Application for conversion to **Small Finance Bank** submitted to the RBI



**Fincare-Disha** received RBI in-principle approval to convert into a **small finance bank**



**New investors** joined the cap table  
Received **ISO 27001 Certification**  
**Great Place to Work Certified**  
**12 States/UTs, 714 Outlets, 25 Lakh + Customers, 7300 + Employees**



Cap table expanded with Marquee names such as **TA Associates, LEAPFROG Investments, SIDBI, TATA Opportunities Fund**  
Received RBI license to operate as a small finance bank  
Name changed to '**Fincare Small Finance Bank Limited**'  
**8 States/UTs, 300 Outlets, 10 Lakh + Customers, 2800 + Employees**



**Great Place to Work Certified** - 2nd time



**GM Viswanathan Anand** appointed as Brand Ambassador



**Great Place to Work Certified** - 3rd time  
**20 awards and accolades** received  
**22 States/UTs, 1231 Outlets, 42 Lakh + Customers, 14000 + Employees**



Included in the **second schedule** of the Reserve Bank of India Act, 1934

## KEY HIGHLIGHTS OF FINANCIAL & OPERATING METRICS

During fiscal 2023, Fincare Small Finance Bank exhibited notable improvement in its financial and operating performance. The Bank experienced reasonable growth in total income, indicating robustness of business operations. Moreover, the net profit for the year demonstrated sound recovery, surpassing the levels achieved in the pre-covid period 2021. The net interest margin (NIM) remained stable, denoting consistent profitability derived from interest-earning assets. Additionally, the yield on average interest-earning assets exhibited relative consistency, highlighting effective management of the loan portfolio.

There was a notable improvement in the asset quality, with significant reductions in gross and net non-performing assets (NPAs) in FY23 compared to the previous year.




### Gross Advances

₹ in Million

FY21		55,062.95
FY22		73,597.65
FY23		88,778.58

### PAR-30 (Microloans)

₹ in Million

FY21		3,291.08
FY22		5,552.28
FY23		2,375.74

### Net NPA

₹ in Million

FY21		1,484.10
FY22		2,498.27
FY23		1,130.22

**Net Advances (Net of Provisions)** ₹ in Million

FY21		53,011.20
FY22		70,369.59
FY23		87,024.18

**PAR-30**

₹ in Million

FY21		5,082.03
FY22		7,158.88
FY23		4,442.78

**Gross NPA**

₹ in Million

FY21		3,535.85
FY22		5,732.25
FY23		2,884.68

**GNPA**

(%)

FY21		6.42
FY22		7.79
FY23		3.25

**NNPA**

(%)

FY21		2.80
FY22		3.55
FY23		1.30

**Provision Coverage Ratio**

(%)

FY21		73.68
FY22		78.16
FY23		91.51

**Cost of Funds** (%)

FY	Value (%)
FY21	8.69
FY22	7.37
FY23	6.93

**Cost to Income Ratio** (%)

FY	Value (%)
FY21	56.04
FY22	60.17
FY23	66.36

**Total Income** ₹ in Million

FY	Value (₹ in Million)
FY21	13,767.10
FY22	16,447.37
FY23	19,707.96

**Yield on Average Interest Earning Assets** (%)

FY	Value (%)
FY21	17.62
FY22	18.21
FY23	17.15

**Average Shareholders' Equity** ₹ in Million

FY	Value (₹ in Million)
FY21	10,179.02
FY22	11,676.65
FY23	12,051.43

**Net profits/Gross Advances** ₹ in Million

FY	Value (₹ in Million)
FY21	2.05
FY22	0.12
FY23	1.17

**Net Interest Margin** (%)

FY	Value (%)
FY21	9.87%
FY22	11.05%
FY23	10.72%

**CRAR** (%)

FY	Value (%)
FY21	29.56
FY22	22.32
FY23	20.04



**Net profit for the year** ₹ in Million



**Return on Assets** (%)

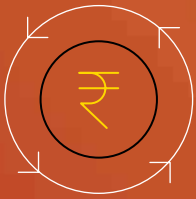


**Return on Equity** (%)



# DIMENSIONS OF VALUE CREATION

Fincare Small Finance Bank acknowledges the significance of generating value, encompassing various dimensions commonly referred to as the Six Capitals. In line with the International Integrated Reporting Framework, these Six Capitals encompass financial, manufactured, intellectual, human, social & relationship, and natural capital. The following elucidates how Fincare Small Finance Bank leverages the 6 capitals to create value:



## Financial Capital

Fincare Small Finance Bank's primary focus is on generating financial capital by effectively managing its income, profitability and assets. The Bank's growth in total income and net profit for the year, despite a challenging post-pandemic operating environment, demonstrates its ability to generate financial returns for its stakeholders. This capital enables the Bank to sustain and expand its operations, ensuring long-term viability and value creation.



## Manufactured Capital

Fincare Small Finance Bank leverages manufactured capital by investing in both, physical and digital infrastructure to support its banking operations. The Bank's extensive network of banking outlets, ATMs, and digital platforms serve as vital resources in delivering efficient and convenient banking services to its customers. The investment in physical and digital assets contribute to the Bank's overall value proposition and customer experience.



## Intellectual Capital

Fincare Small Finance Bank recognises the significance of intellectual capital in driving innovation and differentiation. The Bank's intellectual capital resides in its knowledge, expertise, and proprietary systems. By continuously enhancing its technological capabilities, streamlining processes, and developing innovative financial products, the Bank creates value through intellectual capital, fostering customer loyalty and advocacy.



### **Human Capital**

The success of Fincare Small Finance Bank lies in the skills, capabilities, and dedication of its people. The Bank nurtures human capital by fostering a culture of learning, empowerment, and professional growth. Through training and development initiatives, the Bank equips its workforce with the necessary knowledge and expertise to serve customers effectively. The Bank's commitment to its people enhances satisfaction and productivity, leading to better customer service and business outcomes, thus creating long-term value.



### **Social and Relationship Capital**

Fincare Small Finance Bank recognises the importance of social and relationship capital in building trust, reputation, and engagement. The Bank actively engages with its customers, communities, and other stakeholders to understand and fulfil their needs and expectations. By promoting financial literacy, supporting community development initiatives, and maintaining transparent and ethical business practices, the Bank enhances its social and relationship capital, fostering sustainable and mutually beneficial relationships.



### **Natural Capital**

Fincare Small Finance Bank acknowledges the need for responsible environmental stewardship. The Bank strives to minimise its ecological footprint by adopting sustainable practices, reducing waste, and promoting energy efficiency. By integrating environmental considerations into its operations, the Bank preserves natural resources and contributes to the overall well-being of the environment and society.

## AWARDS & ACCOLADES

Sr no	Award	Award Title
1	World HRD leadership congress	Awarded with Best technology Orientation - Fincare Connect
2	Great Indian BFSI Award	Awarded as Best Small Finance Bank
3	ET Future Ready Organizations	Bank in the list of future ready organisations
4	National Awards BFSI, By CMO Asia	Awarded for Best Business banking and payments solutions
5	Quantic India - technology excellence award	Awarded for cyber security initiatives
6	IFTA	Awarded for Best Digital Solution - M care
7	National Award for excellence in CSR	Awarded for Best CSR Initiatives
8	National Award for excellence in HR Best Practices	Awarded for HR Best Practices
9	IBIS Intelligence	Awarded for Best Digital Solution - Audit Management Process
10	Ambition Box	Bank Recognised as best place to work
11	Governance Now - Shree Adhikari Brothers	Awarded for Best Digital Solution - Fincare Connect App
12	IBA	Bank as Runner up - IT Risk and Digital Sales
13	Konnect Insights	Awarded for Best ORM Platform
14	CIO Insights Magazine	Mr Pankaj Gulati awarded Among Top 10 CMOs in Asia
15	World HRD leadership congress	Mr Soham Shukla awarded as the Best Visionary leader
16	Great Indian BFSI Award	Mr Pankaj Gulati awarded as the BEST CMO
17	CX Excellence Award - Quantic India	1 - Individual Category - Best Brand Leader (Mr Pankaj Gulati) 2 - Best digital transformation - WhatsApp banking
18	CIO Insights Magazine	Mr Nilesh Sangoi awarded as an outstanding BFSI Technology Leader
19	Business World	Mr Keyur Doshi awarded as Best CFO
20	CIO 100 Awards by Foundry	Mr Nilesh Sangoi awarded as Best Innovative CIO



# THE BUSINESS DRIVERS

## THE BUSINESS DRIVERS





## KEY DRIVERS OF THE BUSINESS

The demand for Inclusive Banking presents a favourable opportunity for small finance banks (SFBs) such as Fincare Small Finance Bank

### I. The Need for Financial Inclusion in India

India is increasingly recognizing the importance of promoting financial inclusion; a significant segment of the population has remained unbanked for a long time. In comparison to other countries, India has a relatively lower number of branches of commercial banks, indicating huge potential for expanding financial inclusion and banking services. According to World Bank data from 2021, there are 14.6 bank branches and 21 ATMs per 100,000 adults in India, which is lower than several developing as well as developed nations. The relatively low percentage of adults with bank accounts can be attributed to the significant presence of rural



households in India, constituting nearly two-thirds of the total households. Although there is a gradual migration of households towards urban areas, a substantial rural population still persists.

### II. Opportunities in Underserved Regions

#### Rural India: A Pocket of Opportunity

Despite the majority of Indian households being located in rural, the banking infrastructure in these areas is relatively modest. This presents a gap in the supply and demand of financial services in these areas, offering a significant opportunity for the financial services sector. Fincare Small Finance Bank is in a position to leverage this untapped potential to provide inclusive banking services in rural India.

### III. Government Initiatives

Significant progress has been achieved in the endeavor to enhance financial inclusion in India. The introduction of Jan Dhan, which aims to provide a bank account to every Indian, along with initiatives like AePS, PMAY, UPI, and credit



schemes for SMEs and women entrepreneurs, has played a pivotal role. Now, the next phase of this journey entails mainstreaming these customer segments by offering tailored solutions that enable active account usage. This includes the provision of transactional capabilities, domestic and international payment solutions, insurance and retirement options, as well as opportunities to invest in debt and equity. Recognizing this paradigm shift, Fincare Small Finance Bank has directed its focus towards addressing the banking requirements of micro-entrepreneurs and micro-enterprises.

#### **IV. Growth Drivers for Small Finance Banks**

##### **Large Target Audience**

SFBs target primarily the low and middle-income segments, offering a product suite that caters to their unique needs and circumstances. Unlike Non-Banks, which focus on specific products, SFBs can expand vertically and horizontally. With a wider suite of products and services, SFBs enjoy the advantage of deeper, Long-term customer relationships. Furthermore, borrowers in rural have relatively lower credit penetration and exhibit lower migration between financial institutions, providing SFBs with the opportunity to build loyal customer relationships.

##### **Customized products & Innovative technology**

Technology enables lenders to provide customized products with faster turnaround times. The availability of multiple data points facilitates quick decision-making, allowing lenders to make lending decisions within minutes using automated data-driven models. This technological advancement enables Fincare Small Finance Bank to supply credit to small businesses and the unorganized sector at lower costs. Additionally, technology enables expansion of services into remote areas with lower operating costs.

##### **Access to low-cost funds**

CASA (Current Account, Savings Account) and other retail deposits are cost-effective funding sources for Small Finance Banks (SFBs), allowing them to broaden their product portfolio. This, in turn, enables SFBs to offer competitive interest rates compared to non-banking entities. With the expansion of SFBs in underserved regions, their deposit base is expected to widen further. From Fiscal 2018 to Fiscal 2023, CASA deposits for SFBs are estimated to have grown at a compound annual growth rate (CAGR) of 66%, providing a significant advantage and facilitating the expansion of their asset book.

## **COMPETITIVE ADVANTAGES**

### **A customer-centric approach driven by digital banking and automation**

Fincare Small Finance Bank adheres to a customer-centric business model, placing significant emphasis on promoting financial inclusion. The Bank places great importance on offering affordable financial products and services that effectively cater to the requirements of both individuals and businesses. Being a "digital-first" institution, the Bank has demonstrated its commitment to early adoption of scalable digital solutions, with the ultimate goal of improving customer experience and operational efficiencies.

An IT strategy committee, dedicated to driving innovation and implementing technology, plays a pivotal role in this regard, while Bank's seasoned digital team takes charge of conceptualizing, developing, and executing digital solutions. Automation serves as a critical element within the Bank's operations, facilitating streamlined processes across multiple domains, including business intelligence, compliance, credit quality monitoring, document management, among others.

### **Financial inclusion at the core of business**

Fincare Small Finance Bank is committed to enhancing access to financial products for unbanked and underbanked individuals, enterprises and those in the unorganized sector. Through high-tech, low-cost operations, the Bank offers a range of products, including Savings Accounts, Current Account, Microloans, Loans against Gold, Insurance, and Investment products. These products are designed to be simple and easily understandable, catering to the needs of customers from low-income groups. With over 15 years of experience in micro loans, the Bank has established a deep rural franchise, serving a significant number of villages and base-of-pyramid households. The Bank's focus on rural customers includes providing loans throughout their lifecycle, leveraging the joint-liability group-based lending model.

### **Extensive Multi-Channel Network and Geographic Presence**

Fincare Small Finance Bank has built a robust and diversified distribution network, comprising multiple channels. By combining traditional brick-and-mortar

outlets with digital banking services, the Bank provides convenient "last mile, doorstep connectivity" to customers while maintaining cost-efficiency. With 1,231 banking outlets (including 373 business correspondent outlets) and 144 ATMs across 19 states and 3 union territories, covering 338 districts and over 57,186 villages, the Bank caters to the banking needs of 4.27 Million customers as on 31st March 2023.

### **Rapid Expansion of Stable Deposits and Growing CASA Franchise**

Fincare Small Finance Bank has witnessed impressive growth in its deposit base since inception in fiscal year 2018. The Bank's deposit products, including term deposits, recurring deposits, and CASA, have attracted a substantial customer base, a CAGR of 182.31% in deposit accounts since 31st March, 2021. As of 31st March, 2023, the Bank serves 5.68 Million deposit accounts, encompassing both existing microloan customers and new-to-bank customers, particularly in urban areas. With a total deposit amount of ₹80,331.94 Million and a robust CASA of ₹26,561.01 Million, the Bank has established a strong foundation for sustainable growth.

### **Experienced Leadership Team Ensuring Stability**

Fincare Small Finance Bank boasts a qualified and experienced Board comprising individuals with profound knowledge in the regulatory, legal, compliance, banking and business domains. With six independent directors and a corporate governance policy independent of management, the Bank prioritizes sound corporate governance practices and robust oversight. Our MD & CEO and CFO have been part of the Fincare group for over 10 and 13 years respectively.

Supported by a 21-member leadership team and over 50 members at the executive level, our management team encompasses professionals from diverse backgrounds, including banking, NBFCs, insurance, management consulting and entrepreneurship. The average tenure of the extended management team is 5.3 years. We believe that our management team possesses the necessary knowledge, expertise, and vision to organically scale our business. Their collective expertise enables us to devise the appropriate strategy and implement effective plans, leading to ethical conduct as well as sustainable business

outcomes. Additionally, the Bank has introduced an employee stock option plan to align the interests of our senior management with the long-term growth of the Bank.

### **Robust Risk Management Practices Ensuring Strong Asset Quality**

At Fincare Small Finance Bank, we prioritize robust risk management to maintain a healthy asset quality and minimize credit costs. Our risk management framework adheres to the practices and principles prescribed by the RBI, and we foster a strong risk management culture led by our Board and supported by senior leadership. Our risk management committee oversees the effective implementation of policies, processes, and systems. We adopt a holistic approach to assess, measure, and review risks across various operational domains, including credit, market, liquidity, operational, regulatory, legal, cyber, information security, and reputational risks. Our approval processes for new products, activities, processes, and systems incorporate comprehensive risk assessments.

### **Strong Financial and Operating Performance**

Fincare Small Finance Bank showcases an impressive track record of performance. Between Fiscal 2021-2023, our Gross Loan Portfolio grew from ₹60,722.11 Million to ₹99,111.44 Million (CAGR 27.76%) and disbursements from ₹46,564.57 Million to ₹88,177.53 Million (CAGR 37.61%). Deposits surged from ₹53,184.98 Million to ₹80,331.94 Million (CAGR 22.90%), supported by a customer base increase from 2.71 Million to 4.27 Million. Yield on interest-earning advances reached 21.13%. Net profit for Fiscal 2023 stood at ₹1,036.41 Million, with an ROE of 8.60%. Cost of funds reduced from 8.69% to 6.93%, with NIM of 10.72%.

## KEY FOCUS AREAS

### Scale up secured book without compromising microloans growth

The strategy involves leveraging its legacy in microloans while diversifying its asset portfolio. Leveraging customer relationship as well as analytics, the Bank is focused on unmet credit need of target segments across different life stages and tailor offerings accordingly.

While microloans continue to be a formidable portion of the loan book, the Bank aims to scale up other products, particularly secured loans, to create a more diversified portfolio. The Bank plans to introduce these products across its outlets in a calibrated manner.

The Bank is taking the path of broadening the target customer segments across semi-urban and urban markets, by identifying banking needs and offering products and services that are designed for fulfilling those needs across life stages. Key initiatives include a business banking vertical targeting QR-code and supply chain-based loans to micro and small enterprises.

The Bank is also focused on upselling and cross-selling to existing customers, offering a variety of loan products, deposit products as well as partnership products such as life, non-life and health insurance.

Partnerships with fintech and financial services companies are also pursued for product distribution.

Microloans accounted for **60.99%** of the Gross Loan Portfolio as of March 31, 2023

Secured loans increased from **20.24%** to **39.01%** of the Gross Loan Portfolio between FY21 and FY23

## KEY FOCUS AREAS

### Grow deposits with focus on CASA and retail

The strategy involves diversifying the liability profile by strengthening CASA (Current Account and Savings Account) and retail term deposit franchise.

CASA and retail term deposits are preferred as lower-cost funding sources that provide stability and are less sensitive to interest rate changes. By improving the mix of CASA and retail term deposits, the aim is to decrease the cost of funds, allowing for lower lending rates while maintaining Net Interest Margin (NIM).

The Bank offers specialized savings accounts catering to affluent and NRI segments. The goal is to bring diverse customer segments in the fold through convenience and tailored banking solutions, personalized customer service, and meaningful financial solutions by leveraging a high-tech and high-touch model.

The approach to deposit franchise is offering a combination of attractive deposit rates, doorstep services and fine digital banking experience that builds customer loyalty.

The Bank has adopted several initiatives, including branch-level customer connect, loyalty programs, digital solutions for millennial customers, introduction of tailored products, partnerships, and focused marketing to build trust among target customer segments.

CASA (Current Account and Savings Account) balance as of March 31, 2023, was **₹26,546.39** Million

Retail term deposits amounted to **₹37,536.38** Million accounting for **70%** of total TD

The retail share of term deposits was **69.81%** on TD and **46.73%** on Total Deposits

CASA as a percentage of total deposits was **33.06%**

Launched Imperial Savings account, a **high ticket customer savings account**

**64.89%** of deposits are below **₹1 Crore** (March 31, 2023)

**53.69%** of deposits are non-callable (March 31, 2023)

## KEY FOCUS AREAS

### Digital-first approach to bank build

The strategy involves investing in scalable digital offerings to enhance the customer experience, enhance cost efficiency and thereby improve customer stickiness and bank profitability.

It includes scaling up cashless banking, digital account opening, disbursements and cashless repayments. The bank created applications for entire customer journey being online. Automation and analytics capabilities are deepened to enhance service experience, convenience, identify and promote new products, meaningful cross-sell, and improve customer retention. Incentives are provided to encourage digital channel usage.

The Bank aims to further expand the digital product suite, including payments, loans, savings, card products, investment and insurance as well as wealth solutions.

The Bank also has fostered meaningful partnerships such as those with Kotak Life, Bharti Axa Life, Edelweiss Tokio, ICICI Lombard General, Niva Bupa and Care Health to offer suitable insurance offerings to existing customers.

The Bank has adopted digital solutions for process efficiency and team productivity as well. The solutions include:

- 1. Suraksha:** It is an in-house application to monitor and manage suspicious customer and employee transactions. The system algorithms flag suspicious transactions to the central compliance team, who further investigate and take them to logical conclusions.
- 2. Niyanthran:** It is an in-house application to manage all internal exception approvals, which is further integrated for downstream activities like end-use case execution upon successful deviation approval. It has consolidated all the bank's approval, improved efficiency and increased regulatory compliance.
- 3. Audit Management System:** Growing bank wanted to improve audit controls and simultaneously reduce the related cost. The bank wanted to centralise and digitize its audit processes to achieve this. Hence, it developed an in-house application to centralise its audits: branch, field and process related.

**99.71%** Account opening done digitally - including **99.91%** for asset accounts and **99.93%** for liability accounts

**100%** Cashless disbursement for microloans, loan against property, and affordable housing loans directly into customers' savings accounts

**100%** Cashless repayments for loans against property and loans against gold

**23** In-house developed Apps

**3.23** Lakh Fincare **101 (digital savings)** account in self-assisted mode

**61248** Video-KYCs in FY23

**538** Video-PDs in FY23

**10,139** customers experienced Video Banking services

**18.94** Lakhs customers are live on WhatsApp Banking

Rating of **4.9** on Google Play store and **4.5** on App Store for Mobile App

## KEY FOCUS AREAS

### Improve banking outlet efficiency, productivity and reach

This strategy focuses on building a scalable and inclusive distribution network that combines digital and physical channels to gain a competitive advantage.

The key elements of the strategy include expanding the network, through own outlets as well business correspondents. This approach supports in optimizing the network for productivity, targeting urban mass segments for remittance and payment services, sourcing new customers for loan offerings, deepening penetration of savings and current accounts, insurance, and recurring deposit products, and leveraging full-service outlets to sell fee-based products. The expansion is optimized keeping in mind the operational efficiency.

Total Banking outlets: **1,231** of which **373** are BC outlets

Presence across **19 states** and **3 UTs** covering **338 districts** and **57,186 villages**

**15%** is maximum single state credit exposure in microloans

### Calibrated growth leveraging our brand equity, building on customer trust and a winning team

The strategy focuses on leveraging and enhancing the brand to establish a strong presence in the banking sector and cater to a diverse range of customer profiles.

To this effect, the Bank maintains a strong online presence through social media platforms, engaging marketing campaigns, associating with a champion brand ambassador, conducting customer events, as well as leveraging traditional advertising channels.

The goal is to build brand recognition, attract customers, and expand the customer base through effective marketing and product diversification.

The team is integral to the success of the Bank and the bank is focused on overall well-being of its staff, in good times and bad.

NPS score of **41.3** in FY-23

**54%** of FDs due in FY23 renewed

**114 %** growth in Social Media followership in FY23

Google rating of **4**

GPTW 3rd time in a row – among top **50 in BFSI**

Ambition Box and Glassdoor rating of **4.01** and **3.6**



# OUR BUSINESS UNITS

## OUR BUSINESS UNITS



## RETAIL BANKING

The Retail Banking unit is focused on servicing the deposit needs of mass retail, affluent individuals in urban markets, institutions in the Trust, Association, Society, Club (TASC) segment, cooperative banks, and small corporates.

The Bank offers a range of deposit products, including term deposits, recurring deposits, current accounts, and savings account. As of March 31, 2023, the Bank had 5.86 Million deposit accounts, including 0.43 Million Fincare 101 accounts.

The Bank's total deposits stood at ₹80,331.94 Million as of March 31, 2023. This represents a Compound Annual Growth Rate (CAGR) of 22.90% from March 31, 2021, to March 31, 2023.



The Bank's strategic focus on a granular and sticky deposit franchise is progressing well. The Bank's Current Account-Savings Account (CASA) ratio improved year-on-year, increasing from 23.76% to 33.06%. This signifies a higher proportion of low-cost and stable deposits in the total deposit mix. This improvement in the CASA ratio helps reduce funding costs and enhance overall profitability.

The Reserve Bank of India (RBI) introduced the concept of Digital Banking Units (DBUs) through a circular dated April 7, 2022. Fincare Small Finance Bank established two DBUs in Gandhi Nagar (Gujrat) & Tirupati (AP) to comply with this directive.

### **Bancassurance**

The Bank has established bancassurance tie-ups with Bharti AXA Life Insurance Company Limited, Edelweiss Tokio Life Insurance Company Limited and Kotak Mahindra Life Insurance Company Limited for Life insurance, Care Health Insurance Limited and Niva Bupa Health Insurance Company Limited for Health insurance, and ICICI Lombard General Insurance Company Limited and Go Digit General Insurance Limited for General insurance business. These partnerships enabled the Bank to offer diverse financial protection products, allowing its customers to access a comprehensive suite of financial services.

In FY23, under the Bancassurance partnerships, the Bank introduced a range of products catering to the diverse needs of its customer segments. As part of the bancassurance business, the Bank successfully extended life insurance coverage to a total of 3802 customers (Lives), providing a cumulative sum assured of ₹439.62 Crore. Furthermore, the Bank also offered health insurance to 4401 customers (Lives), ensuring a collective sum assured of ₹283.35 Crore. Additionally, the general insurance products were availed by 2943 customers, securing a sum assured of ₹223.04 Crore.

**5.86** Million deposit accounts | **₹80,332** Million  
Total Deposits as on 31 March, 2023

## RURAL BANKING

At Fincare Small Finance Bank, financial inclusion is a focus area, aimed at providing access to products and services to unbanked and underbanked individuals, MSMEs, and unorganised entities in rural areas. With the objective of enhancing financial access, the Bank offers products such as savings accounts, microloans, loans against gold, insurance, and investment products through high-tech and low-cost operations.

The Bank's products are designed to be simple and easily understandable, catering to individuals from low-income groups who may lack financial sophistication. With over 15 years of experience in microloans, Fincare Small Finance Bank has developed a deep rural franchise. As of March 31, 2023, the Bank has a significant presence, covering 57,186 villages, serving 2,757,621 base-of-pyramid households, and maintaining 2,720,822 rural savings accounts. Notably, 93.47% of the Bank's customers are in rural areas.

In rural areas, Fincare Small Finance Bank's key competitive advantage lies in providing comprehensive loan products throughout the lifecycle of rural customers, facilitated by digital tools. The Bank has expanded its product suite to meet the diverse financial needs of rural customers, offering products such as rural loans against property, loans against gold, and savings products. These tailor-made products address the specific requirements of the customer base.

The Bank's long-standing presence in rural areas, particularly in serving microloan borrowers, has provided valuable insights into rural customers' financial needs and goals. Fincare Small Finance Bank conducts joint-liability, group-based lending, disbursements, and monthly loan

collections, along with doorstep financial literacy camps, focusing on rural micro lending initiatives.

The Bank's extensive penetration in rural areas instils customer confidence, as evidenced by the fact that 43.78% of borrowers have Fincare Small Finance Bank as their first lender, and the Bank is the sole lender for 38.50% of microloan borrowers, according to credit bureau data as of March 31, 2023. Additionally, 39.67% of borrowers are repeat borrowers who have renewed their loans with the Bank.

Fincare Small Finance Bank's focus on rural and microloan customers promotes financial inclusion and offers advantages such as lower credit penetration, less competition, greater customer loyalty, better credit behaviour, and lower delinquency rates. The Bank's robust origination and servicing track record, along with its extensive network of banking outlets and business correspondents, positions it favourably to compete and grow in these segments.

Fincare Small Finance Bank's robust presence, customer-centric approach, and focus on rural microloan segments contribute to its competitive advantage and position the Bank for continued growth in these areas.



## LOAN AGAINST PROPERTY

### Introduction

Since 2013, Fincare Small Finance Bank has offered Loan Against Property (LAP) to support customers funding needs, including business expansion, asset acquisition, and debt consolidation. The target customers for LAP include those engaged in Agri-allied activities, small traders, manufacturers, and family members of existing microloan customers.

The Loan against Property is secured against self-occupied property, with loan size ranging from ₹0.15 Million to ₹5.00 Million. The loan tenure and loan-to-value ratio are determined based on the borrower's profile, age, and debt servicing capability. The maximum loan tenure is 120 months, and the average loan-to-value ratio ranges from 40% to 60% of the property's market value. The applicable interest rate is decided based on the loan amount, the borrower's credit history, and other relevant criteria.

With Flexi LAP, the Bank offers overdraft against property (ODAP), allowing borrowers to withdraw funds up to the defined limit. The ODAP portion of the borrowing carries daily interest based on the closing balance, linked to the Marginal Cost of Funds Based Lending Rate (MCLR), with 1% premium on the Term Loan. The tenure for overdraft is 12 months and can be renewed for an additional 12 months. LAP borrowers also have the option to obtain credit insurance.

### Key Highlights

Fincare Small Finance Bank provides LAP services in 344 banking outlets across 6 states and 1 union territory. As of March 31, 2023, the Bank has a total of 23,480 LAP customers. The top three states where LAP is provided are Andhra Pradesh, Tamil Nadu and Karnataka. Over the fiscal years 2021, 2022, and 2023, the Bank's LAP disbursements amounted to ₹2,159.62 Million, ₹3,979.55 Million, and ₹9,005.53 Million, respectively. The portfolio ROI in LAP product stood at 19% with Average Ticket Size (ATS) of Rs 7.3 Lakhs and Loan to Value (LTV) of 28.3%. 75% of LAP customers pay their monthly obligation in cashless mode. 70% of LAP sourcing is Priority Sector Lending (PSL). 100% of LAP funding is done via Fincare Savings account, leading to sticky relationship. As of March 31, 2021, 2022, and 2023, the Bank's Non-Performing Assets (NPAs) for LAP stood at 8.79%, 6.72%, and 4.69%, respectively.





## AFFORDABLE HOUSING LOAN

**12000+**

Fincare Accounts Opened

**23%**

Customers New to Credit

**98%**

Covered under Cashless Collection

**91%**

Collection Efficiency

In April 2019, Fincare Small Finance Bank introduced Affordable Housing Loan (AHL) as a product line in select markets. AHL aims to fulfil the cherished dream of owning a home by providing financing options for property purchase, construction, improvement, and extension. The AHL product line offers access to affordable housing for economically weaker sections, guided by the noble purpose of the Pradhan Mantri Awas Yojna (PMAY). AHL is designed to provide a loans secured against a residential property with flexible tenure ranging from 3 to 20 years. Borrowers can access loan-to-value ratios of up to 85% of the property value. The loan amount ranges from ₹0.15 Million to ₹7.50 Million and interest rates between 9.99% to 16.99% offer an opportunity to convert a dream into reality.

### Key Highlights

As of March 31, 2023, AHL offering from Fincare Small Finance Bank has made a profound impact on the lives of 12000 + families. With presence in 281 banking outlets across 7 states and union territories, Fincare has brought the dream of affordable housing closer home. The growth in disbursement of AHL reflects the Bank's commitment to driving positive change and creating opportunities. In Fiscal 2021, AHL disbursements amounted to ₹672.07



Million. This spirit of empowerment continued to soar in Fiscal 2022, with AHL disbursements reaching ₹3,215.30 Million, extending the horizons of dream-home-a-reality to 2700+ more families. And in Fiscal 2023, AHL soared to new heights, with AHL disbursements touching a remarkable ₹9,205.81 Million, impacting the lives of many more deserving families.

The expansion of the Gross Loan Book serves as a testament to the unwavering dedication of the Bank to this business line. Starting at ₹830.61 Million in Fiscal Year 2021, the portfolio experienced a remarkable surge, reaching ₹3,868.42 Million in Fiscal Year 2022 and an impressive ₹12,169.42 Million in Fiscal Year 2023. This remarkable growth underscores the Bank's profound commitment to positively impact individuals and communities by facilitating homeownership opportunity. Through its approach, the Bank is actively transforming lives and fostering vibrant communities, one home at a time.

During FY23, the bank achieved significant outcomes with its affordable housing loans. The average loan tenure was 13 years and the average ticket size of Rs. 11 Lakhs. The Bank's holistic approach resulted in the opening of over 12,000 Fincare accounts, allowing customers to access

various banking services. Additionally, more than 12,000 customers opted for insurance coverage through the bank. The Bank's commitment to inclusivity was evident, with 23% of borrowers being New to Credit. The Bank also achieved high levels of efficiency, with 98% cashless collection coverage and an impressive collection efficiency rate of 99.1%. The AHL sales unit comprised a dedicated team of 523 professionals, each with an average productivity of 14.7 Lakhs. Finally, the Bank demonstrated exceptional customer loyalty, with 73% of customers maintaining their accounts for more than two years.



## LOAN AGAINST GOLD

Fincare Small Finance Bank's Loan against Gold provides accessible and affordable option for individuals and small business owners to meet their short to medium-term funding needs. By providing this practical option to fulfil their financial needs, the Bank is contributing to the overall prosperity and well-being of the communities.

### Empowering Financial Flexibility

By end of Fiscal 2023, Loan against Gold was offered at 479 banking outlets across 21 states. With a loan amount ranging from ₹10,000 to ₹40,00,000 these loans provide short-term liquidity solutions for both salaried individuals and self-employed entrepreneurs, providing the much needed financial flexibility. The Bank offers flexible term options, including bullet and monthly repayments, with tenures from 3 to 12 months, allowing customers to tailor their repayment plans to their cash flows.

### Impressive Growth and Portfolio Strength

Fincare Small Finance Bank's Gold loan portfolio reached an outstanding ₹858.02 Crore as of March 31, 2023, marking a remarkable growth of 105% compared to the previous year. This portfolio constitutes 8.7% of the Bank's total advances, showcasing its contribution to a growing loan book. In FY23, the Bank disbursed an impressive ₹1,773.70 Crore, maintaining a portfolio yield of ~ 17.2%. This demonstrates the Bank's commitment to meeting customer demands and contributing to the Bank's portfolio in a sustainable manner.

### Expanding Product Offerings and Digital Enhancements

To cater to the evolving needs of the customers, Fincare Small Finance Bank introduced Agri Gold Loan and the BC Channel in FY22, and in FY23, these initiatives gained significant traction. In FY23, the Bank implemented eSign and video banking-based onboarding process to enhance the digital experience for customers. The Bank also developed a state-of-the-art App to facilitate smoother operations across multiple channels. These initiatives have streamlined operations, reduced the turnaround time and made banking experience seamless for customers.

### New Business Opportunities and Expansion Plans

The Loan against Gold product not only provides a useful financing option for new to bank customers but also an additional financing opportunity for existing micro-loan consumers. Recognizing the potential, the unit expanded its branch footprint and also added alternate channels for loan sourcing thereby improving accessibility and reach.

### Empowering Financial Well-being

With a focus on continuously expanding product offerings, embracing digital innovation, and pursuing growth initiatives, Fincare Small Finance Bank remains committed to empowering individuals and communities. By providing accessible financial solutions, such as Loan against Gold, the Bank contributes to the overall financial well-being of customers, enabling them to achieve their goals and aspirations.

**21** States

**479**

Banking Outlets

**₹858.02** Crore Loan Book

**105%** YoY Growth

**₹1,773.70** Crore disbursement in FY23

**17.2%** Portfolio Yield





## INSTITUTIONAL FINANCE

Since August 2017, Fincare Small Finance Bank has offered institutional finance solutions to cater to the needs of wholesale loans by entities operating across PAN India geographies in various sectors. These institutional loans are primarily targeted towards NBFCs engaged in microfinance, vehicle finance, and other asset finance activities. The Bank limits its exposure to a single borrower at ₹200 Million, and all loans are secured against the borrower's receivables. Cash collaterals in the form of first loan default guarantee cover and/or personal and/or corporate guarantees are also obtained for certain loans. The pricing of these loans is linked to the most recent three-month daily average yield of a 10-year government security, with a spread ranging from 3% to 10%. The tenors for these loans range from 5 months to 3 years, with monthly repayments. This strategic approach to institutional finance has enabled the Bank to expand its market presence, cross-sell loan offerings to existing customers, and diversify its loan portfolio across sectors and geographies.

### Key Highlights

As of March 31, 2023, Fincare Small Finance Bank's institutional finance portfolio has shown positive performance indicators. The top 3 states where the Bank provides institutional finance loans are Delhi, Maharashtra, and Tamil Nadu. The Gross Loan Portfolio for IF loans stood at ₹903.11 Million, ₹273.83 Million, and ₹1,757.68 Million as of March 31, 2021, 2022, and 2023, respectively.

Over the fiscal years 2021, 2022, and 2023, the Bank disbursed ₹300.00 Million, ₹200.00 Million, and ₹2,010.00 Million of IF loans, demonstrating reasonable growth. Moreover, the Bank has effectively managed its asset quality, with the Gross Non-Performing Asset (GNPA) for these loans improving from 13.33% in fiscal 2021 to 0.33% in the fiscal year 2023, indicating a significant reduction in credit risk and enhanced loan performance.



## PAYMENTS

Payments have emerged as an intrinsic element of modern banking systems. It is the railroad that allows customers to execute seamless transfer of money instantly, making banking services more proficient.



### AePS

Aadhar Enabled Payment Services (AePS) is payment channel which allows customers, those who do not have a smartphone or debit card, to perform basic banking transactions like, cash withdrawal, fund transfer, balance enquiry etc, through biometric authentication at a Micro-ATM. Bank provides Aadhar enabled Payment Services to its customers at its branches as well as services them through BC partners and Fincare Mitras.

In terms of AEPS (Aadhar Enabled Payment System) performance, URC BC processed approximately 1.6 Lakh transactions with an overall transaction amount of around ₹30 Crore. The average success rate for their transactions was approximately 57%.

On the other hand, MITRA recorded a higher number of transactions, handling around 3.3 Lakh transactions with a transaction amount totaling approximately ₹40 Crore. However, their average success rate was slightly lower, standing at around 56%.

Overall, both URC BC and MITRA demonstrate substantial activity in AEPS transactions, with URC BC achieving a slightly higher average success rate compared to MITRA.

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**330,000** Lakh  
Mitra Transactions

**BBPS**

Bharat Bill Payment System (BBPS) is a bill aggregator and all banks are envisaged to work as operating units, providing an interoperable bill payment system, irrespective of which unit has on-boarded a biller. Payments through BBPS may be done using cash, cheques or electronic modes. BBPS-Inward witnessed 26,070 bill payments worth ₹6.25 Crore towards Fincare Loan Accounts. On the other hand, BBPS-Outward had 29 payments towards other bill payment/Loan Accounts. On the other hand, BBPS-Outward had 17,809 payments worth ₹2.18 Crore towards other bill payments/Loan Accounts.

**26,070**  
Bill Payments

**Micro ATMs**

Micro ATMs services were introduced by the Bank in Mar 2022. It is a channel that enables customers to withdraw cash from any branch without using the ATM terminal. It is a POS-type machine, which is used to withdraw cash. This facility's launch enhanced our customers' banking service experience, especially in Rural markets.

The Bank provides MicroATM based cash withdrawal facility through its branches, URC BCs, Fincare Mitras and BC partners. The bank services 37,000+ MicroATM transactions worth ₹19Crore + during the financial year. Out of these transactions, roughly 69% were done by customers through non-Fincare accounts.

**37,000+**  
Micro ATM Transactions

**UPI**

Unified Payment Interface, or UPI, is an instant real-time payment system that transfers money immediately via a mobile interface between two bank accounts. It allows different bank accounts to join a single mobile app.

The Bank customers can link their Fincare Savings accounts to any of the UPI PSP apps for UPI based payments. During the financial year, Bank also got certified for its own UPI PSP app and hence the customers can now use Fincare UPI handle to link the bank accounts.

In FY23 2,40,00,000 UPI transactions conducted, with a total transaction amount of ₹1,300 Crore rupees.

**2,40,00,000**  
Transactions

**QR Code**

Bank added a new payments channel of QR code during the financial year where the MSME customers of the bank can get Fincare QR code installed free of cost linked to their Fincare account. The merchants can receive instant payments into their Fincare account through the QR code. The Bank performed 2,50,000+ QR code based credits into the customer accounts amounting to more than ₹30 Crores.

**2,50,000+**  
QR code based credits





# COMMUNITY BANKING

## Commitment to Financial Inclusion

Community Banking has been instrumental in creating significant social value by promoting financial inclusion and empowering underserved communities. Through this initiative, Fincare Small Finance Bank has extended its reach to unbanked and underbanked households, providing them with access to essential financial services, such as savings accounts, loans, insurance, payments and investment opportunities. Community Banking empowers individuals to secure their financial futures and mitigate risks. Moreover, the establishment of a user-friendly digital infrastructure has enhanced convenience and accessibility, enabling customers to adopt secure digital transactions. Financial literacy camps conducted under Community Banking have equipped micro-entrepreneurs and community members with vital knowledge about financial products, secure digital transactions, and their rights and responsibilities as customers. This holistic approach not only makes banking services more accessible, but also promotes financial literacy and economic growth in these communities. By creating a trusted relationship between Fincare Small Finance Bank and its customers, Community Banking is fostering social and economic development, transforming lives, and bridging the gap between financial services and the underserved.

## The Purpose of Community Banking

Community Banking is designed to achieve Fincare Small Finance Bank’s mission of fostering greater financial inclusion by providing access to a comprehensive range of banking services. We aim to establish lasting relationships with our customers, acting as their trusted financial service provider. Community Banking serves as the face of Fincare Small Finance Bank and focuses on enhancing relationships with our existing 2.8 Million customers who have a Joint Liability Group (JLG) based relationship with the bank. We also extend our services to the broader community by offering:

- A bouquet of essential financial services, including basic savings account, recurring deposit, micro loans, loan against gold/property, life and non-life insurance, pension plans, and suitable investment products.
- An efficient, secure, and user-friendly digital infrastructure to enhance trust in financial institutions and facilitate transactions.
- Access to livelihood opportunities for micro-entrepreneurs, financial literacy camps, education on secure digital transactions, and customer rights and responsibilities.

## Unique Approach

The Rural Banking unit of the Bank serves 2.8 Million customers across 18 states/UT with limited exposure to financial services and banking products. We aim to become the primary access point for our existing JLG clients and the surrounding community, ensuring that we are their go-to financial service provider. The Community Banking initiative specifically targets reaching the last-mile customers by providing easy access to banking products and services. To achieve this, we prioritize financial literacy and digital awareness led initiatives.

## Operating Model of Community Banking

**Mitras:** Our Local Customer Service Points

Community Banking operates through a network of Mitras, who are individuals residing in the local villages. These Mitras serve as Customer Service Points (CSPs) and offer a range of banking services to customers in their communities.

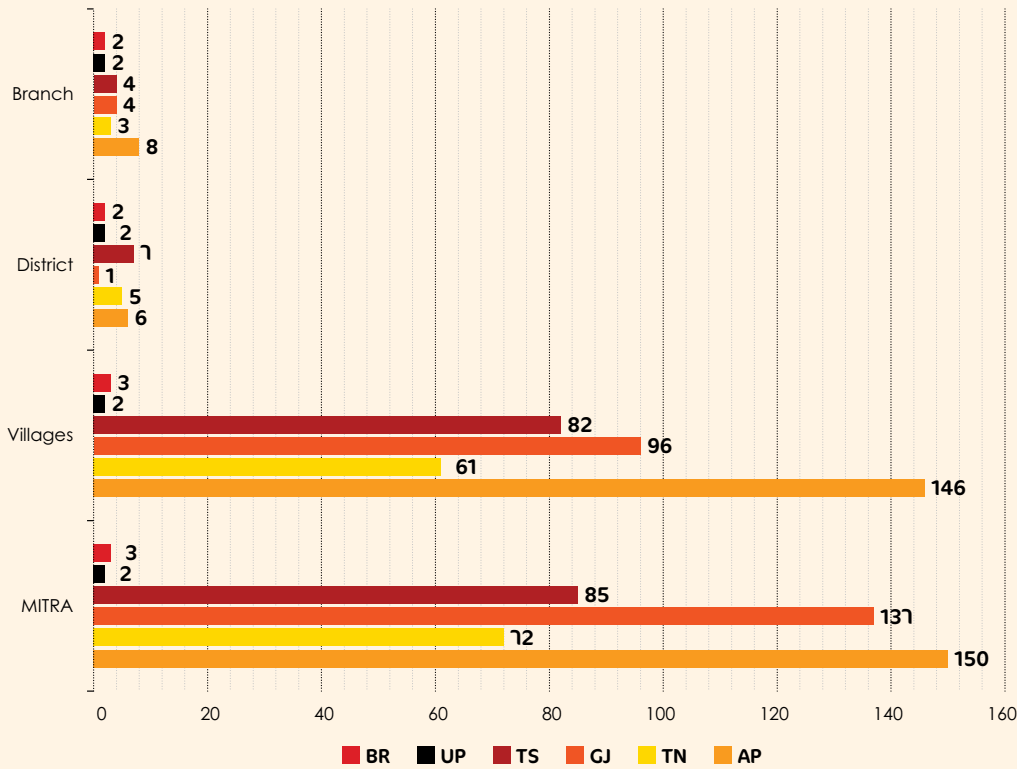
### Requirements to Become a Mitra

The following criteria are laid out for an individual to become a Mitra:

- Reside in the same village.
- Educational qualification of 10th or 12th grade.
- Basic understanding of banking and financial services.
- Financial stability with sufficient cash in and out balance-holding
- Digital literacy with the ability to conduct transactions using mobile.



### Geographical Presence of Fincare Mitras



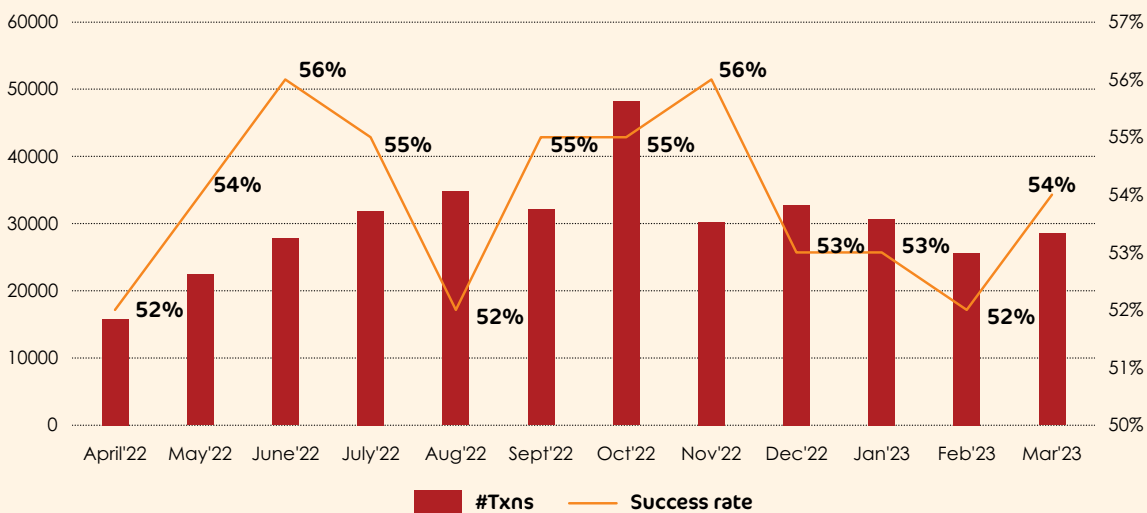
### Benefits of Community Banking

Community Banking provides user-friendly and real-time banking services to customers in the neighborhood. Mitras enable customers to access banking facilities and perform instant transactions through services such as Cash Ops/AEPS/mATMs. At Fincare, Community Banking aims to revolutionize rural banking, transforming the way people transact, save, pay, secure life and assets, invest their savings and build corpus for education, marriage or retirement.

### Progress of Mitras

As of 31st March 2023, a total of 449 Mitras are operating in 6 states, namely Gujarat, Tamil Nadu, Andhra Pradesh, Telangana, Uttar Pradesh, and Bihar serving 390 villages. In fiscal year 2023, these Mitras facilitated nearly 3,6 Lakhs transactions, including AePS, Cash Ops, m-ATM, and QR Code transactions. Additionally, our Mitras have conducted financial literacy camps, educating approximately 2500 customers on various aspects of banking and financial services.

### FY23 Transactions



## BUSINESS CORRESPONDENTS

Fincare Small Finance Bank has successfully extended its presence in underserved regions using the Business Correspondent (BC) model. The Bank's URC BC is present across 5 states in India, with the support of 2 Corporate Business Correspondent Partners. Through the Banking Correspondent Channel, the Bank offers a wide array of services including savings and current account, digital transactions, term deposits, and Loan against Gold.

### Expanding Reach

Fincare Small Finance Bank has made significant progress in expanding its reach with the establishment of Unbanked Rural Centers (URCs). Currently, the Bank has a meaningful presence in 5 states and union territories, namely Andhra Pradesh, Telangana, Kerala, Jharkhand, and Bihar. This expansion has allowed the Bank to bring banking services to underserved and unbanked areas, thereby enhancing financial inclusion.

### Last-Mile Connectivity

In partnership with 2 Corporate Business Correspondent (CBC) partners, the bank has been able to bridge the gap between the Bank and customers for doorstep banking services. The URC- BC is operational in multiple states, enabling last-mile connectivity and serving customers who face challenges in accessing banking services due to geographical or infrastructural constraints.

### Customer Acquisition and Onboarding

The BC Channel has played a significant role in acquiring new customers for the bank. BCs act as representatives of the Bank, promoting its services and products to potential customers. The Bank has added 1.9 Lakh Microloan customers through the BC Channel.

### Relationship Building

Business Correspondents (BCs) are the forefront of developing a connect within the communities they service. BCs effectively foster trust and establish rapport with their customers by actively engaging with local culture, customs and language.

### Cost-Effective Operations

Utilizing Business Correspondents (BCs) has enabled Fincare Small Finance Bank to achieve cost-effectiveness. By implementing a commission-based model, the bank reduced capex as well as opex associated with

establishing physical branches. This approach allows the bank to expand its services to a broader customer base without incurring substantial overheads.

### Technology Enablement

BCs at Fincare Small Finance Bank leverage technology to facilitate banking transactions. Equipped with a handheld device, mobile applications, and other digital tools, they conduct transactions on behalf of customers. This technological enablement ensures efficient and convenient banking services, even in areas with limited connectivity.

**165,000** transactions

The volume of transactions processed through BCs (total advances vis a vis advances disbursed through BCs), ~1.65 Lakhs transactions done in FY23.

**600+** Financial Literacy Camps

~600 financial literacy camps were organised imparting awareness to ~5700 customers in FY23.





# OUR ENABLING UNITS

## OUR ENABLING UNITS





## DIGITAL

Fincare Small Finance Bank's digital banking initiatives have resulted in numerous benefits and value creation. These include improved customer convenience, reduced costs of operations, enhanced operational efficiency, streamlined processes, increased customer satisfaction, and expanded access to financial services. By embracing technology and fostering a digital-led approach, the bank has positioned itself as a leader in modern banking, receiving



several recognitions and accolades for its digital prowess.

The success of the Bank's "digital first" approach is evident in the adoption rates of these digital products. An overwhelming 92% of bank's activities are digital, underscoring the effectiveness and popularity of the bank's digital-first strategy. This remarkable achievement serves as a testament to the Bank's commitment to leveraging digital channels to deliver seamless and convenient banking experiences to its customers.



## Customer Facing

**Digital Account Opening (101):** The Bank pioneered a self-service digital savings account Fincare 101, allowing customers to open accounts within minutes from the comfort of their home. Up to FY23, 320,000 customers opened a Fincare 101 account, contributing ₹216 Crore in Fixed deposits and SA. The Fincare 101 account also led to a 133% increase in monthly active users, as younger customers started adoption of the account for routine transactions.

**Mobile Banking Apps:** The Bank's mobile banking app underwent a major refresh, improving the underlying technology and user experience. It now offers a comprehensive suite of features such as fund transfers, account statements, bill payments, shares and mutual funds investments, and starting a deposit. The app saw a significant increase in daily active users, reflecting its popularity among customers. As on March 31, 2023, Fincare Mobile Banking App was rated 4.9 on Google Play Store.

**Conversational Bot & Video Banking:** To provide convenient and location-independent banking services, the Bank introduced a conversational bot on WhatsApp, serving customers through a multilingual interface. Additionally, video banking services were launched, enabling face-to-face conversations and chat with a customer service representative of the Bank. These initiatives address challenges like waiting time at a branch and physical space limitations.

**WhatsApp Banking:** WhatsApp is an alternative banking channel due to its penetration and adoption. It is a dedicated customer connect channel which facilitates payment collection for overdue accounts, tracking the status of deliverables etc. bringing almost all banking services to the fingertips. The Multilingual platform offers services in English, Hindi and Hinglish.

**Multilingual conversational chatbot:** Break downs the language barriers and connect with anyone, anywhere, in their native tongue, fostering understanding and inclusivity like never before. The Bank handles its impressive 300,000 monthly customer requests.

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

**IMPS - NEFT - RTGS - BBPS - AePS - eNACH - SI - POS - eCommerce:** The Bank implemented various automation features to improve operational efficiency and enhance customer experience. These include opening individual current and joint savings accounts digitally, digital reKYC processes, eSign functionality, QR-based UPI solutions, and innovations such as Account Aggregator information-based underwriting. Video banking that virtualises backend processes was introduced for loan against gold and microloans, leading to greater efficiency.

**Fincare Biz for Merchants:** A mobile based application, aimed to onboard channel partners for lead generation, and to filter qualified leads from them. These third-party partners are referred to as 'Connectors' and are onboarded as Bank partners within 5 minutes, through a seamless, paperless onboarding process backed up with eKYC and eSign. The application facilitates lead generation for various products such as Loan Against Property, Affordable Housing Loans, Loan Against Gold.

**UPI issuing and acquiring:** Unified Payment Interface or UPI is an instant real-time payment system that transfers money immediately via a mobile interface between two bank accounts. It allows different bank accounts to join a single mobile app.

**QR Code with Soundbox in Mobile solution:** Bank added a new payments channel of QR code during the financial year where the MSME customers of the bank can get Fincare QR code installed free of cost linked to their Fincare account. The merchants can receive instant payments into their Fincare account through the QR code.

## Internal Applications

**Nano Banking:** Nano Banking is a comprehensive app used by over 3,000 team members daily across branches and Business Correspondents (BCs). This year, the app introduced new features such as digital account opening, streamlined reKYC processes, and QR-linked Unified Payments Interface (UPI) services. 90% of the accounts opened under 5 min.

**DLite (Mortgage Loan Origination System):** DLite is an end-to-end loan origination app for mortgage loans. It experienced significant transactions and efficiencies this year, thanks to the launch of new products and features like express salaried GST, Digidocs (document management solution), and multi-tranche disbursement.

**FLAG (Fincare Loan against gold):** FLAG facilitates the onboarding and servicing of gold loan customers. It covers the customer journey, offering features like eSign functionality for loan document signing and UPI collection solutions. Further Enhancements included features such as direct disbursement of loans to Business Correspondent (BC) customers, the integration of eSign functionality for loan document signing, and the implementation of an in-house Unified Payments Interface (UPI) collection solution for customers with overdue payments. In the Financial year 2023, over 165,000 loans were disbursed using this app.

**(mCare) Microfinance Loan Origination:** mCare enables an end-to-end loan origination process for microloans, serving more than 3.5 Million customers in rural areas. It streamlines onboarding through Aadhaar-based eKYC and algorithm-based instant credit underwriting.

**(mServe) Microfinance Loan Servicing:** mServe handles servicing rural banking customers, facilitating field

collections for loan repayments and recurring deposit (RD) instalments. The app also assists field staff in evaluating centre behaviour, loan utilisation checks, and other necessary functions. The Bank introduced 'FinSeva' to manage recoveries from overdue customers, further enhancing debt management capabilities.

**Sampark:** Digital customer connect app which helps in Forging stronger relationships with our customer . It helps in Seamlessly communicate, engage, and gather feedback through personalized messages, surveys, and notifications.

**Video Banking:** video-based account servicing app: Video banking services were launched, enabling face-to-face conversations and chat with a customer service representative of the Bank. These initiatives address challenges like waiting time at a branch and physical space limitations.

**Cross Sell App:** Staff lead management which Streamlines workforce coordination and maximize productivity . Easily assign leads to the right team members, track progress, and monitor performance in real-time. It empowers staff to efficiently convert leads into customers with this powerful and user-friendly solution.

**AMS:** Digital Audit Management app: Audit Management System, a mobile/tab and web-based solution to centralise, digitise and automate audit control 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 centralised and digitised the process.

**Niyantran:** Centralized deviation approval tracking system: It is an in-house application to manage all internal exception approvals, which is further integrated for downstream activities like end-use case execution upon successful deviation approval. It has consolidated all the bank's approval, improved efficiency and increased regulatory compliance.

**Suraksha:** It is an in-house application to monitor and manage suspicious customer and employee transactions. The system algorithms flag suspicious transactions to the central compliance team, who further investigate and take them to logical conclusions.

## Technology Backbone

**APIs & Microservices:** The Bank is transitioning its apps from monolith to reusable, microservice-based architecture. This transition allows for the rapid development of new solutions and enhancements through agile methodologies. The Bank has also built significant capabilities in building APIs to interconnect internal systems, including the Core Banking System and external systems. It has expanded its in-house teams to include



engineering, product management, design, DevOps, analytics, cloud, and InfoSec.

The Bank's platform leverages image processing for automated data capture and sensitive information masking. It has deployed predictive models for credit underwriting and customer analytics, enabling cross-sell/upsell opportunities. With over 40 bots automating routine processes, the Bank has successfully achieved Mission Zero Ops. Its architecture is built on reusable microservices hosted on Kubernetes clusters, utilising Java Spring Boot, Python, Laravel, Android & iOS, Flutter, MySQL, Redis, and Kafka. Automation encompasses QA through Selenium and Appium, performance testing using J-meter, and CI/CD implemented via Jenkins, GitLab, and Maven. The Bank's in-house stack on AWS guarantees elastic scalability and resilience. Additionally, the Bank holds ISO 27001 certification, ensuring top-notch cybersecurity standards.

**Industry Awards:** The Bank has received over 20 prestigious awards recognising its exemplary use of technology to enhance customer experiences and drive business benefits. Among these accolades, the Bank was honoured with the 'Best Implementation of Cyber Security' Award by the Indian Banking Association, highlighting its commitment to maintaining robust cybersecurity measures to safeguard customer data and ensure a secure banking environment.



**₹216** Crore  
in Fixed deposits

**320,000**  
Customers opened a  
Fincare 101 account

## INFORMATION TECHNOLOGY

The Bank exemplifies a genuine commitment to robust IT infrastructure and prioritizing cybersecurity. It diligently upholds the utmost security, dependability, and operational efficiency of its systems, while also ensuring the protection of valuable customer data. By fostering a culture of trust and instilling confidence among customers, the Bank continually strives to exceed expectations in safeguarding sensitive information and promoting a secure environment.



### IT Systems and processes for Informed Decision-Making

The primary objective of the Bank is to integrate state-of-the-art information technology (IT) systems and processes that provide current and relevant management information, enabling informed strategic decision-making. The Bank's investments in technology are driven by the need for flexible, stable, scalable, and seamlessly interoperable technology solutions.

### The Offerings!

**Secure Data Centers and Robust Disaster Recovery:** The Bank's primary data centres are strategically located in Mumbai and Amravati, ensuring the highest level of security and resilience. Additionally, the Bank has established state-of-the-art disaster recovery centres in Hyderabad and Kochi, guaranteeing the continuity of its operations even in unforeseen circumstances.

**Scalability:** Recognizing the importance of scalability in a growing organization, the Bank has designed IT infrastructure and core applications to seamlessly handle increased user loads, expanding customer bases, and additional business requirements.

**Future Proofing:** The Bank has adopted a forward-thinking approach to future proof its IT infrastructure and core applications. By leveraging cutting-edge technologies, industry best practices, and modular architecture, the Bank has built a foundation that is adaptable to emerging trends and advancements.

**Security and Compliance:** The security of IT infrastructure and core applications is of paramount importance. The Bank has implemented multi-layered security measures, including robust firewalls, intrusion detection and prevention systems, encryption protocols, and stringent access controls, to safeguard customer data and mitigate potential cyber threats. Additionally, the Bank's systems comply with industry regulations and standards, ensuring the confidentiality, integrity, and availability of sensitive information.

**Integration and Analytics:** The Bank's core applications have been carefully designed to facilitate seamless integration with external systems, such as payment



gateways, credit bureaus, and regulatory platforms. This integration capability allows us to leverage data from various sources, enabling comprehensive analytics and business intelligence. By harnessing advanced analytics tools and techniques, we can derive valuable insights, identify patterns, and make data-driven decisions to optimize our operations, enhance customer experiences, and drive business growth.

### Partnership with Fidelity Information Services (FIS)

**Collaboration with FIS:** To deliver exceptional banking services, we have forged a valuable partnership with Fidelity Information Services (FIS), a global provider of cutting-edge financial technology solutions. FIS offers robust core banking software, surround solutions, and managed services, specialising in retail banking, payment systems, risk management, and compliance.

### The Accomplishments!

- The Bank has made significant strides in simplifying its core operations by incorporating more APIs to facilitate seamless integration, thereby inherently simplifying the core processes. The Bank has also enhanced its security capabilities by implementing robust rules to monitor and prevent any fraudulent practices, ensuring the safety of the customers' financial transactions.
- In terms of infrastructure, the Bank has uplifted its network backbone and regularly monitors emerging technologies to adapt and adopt them. This proactive approach ensures that the end users benefit from the latest advancements and enjoy a seamless banking experience.
- Furthermore, the Bank has embarked on a transformative journey by embracing cloud adoption. This strategic move allows us to leverage the scalability, flexibility, and cost efficiency offered by cloud computing, enabling us to deliver enhanced services and optimize our operational efficiency.
- As part of the Bank's commitment to improving system availability, it recently underwent a network refresh. Through this initiative, the Bank has achieved an impressive system availability rate of 99.9%, resolving any issues that may have hindered the operations in the past. This also ensures that the customers can rely on the Bank for uninterrupted access to its services.

These achievements demonstrate an unwavering dedication to providing secure, efficient, and cutting-edge banking experience to the valued customers. The Bank will continue to prioritize technological advancements and innovation to stay at the forefront of the industry.

## IT SECURITY

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

The Bank periodically reviews existing and new infrastructure, applications, and endpoints stack based on (i) RBI Circulars, Advisories and Alerts; (ii) Industry's best security practices such as CIS, NIST, ISO. 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 (FY23), the Bank has implemented multiple new solutions and tied up with renowned partners to enhance its security. This includes the implementation of (i) Cyber Threat Intel Platform; (ii) Brand Monitoring Solution; (iii) Advanced BOT Protection through WAF; (iv) Brand Indicators for Message Identification (BIMI); (v) In-House Phishing Setup; (vi) Secure File Sharing Solution; (vii) ATM Malware Engagement; (viii) New Cyber Forensics Engagement; (ix) SD-WAN; (x) In-House Automation for Endpoint Software and Vulnerability tracking amongst others.

While new solutions have been implemented and existing solutions have been made more effective, the Bank continues 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 and access review of its security solutions. The Bank has implemented robust cyber security processes and has been ISO 27001 certified for 3 years in a row .



## OPERATIONS



**Customer Service & Contact Centre:** The Bank's multi-site call centre handles a large volume of calls in multiple languages, achieving high first-call resolution rates and achieving customer satisfaction score through NPS.

- Handled inbound and outbound calls in 10 different languages through a multi-site call centre.
- Achieved a first-call resolution rate of 90.35% while handling 7.66 Lakh calls in FY23.
- Measured the Net Promoter Score (NPS) to gauge customer satisfaction, with an average NPS score of 61% in FY23.
- Managed 57,000 chats, connecting 2,000 customers with customer service experts.
- Received 10.98 Lakh chats through WhatsApp, with 8,000 connected to customer service experts.
- 1.51 Lakh customers completed Full KYC using the Video-KYC mode.



**Central Monitoring Unit:** The Bank's Central Monitoring Unit serves as the backbone of operations, focusing on process improvements, automation, and analytics to enhance efficiency and decision-making across the Bank.

- Served as the backbone of the operations vertical, focusing on process, automation and analytics.

- Implemented various projects and initiatives to improve team efficiency and process effectiveness.
- Developed the Audit Management System (AMS) for verifying controls and compliance.
- Organized nationwide campaigns to raise awareness about complaint escalation, cyber fraud prevention, and regulatory guidelines.
- Implemented multiple analytics tools and reports for process monitoring and decision-making.
- Conducted training programs and contests to enhance staff performance and product knowledge.

**Retail Branch Operations:** The Bank's retail branch operations unit successfully drove business growth, strengthened processes, and ensured high-quality branch monitoring visits and improved audit ratings.

- Aided business growth, including FD, CASA and AHL sales.
- Maintained high-quality branch monitoring reflected in improved audit scores.
- Strengthened processes and revised the supervisor visit checklist to ensure tighter operational controls.



**Rural Branch Operations:** The Bank's rural branch operations unit contributed significantly to cross-selling, audit compliance, gold NPA resolution, with enhanced report checking and process strengthening.

- Contributed to cross-selling and achieving business targets in LAG, Microloans, FD and CASA.
- Attained satisfactory audit scores and effectively resolved NPAs in LAG.
- Enhanced report-checking processes and reinforced the supervisor visit checklist.

**Asset & Payment Operations:** The Bank's asset and payment operations witnessed continuous improvements with the introduction of new functionalities, automation, and platforms to improve loan disbursement, insurance, and supply chain loan processes.

- Introduced enhancements and automation in various loan and payment-related processes.



- Commenced the Udyam Assist platform to support Joint Liability Group (JLG) data.
- Implemented new asset products and improved supply chain management.

**Liability Operations:** The Bank's liability operations effectively processed manual accounts, achieved high First Time Right (FTR) rates, automated processes for enhanced customer experience, and optimised operations through courier integration and cost-saving initiatives.

- Processed a significant number of accounts with improved efficiency.
- Enhanced process adherence through regular training and automation.
- Implemented initiatives to improve customer experience and reduce costs.



**Regulatory & Customer Experience:** The Operations unit prioritized customer protection, fraud prevention, and regulatory compliance while ensuring a seamless banking experience by strengthening fraud risk management and implementing customer-centric initiatives.

- Refunded court order cases to victim Bank accounts, minimising potential losses.
- Strengthened fraud risk management system and response to cybercrime.
- Ensured compliance with regulatory requirements and prioritised customer protection.

**Cost Saving:** The Operations unit focused on several cost-saving initiatives, including vendor negotiation, optimising courier expenses, reducing printing costs, and streamlining cash management, resulting in improved operational efficiency and financial performance.

- Implemented various initiatives such as superior negotiations with vendors
- Onboarded new courier vendors, optimising costs for dispatch and delivery.
- Streamlined cash burial and average float value to reduce expenses.

- Reduced printing costs through efficient management of PGK cheque books and documents.



**Facilities:** Fincare Small Finance Bank's Facilities function efficiently manages administration, procurement, asset management, travel, and infrastructure, providing support and organising events to enhance employee experience and expand branch infrastructure. During FY23, the Bank rolled out swift and cost-effective branches with adherence to high quality standards. Further, 205 banking outlets were opened and operationalised during the year.

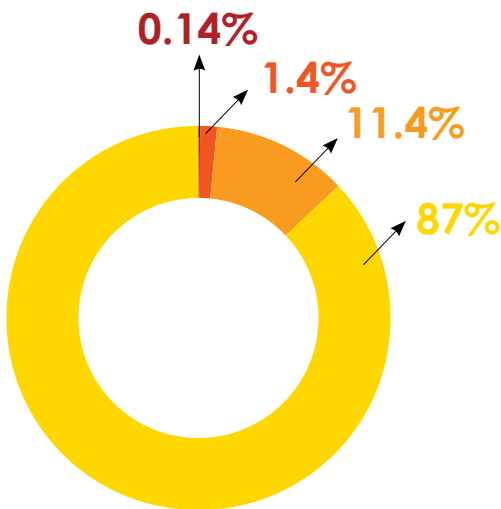
- Opened and operationalized 205 banking outlets during FY23, expanding the Bank's reach.
- Enhanced branch security with 24/7 surveillance and advanced security solutions.
- Streamlined branch electricity payments through third-party vendors.
- Migrated Bank property rent processing to a new accounting system for efficient management.
- Converted 54 residential cum office spaces into commercial premises, optimising infrastructure.
- Implemented a standardised Bill of Quantities (BOQ) for infrastructure projects.
- Introduced the Kaizala Help Desk to address branch infrastructure-related issues effectively.
- Established tie-ups with leading hotels in metro cities, providing convenience for customers and employees.
- Organized Annual staff events at 18 locations PAN India under the Sampark initiative
- Coordinated and organized running events PAN India for staff under the 'Run-and-Bond Initiative'.
- Arranged annual health check-ups for staff under the Make-wellness-a-priority theme.

# PEOPLE

Fincare Small Finance Bank is committed to empowering its workforce and cultivating a culture of excellence. With a focus on innovation, recognition, and inclusivity, the Bank aims to inspire and unlock the potential of its people. The objective is to foster a vibrant and cohesive community where every individual thrives and realizes their maximum potential.

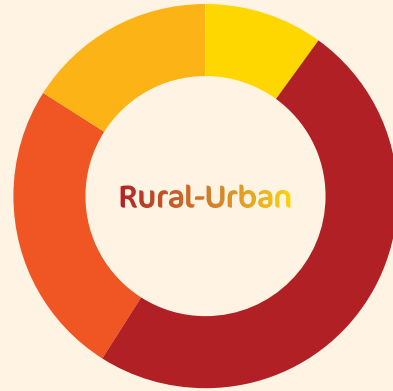
As at the end of FY23, the Bank had 14804 full-time colleagues. The Bank has a well-defined banding structure with categories for Top-Senior-Middle-Junior management. The composition of the staff as of FY23 and the change from FY23 is as follows

Level	Count	Change %
Top	21	11%
Senior	209	17%
Middle	1688	31%
Junior	12866	26%



- Top Management      ■ Middle Management
- Senior Management    ■ Junior

The Bank has strong focus on Diversity, Equity and Inclusion. The table below summarizes the diversity in the staff composition, showcasing the distribution of workforce based on their socio-economic background, qualification, and prior work experience.



- Rural: 10%
- Urban: 25%
- Semi-Urban: 49%
- Metro: 16%

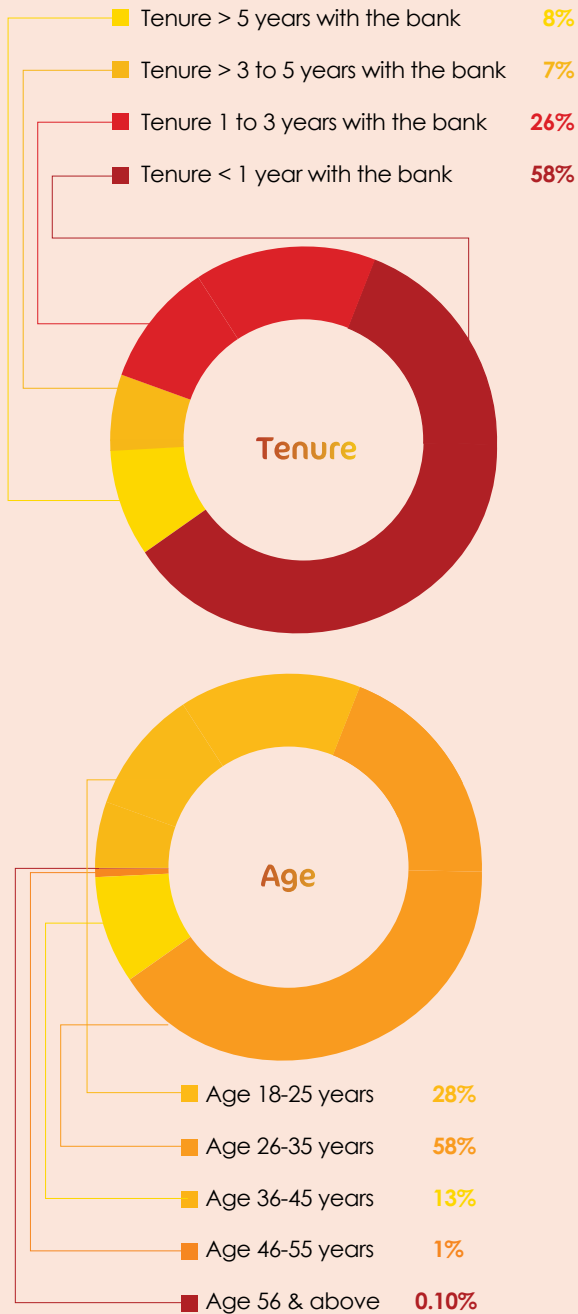


- Class-10: 43%
- Professionally Qualified: 10%



- First-time Employment: 37%
- Lateral Hires: 63%

The table below provides an overview of the staff composition in terms of tenure and age groups:



### Gender Mix

Overall **5.3%**

Non-field **26%**

Mid-senior bands **8%**

### Driving Diversity and Inclusion!

The Bank's Gender Committee plays a key role in fostering a more diverse and inclusive culture. The Bank is committed to workplace gender equality, equity and in creating a culture of equal opportunity. The committee executes interventions focused on equality and inclusivity, ensuring that all staff have the chance to be included, add value, and contribute to their fullest potential. The commitment to diversity was unveiled during the Women's Day Celebration in FY23.

### Learning and Development

The Bank prioritizes continuous growth and development of its employees, recognizing that they are well trained. The Bank conducts regular and comprehensive training sessions, tailored to keep our employees abreast of the latest industry developments, best practices, and emerging trends.

The training initiatives of the Bank go beyond just providing knowledge; they serve as a platform for skill enhancement, fostering a culture of learning and innovation. Through these sessions, the employees gain valuable insights, acquire new competencies, and refine their existing skills, equipping them to navigate the ever-changing landscape of the financial sector with confidence and competence.

In FY23 the Bank conducted total 5727 training sessions with a total of 172388 participants. Average count of training per Staff stood at 6.

Throughout the year, the Bank conducted a comprehensive array of training sessions, each focused on specific aspects of learning and development of the staff.

### Training highlights

**Compliance: 1705**  
(Participants: 70,554)

**Functional: 3329**  
(Participants: 83,126)

**Technical: 652**  
(Participants: 18,200)

**Soft Skills: 41**  
(Participants: 508)

## Appreciating Excellence: Unleashing Potential!

The Bank has implemented a reward & recognition program to acknowledge and appreciate staff who consistently go the extra mile and exemplify the Bank's core values. This program recognizes individuals who demonstrate commitment to customer service, support their colleagues, uphold the Bank's image in the external world, and display courage in challenging situations. The Bank honours these dedicated individuals through the following awards:

- **CEO Award**
- **Star Award**
- **Extra Miler Award**
- **Super Trooper Award**

## Employee connect Dil Se - HRiDAY

The Bank places significant emphasis on HRiDAY, a pivotal initiative conducted across all Banking outlets. To ensure comprehensive connect, the mapped HR Business Partner (HRBP) travels to the span locations every quarter, ensuring 100% coverage for face-to-face interactions with the staff based at those locations. This proactive approach has proved to be effective in fostering better, connect and retention of ground-level staff. During FY23, 1718 HRiDay sessions were conducted across the Bank.

## Strengthening Internal Communication

**iEngage: Aligning Staff with Bank's Goals:** Using iEngage, HR sends daily mailers that inspire and motivate staff and also align them with organizational goals, fostering a positive work culture and encouraging a shared understanding of vision, values, operating principles, code of conduct, competencies and workplace behaviours.

## HR Alerts: Effective Information Dissemination

The Bank maintains transparent communication through regular HR Alert mailers, sharing details of HR policies and guidelines. These comprehensive notes provide staff with essential updates relevant to the workplace. Examples of topics covered in the HR Alerts are as follows:

- **HR policy updates**
- **Staff benefits and entitlements**
- **Performance appraisals system**
- **HR Compliance updates**

## Leadership Connect - Monthly Communication Forum

Leadership Connect is a bi-monthly event for mid-senior level staff, wherein MD&CEO and Leadership team of the Bank address the team on various aspects, including bank and business updates, industry/sector developments, strategic initiatives at the bank as well as

staff-related announcements. The session concludes with a Q&A, encouraging candid discussions and fostering a sense of family and belonging .

The Bank also holds quarterly off-site Leadership Meet with members of Leadership team and VP-Band wherein, a comprehensive discussion of Bank's progress on annual business plan, strategic initiatives as well as functional highlights are discussed in detail along with the plan for the next quarter. A guest session around health and wellness or personality development is also part of the event.

## Unveiling Personal Stories: Inspiring Connections!

"Meet Our Leaders" provides an opportunity to delve into the lesser-known facts and personality traits of our Management team. Through a thoughtfully crafted questionnaire, these leaders share insights into their leadership though process, sources of inspiration and management style. These nuggets are shared with staff members through posters. These messages ignite engaging discussions among the staff and leaders, fostering a healthy exchange of ideas regarding organization building and creating success for each other.

## Nurturing Future Leaders: Empowering Excellence!

The Management Trainee Program of the Bank aims to hire the best management professionals from relevant B-Schools in India. This Talent Acquisition program fosters early leadership behaviour by through challenging roles and projects. The MTs undergo an intensive program spanning 6-12 months, on-the-job training, meaningful assignments, structured induction, workshops, and mentorship by senior management. This helps to build their expertise and confidence. During FY23, 23 Management Trainees were onboarded.

## Assessing Satisfaction: The Empowering Tool

eNPS, a confidential survey, allows the Bank to gauge the satisfaction levels of its people in a healthy manner. It's a key method to assess satisfaction. The demographics help HR direct it's efforts based on the specific needs of different segments/zones. The NPS Score for FY23 stood at: 41.3.

## Unlocking Potential: Nurturing Excellence!

The talent management framework of the Bank is designed to attract and retain top talent. It improves performance, alignment with bank goals, strengthens training and development initiatives, and enables meaningful succession planning. By identifying high-potential leaders based on performance, potential,

and readiness, it helps create a stronger, motivated and committed environment at the Bank.

### Embracing Joy and Unity: Celebrating Special Moments together!

The Bank take joy in celebrating even the occasions and achievements of its colleagues. These celebrations are not limited to one location but spread pan-India. Some of the notable ones are:

- Birthday and Anniversary Mailer: colleagues celebrate each other's special days with joyous messages using the internal communication channels.
- Birthday Celebration: Monthly gatherings unite the local teams for cake cutting sessions, celebrating staff members' birthdays in the presence of senior management.
- Festival Celebration: Embracing our diverse workplace, staff come together for lively festivities, featuring fun activities, ethnic attire competitions, and potluck meals.
- Marathon-led offsite: Running is part of the culture of the Bank and numerous Marathon-led events are organized/sponsored by the Bank all through the year. As an annual ritual, the bank sponsors team members for marquee running events, both in India and overseas. The Running-and-Bonding theme encourages staff to actively participate in the event. During FY23, the Bank participated in 5 marathon-led events with a total participation of 600+.
- Sampark: in FY23, the annual ALL STAFF MEET was held in 19 locations with over 10,000 staff in attendance. The event featured captivating staff performances, besides performance and long service awards being given out, fostering a strong sense of camaraderie and celebration.
- Cricket tournament: Fincare Premier League (FPL), the yearly cricket tournament, brings together teams comprising staff across functions/divisions. The event sees active participation from both staff and senior members/leadership team, promoting team spirit and camaraderie. During FY23, 22 cricket matches were held pan-India with total participation of 150+. Besides, the Bank also sponsored a team for Corporate Tournament and reached the Semi-finals at the event.

### Bank Anniversary: Celebrate with Vigor and Enthusiasm!

The annual anniversary event is a standout date in the Bank's calendar. Each year marks a celestial change for the Bank. The event is celebrated with full vigour, involving events for both internal and external stakeholders.

During FY23, the Bank celebrated its 5th anniversary at a glittering ceremony at Mumbai, with over 200 guests in participation.

### Managing staff attrition

This analysis helps identify attrition trends at various levels and guides targeted retention strategies for a stable and thriving workforce.

Management Level	Regret Attrition (%)
Junior Management	34%
Mid Management	25%
Senior Management	22%

### GPTW Certified

Fincare Small Finance Bank's remarkable achievement of winning the Great Place to Work (GPTW) award 3 times in a row in FY23 highlights its commitment to creating an exceptional workplace. With a focus on staff well-being, professional growth, harmony and inclusivity, the Bank has fostered a strong Employer brand.





## MARKETING AND COMMUNICATION

Marketing serves as a pivotal component within Fincare Small Finance Bank's overarching strategy, propelling the expansion of our market reach, driving inclusion goals, and enhancing brand equity. Employing a multifaceted approach, the Bank endeavours to inspire its esteemed customers to "Wish More Get More" instilling a sense of anticipation and aspiration for an exceptional banking experience. This captivating tagline encapsulates the Bank's unwavering commitment to consistently surpass expectations, as evidenced by our journey of pursuit of excellence thus far.

### **Evangelizing Small Finance Banks**

During FY23, the Small Finance Banking sector experienced substantial customer growth, thanks to key players' advocacy and brand-building efforts, including Fincare. The efforts to evangelise the institution and enhance trust and loyalty bore fruits for the Bank. In FY23, Fincare Small Finance Bank added 10.1 Lakhs+ customers, bringing the count of active customers to 42.7 Lakhs.

The Bank's unwavering emphasis on prioritising customer-centricity and building trust through transparency is a key element in successfully managing this expansive and varied customer base.

### **Brand building**

During FY23, Fincare Small Finance Bank extended its presence into new states by opening 77 banking outlets. The high-impact launch events have proven to be an effective branding and marketing initiative, significantly enhancing brand recognition within local communities, attracting footfalls, and creating new business opportunities. The launch events are celebratory, with distinguished members of local community along with senior citizens of the area as special invitees. Promotion activities across media are continued for a period of 15-30 days to give impetus to the brand.

The re-new Branding initiative is designed to capture attention with a fresh and captivating look. In FY23, the Bank installed fresh collaterals at 850+ locations, reinforcing brand salience within the local catchment.

The marketing unit played a crucial role in maintaining a uniform brand image and message across various markets through a combination of physical and digital brand campaigns. These efforts encompassed diverse initiatives such as targeted digital campaigns, engaging roadshows, impactful kiosk campaigns and interactive community connect programs.

The Bank partnered with renowned media houses to promote and enhance brand salience. Collaboration with flagship media properties, helped strengthen brand image with the target audience.

### **Customer Connect**

The Marketing unit developed various elements to engage customers in conversations to understand their financial challenges, raise awareness about cyber security and online transactions, and helping customers navigate crisis with confidence. Recognising the shift towards digital, the Bank increased campaigns around digital literacy to enable effective usage of these channels, using digital means to reach the customers.

Emerging from post-pandemic stress, as holistic wellness took center stage along with financial dreams and aspirations maintaining a strong connection with



customers was a priority for the Bank. The Marketing unit organised 80 webinars with 10,000 attendees with engaging content around health, fitness, tax and retirement planning, and even topics such as cooking, reduced screen time for children, time management and exploring alternate career options etc.

**Social Media**

The 'Wish More Get More' campaign and associated brand positioning initiatives across all social media platforms was a high point of the year. Updates about banking outlet launches, smart banking products, promotional and informational videos, safe banking tips, fraud prevention, and more, boosted brand salience and lead generation efforts. The Bank observed a remarkable growth of 114% in its followership on Social media channels. Online reputation management (ORM) was improved and upgraded across Facebook, Twitter, LinkedIn, Instagram, Playstore, and Apple store.

**Below the Line Marketing**

The Bank's BTL marketing activities like PUC camps, Aadhaar camps, distribution of plant-able pens, all aimed at gaining traction and building brand equity with customers. Co-branding and wall branding activities were also carried out during the year.

**Product/Service Launches**

The marketing unit's calendar for the year was filled with campaign rollouts around launch of new products and services, involving supply of collaterals to banking outlets,





advertorials across print media, social media and radio, PR outreach and customer connect camps. These efforts created excitement among customers and strengthened brand recall as well. During FY23, the Marketing unit facilitated 10+ such launches.

**Public Relations**

In FY23, Fincare Small Finance Bank executed a comprehensive range of 200+ public relations (PR) activities, encompassing diverse initiatives. The Bank regularly issues press releases to announce significant milestones, such as branch expansions, new product launches, and partnerships. These press releases are valuable tools for sharing updates with the media and the public, strengthening brand presence and generating positive coverage. In addition to press releases, the Bank engages in proactive media outreach to secure media coverage in relevant publications, both online and offline. We strive to enhance our reputation and reach a wider audience by disseminating our key messages through media channels. Furthermore, the Bank actively participates in industry events, conferences, and seminars, where we have the opportunity to showcase our expertise and thought leadership. These engagements allow us to connect with industry peers, regulators, and policymakers, fostering meaningful relationships and influencing industry discourse. In FY23, the Bank issued 12+ press releases and had more than 400+ mentions across various mainlines and regional publications.

**Creatives & Videos**

In FY23, Fincare Small Finance Bank released 350+ creatives and videos across various platforms. These included video-based messages to position the brand effectively among target segments, garnering positive responses on social media. The team also developed engaging marketing and promotional creatives to enhance the appeal of new launches.

In FY23, Fincare Small Finance Bank developed more than 900 collaterals in 11 languages. Creating customer-oriented collaterals in multiple languages is aimed at superior customer connect and awareness.

**Blogs**

The Bank's online content outreach initiatives garnered positive responses, establishing it as a knowledge seeker and sharer. Regular blogs and online content focused on topics such as cyber security, financial planning, and digital literacy helped build thought leadership in these areas.

**Alliances & Partnerships**

The Bank has established bancassurance tie-ups with Bharti AXA Life Insurance Company Limited, Edelweiss Tokio Life Insurance Company Limited and Kotak Mahindra Life Insurance Company Limited for Life insurance, Care Health Insurance Limited and Niva Bupa Health Insurance Company Limited for Health insurance, and ICICI Lombard General Insurance Company Limited and Go Digit General Insurance Limited for General insurance. These strategic partnerships enabled the Bank to offer a diverse range of insurance products, allowing its valued customers to access comprehensive coverage and effectively meet their specific protection needs.

**Awards**

The Bank proactively conducted research and carefully evaluates prestigious award opportunities to strategically position Fincare Small Finance Bank as a recognised leader in the community, significantly enhancing brand visibility. Winning these awards was a notable achievement and provided the added benefit of fostering networking opportunities with local customers and clients.

In FY23: Total Awards Received: 20





## FINANCE

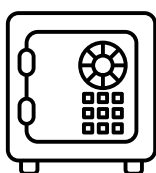
The Finance team plays a critical and indispensable role in ensuring the successful functioning of the Bank. It encompasses a wide range of responsibilities both within and outside the Bank.

This unit is responsible for efficient financial management, encompassing financial control, audit, regulatory reporting, P&L, taxation, FP&A, treasury, and fund raising. These activities are crucial in supporting the business of the Bank. The team works diligently on continuous improvements, adoption of best practices, adopting to evolving regulations, and leveraging technology across the function. This ensures that the Bank's bookkeeping, regulatory reporting, financial reporting, cashflows, investments, and Asset Liability Management (ALM) are effectively managed. The Finance team also performs reconciliations for all internal and external fund inflows and outflows.



### Corporate Finance:

Throughout FY23, the unit adhered to finalising and timely submitting periodic financials and relevant Management Information Systems (MIS). It also ensured compliance with all regulatory reporting requirements and statutory compliances specified by the RBI, SEBI, and other Authorities/ Regulators. The team ensured the smooth completion and timely resubmission of the DRHP documentation with SEBI.



### Treasury:

The Bank's Treasury function comprises the Fundraising unit, Asset Liability Management (ALM), Trading & Investments (SLR, Non-SLR), and the Money Market Desk (Call, Notice and Term Money, along with repos and reverse repos like Tri-Party Repo, CROMS, SDF, and LAF). The Asset Liability Management (ALM) group maintains regulatory requirements such as Cash Reserve Ratio (CRR), Statutory Liquidity Ratio (SLR), regulatory Structural Liquidity Statement (SLS), and Liquidity Coverage Ratio (LCR). Additionally, the unit effectively manages liquidity and interest rate risks in the Bank's portfolio.



### Tax Management:

In FY23, the Bank completed all statutory remittances and periodical returns of Direct and Indirect Taxes, remaining fully compliant. Furthermore, the Bank implemented the Digital Mode of Submission of Form 15G/H through Mobile/Internet banking, enhancing convenience for customers and reducing the burden of visiting a branch. Additionally, the Bank took the initiative to comply with the new directive of CBDT by implementing the statement of financial transactions (SFT) compliance, capturing related transactions in the AIS (Annual information system). Notably, the Bank stands among India's first Small Finance Banks to adopt this feature in the core banking system.





# OUR CONTROL UNITS

## OUR CONTROL UNITS





## INTERNAL AUDIT

Internal audit plays a pivotal role in ensuring the adequacy and effectiveness of the Bank's internal controls. Aligned with the guidelines set forth by Reserve Bank of India (RBI), the Bank's risk-based audit approach places significant emphasis on mitigating risks and enhancing risk management practices. In addition to transaction testing, the risk-based internal audit aims to identify current risks, anticipate potential risks, and safeguard the Bank against wider spectrum of threats.

In order to enhance the efficiency of our auditing procedures, the Bank successfully implemented an internally developed Audit Management System (AMS). This system streamlines the quarterly audit process for banking outlets, enabling them to upload essential items for review by the audit team.

### Division of Functions

To align with the Bank's existing structure, the Internal Audit unit has divided its functions into specific areas. These areas encompass comprehensive audits that cover crucial aspects of the Bank's operations. The following are the key focus areas of Internal Audit:

#### Business Audit

This encompasses financial audit, treasury audit, and audit related to market risk management. During the year, Business Audit was conducted in the month of March 2023 and 14 observations were identified/resolved.

#### Branch Audit

Branch audit meticulously examines key risk areas and activities at all branches, ensuring a robust control environment. During the year, branch audit was conducted across different formats at 700 outlets and 562 observations were identified/resolved.

#### Credit Audit

This audit covers specific loan accounts, credit process audits, credit risk management, audits related to microfinance institutions (MFI), and other related activities. During the year, Credit Audit was conducted on all credit products. All the 123 identified were resolved.

#### Process Audit

This category covers process and product audits of centralised activities, corporate management functions including operations risk and compliance. It also includes special audits and audits specific to retail banking. During

the year, Process Audit was conducted for about 23 entities and 112 observations were identified/resolved. During the year, the audit team comprehensively covered areas including Asset Operations, Rural Banking (Delinquent Collections), Retail Liabilities, Facilities, Bancassurance, Loan against Gold, Contact Centre, Corporate Finance, Financial Planning & Analysis, Treasury Front Office, Operations Risk Management, Account Opening, Account Servicing, Internal Ombudsman, Customer Service, Finance Operations, Credit Risk Management, Payment Channels, Treasury Operations, Staff Onboarding, Attendance & Exit and Vigilance

### Information Security Audit

Information Systems (IS) Audit focuses on aspects such as IT management processes, applications, IT infrastructure (network, operating systems, databases, middleware), as well as IT and project governance. During the year, IS Audit was conducted for 14 IT/Digital applications and IT infrastructure. A total of 32 observations were identified/resolved. The Information Systems (IS) audit encompassed applications including Crossfraud, Quantum, EFRMS, Deliverable Management, mCare, mServe, D'Lite, Connect, Niyantran, Suraksha, as well as infrastructure audit including V-CIP (Video based Customer Identification Process), Video Banking, Pi Data Center, and CtrlS Data Center. These audits played a crucial role in addressing information risk and ensuring the integrity of our systems.

### Concurrent Audit

To further strengthen the control framework, the Bank has implemented concurrent audit for critical areas such as Central Processing Centres, Treasury, Loans against Gold, Anti-Money Laundering (AML), Office GL Accounts, and NPA review. During the year, Concurrent Audit identified around 600 observations which were resolved.



# COMPLIANCE

Compliance is at the core of the Bank's strategic priorities and serves as the guiding light across all domains of banking activities. The Compliance function is crucial in ensuring adherence to regulations and effectively managing compliance risks.

## Role of Compliance Function

The Compliance function operates with sufficient independence and serves as a key control function and the second line of defence. Its primary objective is to ensure compliance at all levels and effectively manage the compliance risks faced by the Bank.

## Compliance Obligations

With regard to Statutory Compliance, the unit has the obligation to ensure adherence to legal requirements. Under Regulatory Compliance, the unit has the obligation to ensure compliance with regulations set by governing bodies. From an Internal policies & processes perspective, the unit has the obligation to ensure adherence to internal guidelines, fair practice codes, prescribed codes, and government policies.

## Managing Compliance Risk

The Compliance function utilises various tools to manage compliance risk, including IC+ and CERMO+. Further in-house tools such as Niyrantran, Audit Management System, Suraksha are used for compliance testing, monitoring and review.

## Appraisal and Action

Testing and review outcomes are appraised by the Management Committee and Audit Committee of the board, and appropriate actions are tracked for compliance.

## Key Policies

Key policies, including a Compliance Policy, KYC, AML & CFT Policy, Policy for Know Your Customer, Anti-Money Laundering & Counter Financing of Terrorism guide the Compliance function.

### Responsibilities of Compliance Function:

- **Dissemination of Guidelines:** Sharing regulatory and statutory guidelines from time to time
- **Guiding Internal Stakeholders:** Providing interpretation and advisory of guidelines to internal stakeholders.
- **Conduct of Business:** Ensuring overall business conduct aligns with rules, regulations, laws, and internal guidelines.

- **Policy Adoption:** Adopting suitable policies and procedures to comply with regulations.
- **Timely Compliance Implementation:** Implementing controls and procedures in a timely manner.
- **Reporting Compliance Breaches:** Keeping the Management and Board/Board committee informed about any compliance breaches.
- **Compliance Risk management:** Compliance function plays a vital role in assisting the Board and Top Management in proactively managing compliance risk.

## Engagement with Regulatory Entities

As the primary point of contact with the RBI and other regulatory entities, the Compliance function carries out the following activities:

- **Evaluate Internal Controls:** Assesses the adequacy of internal controls.
- **Analysis and Interpretation:** Analyses and interprets regulatory guidelines and deviations observed during monitoring and testing.
- **Reporting to Committees:** Apprises the Audit Committee of the Board, the Board, and Management on compliance levels and changes in the external regulatory environment.
- **Performance Evaluation:** The Audit Committee periodically reviews the Compliance function's performance and the status of compliance with regulatory guidelines.

## Highlights

The notable highlights for FY23 from a Compliance standpoint include:

- **No Penalties:** The Bank has received no penalties during the year, demonstrating its commitment to compliance.
- **CSITE Audit Acceptance:** The Bank's compliance submissions for CSITE (Compliance System and IT Audit) the RBI has fully accepted observations.



## RISK MANAGEMENT

Risk management is an integral part of the Bank's existence and ecosystem. The Bank operates in full compliance with a comprehensive risk management framework to ensure the identification, understanding, accurate measurement, control, and proactive management of risks at all levels. The Bank's risk management approach safeguards its financial strength and enables to achieve strategic objectives, implement measures to control risks, and deliver sustainable long-term growth while upholding responsible business practices.

A comprehensive risk management framework ensures proactive identification, Assessment, Treatment and monitoring of risks.

- Risk Management Committee of the Board oversees Risk Management policies, processes, and Risk Appetite.
- Board level Risk Management committee is supported by Management level Risk committees to ensure implementation of Risk Management policies and framework.
- Credit risk management Policies and processes focuses on promoting asset quality and prudent growth. Portfolio monitoring tools and mechanisms helps in ensuring adherence to Risk limits.
- ALM and Market Risk framework ensures availability of adequate liquidity, check on Interest Rate Risks, monitors Investment portfolios and adherence to risk limits.
- Robust Operational Risk management framework helps in ensuring identification, assessment, treatment and monitoring of key operational risks for the Bank. Business Continuity framework helps ensuring resilience to contingency situations.
- Strong Information Security practices address significant information security risks, including cybersecurity, data privacy, and protection of customer information risks.

### **Risk Management Committee of the Board (RMCB)**

The Risk Management Committee of the Board (RMCB) oversees the Bank's risk management policies, procedures, strategies, appetite, processes, and controls. It also conducts reviews of various limits before they are presented to the Board and assesses portfolio composition and impaired credits.

### **Credit Risk**

Credit risk management at a holistic level encompasses the Bank's approach to approving and managing credit, with the goal of making systems and controls effective.

The Board-approved Credit Risk Policy provides a framework for managing credit risk in the Bank, considering the Bank's risk appetite derived from perceived risks in the business, balanced by the targeted profitability level for the risks assumed. The Credit Risk Policy aims to promote asset quality and prudent growth by leveraging the Bank's traditional client base in key geographies and customer segments. The Credit Risk Management Committee (CRMC), consisting of senior management personnel, is responsible for overseeing the implementation of the Board-approved Credit Risk Management policy and framework, and ensuring the quality of the credit portfolio. The Credit Risk Management Group (CRMG) is independent of Business and Credit functions and drives the identification, measurement, monitoring, and reporting of credit risk within the Bank. CRMG closely monitors the quality of the entire loan portfolio.

During FY23, the Bank enhanced credit monitoring using various tools and mechanisms, closely monitoring the estimation of losses from the credit pool created before and during the pandemic to ensure adequate provisions.

### **Market Risk**

Market risk arises from movements in stock prices, interest rates, exchange rates, and commodity prices. It encompasses the risk of losses in 'on and off-balance sheet' positions resulting from market price movements and volatility, which impact the Bank's earnings and capital.

The Bank's investments, primarily in government securities and mutual funds, are subject to market risk. The Market



Risk Group (MRG) monitors these risks faced by the Bank. The MRG independently monitors the Bank's investment and trading portfolio, adhering to risk limits stipulated in the Market Risk Management Policy and the Board-approved Market Risk appetite, and reports any deviations to the appropriate authority.

The Bank employs both statistical and non-statistical measures for market risk management of its trading and investment portfolios. The tools, models, and underlying risk factors are periodically reviewed to enhance their effectiveness. The group also supports the Bank's Asset-Liability Management (ALM). The Asset Liability Management Committee (ALCO) acts as a decision-making unit responsible for integrated balance sheet risk management from a risk-return perspective, including strategic management of interest rate and liquidity risks.

### Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems, or external events. The Bank has implemented a Board-approved governance and organisational structure committed to managing operational risks.

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

The Bank regularly monitors various operational risk exposures and conducts periodic reviews to ensure effective implementation. Control and mitigation guidelines are integrated into various product and process operation manuals and documents of the

Bank. The Bank maintains a robust process for reporting operational losses and issues. Relevant areas are reviewed, and any identified gaps are addressed accordingly.

The Bank has a robust information technology infrastructure with disaster recovery capabilities for critical components. It also has integrated Business Continuity Planning (BCP) initiatives for regular business operations. The BCP Committee oversees the strategy and implementation of the Bank's disaster and business continuity framework. Additionally, the Bank maintains oversight of potential risks arising from the outsourcing of financial and IT activities through the Outsourcing Committee.

### Information Security Risk

Information security risk is identified as a significant risk for the Bank, given our core strategy of being digital.

The Information Security Committee (ISC), comprising senior management personnel, is responsible for overseeing the implementation of the Board-approved Information Security Management policy and framework, approved by RMCB and the Board.

The information security group is dedicated to this function and continuously works towards adopting newer and better security practices regarding cybersecurity and information risk management. This includes ensuring effective data privacy, protection of customer information, conducting continuous reviews of new and existing applications, and analysing gaps to ensure the implementation of all recommendations of the Gopalkrishna Committee, as well as other regulatory guidelines issued from time to time.

## SECRETARIAL AND CORPORATE LEGAL

At Fincare Small Finance Bank places upholding sound corporate governance principles in any business environment is paramount. The Bank recognizes that robust governance serves as the bedrock for responsible practices across life stages and business cycles. The Bank firmly acknowledges that corporate governance practices encompass more than a mere set of rules; they epitomize the organization's culture and mindset.

At Fincare Small Finance Bank, the Secretarial unit plays a pivotal role in upholding corporate governance standards within the Bank. As an administrative and managerial function, the unit assists in tailoring governance principles and practices to meet the specific needs and expectations of various stakeholders in a fair and transparent manner.

The primary objective of the Secretarial unit is to uphold the highest governance standards by adopting and implementing good Corporate Governance practices. The governance framework includes:

**Independent decision-making:** The Bank ensures that the Board and Committees are empowered to make independent and objective decisions that are in the best interest of the Bank and stakeholders.

**Transparency and procedures:** The Bank promotes transparency by adopting clear procedures and practices throughout the governance processes which foster accountability and build trust among the stakeholders.

**Monitoring Management actions:** The Bank closely monitors the functioning of its management to ensure effectiveness in carrying out its responsibilities. This aids in maintaining high standards of business ethics, performance and accountability.

**Fulfilling fiduciary duties:** The Bank provides necessary resources and support to the Board, enabling it to fulfill its fiduciary duties to safeguard the interests of the shareholders.

The Bank's Secretarial unit also plays a critical role in ensuring adherence to legal and regulatory requirements. The unit meticulously organizes and runs meetings of shareholders, Board of Directors, and various Committees, in accordance with the provisions outlined in the Company's Articles of Association, bylaws, and respective Charters/Policies. It prepares comprehensive Minutes of the Board-directed actions, reflecting proper discharge of the fiduciary duties.

To enhance governance practices and reduce paper usage, the Bank has embraced Dess, a Digital Meetings platform. This advanced solution streamlines document management and collaboration processes, enabling to conduct paperless meetings with ease. It offers multiple levels of controls, facilitates communication through various channels, and provides efficient board reporting solutions.

In addition to the governance responsibilities, the Secretarial unit acts as an advisor, bridging the gap between the Board and the senior management personnel. The unit represents the Bank before statutory authorities, ensuring adherence to legal obligations and promoting transparency in its operations. The Bank's Corporate Secretary, as a governance expert, plays a crucial role in maintaining a sustainable governance framework that aligns with the strategic objectives of the Bank.

Fincare Small Finance Bank is dedicated to the ongoing enhancement of governance practices and the fulfillment of all statutory obligations. The Bank firmly recognize that upholding corporate governance and responsible practices are essential foundations for achieving long-term success and maintaining the trust bestowed by its valued stakeholders.





# ENVIRONMENTAL & SOCIAL GOVERNANCE

## ENVIRONMENT SOCIAL & GOVERNANCE





## UPHOLDING CORPORATE GOVERNANCE AND RESPONSIBLE PRACTICES

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## CLIMATE CHANGE - RISK AND OPPORTUNITIES

The phenomenon of climate change presents has two sides, encompassing both a risk and an opportunity for financial institutions, including our Bank. In order to ensure long-term sustainability and resilience, it is imperative for a responsible institution to comprehensively comprehend and effectively address the risks and leverage the opportunities. A summary analysis of the risks and opportunities associated with climate change for Fincare Small Finance Bank is given below:

### Risks

**Physical Risks:** Climate change can lead to increased frequency and severity of extreme weather events such as floods, storms, and droughts. These events can damage physical assets, disrupt operations, and impact the Bank's borrowers and customers, particularly those in vulnerable regions.

**Regulatory and Policy Risks:** Governments and regulatory bodies are implementing measures to mitigate climate change and transition to a low-carbon economy. These regulations may impose new requirements, standards, and costs on financial institutions, including reporting on climate-related risks, disclosure obligations, and adherence to sustainability guidelines.

**Reputational Risks:** Stakeholders, including customers, investors, and the public, are increasingly conscious of environmental issues. Failure to address climate-related risks and demonstrate sustainable practices can damage the Banks' reputation and result in a loss of trust and customers.

### Opportunities

**Green Financing:** Climate change opens opportunities for the Bank to develop and promote green financing

products. These products can support investments in renewable energy, energy-efficient technologies, and sustainable infrastructure, thereby contributing to a low-carbon economy and attracting environmentally conscious customers.

**Innovation and Adaptation:** Climate change necessitates the development of innovative solutions and adaptation strategies. The Bank can seize opportunities by investing in technologies and services that help clients adapt to climate change impacts, such as providing insurance against climate-related risks or supporting the adoption of resilient agricultural practices.

**Sustainable Investments:** Increasingly, investors are looking for sustainable investment options. The Bank can tap into this growing demand by offering sustainable investment products that integrate environmental, social, and governance (ESG) factors. This can attract new investors and contribute to the Bank's financial performance.

**Operational Efficiency:** Transitioning to a low-carbon business model can enhance operational efficiency and reduce costs. The Bank can explore energy-efficient practices, adopt renewable energy sources, and optimise resource usage to lower carbon emissions and improve cost-effectiveness.





# ENVIRONMENT IN ACTION

## Emission Estimation

The Bank undertook an estimation of its Scope 1 and Scope 2 emissions so as to create a baseline. For the FY23, the following are the emissions:

Emissions (MTCO2e)	
Scope 1 - Direct	262*
Scope 2 - Indirect	3910**
Total Scope 1 & Scope 2	4172
Emissions/FTE	0.28 MTCO2e

- \*Scope 1 Emissions estimations have been done as follows –
  - LPG Consumed at Bank Provided Staff Residences has been done on the basis of Number of Staff Staying \* 2 KG per staff per month.
  - Diesel Consumption Amounts in Office Owned Vehicles and Diesel Generators have been obtained from Finance Data and number of litres has been estimated from the same. The Emission Factor applied is as per US EPA 2022 emission factors database.
  - The Fugitive Emissions for AC and Fire Equipment have been estimated using US EPA Guidance on Fugitive emissions.
- \*\*Scope 2 Emissions of Electricity have been estimated by obtaining the month wise electricity bill payment data from Finance & Accounts department. The standard state tariff rate has been applied to derive the number of units. From the total number of units thus estimated, emissions have been calculated using the emission factor derived from CEA's CO2 Database Version 18.

The Bank is in the process of devising a multi-year plan for the years ahead.

## Reducing Energy Usage

- The Bank has taken numerous steps to reduce the consumption of Fossil fuel-based electricity purchase such as:
  - Inverter ACs are installed in Full-Service Banking Outlets (Samruddhi) and VRF (Variable Refrigerant Flow) ACs in all Administrative Offices.
  - LED lights are installed at all Bank Facilities resulting in reduced energy consumption and lower emissions.
  - Virtual servers are used through a subscription-

based model instead of physical servers. Virtual servers reduce the impact on environment as it is a shared workload. As on date, 100% of the servers used by the Bank are virtual.

- It is estimated that with the above initiatives the Bank has been able to reduce 2068 MWH which resulted in avoiding 1489 MTCO2e emissions.

## Reducing Deforestation

- The Loan Origination and Management system (LOS/ LMS) as well as Account Opening application of the Bank is completely digital and significantly reduces the usage of paper.
- Photocopying of documents is avoided by using Aadhar Based Authentication for verifying customer KYC
- Central Back Office Unit of the Bank processes almost all requests through a digital process.
- Customers statements are sent on e-mail instead of physical paper by default.
- It is estimated that by carrying out all of these initiatives, the bank has been able to save around 100 tons of paper equivalent resulting in avoiding deforestation of around 2300 trees.

## Reducing Plastic Usage

- The Bank offers a Virtual Debit Card rather than a physical one to all eligible account holders.
- The Bank issued around 318K virtual debit cards during the financial year which resulted in saving of 1337 kg of plastic.

## Responsible Waste Management

- The Bank applies the universal principles of waste management i.e., Reduce, Reuse and Recover, to ensure that waste is dealt with in a manner 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 and is disposed in a safe manner only through authorized dealers.
- In the financial year, the bank disposed 450 Kg of E-waste through Authorized E-Waste Vendors

## Conserving Water

- The Bank has installed Low-Flow or Aerator taps in the toilets at all Banking Outlets and Aerator or Sensor Based taps in the toilets at the Administrative Offices.



## SOCIAL - CUSTOMER

### Joint Liability Group (Micro Loans)

- True to the mission of Financial Inclusion, the Bank has a deep rural franchise and supports upliftment of women in rural India by providing microloans as well as opening a Zero Balance Savings Accounts (Shakti) thereby furthering both sides of financial well-being.
- In terms of lending, around 40 % of the women borrowers have availed their first ever loan with the bank thereby helping them move out of informal to formal sources of financing.

### Affordable Housing Loan / Loan Against Property

- The Bank is committed to the "Housing for All" mission and provides Affordable Housing Loan product for Home Purchase, improvement and extension.
- In order to enable self-employed borrowers who do not have a formal income tax return, for loan up to `10 Lakhs, the Bank has waived the income document requirement and offers the loan based on understanding their Turnover thereby making formal finance accessible, thus accelerating their financial mainstreaming.

### Loan Against Gold

- In this product, the Bank provides emergency and speedy funding across the table against gold ornaments.



- 35% of the Loan Book in terms of count is for loans up to `50,000, primarily given to the under-banked and unbanked micro and small business owners.

### Redressing Customer Grievances at Speed

- The Bank has multiple modes of customer grievance recording.
- In addition to an IVR based Call Centre, customers can record their grievance through the website, in person, mail, WhatsApp and a Chat Bot.
- The Bank received a total of 335 grievances in the financial year of which 86% of the grievances were responded to within the prescribed TAT.
- In the financial year, 43 such complaints were raised to the Internal Ombudsman of which in 27 grievances the Ombudsman was in agreement with the resolution provided by the Bank.

### Providing superior experience through Digital Apps

- The Bank constantly looks at providing a better experience for the customers by providing state-of-the-art digital applications.
- The Bank has several digital apps including Mobile Banking Application, WhatsApp Banking, Net Banking which promote banking from anywhere in addition to IVR and Branch banking.
- The Bank has also introduced Video Banking Services wherein customers can connect and speak to a Bank representative through a Video Call.
- The Bank continues to invest in expanding the digital servicing applications suite to benefit its customers and enhance their service experience.
- The Bank conducts a NPS Survey on a monthly basis to judge the service levels being provided to the customers. Based on the feedback received through these surveys, the bank constantly makes changes in its service offerings so as to improve the customer satisfaction score. The NPS score of the Bank on an Annual Basis is as follows:

Relational NPS:

**53%**

Transactional NPS:

**63%**

Overall NPS:

**61%**

## SOCIAL - COMMUNITY

Fincare Small Finance Bank is deeply committed to corporate social responsibility (CSR), focusing on Health and Hygiene, Literacy and Livelihood, and Community and Environment. The initiatives encompass health camps, financial literacy programs, study centres, flood relief activities, tree plantation, and rainwater harvesting, creating a lasting social impact.

**751**

Health Camps

**56,764**

Financial Literacy Beneficiaries

**75**

Fincare Study Centers

**1,592**

Student Enrolled

**3,986**

Grocery Kits Distributed

**1,551**

Trees Planted

**13,363**

Borewell Recharge Beneficiaries

**1,29,234**

Total CSR Beneficiaries in FY23





**Health and Hygiene**

The Bank recognises the importance of healthcare access and conducts regular Health Check-up Camps. This initiative ensures that essential healthcare services reach to those in need. During FY23, 751 camps were organised, benefiting 51,978 individuals from underserved communities.

**Literacy and Livelihood**

The Bank is dedicated to promoting literacy and empowering individuals for sustainable livelihoods. Through its Financial Literacy Programs, the Bank reached 56,764 beneficiaries in 2,776 sessions. Additionally, the establishment of 75 Fincare Study Centres providing free tuition to underprivileged students benefitted 1,592 individuals in FY23.

**Community Welfare and Environment Protection**

The Bank actively contributes to the welfare of

communities and the protection of the environment.

As part of its initiatives, in FY23, the Bank distributed Grocery Kits during Flood Relief Activities, benefiting 3,986 individuals through 134 distribution drives. Furthermore, the Bank engaged in tree plantation activities, planted 1551 trees, and promotes rainwater harvesting through Borewell recharge, benefiting 13,363 individuals and recharged 101 Borewell recharge units.

**Positive Impact and Reach**

Through its CSR initiatives, Fincare Small Finance Bank has positively impacted the lives of 129,234 individuals across 3,839 activities in FY23. By prioritising Health and Hygiene, Literacy and Livelihood, and Community and Environment, the Bank demonstrates its commitment to creating a better world and making a lasting social impact.



## SOCIAL - STAFF

The Bank is an equal opportunities employer and believes its people are the driving force for sustainable growth and success. The Human Resources (HR) policies are developed on the principles of fairness and ethics in line with the applicable national regulatory requirements and international best practices.

### Equal Opportunity and Diversity

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

### Staff Health & Safety

The Bank lays very high focus on Staff Health & Safety. The Bank provides accident, life and health insurance cover to 100% of its workforce with 100% premium contributed by the Bank.

### First Time Employment

In addition to being an equal opportunity employer, the Bank also believes in providing employment to youth with no past employment. First Time Employment is a priority focus of the Bank and in FY23, of all the new joiners, for 37% of the staff, it is a first-time employment opportunity.

### Grievance Mechanism

The Bank has a Staff Grievance Policy in place that clearly lays down the Grievance procedures. Additionally, the Bank has developed and implemented a POSH Policy for Prevention, Prohibition, and Redressal of Sexual Harassment at the Workplace. The Bank has also framed a Whistle Blower Policy to handle cases of ethical or professional misconduct. The Bank shares Regular communication updating staff on the policies available, and these mechanisms are in active use at the Bank.

### Learning & Development

The learning and development tree for all categories of staff consists of functional, soft skills and technical training delivered through classroom and e-learning courses by an in-house Training unit. In addition, the Bank has a dedicated Learning Management System (iExcel), equipped with 600+ hours of training content and provides a platform for blended training across the Bank. In FY23, we covered 99.06% of employees on all mandatory trainings.

### Sampark – Cultivating an engaged work force

The Bank conducts a multi-location Annual Staff Meet across the bank covering 100% staff that serves as a platform for celebrating the key milestones and felicitating the top performers of the year. In addition, the events are an opportunity to build camaraderie and connect through staff-led entertainment activities. This bank-sponsored event is an eagerly awaited highlight of the engagement calendar. In addition, the Bank conducts numerous engagement activities including marathon events, staff health check camps, birthday and festival celebrations across offices and multiple Rewards & Recognition initiatives.

### Great Place to Work

The Bank believes in creating and maintaining a positive and motivating work environment for all. A testimony to this fact is the bank received Great Place to Work certification 3 times in a row in 2023 and is also among top 50 workplaces in BFSI segment.

### Community

The Bank engages with the local communities across all its areas of operations through its CSR initiatives. Under CSR, the Bank has earmarked 3 pillars viz. Health & Hygiene, Learning & Livelihood, and Community & Environment. Under Health & Hygiene, the Bank conducts Health Camps and distributes free medicines in Tier 5 and Tier 6 villages. The free health check-up covers Diabetes, Blood Pressure and Anemia. The Bank also distributes one month of free medication through this program. Under Learning & Livelihood, the Bank supports 'study centers' in Tier 5 and Tier 6 villages whereby children aged 8-13 years are provided with a safe environment that supports their afterschool homework and is taught various subjects by a trained teacher. Children also actively participate in cultural activities at these centers. As a second initiative under this theme, the bank organizes and conducts Financial and Digital Literacy Camps for local communities through NGOs/Own CSR Staff. Under Community and Environment, the bank provides Support for those affected by natural calamities. Typically, 15 day ration kit comprising food essentials for a family of 4, is provided free of cost to the underprivileged in the affected areas.



# GOVERNANCE

## Board

The Bank has a diversified and seasoned Board comprising eminent members with expertise in areas such as Regulatory, Risk, Legal, Compliance, Business and Strategy. 6/11 (55%) of the Board members are Independent and 2/11 (18%) of the Board Members are Female.

## Equity in Pay

The Bank maintains pay equity at all levels of staff regardless of race, gender, and physical disabilities.

## Ethics, Integrity & Compliance

The Bank maintains the highest level of Ethics and Integrity and complies with all the laws of the land in letter and spirit. The Bank does not have any cases filed by the government authorities on account of default on any other dues.

## Transparency & Disclosures

The Bank is fully transparent in all its dealings with

customers and discloses all the material information to the customers so as to enable them to make an informed decision before using any banking product or service.

## Responsible Tech (Cyber Security)

The Bank lays very high importance on Data and Cyber Security and has an independent information risk unit headed by a Chief Information Risk Officer (CISO) who in turn reports to the Chief Risk Officer (CRO) of the Bank.

## Good Business Governance - Documented Policies & Processes

The Bank follows a system of good governance through well drafted policies and processes in place so as to ensure proper conduct of business in a systematic and synergistic manner. The policies are drafted by the Management and approved by the respective Committees of the Board and thereafter by the Board. Adherence to the policies is reported to the Board on a periodic basis, including review of the policies itself on an annual basis.



## DIRECTORS REPORT

To,  
The Members,  
**Fincare Small Finance Bank Limited (“The Bank”)**

Your Directors take pleasure in presenting the 28<sup>th</sup> Annual Report on the business and operations of the Bank together with the Audited Financial Statements for Financial Year 2022-23.

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 31<sup>st</sup> March 2023, the Bank had a total of 1231 Banking outlets of which 339 are located in Rural, 640 in Semi-Urban, 179 in Urban and 73 in Metro locations, thereby covering 19 States namely Andhra Pradesh, Bihar, Chhattisgarh, Gujarat, Haryana, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Punjab, Rajasthan, Tamil Nadu, Odisha, Telangana, West Bengal, Uttarakhand, Goa, Himachal Pradesh 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 2022-23 are highlighted in this report.

### 1. FINANCIAL HIGHLIGHTS – F.Y 2022-23

The financial performance for F.Y 2022-23 as compared to the previous year is summarized in the following table:(₹ in Lakhs)

Particulars	F.Y 2022-23	F.Y 2021-22
Interest Income	174,412	144,857
Other Income	22,668	19,617
Interest expended	65,368	56,978
Operating expenses	87,405	64,680
Provision and Contingencies	31,310	42,241
Profit before Tax	12,997	575
Profit after Tax	10,364	887
Surplus brought forward	17,521	18,110
Amount available for appropriation	27,885	18,997
Appropriation/transfers:		
Transfer to Statutory Reserve	2,591	222
Transfer to Other Reserves	388	1,254
Surplus carried to Balance Sheet	24,906	17,521
BEPS (₹)	4.69	0.38
DEPS (₹)	4.68	0.38

**Note: Some of the numbers have revisions in the previous year due to reclassification in the grouping.**

## 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 ₹ 2591 Lakhs to Statutory Reserves and ₹ 388 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 Long-Term facilities and Tier II Bonds. The Bank has also been assigned IND A (Stable) credit rating by India Ratings & Research for its Unsecured Sub-ordinated Debt. 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, the Bank is assigned Crisil A1+ rating 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

## 10. NUMBER OF MEETINGS OF THE BOARD DURING THE FY23

The Board of Directors of the Bank met 17 times in FY-2023. 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)
1 <sup>st</sup> April, 2022	18 <sup>th</sup> July, 2022	2 <sup>nd</sup> November, 2022	31 <sup>st</sup> January 2023
25 <sup>th</sup> April, 2022	29 <sup>th</sup> July, 2022	8 <sup>th</sup> December, 2022	20 <sup>th</sup> February 2023
26 <sup>th</sup> May, 2022	6 <sup>th</sup> August, 2022		28 <sup>th</sup> February 2023
9 <sup>th</sup> June, 2022	12 <sup>th</sup> August, 2022		10 <sup>th</sup> March 2023
17 <sup>th</sup> June, 2022	23 <sup>rd</sup> August, 2022		
27 <sup>th</sup> June, 2022			

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

3.23 Lakh Fincare 101- Digital Savings account customers in FY22-23. The Fincare 101 solution enables in opening a completely digital Full KYC account by the customer. As a result, a total of 59,197 customers successfully opened the account via V-KYC process in FY22-23, registering 93% YoY growth.

Key highlights of the Bank's operations during FY23 in comparison to FY22 are as follows:

Particulars	F.Y 2022-23	F.Y 2021-22
Gross disbursements (₹ in Crores)	-	6856.54
Gross loans (₹ in Crores)	-	7599.57
No. of Banking outlets (including BC)	1231	919
No. of Re-cyclers /ATMs	92 Re-cyclers & 52 ATMs	90 Re-cyclers & 35 ATMs
No. of Branches	856 + 2 DBUs	673
No. of Loan Accounts		27,45,353
No. of Staff		11733

## 8. CAPITAL STRUCTURE OF THE BANK

During the financial year ended 31<sup>st</sup> March, 2023, 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 at 31<sup>st</sup> March, 2023 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 FY23, the Bank did not issue any shares during the year. 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](http://www.fincarebank.com).

### **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 31<sup>st</sup> March, 2023.

### **13. EMPLOYEE STOCK OPTION SCHEME**

In compliance with the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as amended from time to time, the Board had authorized the Nomination and Remuneration Committee of the Bank to administer and implement the Company's Employees Stock Option Scheme including deciding and reviewing the eligibility criteria for grant and /or issuance of stock options under the Scheme.

During the period under review, no stock options were either issued or allotted under the Employee Stock Option Scheme of the Bank and there have been no amendments with Employee Stock Option Plan-2018 (version-4) of the Bank.

### **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 9<sup>th</sup> May, 2021, followed by an Addendum to DRHP on 20<sup>th</sup> August, 2021. However, due to 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 9<sup>th</sup> May, 2021 was valid till 28<sup>th</sup> July, 2022.

Accordingly, the Board of the Bank at its meeting held on 17<sup>th</sup> 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 7<sup>th</sup> 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.

Thereafter, the Bank received a letter from SEBI returning the DRHP and giving a period of 60 days to re-submit the DRHP. The Bank re-submitted the Draft Red Herring prospectus (DRHP) on May 2, 2023 based on the Amended and Restated Financials as at March 31, 2023. As at the date of this report, the Bank is awaiting approval from SEBI on the DRHP filed on May 2, 2023.

### **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 Bank has sought approval of the RBI for continuation of appointment of M/s S.R. Batliboi & Associates, LLP, Chartered Accountants (FRN 101049W) for FY 2023-24.

#### **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 2 November, 2022 has appointed M/s. Parikh Dave & Associates, Practising Company Secretaries as the Secretarial Auditor of the Bank, to conduct Secretarial Audit for F.Y. 2022-23. 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. 14<sup>th</sup> 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., 31<sup>st</sup> March, 2023 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. 88 of Annual Report.

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

Particulars	₹ (F.Y) 2022-23)	₹ (F.Y) 2021-22)
Foreign Exchange Earnings	-	-
Foreign Exchange outflow	14,493,053	27,32,446

## 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:

- Mr. Varun Sabhlok ceased to be an Independent Director w.e.f. 30<sup>th</sup> August, 2022 after completion of his tenure in the Bank.

- The Board of Directors, upon recommendation of Nomination and Remuneration Committee, at its meeting held on 6<sup>th</sup> August, 2022 appointed Mr. Narayanan Rajagopalan Nadadur as an Additional Director (Independent) on the Board of the Bank and was appointed as an Independent Director in the AGM dated September 27, 2022.
- The Board of Directors, upon recommendation of Nomination and Remuneration Committee, at its meeting held on 27<sup>th</sup> June, 2022 re-appointed Mr. Sunil Gulati and Mr. Alok Prasad as Independent Directors 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 19<sup>th</sup> July, 2022.
- 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 and was re-appointed in the AGM dated September 27, 2022.

The Board of Directors, upon recommendation of Nomination and Remuneration Committee, at its meeting held on February 20, 2023 re-appointed Mr. Rajeev Yadav as a MD & CEO for another 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 March 15, 2023.

Further, after the period under review, i.e. 31<sup>st</sup> March, 2023:

- The Board of Directors, upon recommendation of Nomination and Remuneration Committee, at its meeting held on 12<sup>th</sup> June, 2023 re-appointed Mr. Pramod Kabra as a Non-Executive Director for third term for a period of 4 years subject to 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.
- The Board of Directors, upon recommendation of Nomination and Remuneration Committee, at its meeting held on 28<sup>th</sup> February, 2023 appointed Mr. Vinay Bajjal as a Chairperson of the Board 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.

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 FY23, 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 27<sup>th</sup> February 2023 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 Whistle Blower 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 8 complaints reported in the quarter ended 31<sup>st</sup> March, 2023 and suitable actions were taken as per Whistle Blower 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 2022-23, 6 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 2022-23 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 14,804 employees as at 31<sup>st</sup> March, 2023 as against 11,733 employees as at 31<sup>st</sup> March, 2022.

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](http://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: June 23, 2023

Place: Mumbai

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: June 23, 2023

Place: Bengaluru



## Annexure I

# REPORT ON CORPORATE GOVERNANCE

Fincare Small Finance Bank Limited (the “Company/ 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 FY 2022-23:

Category	Name of Director	Date of Appointment	Date of Cessation	No. of Board Meetings attended	No. of Committee Meetings attended	Attendance at last AGM held on September 27, 2022	Other Directorships (As at March 31, 2023)
Executive Director	Mr. Rajeev Yadav, Managing Director and Chief Executive Officer	July 17, 2017	-	17	12	No	NIL
Non-Executive Directors	Mr. Pramod Kabra, Part-Time Chairman and Non-Executive Director	September, 19, 2013	-	11	10	No	3
	Mr. Divya Sehgal, Nominee Director	October 13, 2021	-	6	2	No	2
	Mr. Dhiraj Poddar, Nominee Director	September 27, 2021	-	1	2	Yes	8
	Mr. Sameer Yogesh Nanavati, Nominee Director	June 24, 2017	-	12	14	Yes	3

Category	Name of Director	Date of Appointment	Date of Cessation	No. of Board Meetings attended	No. of Committee Meetings attended	Attendance at last AGM held on September 27, 2022	Other Directorships (As at March 31, 2023)
Independent Directors	Mr. Alok Prasad, Independent Director	July 20, 2017	-	16	26	Yes	3
	Mr. Sunil Satyapal Gulati, Independent Director	July 20, 2017	-	14	27	No	11
	Ms. Nanda Sameer Dave, Independent Director	June 21, 2021	-	11	14	No	1
	Mr. Varun Sabhlok, Independent Director*	August 31, 2017	August 30, 2022	8	5	NA	-
	Mr. Vinay Bajjal, Independent Director	February 25, 2017	-	17	23	Yes	3
	Ms. Aarthi Sivanandh, Independent Director	April 28, 2021	-	12	4	No	1
	Mr. Narayanan Rajagopalan Nadadur, Independent Director*	August 06, 2022	-	6	8	No	1

Notes:

- The Board of Directors, upon recommendation of Nomination and Remuneration Committee, at its meeting held on 27<sup>th</sup> June, 2022 re-appointed Mr. Sunil Satyapal Gulati (DIN: 00016990) as an Independent Director on the Board of the Bank for a second term of five years, as per the maximum tenure permissible under the provisions of the Companies Act, 2013. His re-appointment as an Independent Director of the Bank was approved by the shareholders by way of passing of a special resolution at the Extra-Ordinary General Meeting held on 19<sup>th</sup> July, 2022.
- The Board of Directors, upon recommendation of Nomination and Remuneration Committee, at its meeting held on 27<sup>th</sup> June, 2022 re-appointed Mr. Alok Prasad, (DIN:00080225), as an Independent Director on the Board of the Bank for a second term of five years, as per the maximum tenure permissible under the provisions of the Companies Act, 2013. His re-appointment as an Independent Director of the Bank was approved by the shareholders by way of passing of a special resolution at the Extra-Ordinary General Meeting held on 19<sup>th</sup> July, 2022.
- The Board of Directors, upon recommendation of Nomination and Remuneration Committee, at its meeting held on 6<sup>th</sup> August, 2022 appointed Mr. Narayanan Rajagopalan Nadadur (DIN: 07877022) as an Additional Director (Independent) with effect from August 6, 2022 on the Board of the Bank for a period of 5 years. His appointment was, thereafter, regularized as an Independent Director by way of passing a special resolution at the Annual General Meeting held on 27<sup>th</sup> September, 2022.

- The Board of Directors at its meeting held on 23<sup>rd</sup> August, 2022, took note of the cessation of Mr. Varun Sabhlok, from the position of the Independent Director of the Bank from the close of business hours on August 30, 2022.

- The Board of Directors, upon recommendation of Nomination and Remuneration Committee, at its meeting held on 23<sup>rd</sup> August, 2022 re-appointed Mr. Dhiraj Poddar, (DIN: 01946905), as a Nominee Director (nominated by Fincare Business Services Limited) on the Board of the Bank for a second term of five years, as per the maximum tenure permissible under the provisions of the Companies Act, 2013. His re-appointment as a Nominee Director of the Bank was approved by the shareholders at the Annual General Meeting held on 27<sup>th</sup> September, 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 Yogesh Nanavati, Nominee Director representing Fincare Business Services Limited holds 1,62,213 equity shares of the Bank amounting to negligible percentage (0.07%) of total paid-up Equity Share Capital of the Bank.

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

## BOARD MEETINGS:

The Board of Directors of the Company met 17 (Seventeen) times in the financial year 2022-23. 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-Sept)	Quarter 3 (Oct-Dec)	Quarter 4 (Jan-March)
April 1, 2022	July 18, 2022	November 2, 2022	January 31, 2023
April 25, 2022	July 29, 2022	December 8, 2022	February 20, 2023
May 26, 2022	August 6, 2022		February 28, 2023
June 9, 2022	August 12, 2022		March 10, 2023
June 17, 2022	August 23, 2022		
June 27, 2022			

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 had 11 (Eleven) Committees, namely,

- Audit Committee;
- Nomination and Remuneration Committee ;
- Risk Management Committee;
- Corporate Social Responsibility Committee;
- Customer Service Committee;
- IT Strategy Committee;
- Stakeholders Relationship Committee;
- Credit Approval Committee;
- Fraud Monitoring 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 the financial year 2022-23 pursuant to the appointment and resignation of the Directors as mentioned in the notes to point no. 1 of this report under the heading “Composition of the Board and directorships held during the FY 2022-23” 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 23<sup>rd</sup> August, 2022. Post the re-constitutions the composition of the ACB as at 31<sup>st</sup> March, 2023 was as follows:

1. Mr. Vinay Bajjal – Chairperson and Independent Director
2. Mr. Alok Prasad - Independent Director
3. Mr. Dhiraj Poddar – Nominee Director
4. Mr. Sameer Yogesh Nanavati – Nominee Director
5. Mr. Sunil Satyapal Gulati - Independent Director
6. Mr. Narayanan Rajagopalan Nadadur - Independent Director
7. Ms. Nanda Sameer Dave – Independent Director

The ACB of the Board met 11 (Eleven) times during the year under review:

Quarter 1 (April-June)	Quarter 2 (July-Sept)	Quarter 3 (Oct-Dec)	Quarter 4 (Jan-March)
May 25, 2022	July 29, 2022	October 17, 2022	January 10, 2023
May 26, 2022	August 12, 2022	November 2, 2022	January 31, 2023
	August 29, 2022	November 24, 2022	
		December 21, 2022	

**Audit Committee Meeting attendance:**

Name	Nature of Directorship	No of meetings attended
Mr. Vinay Bajjal	Chairperson of the Audit Committee and Independent Director	11
Mr. Alok Prasad	Independent Director	10
Mr. Sameer Yogesh Nanavati	Nominee Director	7
Mr. Sunil Satyapal Gulati	Independent Director	9
Mr. Varun Sabhlok*	Independent Director	3
Ms. Nanda Sameer Dave	Independent Director	8
Mr. Dhiraj Poddar	Independent Director	2
Mr. Narayanan Rajagopalan Nadadur **	Independent Director	5

\*Mr. Varun Sabhlok ceased to be the Member of the ACB w.e.f 23<sup>rd</sup> August, 2022.

\*\*Mr. Narayanan Rajagopalan Nadadur was inducted as a Member of the ACB w.e.f. 23<sup>rd</sup> August, 2022.

**Functioning of the ACB:**

On 29<sup>th</sup> July, 2022, 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. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion, to ascertain any area of concern.
3. Reviewing and monitoring the statutory and internal auditors independence and performance, and effectiveness of audit process.
4. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
5. Review of compliance with inspection and audit reports of Reserve Bank of India, review of the findings of internal investigations, discussion the scope of audit with external auditors and examination of reasons for substantial defaults.
6. A consolidated review of 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 further change in processes and procedures, if any, etc as at March 31 every year should be put up to the ACB within three months of the end of the relative year.

**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 Directors Responsibility Statement to be included in the Boards

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 before submission to the Board for approval.

**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**

- a. Prior approval of all related party transactions or any subsequent material modification of transactions of the Bank with related parties. Provided that only those members of the audit committee, who are independent directors, shall approve related party transactions.
- b. Defining material modifications.



**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. In relation to a monitoring agency appointed to monitor the utilisation of proceeds of a public issue or rights issue or preferential issue or qualified institutions placement, the monitoring report of such agency shall be placed before the audit committee on a quarterly basis, promptly upon its receipt.
3. Evaluating internal financial controls and risk management systems.
4. 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.
5. Undertaking and / or approving valuation of undertakings or assets of the Bank, wherever it is necessary.
6. Scrutinizing inter-Bank loans and investments.
7. Reviewing guidelines for investing surplus funds of the Bank.
8. Reviewing investment proposals before submission to the Board of Directors.
9. To review proposal for mergers, demergers, acquisitions, carve-outs, sale, transfer of business / real estate and its valuation report and fairness opinion, if any, thereof.
10. Pre-approval or any subsequent modification of transactions of the Bank with related parties
11. To ensure proper system of storage, retrieval, display, or printout of the electronic record.
12. To look into the reasons for substantial defaults in the payment to the debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
13. To review the functioning of the Whistle Blower I vigil mechanism. The procedures should ensure adequate safeguards against victimization of persons using such mechanism and make provision for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases.
14. Any other requirement in accordance with the applicable provisions of Companies Act, or any re-enactment, amendment or modification thereto from time to time.
15. To review findings and report of Fraud Monitoring Committee on periodic basis on the cases of attempted fraud and any other findings.
16. Review the KYC/Anti-Money Laundering (AML) / Counter - Financing of Terrorism (CFT) policy annually and review the implementation of the Bank's AML / CFT programme.
17. The Committee will perform 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.
18. To approve appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate.
19. Carrying out any other function as is mentioned in the terms of reference of the audit committee
20. 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 at the date of coming into force of this provision
21. Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc.

**F. Disclosure**

1. Oversight of the B'nk'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.
    - b. annual statement of funds utilized for purposes other than those stated in the offer document/ prospectus/notice.
    - c. annual statement of funds utilized for purposes other than those stated in the offer document/ prospectus/notice in terms of Regulation 32(7) of the Listing Regulations.
    - d. In relation to a monitoring agency appointed to monitor the utilization of proceeds of a public issue or right issue or preferential issue or qualified institutions placements, the monitoring report of such agency shall be placed before the Audit Committee on a quarterly basis, promptly upon its receipt.

In order to perform its roles and responsibilities and to investigate any activity within its terms of reference, the Audit Committee shall have the power to seek information from any employee, to obtain outside legal or other professional advice and to secure attendance of outsiders with relevant expertise, if it considers necessary.

**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.

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

Quarter 1 (April-June)	Quarter 2 (July-Sept)	Quarter 3 (Oct-Dec)	Quarter 4 (Jan-March)
April 21, 2022	July 11, 2022	October 14, 2022	January 30, 2023
April 22, 2022	August 4, 2022		February 20, 2023
June 27, 2022	August 23, 2022		February 23, 2023
			February 28, 2023
			March 03, 2023

**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	10
Mr. Sunil Satyapal Gulati	Independent Director	12
Mr. Vinay Bajjal	Independent Director	12

**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 29<sup>th</sup> July, 2022. 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:

- 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;
- While formulating the above policy, ensure that —
  - 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;
  - relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
  - 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;
- Formulating criteria for evaluation of performance of Independent Directors and the Board of Directors;
- 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;
- Devising a policy on diversity of Board of Directors;
- 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.
- Extending or continuing the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors;
- Recommending to the board, all remuneration, in whatever form, payable to senior management;
- 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 RMC") 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 the financial year 2022-23 pursuant to the appointment and resignation of the Directors as mentioned in the notes to point no. 1 of this report under the heading "Composition of the Board and directorships held during the FY 2022-23" and also to align the committee structure as per RBI Circular on Corporate Governance in Banks – Appointment of Directors and constitution of committees of the Board, the RMC was reconstituted on 23<sup>rd</sup> August, 2022. Post these re-constitutions the composition of the RMC as at 31<sup>st</sup> March, 2023 was as follows:

1. Mr. Sunil Satyapal Gulati – Chairperson of the RMC and Independent Director
2. Mr. Alok Prasad – Chairman of the Board and Non-Executive Director
3. Mr. Rajeev Yadav – Managing Director and Chief Executive Officer
4. Mr. Narayanan Rajagopalan Nadadur – Independent Director

The RMC of the Board met 4 (four) times during the year under review:

Quarter 1 (April-June)	Quarter 2 (July-Sept)	Quarter 3 (Oct-Dec)	Quarter 4 (Jan-March)
June 7, 2022	August 29, 2022	October 28, 2022	January 30, 2023

#### Risk Management Committee Meeting Attendance:

Name	Nature of Directorship	No. of meetings attended
Mr. Sunil Satyapal Gulati	Chairperson of the RMCB and Independent Director	4
Mr. Rajeev Yadav	Managing Director and CEO	4
Mr. Alok Prasad	Independent Director	3
Mr. Varun Sabhlok*	Independent Director	1
Mr. Narayanan Rajagopalan Nadadur	Independent Director	2

\*Mr. Varun Sabhlok ceased to be the Member of the RMC w.e.f 23<sup>rd</sup> August, 2022.

\*\*Mr. Narayanan Rajagopalan Nadadur was inducted as a Member of the RMC w.e.f. 23<sup>rd</sup> August, 2022.

### Functioning of Risk Management Committee

On 29<sup>th</sup> July, 2022, 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. To formulate a detailed risk management policy which shall include:
  - a. A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the committee.
  - b. Measures for risk mitigation including systems and processes for internal control of identified risks.
  - c. Business continuity plan.
2. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Bank;
3. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management system;
4. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
5. To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
6. The appointment, removal and terms of remuneration of the chief risk officer (if any) shall be subject to review by the committee;
7. The Risk Management Committee shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the board of directors;
8. To ensure that all the current and future material risk exposures of the Bank are assessed, identified, quantified, appropriately mitigated and managed;
9. To establish a framework for the risk management process and to ensure its implementation in the Bank;
10. To ensure that the Bank is taking appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities;
11. Review and recommend changes, from time to time, to the Risk Management plan and/ or associated frameworks, processes and practices of the Bank;
12. To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices;

13. To verify adherence to various risk parameters and prudential limits for treasury operations and to review its risk monitoring system.
14. Perform 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.
15. To develop 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.
16. Evaluate overall risks faced by the bank and determining the level of risks which will be in the best interest of the bank.
17. To review management's formulation of procedures, action plans and strategies to mitigate risks on short term as well as long term basis;
18. To review the credit and liquidity stress test results on a quarterly basis
19. Identify, monitor and measure the risk profile of the bank.
20. To ensure 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.
21. Develop 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.
22. Design 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.
23. Monitor compliance of various risk parameters by operating Departments.
24. Review the outsourcing functions of the Bank
25. Review of risk management practices, procedures and systems to ensure that same are adequate to limit all potential risks, faced by the bank to prudent levels (Annually). (Risk Management Framework to be reviewed for adequacy).
26. Limit Management Framework to be defined by outlining of the tolerance limits. Any exceptions and breaches to be reported on a quarterly basis.
27. Reviewing adequacy of insurance policies taken by Management to cover risks/ transfer risk exposures.
28. To ensure 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 the financial year 2022-23 pursuant to the appointment and resignation of the Directors as mentioned in the notes to point no. 1 of this report under the heading “Composition of the Board

and directorships held during the FY 2022-23” 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 was reconstituted on 23 August 2022. Post these re-constitutions the composition of the CSR as at 31<sup>st</sup> March, 2023 was as follows:

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

The CSR Committee of the Board met 4 (four) times during the year under review.

Quarter 1 (April-June)	Quarter 2 (July-Sept)	Quarter 3 (Oct-Dec)	Quarter 4 (Jan-March)
June 20, 2022	September 29, 2022	December 15, 2022	March 28, 2023

**CSR Committee Meeting Attendance:**

Name	Nature of Directorship	No of meetings attended/approval granted
Mr. Divya Sehgal	Chairperson of the CSR Committee and Independent Director	2
Ms. Aarthi Sivanandh	Independent Director	4
Mr. Sameer Yogesh Nanavati	Nominee Director	4
Mr. Varun Sabhlok*	Independent Director	0

\*Mr. Varun Sabhlok ceased to be the Member of the CSR Committee w.e.f 23<sup>rd</sup> August, 2022.

The Bank has spent a total amount of ₹ 2,37,94,099 towards CSR activities for the financial year 2022-23 as against the total CSR obligation of ₹ 2,36,58,890 in the areas specified in Schedule VII of the Companies Act, 2013, with no unspent amount for the financial year 2022-23.

A detailed Report on Corporate Social Responsibility (CSR) Activities for the financial year 2022-23 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 reviews the Charter of the CSR Committee setting out the responsibilities, roles of the Committee, the terms of reference of the Committee 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. Review and monitor 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. Review management’s 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.

The Corporate Social Responsibility Committee regularly report 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.

The Committee may issue guidelines, procedures, formats, reporting mechanism and manuals in supplement and for better implementation of its policy as considered appropriate.

**CUSTOMER SERVICE COMMITTEE:**

Customer Service Committee was constituted by the Board of Directors of the Bank at their meeting held on 24<sup>th</sup> 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.

The Customer Service Committee of the Board met 3 (three) times during the year under review.

Quarter 1 (April-June)	Quarter 2 (July-Sept)	Quarter 3 (Oct-Dec)	Quarter 4 (Jan-March)
May 13, 2022	July 26, 2022	December 8, 2022	NIL

**Customer Service Committee Meeting Attendance:**

Name	Nature of Directorship	No of meetings attended/ approval granted
Ms. Nanda Sameer Dave	Chairperson of the Customer Service Committee and Independent Director	3
Mr. Rajeev Yadav	Managing Director and Chief Executive Officer	3
Mr. Sameer Yogesh Nanavati	Nominee Director	2
Ms. Aarthi Sivanandh	Independent Director	0

**Functioning of the Customer Service Committee**

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

- To formulate 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.
- To monitor implementation of awards under the Banking Ombudsman Scheme.
- To ensure customers are treated fairly all the times and complaints raised by them are dealt with courtesy and in time.
- To evaluate feedback on quality of customer service and overseeing implementation of commitments towards customers as per the directions received from BCSBI.
- To ensure that all regulatory instructions regarding customer service are followed by the Bank.
- Review and approve customer service policies and customer communication strategies of the Bank.
- Review the performance of Standing Committee on Customer Service.

The composition of the Customer Service Committee as at 31<sup>st</sup> March, 2023 was as follows:

1. Ms. Nanda Sameer 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 Yogesh Nanavati – Nominee Director

**IT STRATEGY COMMITTEE MEETING:**

IT Strategy Committee was formed by the Board of Directors at their meeting held on 24<sup>th</sup> 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 the financial year 2022-23 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 FY 2022-23” 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 23<sup>rd</sup> August, 2022. Post the re-constitution the composition of the IT Strategy Committee as at 31<sup>st</sup> March, 2023 was as follows:

1. Mrs. Nanda Sameer Dave – Chairperson of IT Strategy Committee and Independent Director
2. Mr. Rajeev Yadav – Managing Director and Chief Executive Officer
3. Mr. Sunil Satyapal Gulati – Independent Director
4. Mr. Narayanan Rajagopalan Nadadur - Independent Director

The IT Strategy Committee of the Board met 4 (four) times during the year under review.

Quarter 1 (April-June)	Quarter 2 (July-Sept)	Quarter 3 (Oct-Dec)	Quarter 4 (Jan-March)
May 13, 2022	July 6, 2022	November 3, 2022	February 28, 2023

### IT Strategy Committee Meeting attendance:

Name	Nature of Directorship	No of meetings attended/approval granted
Ms. Nanda Sameer Dave*	Chairperson of the Committee and Independent Director	3
Mr. Rajeev Yadav	Managing Director and Chief Executive Officer	4
Mr. Sunil Satyapal Gulati	Independent Director	2
Mr. Narayanan Rajagopalan Nadadur**	Independent Director	1
Mr. Varun Sabhlok***	Independent Director	1

\*Ms. Nanda Sameer Dave was designated as the Chairperson of the IT Strategy Committee w.e.f. 23<sup>rd</sup> August, 2022.

\*\*Mr. Narayanan Rajagopalan Nadadur was inducted as a Member of the IT Strategy Committee w.e.f. 23<sup>rd</sup> August, 2022.

\*\*\*Mr. Varun Sabhlok ceased to be the Member of the IT Strategy Committee w.e.f. 23<sup>rd</sup> August, 2022.

### 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);
- Confirming whether 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).

### STAKEHOLDER RELATIONSHIP COMMITTEE

Stakeholder Relationship Committee ("the SRC") was constituted on 26<sup>th</sup> April, 2021 and the composition of the Stakeholders Relationship Committee as at 31<sup>st</sup> March, 2023 was as follows:

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

The SRC met once on 23<sup>rd</sup> March, 2023 during the year under review.

### Stakeholder's Relationship Committee Meeting Attendance:

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

### 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).

### CREDIT APPROVAL COMMITTEE:

Credit Approval Committee of the Board was constituted by the Board members at their meeting held on 24<sup>th</sup> 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 the financial year 2022-23 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 FY 2022-23" 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 23<sup>rd</sup> August, 2022. Post these re-constitutions the composition of the Credit Approval Committee as at 31<sup>st</sup> March, 2023 is as follows:

1. Mr. Narayanan Rajagopalan Nadadur – Chairman of Credit Approval Committee and Non-Executive Director
2. Mr. Pramod Kabra - Chairperson of Board and Non-Executive Director
3. Mr. Rajeev Yadav – Managing Director and Chief Executive Officer
4. Mr. Sameer Yogesh Nanavati – Nominee Director
5. Mr. Sunil Satyapal Gulati - Independent Director

The Credit Approval Committee did not meet during the year under review.

### 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.
- Controlling the risk through effective loan review mechanism and portfolio management.

### 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 fraud cases amounting to ₹ 1,00,00,000/- (Rupees One Crore) and above.

The Fraud Monitoring Committee as at 31<sup>st</sup> March 2023 comprised of the following members:

1. Mr. Sameer Yogesh 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 Bajjal - Independent Director

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 reported 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:

- Identify the system lacunae, if any, that facilitated perpetration of the fraud and put in place measures to plug the same;
- Identify the reasons for delay in detection, if any and report to top management of the Bank and RBI (if any);
- Monitor progress of Central Bureau of Investigation / Police Investigation and recovery position;
- Ensure 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;
- Review the efficacy of the remedial action taken to prevent recurrence of frauds, such as strengthening of internal controls;
- Put in place other measures as may be considered relevant to strengthen preventive measures against frauds;
- To Update the Audit committee on periodic basis on the cases of attempted fraud and action taken on them.

### SPECIAL COMMITTEE OF BOARD

Special Committee of Board to investigate fraud perpetrated by Sambandh Finserve was constituted on 14<sup>th</sup> 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 Financial Year 2022-23” 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 23<sup>rd</sup> August, 2022. Post the re-constitution the composition of the Special Committee as at 31<sup>st</sup> March, 2023 was as follows:

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

The Special Committee did not meet during the year under review.

### Functions of the Special Committee

The Special Committee shall be responsible for:

- Identify the systemic lacunae if any that facilitated perpetration of the fraud and put in place measures to plug the same.

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

Form No.	Type of Form	Relevant section as per Companies Act, 2013	Date of filing/ submission
MGT-7	Annual Return	92(1)	November 24, 2022
AOC-4	Balance Sheet and Profit and loss A/c	137	October 21, 2022

- Identify the reasons for delay in detection, if any, reporting to top management of the bank and RBI.
- Monitor progress of CBI/Police investigation and recovery position.
- Ensure 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.
- Review 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 27<sup>th</sup> October, 2021 to review the decision taken by the Wilful Defaulter Identification Committee (Management Level Committee) and to tag a borrower as ‘willful defaulter 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 Financial Year 2022-23” 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 23<sup>rd</sup> August, 2022. Post the re-constitution the composition of the Wilful Defaulter Identification Review Committee as at March 31, 2023 was as follows:

1. Mr. Pramod Kabra – Chairperson of the Wilful Defaulter Committee and Non-Executive Director
2. Mr. Narayanan Rajagopalan Nadadur - Independent Director
3. Ms. Aarthi Sivanandh- Independent Director

### 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 financial year 2022-23 was held on 27<sup>th</sup> September, 2022 at 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.

**b) Extra-Ordinary General Meeting:**

During the Year, 3(three) Extra-Ordinary General Meetings were held viz. July 19, 2022; August 5, 2023 and March 15, 2023.

The below mentioned special resolutions were passed at the Extra-Ordinary General Meetings held during the year under review:

- To approve re-appointment of Mr. Sunil Satyapal Gulati (DIN: 00016990) as an Independent Director of the Bank for a second term.
- To approve re-appointment of Mr. Alok Prasad (DIN: 00080225) as an Independent Director of the Bank for a second term.
- To approve the appointment of Book Running Lead Managers for the proposed initial public offer of the equity shares of the Bank.
- To approve the Initial Public Offer of the Equity Shares of the Bank.
- Increase in the Borrowing Limits of the Bank from INR 2,500 Crores to INR 4,000 Crores under Section 180(1) (c) of the Companies Act, 2013.
- Approval for creation of charges/mortgages in respect of Borrowings Under Section 180(1)(a) of the Companies Act, 2013.
- Approval to raise funds through Private Placement of Secured/Unsecured, Rated, Redeemable Non-Convertible Debentures (NCDs).
- Re-appointment of Mr. Rajeev Yadav as a Managing Director and Chief Executive Officer of the Bank Re-appointment of Mr. Rajeev Yadav as a Managing Director and Chief Executive Officer of the Bank

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 February 27, 2023 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 1<sup>st</sup> 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/- were paid to Non-Executive Directors (as approved by the Board) for every Board and Committee meetings attended by them. However, the total amount paid to each during the financial year 2022-23 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 transactions with the Bank apart from receiving the sitting fees.

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 Yogesh Nanavati	19,00,000
Mr. Sunil Satyapal Gulati	20,00,000
Ms. Aarthi Sivanandh	14,00,000
Mr. Varun Sabhlok*	8,00,000
Mr. Vinay Baijal	20,00,000
Ms. Nanda Sameer Dave	18,00,000
Mr. Narayanan Rajgopal Nadadur	10,00,000

\* Mr. Varun Sabhlok ceased to be the Independent Director from the Board of the Bank w.e.f. the close of business hours on 30<sup>th</sup> August, 2022.

**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 Long-Term facilities and Tier II Bonds. The Bank has also been assigned IND A (Stable) credit rating by India Ratings & Research for its Unsecured Sub-ordinated Debt. 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, The Banks is assigned Crisil A1+ rating for Certificate of Deposits by CRISIL.

**CODE OF CONDUCT:**

The Company 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 has 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 Officer
2	Remuneration received	₹ 393.0 Lakhs <sup>1</sup>
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 <sup>th</sup> July, 2020
6	The percentage of equity shares held by the employee in the company	0.00 (Negligible)

\*The Board of Directors, upon recommendation of Nomination and Remuneration Committee, at its meeting held on February 20, 2023 re-appointed Mr. Rajeev Yadav as the MD & CEO for another term, as per the maximum tenure allowed / 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, subject to the approval of Reserve Bank of India on the aforesaid. His re-appointment was, thereafter, approved by way of passing a special resolution at the Extra Ordinary General Meeting held on March 15, 2023.

**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)	166X, 166:1
(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;	MD & CEO <sup>2</sup> - 3% CFO - 30% CS - 20%
(iii) the percentage increase in the median remuneration of employees in the financial year;	9.7% <sup>3</sup>
(iv) the number of permanent employees on the rolls of company <sup>2</sup>	14470 <sup>4</sup>
(v) average percentile increase already made in the salaries of employees other than the managerial personnel in the last the financial year 2022-23 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 percentile increase in salaries of employees other than managerial Personnel: 11.13% <sup>5</sup> (ii) Average percentile increase in salaries of managerial Personnel: 11.11% <sup>6</sup>
(vi) affirmation that the remuneration is as per the remuneration policy of the company	Yes

**Note:**

1. This includes fixed pay of ₹ 304.00 lakhs for FY'23 and Variable Pay of ₹ 89 lakhs pertaining to previous performance periods
2. Only Managing Director considered for the computation. Other Directors in Non-executive capacity
3. Weighted average percentile increase for 8547 eligible staff
4. Payroll Head Count as of 15<sup>th</sup> Mar'23
5. Weighted average percentile increase for all staff other than MD, CFO and CS
6. Weighted average percentile increase for MD, CFO and CS

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 March 2023	31 March 2022
<b>iv) The transactions with related parties during the year :</b>			
<b>Issue of equity shares by way of Right Issue</b>			
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
<b>Issue of equity shares by way of Bonus Issue</b>			
Mr. Rajeev Yadav	Managing Director and Chief Executive Officer	-	0
Mr. Keyur Doshi	Chief Financial Officer	-	16
Fincare Business Services Limited (formerly Fincare Business Services Private Limited)	Holding Company	-	11,566
Relative of key management personnel	Relatives of key management personnel	-	123
<b>Securities premium on equity shares by way of Right Issue</b>			
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
<b>Managerial remuneration/remuneration for KMP</b>			
Mr. Rajeev Yadav	Managing Director and Chief Executive Officer	304*	386
Mr. Keyur Doshi	Chief Financial Officer	145	137
Ms. Shefaly Kothari	Company Secretary	38	32
*Does not include variable pay			
<b>Term deposits made with the Bank</b>			
Fincare Business Services Limited (formerly Fincare Business Services Private Limited)	Holding Company	631	2,699
Mr. Rajeev Yadav	Managing Director and Chief Executive Officer	8	-
Relative of key management personnel	Relative of key management personnel	92	19
<b>Term deposits matured (inclusive of interest)</b>			
Fincare Business Services Limited (formerly Fincare Business Services Private Limited)	Holding Company	701	2,339
Mr. Rajeev Yadav	Managing Director and Chief Executive Officer	7	0
Mr. Keyur Doshi	Chief Financial Officer	2	-
Relative of key management personnel	Relative of key management personnel	107	35
<b>Interest expense on term deposits</b>			
Fincare Business Services Limited (formerly Fincare Business Services Private Limited)	Holding Company	8	15
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	33	34
<b>Interest expense on Sub Debts</b>			
Relative of key management personnel	Relative of key management personnel	1	1



<b>Nature of transaction</b>	<b>Relationship</b>	<b>31 March 2023</b>	<b>31 March 2022</b>
<b>Interest expense on Saving account</b>			
Mr. Rajeev Yadav	Managing Director and Chief Executive Officer	0	0
Mr. Keyur Doshi	Chief Financial Officer	0	1
Ms. Shefaly Kothari	Company Secretary	1	0
Relative of key management personnel	Relative of key management personnel	14	42
<b>Receipt of Reimbursement of IPO Cost</b>			
Fincare Business Services Limited (formerly Fincare Business Services Private Limited)	Holding Company	435	-
<b>v) Closing balance of the transactions with related parties :</b>			
<b>Deposit balance (savings and term deposit)</b>			
Fincare Business Services Limited (formerly Fincare Business Services Private Limited)	Holding Company	296	351
Mr. Rajeev Yadav	Managing Director and Chief Executive Officer	8	7
Mr. Keyur Doshi	Chief Financial Officer	2	2
Ms. Shefaly Kothari	Company Secretary	6	19
Relative of key management personnel	Relative of key management personnel	538	453
<b>Sub-debt payable</b>			
Relative of key management personnel	Relative of key management personnel	11	11
<b>Interest payable on Sub-debt</b>			
Relative of key management personnel	Relative of key management personnel	0	0
<b>Current account balance</b>			
Fincare Business Services Limited (formerly Fincare Business Services Private Limited)	Holding Company	10	8
<b>vi) Maximum outstanding during the year:</b>			
<b>Deposit balance (savings and term deposit)</b>			
Fincare Business Services Limited (formerly Fincare Business Services Private Limited)	Holding Company	997	2,698
Mr. Rajeev Yadav	Managing Director and Chief Executive Officer	24	9
Mr. Keyur Doshi	Chief Financial Officer	197	824
Ms. Shefaly Kothari	Company Secretary	35	20
Relative of key management personnel	Relative of key management personnel	1,203	3,122
<b>Interest expense payable on deposit balance (savings and term deposit)</b>			
Fincare Business Services Limited (formerly Fincare Business Services Private Limited)	Holding Company	8	1
Mr. Rajeev Yadav	Managing Director and Chief Executive Officer	1	0
Mr. Keyur Doshi	Chief Financial Officer	0	1
Ms. Shefaly Kothari	Company Secretary	0	0
Relative of key management personnel	Relative of key management personnel	38	30
<b>Sub-debt payable</b>			
Relative of key management personnel	Relative of key management personnel	11	11
<b>Interest on Sub-debt payable</b>			
Relative of key management personnel	Relative of key management personnel	1	1
<b>Current account balance</b>			
Fincare Business Services Limited (formerly Fincare Business Services Private Limited)	Holding Company	2,808	1,695

### 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 would be wide ranging and include collecting intelligence about the corrupt practices committed, or

likely to be committed, by the 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 30<sup>th</sup> September, 2022 and 31<sup>st</sup> March, 2023 were published in newspaper having nationwide circulation on 12<sup>th</sup> November 2022 and 25<sup>th</sup> April 2023 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 of 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 at 31<sup>st</sup> March 2023

S.No.	Category of the Shareholder	No. of Shares	Percentage (%)
1.	Promoters	173,489,568	78.58
2.	Insurance Companies	3,747,660	1.70
3.	Indian Bodies Corporates	12,571,404	5.69
4.	Overseas Bodies Corporates	18,251,424	8.27
5.	AIF	168,840	0.08
6.	HUF	18,887	0.01
7.	Indian Public	5,137,640	2.33
8.	NRI	20,000	0.01
9.	Trust	7,374,297	3.34
	<b>Total</b>	<b>220,779,720</b>	<b>100</b>

Non Convertible Debentures (NCDs) of the Company 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

**Debenture Trustee**

CATALYST TRUSTEESHIP LIMITED  
(Erstwhile GDA Trusteeship Limited)  
Windsor, 6<sup>th</sup> Floor,  
Office No. 604, C.S.T. Road,  
Kalina, Santacruz (East),  
Mumbai - 400098 Phone : 022-49220525  
www.catalysttrustee.com

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**

**Sd/-**

**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: June 23, 2023

Place: Mumbai

**Dematerialization:**

The shares of the Bank 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 at “301-306, 3<sup>rd</sup> Floor, Abhijeet V, Law Garden Road, Mithakhali, Ahmedabad-380006, Gujrat” and Corporate Office of the Bank is located at “5<sup>th</sup> Floor, Bren Mercury, Kaikondanahalli, Sarjapur Main Road, Bengaluru – 560035, Karnataka.”

**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: June 23, 2023

Place: Bengaluru

## Annexure II

# FORM NO. MR-3 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2023

[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, 3<sup>rd</sup> Floor, Abhijeet -V,  
Opp. Mayor's Bunglow,  
Law Garden Road, Mithakhali,  
Ahmedabad-380006

We have conducted the secretarial audit of the compliance of applicable statutory provisions and 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 March 31, 2023 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 March 31, 2023 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 and Sweat Equity) Regulations, 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 (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 - **Not applicable as the Equity shares of the Bank were not listed on any stock exchange;**
- (g) 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;**
- (h) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 - **To the extent applicable to the listed debt securities of the Bank;**
- (i) SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 - **To the extent applicable to the listed debt securities of the Bank;**

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 except



for the following instance:

As mandated under SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company is presently maintaining the SDD in excel format and ensuring time stamping and audit trail requirement. As confirmed, the Company is in the process of purchasing the software for maintenance of SDD in true spirit of law.

**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 Meetings, agenda and detailed notes on agenda were sent at least seven days in advance 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. We were informed that there were no dissenting views of the members' on any of the matters during the year that were required to be 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. In the Extra Ordinary General Meeting held on 15<sup>th</sup> March, 2023, the shareholders of the Bank have approved issue of Secured / Unsecured, Rated, Redeemable, Non-Convertible Debentures (NCDs) for an amount not exceeding ₹ 2,000 Million on Private Placement basis within a period of one year from the date of passing of this resolution.
- ii. The shareholders of the Bank in the Extra Ordinary General Meeting held on 15<sup>th</sup> March, 2023 have increased borrowing limit of Bank from ₹ 25,000 Million to ₹ 40,000 Million under Section 180 (1) (c) of the Companies Act, 2013 and corresponding limit for creating charge on the assets of the Bank under Section 180 (1) (a) of the Companies Act, 2013 has also been increased up to ₹ 40,000 Million.
- iii. The Board of Directors of Bank has given fresh approval for issuing equity shares of the Company by way of Initial Public Offer at their meeting held on July 29, 2022. After closure of the year, the Bank has filed Draft red herring prospectus with SEBI on May 3, 2023 for fresh issue of equity shares aggregating upto ₹ 6,250 Million and offer for sale of upto 1,70,00,000 equity shares of the Bank held by present shareholders.

Further, there were no instances of:

- a) Redemption / buy-back of securities.
- b) Merger / amalgamation / reconstruction etc.
- c) Foreign technical collaborations.

**FOR PARIKH DAVE & ASSOCIATES**  
COMPANY SECRETARIES

Sd/-  
**UDAY G. DAVE**  
PRACTICING COMPANY SECRETARY  
PARTNER  
ICSI Unique Code No.:  
P2006GJ009900  
Peer review Certificate No.: 796/2020  
FCS No.: 6545 C. P. No.: 7158

Place : Ahmedabad  
Date : June 22, 2023

**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.
2. We have conducted the secretarial audit by examining the Secretarial Records and other documents in electronic mode.

## 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

Sd/-

**UDAY G. DAVE**

PRACTICING COMPANY SECRETARY  
PARTNER

ICSI Unique Code No.: P2006GJ009900

Peer review Certificate No.: 796/2020

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

Place : Ahmedabad  
Date : June 22, 2023

## Annexure III

# REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR FY 2022-23

[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 at 31<sup>st</sup> March 2023:

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	4	2
2	Mr. Sameer Nanavati	Nominee Director	4	4
3	Mr. Varun Sabhlok*	Independent Director	1	0
4	Ms. Aarthi Sivanandh	Independent Director	4	4

\*Mr. Varun Sabhlok ceased to be member of the committee w.e.f August 23, 2022 after completion of his tenure.

**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 June 20, 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): ₹ 1,18,29,44,506/-**

**6. a. Two percent of average net profit of the Company as per Section 135(5): ₹ 2,36,58,890**

**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): ₹ 2,36,58,890**

**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	Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).			
		Date of transfer	Name of the fund	Amount	Date of transfer
₹ 2,39,12,919	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 Rs.).	Amount spent in the current financial Year (in Rs.).	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 Camp	Promoting Preventive Healthcare	No	AP	Ananathapur	48000	No	SEVAMOB	CSR00001153
2	Health Check-up Camp	Promoting Preventive Healthcare	No	AP	Ananthapuram	156000	No	SEVAMOB	CSR00001153
3	Health Check-up Camp	Promoting Preventive Healthcare	No	AP	Annamayya	48000	No	SEVAMOB	CSR00001153
4	Health Check-up Camp	Promoting Preventive Healthcare	No	AP	Chittoor	96000	No	SEVAMOB	CSR00001153
5	Health Check-up Camp	Promoting Preventive Healthcare	No	AP	Kadapa	48000	No	SEVAMOB	CSR00001153
6	Health Check-up Camp	Promoting Preventive Healthcare	No	AP	Vijayanagaram	120000	No	SEVAMOB	CSR00001153
7	Health Check-up Camp	Promoting Preventive Healthcare	No	BR	Begusarai	24000	No	SEVAMOB	CSR00001153
8	Health Check-up Camp	Promoting Preventive Healthcare	No	BR	East Champaran	120000	No	SEVAMOB	CSR00001153
9	Health Check-up Camp	Promoting Preventive Healthcare	No	BR	Lakhisarai	24000	No	SEVAMOB	CSR00001153
10	Health Check-up Camp	Promoting Preventive Healthcare	No	BR	Muzaffarpur	72000	No	SEVAMOB	CSR00001153
11	Health Check-up Camp	Promoting Preventive Healthcare	No	BR	Samastipur	24000	No	SEVAMOB	CSR00001153
12	Health Check-up Camp	Promoting Preventive Healthcare	No	BR	Sheohar	48000	No	SEVAMOB	CSR00001153
13	Health Check-up Camp	Promoting Preventive Healthcare	No	BR	Sitamadhi	12000	No	SEVAMOB	CSR00001153
14	Health Check-up Camp	Promoting Preventive Healthcare	No	BR	Sitamarhi	36000	No	SEVAMOB	CSR00001153
15	Health Check-up Camp	Promoting Preventive Healthcare	No	BR	West Champaran	144000	No	SEVAMOB	CSR00001153
16	Health Check-up Camp	Promoting Preventive Healthcare	No	GJ	Ahmedabad	24000	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.
17	Health Check-up Camp	Promoting Preventive Healthcare	No	GJ	Anand	204000	No	SEVAMOB	CSR00001153
18	Health Check-up Camp	Promoting Preventive Healthcare	No	GJ	Aravali	132000	No	SEVAMOB	CSR00001153
19	Health Check-up Camp	Promoting Preventive Healthcare	No	GJ	Aravalli	108000	No	SEVAMOB	CSR00001153
20	Health Check-up Camp	Promoting Preventive Healthcare	No	GJ	Arvalli	48000	No	SEVAMOB	CSR00001153
21	Health Check-up Camp	Promoting Preventive Healthcare	No	GJ	Banaskanth	12000	No	SEVAMOB	CSR00001153
22	Health Check-up Camp	Promoting Preventive Healthcare	No	GJ	Dahod	420000	No	SEVAMOB	CSR00001153
23	Health Check-up Camp	Promoting Preventive Healthcare	No	GJ	Gandhinagar	48000	No	SEVAMOB	CSR00001153
24	Health Check-up Camp	Promoting Preventive Healthcare	No	GJ	Jhalod	12000	No	SEVAMOB	CSR00001153
25	Health Check-up Camp	Promoting Preventive Healthcare	No	GJ	kheda	24000	No	SEVAMOB	CSR00001153
26	Health Check-up Camp	Promoting Preventive Healthcare	No	GJ	Mahisagar	192000	No	SEVAMOB	CSR00001153
27	Health Check-up Camp	Promoting Preventive Healthcare	No	GJ	Panch mahal	60000	No	SEVAMOB	CSR00001153
28	Health Check-up Camp	Promoting Preventive Healthcare	No	GJ	Panchmahal	12000	No	SEVAMOB	CSR00001153
29	Health Check-up Camp	Promoting Preventive Healthcare	No	GJ	Sabarkantha	96000	No	SEVAMOB	CSR00001153
30	Health Check-up Camp	Promoting Preventive Healthcare	No	GJ	Vadodra	48000	No	SEVAMOB	CSR00001153
31	Health Check-up Camp	Promoting Preventive Healthcare	No	KA	Belagavi	168000	No	SEVAMOB	CSR00001153
32	Health Check-up Camp	Promoting Preventive Healthcare	No	KA	Belegavi	24000	No	SEVAMOB	CSR00001153
33	Health Check-up Camp	Promoting Preventive Healthcare	No	KA	Bidar	132000	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.
34	Health Check-up Camp	Promoting Preventive Healthcare	No	KA	Chamarajanagara	24000	No	SEVAMOB	CSR00001153
35	Health Check-up Camp	Promoting Preventive Healthcare	No	KA	Chikkaballapur	48000	No	SEVAMOB	CSR00001153
36	Health Check-up Camp	Promoting Preventive Healthcare	No	KA	Kalaburagi	60000	No	SEVAMOB	CSR00001153
37	Health Check-up Camp	Promoting Preventive Healthcare	No	KA	Kalaburgi	84000	No	SEVAMOB	CSR00001153
38	Health Check-up Camp	Promoting Preventive Healthcare	No	KA	Kolar	120000	No	SEVAMOB	CSR00001153
39	Health Check-up Camp	Promoting Preventive Healthcare	No	KA	Koppal	72000	No	SEVAMOB	CSR00001153
40	Health Check-up Camp	Promoting Preventive Healthcare	No	KA	Mysore	36000	No	SEVAMOB	CSR00001153
41	Health Check-up Camp	Promoting Preventive Healthcare	No	KA	Ramanagara	12000	No	SEVAMOB	CSR00001153
42	Health Check-up Camp	Promoting Preventive Healthcare	No	KA	Yadagiri	60000	No	SEVAMOB	CSR00001153
43	Health Check-up Camp	Promoting Preventive Healthcare	No	MH	Akola	240000	No	SEVAMOB	CSR00001153
44	Health Check-up Camp	Promoting Preventive Healthcare	No	MH	Amravati	240000	No	SEVAMOB	CSR00001153
45	Health Check-up Camp	Promoting Preventive Healthcare	No	MH	Bhandara	120000	No	SEVAMOB	CSR00001153
46	Health Check-up Camp	Promoting Preventive Healthcare	No	MH	Buldhana	120000	No	SEVAMOB	CSR00001153
47	Health Check-up Camp	Promoting Preventive Healthcare	No	MH	Nagpur	144000	No	SEVAMOB	CSR00001153
48	Health Check-up Camp	Promoting Preventive Healthcare	No	MH	Wardha	120000	No	SEVAMOB	CSR00001153
49	Health Check-up Camp	Promoting Preventive Healthcare	No	MH	Washim	120000	No	SEVAMOB	CSR00001153
50	Health Check-up Camp	Promoting Preventive Healthcare	No	MH	Yavatmal	96000	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.
51	Health Check-up Camp	Promoting Preventive Healthcare	No	MP	Barwani	72000	No	SEVAMOB	CSR00001153
52	Health Check-up Camp	Promoting Preventive Healthcare	No	MP	Dhar	36000	No	SEVAMOB	CSR00001153
53	Health Check-up Camp	Promoting Preventive Healthcare	No	MP	Indore	24000	No	SEVAMOB	CSR00001153
54	Health Check-up Camp	Promoting Preventive Healthcare	No	MP	Jabalpur	312000	No	SEVAMOB	CSR00001153
55	Health Check-up Camp	Promoting Preventive Healthcare	No	MP	Khandwa	96000	No	SEVAMOB	CSR00001153
56	Health Check-up Camp	Promoting Preventive Healthcare	No	MP	Khargone	48000	No	SEVAMOB	CSR00001153
57	Health Check-up Camp	Promoting Preventive Healthcare	No	MP	Mandla	24000	No	SEVAMOB	CSR00001153
58	Health Check-up Camp	Promoting Preventive Healthcare	No	MP	Narsinghpur	144000	No	SEVAMOB	CSR00001153
59	Health Check-up Camp	Promoting Preventive Healthcare	No	MP	Raisen	396000	No	SEVAMOB	CSR00001153
60	Health Check-up Camp	Promoting Preventive Healthcare	No	MP	Sagar	192000	No	SEVAMOB	CSR00001153
61	Health Check-up Camp	Promoting Preventive Healthcare	No	MP	Vidisha	96000	No	SEVAMOB	CSR00001153
62	Health Check-up Camp	Promoting Preventive Healthcare	No	RJ	Bansawa	24000	No	SEVAMOB	CSR00001153
63	Health Check-up Camp	Promoting Preventive Healthcare	No	RJ	Banswara	12000	No	SEVAMOB	CSR00001153
64	Health Check-up Camp	Promoting Preventive Healthcare	No	RJ	Basawara	48000	No	SEVAMOB	CSR00001153
65	Health Check-up Camp	Promoting Preventive Healthcare	No	RJ	Baswara	192000	No	SEVAMOB	CSR00001153
66	Health Check-up Camp	Promoting Preventive Healthcare	No	RJ	Bhilwara	12000	No	SEVAMOB	CSR00001153
67	Health Check-up Camp	Promoting Preventive Healthcare	No	RJ	Chitorgarh	24000	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.
68	Health Check-up Camp	Promoting Preventive Healthcare	No	RJ	Chittorgarh	168000	No	SEVAMOB	CSR00001153
69	Health Check-up Camp	Promoting Preventive Healthcare	No	RJ	Dungarpur	12000	No	SEVAMOB	CSR00001153
70	Health Check-up Camp	Promoting Preventive Healthcare	No	RJ	Jalor	12000	No	SEVAMOB	CSR00001153
71	Health Check-up Camp	Promoting Preventive Healthcare	No	RJ	Jhalawar	24000	No	SEVAMOB	CSR00001153
72	Health Check-up Camp	Promoting Preventive Healthcare	No	RJ	Kota	48000	No	SEVAMOB	CSR00001153
73	Health Check-up Camp	Promoting Preventive Healthcare	No	RJ	Nagour	12000	No	SEVAMOB	CSR00001153
74	Health Check-up Camp	Promoting Preventive Healthcare	No	RJ	Partapagarh	24000	No	SEVAMOB	CSR00001153
75	Health Check-up Camp	Promoting Preventive Healthcare	No	RJ	Partapgarh	60000	No	SEVAMOB	CSR00001153
76	Health Check-up Camp	Promoting Preventive Healthcare	No	RJ	Prata[garh	12000	No	SEVAMOB	CSR00001153
77	Health Check-up Camp	Promoting Preventive Healthcare	No	RJ	Pratapgarh	132000	No	SEVAMOB	CSR00001153
78	Health Check-up Camp	Promoting Preventive Healthcare	No	RJ	Pratpgarh	12000	No	SEVAMOB	CSR00001153
79	Health Check-up Camp	Promoting Preventive Healthcare	No	RJ	Rajsamand	48000	No	SEVAMOB	CSR00001153
80	Health Check-up Camp	Promoting Preventive Healthcare	No	RJ	Rajsmand	24000	No	SEVAMOB	CSR00001153
81	Health Check-up Camp	Promoting Preventive Healthcare	No	RJ	Sirohi	72000	No	SEVAMOB	CSR00001153
82	Health Check-up Camp	Promoting Preventive Healthcare	No	RJ	Udaipur	228000	No	SEVAMOB	CSR00001153
83	Health Check-up Camp	Promoting Preventive Healthcare	No	TN	Dharmapuri	60000	No	SEVAMOB	CSR00001153
84	Health Check-up Camp	Promoting Preventive Healthcare	No	TN	Kanchipuram	72000	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.
85	Health Check-up Camp	Promoting Preventive Healthcare	No	TN	Thirupathuru	12000	No	SEVAMOB	CSR00001153
86	Health Check-up Camp	Promoting Preventive Healthcare	No	TN	Thiruvannamalai	132000	No	SEVAMOB	CSR00001153
87	Health Check-up Camp	Promoting Preventive Healthcare	No	TN	Vellore	156000	No	SEVAMOB	CSR00001153
88	Health Check-up Camp	Promoting Preventive Healthcare	No	TN	Willupuram	48000	No	SEVAMOB	CSR00001153
89	Health Check-up Camp	Promoting Preventive Healthcare	No	TN	Willupuram	60000	No	SEVAMOB	CSR00001153
90	Health Check-up Camp	Promoting Preventive Healthcare	No	TN	Willupuram	60000	No	SEVAMOB	CSR00001153
91	Health Check-up Camp	Promoting Preventive Healthcare	No	TS	Mahaboobnagar	96000	No	SEVAMOB	CSR00001153
92	Health Check-up Camp	Promoting Preventive Healthcare	No	TS	Mahabubnagar	48000	No	SEVAMOB	CSR00001153
93	Health Check-up Camp	Promoting Preventive Healthcare	No	TS	Medak	96000	No	SEVAMOB	CSR00001153
94	Health Check-up Camp	Promoting Preventive Healthcare	No	TS	Rangareddy	96000	No	SEVAMOB	CSR00001153
95	Health Check-up Camp	Promoting Preventive Healthcare	No	TS	Warangal	108000	No	SEVAMOB	CSR00001153
96	Health Check-up Camp	Promoting Preventive Healthcare	No	UP	Azamgarh	36000	No	SEVAMOB	CSR00001153
97	Health Check-up Camp	Promoting Preventive Healthcare	No	UP	Bahraich	120000	No	SEVAMOB	CSR00001153
98	Health Check-up Camp	Promoting Preventive Healthcare	No	UP	Barabanki	48000	No	SEVAMOB	CSR00001153
99	Health Check-up Camp	Promoting Preventive Healthcare	No	UP	Bhadohi	48000	No	SEVAMOB	CSR00001153
100	Health Check-up Camp	Promoting Preventive Healthcare	No	UP	Deoria	48000	No	SEVAMOB	CSR00001153
101	Health Check-up Camp	Promoting Preventive Healthcare	No	UP	Gorakhpur	96000	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.
102	Health Check-up Camp	Promoting Preventive Healthcare	No	UP	Hardoi	72000	No	SEVAMOB	CSR00001153
103	Health Check-up Camp	Promoting Preventive Healthcare	No	UP	Jaunpur	24000	No	SEVAMOB	CSR00001153
104	Health Check-up Camp	Promoting Preventive Healthcare	No	UP	Lakhimpur Kheri	24000	No	SEVAMOB	CSR00001153
105	Health Check-up Camp	Promoting Preventive Healthcare	No	UP	Mahrajganj	72000	No	SEVAMOB	CSR00001153
106	Health Check-up Camp	Promoting Preventive Healthcare	No	UP	Mau	12000	No	SEVAMOB	CSR00001153
107	Health Check-up Camp	Promoting Preventive Healthcare	No	UP	Prayagraj	108000	No	SEVAMOB	CSR00001153
108	Health Check-up Camp	Promoting Preventive Healthcare	No	UP	Sitapur	24000	No	SEVAMOB	CSR00001153
109	Health Check-up Camp	Promoting Preventive Healthcare	No	UP	Unnao	24000	No	SEVAMOB	CSR00001153
110	Health Check-up Camp	Promoting Preventive Healthcare	No	UP	Varanashi	24000	No	SEVAMOB	CSR00001153
111	Health Check-up Camp	Promoting Preventive Healthcare	No	UP	Varanasi	36000	No	SEVAMOB	CSR00001153
112	Financial Literacy	Promoting Education	No	AP	Chittoor	14696	No	NIIT	CSR00000621
113	Financial Literacy	Promoting Education	No	AP	Gunturu	18370	No	NIIT	CSR00000621
114	Financial Literacy	Promoting Education	No	GJ	Anand	7348	No	NIIT	CSR00000621
115	Financial Literacy	Promoting Education	No	GJ	Aravali	36740	No	NIIT	CSR00000621
116	Financial Literacy	Promoting Education	No	GJ	Aravalli	14696	No	NIIT	CSR00000621
117	Financial Literacy	Promoting Education	No	GJ	Arvalli	3674	No	NIIT	CSR00000621
118	Financial Literacy	Promoting Education	No	GJ	Chhota Udepur	3674	No	NIIT	CSR00000621
119	Financial Literacy	Promoting Education	No	GJ	Chhotaudepur	3674	No	NIIT	CSR00000621
120	Financial Literacy	Promoting Education	No	GJ	Dahod	33066	No	NIIT	CSR00000621
121	Financial Literacy	Promoting Education	No	GJ	Mahisagar	11022	No	NIIT	CSR00000621

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.
122	Financial Literacy	Promoting Education	No	GJ	Mehsana	3674	No	NIIT	CSR00000621
123	Financial Literacy	Promoting Education	No	GJ	Narmada	11022	No	NIIT	CSR00000621
124	Financial Literacy	Promoting Education	No	GJ	Navsari	3674	No	NIIT	CSR00000621
125	Financial Literacy	Promoting Education	No	GJ	Panchmahal	25718	No	NIIT	CSR00000621
126	Financial Literacy	Promoting Education	No	GJ	Panchmahals	7348	No	NIIT	CSR00000621
127	Financial Literacy	Promoting Education	No	GJ	Sabarkantha	3674	No	NIIT	CSR00000621
128	Financial Literacy	Promoting Education	No	GJ	Surat	7348	No	NIIT	CSR00000621
129	Financial Literacy	Promoting Education	No	GJ	vadodara	3674	No	NIIT	CSR00000621
130	Financial Literacy	Promoting Education	No	GJ	Vadodra	14696	No	NIIT	CSR00000621
131	Financial Literacy	Promoting Education	No	KA	Ballari	3674	No	NIIT	CSR00000621
132	Financial Literacy	Promoting Education	No	KA	Chikkamangalore	33066	No	NIIT	CSR00000621
133	Financial Literacy	Promoting Education	No	KA	Chitradurga	7348	No	NIIT	CSR00000621
134	Financial Literacy	Promoting Education	No	KA	Davanagere	88176	No	NIIT	CSR00000621
135	Financial Literacy	Promoting Education	No	KA	Hassan	146960	No	NIIT	CSR00000621
136	Financial Literacy	Promoting Education	No	KA	Kadur	3674	No	NIIT	CSR00000621
137	Financial Literacy	Promoting Education	No	KA	Koppal	58784	No	NIIT	CSR00000621
138	Financial Literacy	Promoting Education	No	KA	Mandya	55110	No	NIIT	CSR00000621
139	Financial Literacy	Promoting Education	No	KA	Mysore	113894	No	NIIT	CSR00000621
140	Financial Literacy	Promoting Education	No	KA	Piriyapattana	3674	No	NIIT	CSR00000621
141	Financial Literacy	Promoting Education	No	KA	Viajayanagara	3674	No	NIIT	CSR00000621
142	Financial Literacy	Promoting Education	No	KA	Vijayanagara	77154	No	NIIT	CSR00000621
143	Financial Literacy	Promoting Education	No	MH	Akola	51436	No	NIIT	CSR00000621
144	Financial Literacy	Promoting Education	No	MH	Amravati	40414	No	NIIT	CSR00000621
145	Financial Literacy	Promoting Education	No	MH	Bhandara	44088	No	NIIT	CSR00000621

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.
146	Financial Literacy	Promoting Education	No	MH	Buldhana	44088	No	NIIT	CSR00000621
147	Financial Literacy	Promoting Education	No	MH	Gondia	99198	No	NIIT	CSR00000621
148	Financial Literacy	Promoting Education	No	MH	Nagpur	492316	No	NIIT	CSR00000621
149	Financial Literacy	Promoting Education	No	MH	Nagpur	11022	No	NIIT	CSR00000621
150	Financial Literacy	Promoting Education	No	MH	Wardha	80828	No	NIIT	CSR00000621
151	Financial Literacy	Promoting Education	No	MH	Washim	25718	No	NIIT	CSR00000621
152	Financial Literacy	Promoting Education	No	MH	Yavatmal	121242	No	NIIT	CSR00000621
153	Financial Literacy	Promoting Education	No	MP	Dewas	3674	No	NIIT	CSR00000621
154	Financial Literacy	Promoting Education	No	RJ	Banswara	18370	No	NIIT	CSR00000621
155	Financial Literacy	Promoting Education	No	RJ	Bhilwara	3674	No	NIIT	CSR00000621
156	Financial Literacy	Promoting Education	No	RJ	Chitorgarh	3674	No	NIIT	CSR00000621
157	Financial Literacy	Promoting Education	No	RJ	Dungarpur	7348	No	NIIT	CSR00000621
158	Financial Literacy	Promoting Education	No	RJ	Partapgarh	7348	No	NIIT	CSR00000621
159	Financial Literacy	Promoting Education	No	RJ	Rajsmant	3674	No	NIIT	CSR00000621
160	Financial Literacy	Promoting Education	No	RJ	Sirohi	7348	No	NIIT	CSR00000621
161	Financial Literacy	Promoting Education	No	RJ	Udaipur	25718	No	NIIT	CSR00000621
162	Financial Literacy	Promoting Education	No	TN	Ariyalur	3674	No	NIIT	CSR00000621
163	Financial Literacy	Promoting Education	No	TN	Dindigul	3674	No	NIIT	CSR00000621
164	Financial Literacy	Promoting Education	No	TN	Madurai	3674	No	NIIT	CSR00000621
165	Financial Literacy	Promoting Education	No	TN	Thanjavur	3674	No	NIIT	CSR00000621
166	Financial Literacy	Promoting Education	No	TN	Thirunelveli	11022	No	NIIT	CSR00000621
167	Financial Literacy	Promoting Education	No	TN	Thirupathur	3674	No	NIIT	CSR00000621
168	Financial Literacy	Promoting Education	No	TN	Thiruvavur	3674	No	NIIT	CSR00000621
169	Financial Literacy	Promoting Education	No	TN	Thoothukudi	7348	No	NIIT	CSR00000621

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				State	District			Name	CSR Registration number.
170	Financial Literacy	Promoting Education	No	TN	Tirunelveli	7348	No	NIIT	CSR00000621
171	Financial Literacy	Promoting Education	No	TN	Villupuram	3674	No	NIIT	CSR00000621
172	Financial Literacy	Promoting Education	No	AP	Chittoor	14696	No	NIIT	CSR00000621
173	Financial Literacy	Promoting Education	No	GJ	Aravali	40414	No	NIIT	CSR00000621
174	Financial Literacy	Promoting Education	No	GJ	Aravalli	55110	No	NIIT	CSR00000621
175	Financial Literacy	Promoting Education	No	GJ	Arvalli	7348	No	NIIT	CSR00000621
176	Financial Literacy	Promoting Education	No	GJ	Chhota udaipur	25718	No	NIIT	CSR00000621
177	Financial Literacy	Promoting Education	No	GJ	Chhota Udepur	14696	No	NIIT	CSR00000621
178	Financial Literacy	Promoting Education	No	GJ	Dahod	249832	No	NIIT	CSR00000621
179	Financial Literacy	Promoting Education	No	GJ	Dahod	3674	No	NIIT	CSR00000621
180	Financial Literacy	Promoting Education	No	GJ	Dohad	3674	No	NIIT	CSR00000621
181	Financial Literacy	Promoting Education	No	GJ	Mahesana	25718	No	NIIT	CSR00000621
182	Financial Literacy	Promoting Education	No	GJ	Mahisagar	66132	No	NIIT	CSR00000621
183	Financial Literacy	Promoting Education	No	GJ	Mehsana	11022	No	NIIT	CSR00000621
184	Financial Literacy	Promoting Education	No	GJ	Narmada	66132	No	NIIT	CSR00000621
185	Financial Literacy	Promoting Education	No	GJ	Navsari	40414	No	NIIT	CSR00000621
186	Financial Literacy	Promoting Education	No	GJ	Panch mahal	66132	No	NIIT	CSR00000621
187	Financial Literacy	Promoting Education	No	GJ	Panch mahal	14696	No	NIIT	CSR00000621
188	Financial Literacy	Promoting Education	No	GJ	Panch mahals	11022	No	NIIT	CSR00000621
189	Financial Literacy	Promoting Education	No	GJ	Panchmahal	106546	No	NIIT	CSR00000621
190	Financial Literacy	Promoting Education	No	GJ	Panchmahals	73480	No	NIIT	CSR00000621
191	Financial Literacy	Promoting Education	No	GJ	Surat	80828	No	NIIT	CSR00000621
192	Financial Literacy	Promoting Education	No	GJ	Tapi	44088	No	NIIT	CSR00000621
193	Financial Literacy	Promoting Education	No	GJ	vadodara	7348	No	NIIT	CSR00000621



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				State	District			Name	CSR Registration number.
194	Financial Literacy	Promoting Education	No	GJ	Vadodra	66132	No	NIIT	CSR00000621
195	Financial Literacy	Promoting Education	No	KA	Bellary (Vijayanagara)	29392	No	NIIT	CSR00000621
196	Financial Literacy	Promoting Education	No	KA	Hassan	47762	No	NIIT	CSR00000621
197	Financial Literacy	Promoting Education	No	KA	Vijayanagara	18370	No	NIIT	CSR00000621
198	Financial Literacy	Promoting Education	No	MH	Aurangabad	44088	No	NIIT	CSR00000621
199	Financial Literacy	Promoting Education	No	MH	Bhandara	40414	No	NIIT	CSR00000621
200	Financial Literacy	Promoting Education	No	MH	Buldhana	44088	No	NIIT	CSR00000621
201	Financial Literacy	Promoting Education	No	MH	Lakhandur	3674	No	NIIT	CSR00000621
202	Financial Literacy	Promoting Education	No	MH	Nagpur	51436	No	NIIT	CSR00000621
203	Financial Literacy	Promoting Education	No	MH	Nagpur	7348	No	NIIT	CSR00000621
204	Financial Literacy	Promoting Education	No	MH	Wardha	44088	No	NIIT	CSR00000621
205	Financial Literacy	Promoting Education	No	MP	Betul	11022	No	NIIT	CSR00000621
206	Financial Literacy	Promoting Education	No	MP	Khandwa	3674	No	NIIT	CSR00000621
207	Financial Literacy	Promoting Education	No	MP	Ratlam	11022	No	NIIT	CSR00000621
208	Financial Literacy	Promoting Education	No	RJ	Banswara	3674	No	NIIT	CSR00000621
209	Financial Literacy	Promoting Education	No	RJ	Rajsamand	3674	No	NIIT	CSR00000621
210	Financial Literacy	Promoting Education	No	RJ	Bagidora	3674	No	NIIT	CSR00000621
211	Financial Literacy	Promoting Education	No	RJ	Banswara	14696	No	NIIT	CSR00000621
212	Financial Literacy	Promoting Education	No	RJ	Baswara	113894	No	NIIT	CSR00000621
213	Financial Literacy	Promoting Education	No	RJ	Bhilwara	7348	No	NIIT	CSR00000621
214	Financial Literacy	Promoting Education	No	RJ	Chittorgarh	36740	No	NIIT	CSR00000621
215	Financial Literacy	Promoting Education	No	RJ	Debari	3674	No	NIIT	CSR00000621
216	Financial Literacy	Promoting Education	No	RJ	Dungarpur	77154	No	NIIT	CSR00000621
217	Financial Literacy	Promoting Education	No	RJ	Lasadiya	3674	No	NIIT	CSR00000621

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				State	District			Name	CSR Registration number.
218	Financial Literacy	Promoting Education	No	RJ	Partapgarh	3674	No	NIIT	CSR00000621
219	Financial Literacy	Promoting Education	No	RJ	Prata[garh	3674	No	NIIT	CSR00000621
220	Financial Literacy	Promoting Education	No	RJ	Pratapgarh	29392	No	NIIT	CSR00000621
221	Financial Literacy	Promoting Education	No	RJ	Rajsamand	25718	No	NIIT	CSR00000621
222	Financial Literacy	Promoting Education	No	RJ	Serohi	3674	No	NIIT	CSR00000621
223	Financial Literacy	Promoting Education	No	RJ	Sirohi	29392	No	NIIT	CSR00000621
224	Financial Literacy	Promoting Education	No	RJ	Udaipur	231462	No	NIIT	CSR00000621
225	Financial Literacy	Promoting Education	No	TN	Ananthapuram	7348	No	NIIT	CSR00000621
226	Financial Literacy	Promoting Education	No	TN	Devikapuram	7348	No	NIIT	CSR00000621
227	Financial Literacy	Promoting Education	No	TN	Dindigul	66170	No	NIIT	CSR00000621
228	Financial Literacy	Promoting Education	No	TN	Kanyakumari	14696	No	NIIT	CSR00000621
229	Financial Literacy	Promoting Education	No	TN	Pudhukottai	95524	No	NIIT	CSR00000621
230	Financial Literacy	Promoting Education	No	TN	Pudukottai	7348	No	NIIT	CSR00000621
231	Financial Literacy	Promoting Education	No	TN	Thiruvallur	66132	No	NIIT	CSR00000621
232	Financial Literacy	Promoting Education	No	TN	Thiruvannamalai	7348	No	NIIT	CSR00000621
233	Financial Literacy	Promoting Education	No	TN	Thiruvarur	113970	No	NIIT	CSR00000621
234	Financial Literacy	Promoting Education	No	TN	Tirunannamalai	3674	No	NIIT	CSR00000621
235	Financial Literacy	Promoting Education	No	TN	Tirunelveli	7348	No	NIIT	CSR00000621
236	Financial Literacy	Promoting Education	No	TN	Tiruvannamalai	55148	No	NIIT	CSR00000621
237	Financial Literacy	Promoting Education	No	TN	Vellore	161656	No	NIIT	CSR00000621
238	Financial Literacy	Promoting Education	No	TN	Villupuram	44088	No	NIIT	CSR00000621
239	Financial Literacy	Promoting Education	No	TS	Badradri	7348	No	NIIT	CSR00000621
240	Financial Literacy	Promoting Education	No	TS	Nalgonda	3674	No	NIIT	CSR00000621
241	Fincare Study Center	Promoting Education	No	AP	Chittoor	703034	No	SCINDeA	CSR00004582

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				State	District			Name	CSR Registration number.
242	Fincare Study Center	Promoting Education	No	KA	Kolar	937312	No	SCINDeA	CSR00004582
243	Fincare Study Center	Promoting Education	No	KA	Ramanagara	468656	No	SCINDeA	CSR00004582
244	Fincare Study Center	Promoting Education	No	TN	Madurai	292910	No	SCINDeA	CSR00004582
245	Fincare Study Center	Promoting Education	No	TN	Pudhukottai	292910	No	SCINDeA	CSR00004582
246	Fincare Study Center	Promoting Education	No	TN	Thirupathur	878730	No	SCINDeA	CSR00004582
247	Fincare Study Center	Promoting Education	No	TN	Thiruvannamalai	410074	No	SCINDeA	CSR00004582
248	Fincare Study Center	Promoting Education	No	TN	Tiruppur	410074	No	SCINDeA	CSR00004582
249	Tree Plant Distribution	Environmental Sustainability	No	TN	NA	85000	No	Panega Econets	
250	Water borewell recharge	Conservation of Natural resource	No	AP	Ananthapuram	1005300	No	Sankalpa	CSR00005657
251	Water borewell recharge	Conservation of Natural resource	No	AP	Annamayya	134040	No	Sankalpa	CSR00005657
252	Water borewell recharge	Conservation of Natural resource	No	GJ	kheda	134040	No	Sankalpa	CSR00005657
253	Water borewell recharge	Conservation of Natural resource	No	GJ	Mehsana	938280	No	Sankalpa	CSR00005657
254	Water borewell recharge	Conservation of Natural resource	No	KA	Belagavi	167585	No	Sankalpa	CSR00005657
255	Water borewell recharge	Conservation of Natural resource	No	KA	Koppal	1005513	No	Sankalpa	CSR00005657
256	Grocery kit Distribution	Eradicating Hunger	No	AP	East Godhavari	27000	Yes	NA	NA
257	Grocery kit Distribution	Eradicating Hunger	No	AP	Konaseema	13000	Yes	NA	NA
258	Grocery kit Distribution	Eradicating Hunger	No	GJ	Aravali	121700	Yes	NA	NA
259	Grocery kit Distribution	Eradicating Hunger	No	GJ	Arvalli	81550	Yes	NA	NA
260	Grocery kit Distribution	Eradicating Hunger	No	GJ	Banaskanth	71700	Yes	NA	NA
261	Grocery kit Distribution	Eradicating Hunger	No	GJ	Bharuch	13000	Yes	NA	NA
262	Grocery kit Distribution	Eradicating Hunger	No	GJ	Navsari	158100	Yes	NA	NA

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				State	District			Name	CSR Registration number.
263	Grocery kit Distribution	Eradicating Hunger	No	GJ	Valsad	39200	Yes	NA	NA
264	Grocery kit Distribution	Eradicating Hunger	No	KA	Belagavi	100000	Yes	NA	NA
265	Grocery kit Distribution	Eradicating Hunger	No	KA	Mysore	46500	Yes	NA	NA
266	Grocery kit Distribution	Eradicating Hunger	No	MH	Kolhapur	62500	Yes	NA	NA
267	Grocery kit Distribution	Eradicating Hunger	No	MH	Nashik	20000	Yes	NA	NA
268	Grocery kit Distribution	Eradicating Hunger	No	MP	Dhar	59500	Yes	NA	NA
269	Grocery kit Distribution	Eradicating Hunger	No	MP	Vidisha	43000	Yes	NA	NA
270	Grocery kit Distribution	Eradicating Hunger	No	RJ	Chittorgarh	111500	Yes	NA	NA
271	Grocery kit Distribution	Eradicating Hunger	No	RJ	Jhalawar	89550	Yes	NA	NA
272	Grocery kit Distribution	Eradicating Hunger	No	RJ	Kota	85250	Yes	NA	NA
273	Grocery kit Distribution	Eradicating Hunger	No	RJ	Partapgarh	100000	Yes	NA	NA
274	Grocery kit Distribution	Eradicating Hunger	No	RJ	Pratapgarh	110500	Yes	NA	NA
275	Grocery kit Distribution	Eradicating Hunger	No	RJ	Sangod	228750	Yes	NA	NA
276	Grocery kit Distribution	Eradicating Hunger	No	RJ	Udaipur	141000	Yes	NA	NA
277	Grocery kit Distribution	Eradicating Hunger	No	TS	Jagathyal	26500	Yes	NA	NA
278	Grocery kit Distribution	Eradicating Hunger	No	TS	Karimnagar	26500	Yes	NA	NA
279	Grocery kit Distribution	Eradicating Hunger	No	TS	Kothagudem	48500	Yes	NA	NA
280	Grocery kit Distribution	Eradicating Hunger	No	TS	Nizamabad	70500	Yes	NA	NA
281	Grocery kit Distribution	Eradicating Hunger	No	TS	Peddapalli	37000	Yes	NA	NA
282	Financial Literacy	Promoting Education	No	AP	Annamayya	11250	Yes	NA	NA
283	Financial Literacy	Promoting Education	No	AP	Balaji	2250	Yes	NA	NA
284	Financial Literacy	Promoting Education	No	AP	Chittoor	9750	Yes	NA	NA
285	Financial Literacy	Promoting Education	No	AP	East Godawari	9750	Yes	NA	NA
286	Financial Literacy	Promoting Education	No	AP	Kadapa	2000	Yes	NA	NA

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				State	District			Name	CSR Registration number.
287	Financial Literacy	Promoting Education	No	AP	Tirupathi	3250	Yes	NA	NA
288	Financial Literacy	Promoting Education	No	BR	Dharbangha	0	Yes	NA	NA
289	Financial Literacy	Promoting Education	No	CG	Baster	3600	Yes	NA	NA
290	Financial Literacy	Promoting Education	No	CG	Bilaspur	3950	Yes	NA	NA
291	Financial Literacy	Promoting Education	No	CG	Kanker	0	Yes	NA	NA
292	Financial Literacy	Promoting Education	No	CG	Kondagaon	1100	Yes	NA	NA
293	Financial Literacy	Promoting Education	No	CG	Mahasamund	3820	Yes	NA	NA
294	Financial Literacy	Promoting Education	No	CG	Raigarh	3850	Yes	NA	NA
295	Financial Literacy	Promoting Education	No	CG	Raipur	800	Yes	NA	NA
296	Financial Literacy	Promoting Education	No	GJ	Ahmedabad	0	Yes	NA	NA
297	Financial Literacy	Promoting Education	No	GJ	Anand	1600	Yes	NA	NA
298	Financial Literacy	Promoting Education	No	GJ	Aravali	0	Yes	NA	NA
299	Financial Literacy	Promoting Education	No	GJ	Aravalli	0	Yes	NA	NA
300	Financial Literacy	Promoting Education	No	GJ	Arvalli	0	Yes	NA	NA
301	Financial Literacy	Promoting Education	No	GJ	Botad	0	Yes	NA	NA
302	Financial Literacy	Promoting Education	No	GJ	Chhota Udepur	0	Yes	NA	NA
303	Financial Literacy	Promoting Education	No	GJ	Dahod	4370	Yes	NA	NA
304	Financial Literacy	Promoting Education	No	GJ	Gandhinagar	0	Yes	NA	NA
305	Financial Literacy	Promoting Education	No	GJ	kheda	0	Yes	NA	NA
306	Financial Literacy	Promoting Education	No	GJ	Mahesana	0	Yes	NA	NA
307	Financial Literacy	Promoting Education	No	GJ	Mahisagar	0	Yes	NA	NA
308	Financial Literacy	Promoting Education	No	GJ	Mehsana	0	Yes	NA	NA
309	Financial Literacy	Promoting Education	No	GJ	Navsari	0	Yes	NA	NA
310	Financial Literacy	Promoting Education	No	GJ	Panch mahal	0	Yes	NA	NA



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				State	District			Name	CSR Registration number.
311	Financial Literacy	Promoting Education	No	GJ	Panch mahals	0	Yes	NA	NA
312	Financial Literacy	Promoting Education	No	GJ	Panchmahal	0	Yes	NA	NA
313	Financial Literacy	Promoting Education	No	GJ	Sabarkantha	0	Yes	NA	NA
314	Financial Literacy	Promoting Education	No	GJ	Sabrkantha	0	Yes	NA	NA
315	Financial Literacy	Promoting Education	No	GJ	Surat	0	Yes	NA	NA
316	Financial Literacy	Promoting Education	No	GJ	Surendranagar	0	Yes	NA	NA
317	Financial Literacy	Promoting Education	No	GJ	Tapi	0	Yes	NA	NA
318	Financial Literacy	Promoting Education	No	GJ	Vadodra	0	Yes	NA	NA
319	Financial Literacy	Promoting Education	No	KA	B.Lore ®	1000	Yes	NA	NA
320	Financial Literacy	Promoting Education	No	KA	Bangalore	350	Yes	NA	NA
321	Financial Literacy	Promoting Education	No	KA	Bangalore Rural	8400	Yes	NA	NA
322	Financial Literacy	Promoting Education	No	KA	Belagavi	0	Yes	NA	NA
323	Financial Literacy	Promoting Education	No	KA	Bengalore Rural	2050	Yes	NA	NA
324	Financial Literacy	Promoting Education	No	KA	Bidar	0	Yes	NA	NA
325	Financial Literacy	Promoting Education	No	KA	Chamarajanagara	0	Yes	NA	NA
326	Financial Literacy	Promoting Education	No	KA	Chikkaballapur	7500	Yes	NA	NA
327	Financial Literacy	Promoting Education	No	KA	Chikkamangalore	0	Yes	NA	NA
328	Financial Literacy	Promoting Education	No	KA	Chinthamani	1000	Yes	NA	NA
329	Financial Literacy	Promoting Education	No	KA	Chitradurga	0	Yes	NA	NA
330	Financial Literacy	Promoting Education	No	KA	Davanagere	0	Yes	NA	NA
331	Financial Literacy	Promoting Education	No	KA	Dharwad	0	Yes	NA	NA
332	Financial Literacy	Promoting Education	No	KA	Dharwada	0	Yes	NA	NA
333	Financial Literacy	Promoting Education	No	KA	Hassan	15000	Yes	NA	NA
334	Financial Literacy	Promoting Education	No	KA	Haveri	0	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.
335	Financial Literacy	Promoting Education	No	KA	Kolar	28750	Yes	NA	NA
336	Financial Literacy	Promoting Education	No	KA	Koppal	0	Yes	NA	NA
337	Financial Literacy	Promoting Education	No	KA	Mysore	15000	Yes	NA	NA
338	Financial Literacy	Promoting Education	No	KA	Ramanagar	1000	Yes	NA	NA
339	Financial Literacy	Promoting Education	No	KA	Ramanagara	0	Yes	NA	NA
340	Financial Literacy	Promoting Education	No	KA	Shivammogga	0	Yes	NA	NA
341	Financial Literacy	Promoting Education	No	KA	Shivamogga	0	Yes	NA	NA
342	Financial Literacy	Promoting Education	No	KA	Tumkur	450	Yes	NA	NA
343	Financial Literacy	Promoting Education	No	KA	Tumukur	250	Yes	NA	NA
344	Financial Literacy	Promoting Education	No	KA	Tumukuru	500	Yes	NA	NA
345	Financial Literacy	Promoting Education	No	KA	Uttara Kannada	0	Yes	NA	NA
346	Financial Literacy	Promoting Education	No	KA	Viajayanagara	0	Yes	NA	NA
347	Financial Literacy	Promoting Education	No	KA	Vijayanagara	0	Yes	NA	NA
348	Financial Literacy	Promoting Education	No	MH	Ahmadnagar	14856	Yes	NA	NA
349	Financial Literacy	Promoting Education	No	MH	Akola	9137	Yes	NA	NA
350	Financial Literacy	Promoting Education	No	MH	Amravati	0	Yes	NA	NA
351	Financial Literacy	Promoting Education	No	MH	Bhandara	0	Yes	NA	NA
352	Financial Literacy	Promoting Education	No	MH	Buldhana	0	Yes	NA	NA
353	Financial Literacy	Promoting Education	No	MH	Gondia	0	Yes	NA	NA
354	Financial Literacy	Promoting Education	No	MH	Katol	0	Yes	NA	NA
355	Financial Literacy	Promoting Education	No	MH	Nagpur	0	Yes	NA	NA
356	Financial Literacy	Promoting Education	No	MH	Wardha	0	Yes	NA	NA
357	Financial Literacy	Promoting Education	No	MH	Yavatmal	0	Yes	NA	NA
358	Financial Literacy	Promoting Education	No	MP	Barwani	0	Yes	NA	NA

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				State	District			Name	CSR Registration number.
359	Financial Literacy	Promoting Education	No	MP	Dewas	5630	Yes	NA	NA
360	Financial Literacy	Promoting Education	No	MP	Dhar	0	Yes	NA	NA
361	Financial Literacy	Promoting Education	No	MP	Dhar	5400	Yes	NA	NA
362	Financial Literacy	Promoting Education	No	MP	Harda	0	Yes	NA	NA
363	Financial Literacy	Promoting Education	No	MP	Indore	0	Yes	NA	NA
364	Financial Literacy	Promoting Education	No	MP	Jabalpur	0	Yes	NA	NA
365	Financial Literacy	Promoting Education	No	MP	Jhabua	0	Yes	NA	NA
366	Financial Literacy	Promoting Education	No	MP	Kanadiya	0	Yes	NA	NA
367	Financial Literacy	Promoting Education	No	MP	Katni	0	Yes	NA	NA
368	Financial Literacy	Promoting Education	No	MP	Khandwa	6320	Yes	NA	NA
369	Financial Literacy	Promoting Education	No	MP	Khargone	3700	Yes	NA	NA
370	Financial Literacy	Promoting Education	No	MP	Raisen	0	Yes	NA	NA
371	Financial Literacy	Promoting Education	No	MP	Ratlam	21150	Yes	NA	NA
372	Financial Literacy	Promoting Education	No	MP	Ujjain	0	Yes	NA	NA
373	Financial Literacy	Promoting Education	No	MP	Vidisha	0	Yes	NA	NA
374	Financial Literacy	Promoting Education	No	OD	Koraput	0	Yes	NA	NA
375	Financial Literacy	Promoting Education	No	OD	Malkangiri	0	Yes	NA	NA
376	Financial Literacy	Promoting Education	No	RJ	Banswara	0	Yes	NA	NA
377	Financial Literacy	Promoting Education	No	RJ	Baswara	11560	Yes	NA	NA
378	Financial Literacy	Promoting Education	No	RJ	Chittorgarh	3000	Yes	NA	NA
379	Financial Literacy	Promoting Education	No	RJ	Dungarpur	1000	Yes	NA	NA
380	Financial Literacy	Promoting Education	No	RJ	Mandsaur	0	Yes	NA	NA
381	Financial Literacy	Promoting Education	No	RJ	Partapgarh	0	Yes	NA	NA
382	Financial Literacy	Promoting Education	No	RJ	Pratapgarh	0	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.
383	Financial Literacy	Promoting Education	No	RJ	Sirohi	0	Yes	NA	NA
384	Financial Literacy	Promoting Education	No	RJ	Udaipur	0	Yes	NA	NA
385	Financial Literacy	Promoting Education	No	TN	Ariyalur	14100	Yes	NA	NA
386	Financial Literacy	Promoting Education	No	TN	Cuddalore	13750	Yes	NA	NA
387	Financial Literacy	Promoting Education	No	TN	Dindigul	15000	Yes	NA	NA
388	Financial Literacy	Promoting Education	No	TN	Kallakurichi	0	Yes	NA	NA
389	Financial Literacy	Promoting Education	No	TN	Madurai	30000	Yes	NA	NA
390	Financial Literacy	Promoting Education	No	TN	Pudhukottai	0	Yes	NA	NA
391	Financial Literacy	Promoting Education	No	TN	Pudukottai	0	Yes	NA	NA
392	Financial Literacy	Promoting Education	No	TN	Ranipet	0	Yes	NA	NA
393	Financial Literacy	Promoting Education	No	TN	Thanjavur	0	Yes	NA	NA
394	Financial Literacy	Promoting Education	No	TN	Theni	0	Yes	NA	NA
395	Financial Literacy	Promoting Education	No	TN	Thirukovilur	0	Yes	NA	NA
396	Financial Literacy	Promoting Education	No	TN	Thirunelveli	15000	Yes	NA	NA
397	Financial Literacy	Promoting Education	No	TN	Thiruvannamalai	0	Yes	NA	NA
398	Financial Literacy	Promoting Education	No	TN	Thiruvarur	0	Yes	NA	NA
399	Financial Literacy	Promoting Education	No	TN	Tirunannamalai	0	Yes	NA	NA
400	Financial Literacy	Promoting Education	No	TN	Tiruvannamalai	0	Yes	NA	NA
401	Financial Literacy	Promoting Education	No	TN	Trichy	15000	Yes	NA	NA
402	Financial Literacy	Promoting Education	No	TN	Villupuram	0	Yes	NA	NA
403	Financial Literacy	Promoting Education	No	TS	Badradri KG	750	Yes	NA	NA
404	Financial Literacy	Promoting Education	No	TS	Nalgonda	8750	Yes	NA	NA
405	Financial Literacy	Promoting Education	No	UP	Bahraich	500	Yes	NA	NA
406	Financial Literacy	Promoting Education	No	UP	Bhadohi	0	Yes	NA	NA

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				State	District			Name	CSR Registration number.
407	Financial Literacy	Promoting Education	No	UP	Jaunpur	0	Yes	NA	NA
408	Financial Literacy	Promoting Education	No	AP	Annamayya	7000	Yes	NA	NA
409	Financial Literacy	Promoting Education	No	AP	Annamayya	0	Yes	NA	NA
410	Financial Literacy	Promoting Education	No	AP	Balaji	1250	Yes	NA	NA
411	Financial Literacy	Promoting Education	No	AP	East Godawari	1750	Yes	NA	NA
412	Financial Literacy	Promoting Education	No	AP	Thirupathi	4000	Yes	NA	NA
413	Financial Literacy	Promoting Education	No	AP	Tirupathi	1750	Yes	NA	NA
414	Financial Literacy	Promoting Education	No	BR	Darbhanga	0	Yes	NA	NA
415	Financial Literacy	Promoting Education	No	BR	Dharbangha	1300	Yes	NA	NA
416	Financial Literacy	Promoting Education	No	BR	Dharbhanga , Madhubani	480	Yes	NA	NA
417	Financial Literacy	Promoting Education	No	BR	Gopalganj	300	Yes	NA	NA
418	Financial Literacy	Promoting Education	No	BR	Muzaffarpur	0	Yes	NA	NA
419	Financial Literacy	Promoting Education	No	BR	Samastipur	0	Yes	NA	NA
420	Financial Literacy	Promoting Education	No	BR	Samsatipur	0	Yes	NA	NA
421	Financial Literacy	Promoting Education	No	CG	Bhanupratapur	0	Yes	NA	NA
422	Financial Literacy	Promoting Education	No	CG	Kanker	1285	Yes	NA	NA
423	Financial Literacy	Promoting Education	No	CG	Kondagaon	2000	Yes	NA	NA
424	Financial Literacy	Promoting Education	No	GJ	Aravali	450	Yes	NA	NA
425	Financial Literacy	Promoting Education	No	GJ	Aravalli	830	Yes	NA	NA
426	Financial Literacy	Promoting Education	No	GJ	Dahod	4830	Yes	NA	NA
427	Financial Literacy	Promoting Education	No	GJ	Mahesana	0	Yes	NA	NA
428	Financial Literacy	Promoting Education	No	GJ	Mahisagar	170	Yes	NA	NA
429	Financial Literacy	Promoting Education	No	GJ	Narmada	0	Yes	NA	NA
430	Financial Literacy	Promoting Education	No	GJ	Panch mahal	1500	Yes	NA	NA



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				State	District			Name	CSR Registration number.
431	Financial Literacy	Promoting Education	No	GJ	Panchmahal	0	Yes	NA	NA
432	Financial Literacy	Promoting Education	No	GJ	Panchmahals	0	Yes	NA	NA
433	Financial Literacy	Promoting Education	No	GJ	Tapi	4915	Yes	NA	NA
434	Financial Literacy	Promoting Education	No	GJ	Vadodra	0	Yes	NA	NA
435	Financial Literacy	Promoting Education	No	KA	Bellary (Vijayanagara)	0	Yes	NA	NA
436	Financial Literacy	Promoting Education	No	KA	Hassan	0	Yes	NA	NA
437	Financial Literacy	Promoting Education	No	MH	Bhandara	0	Yes	NA	NA
438	Financial Literacy	Promoting Education	No	MH	Nagpur	0	Yes	NA	NA
439	Financial Literacy	Promoting Education	No	MH	Wardha	0	Yes	NA	NA
440	Financial Literacy	Promoting Education	No	MP	Betul	1400	Yes	NA	NA
441	Financial Literacy	Promoting Education	No	MP	Khandwa	800	Yes	NA	NA
442	Financial Literacy	Promoting Education	No	MP	Khandwa (Burhanpur)	300	Yes	NA	NA
443	Financial Literacy	Promoting Education	No	MP	Pratapgarh	0	Yes	NA	NA
444	Financial Literacy	Promoting Education	No	MP	Ratlam	2000	Yes	NA	NA
445	Financial Literacy	Promoting Education	No	OD	Bhadrak	0	Yes	NA	NA
446	Financial Literacy	Promoting Education	No	OD	Cuttack	0	Yes	NA	NA
447	Financial Literacy	Promoting Education	No	OD	Jajpur	0	Yes	NA	NA
448	Financial Literacy	Promoting Education	No	OD	Koraput	0	Yes	NA	NA
449	Financial Literacy	Promoting Education	No	RJ	Bansawa	0	Yes	NA	NA
450	Financial Literacy	Promoting Education	No	RJ	Basawara	0	Yes	NA	NA
451	Financial Literacy	Promoting Education	No	RJ	Baswara	12760	Yes	NA	NA
452	Financial Literacy	Promoting Education	No	RJ	Bhilwara	0	Yes	NA	NA
453	Financial Literacy	Promoting Education	No	RJ	Chittorgarh	1000	Yes	NA	NA
454	Financial Literacy	Promoting Education	No	RJ	Dungarpur	0	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.
455	Financial Literacy	Promoting Education	No	RJ	Nagaur	0	Yes	NA	NA
456	Financial Literacy	Promoting Education	No	RJ	Partapgarh	0	Yes	NA	NA
457	Financial Literacy	Promoting Education	No	RJ	Pratapgarh	0	Yes	NA	NA
458	Financial Literacy	Promoting Education	No	RJ	Rajsamand	0	Yes	NA	NA
459	Financial Literacy	Promoting Education	No	RJ	Rajsamandh	0	Yes	NA	NA
460	Financial Literacy	Promoting Education	No	RJ	Sirohi	0	Yes	NA	NA
461	Financial Literacy	Promoting Education	No	RJ	Udaipur	0	Yes	NA	NA
462	Financial Literacy	Promoting Education	No	TN	Ananthapuram	0	Yes	NA	NA
463	Financial Literacy	Promoting Education	No	TN	Devikapuram	0	Yes	NA	NA
464	Financial Literacy	Promoting Education	No	TN	Dindigul	0	Yes	NA	NA
465	Financial Literacy	Promoting Education	No	TN	Kanyakumari	5250	Yes	NA	NA
466	Financial Literacy	Promoting Education	No	TN	Pudhukottai	0	Yes	NA	NA
467	Financial Literacy	Promoting Education	No	TN	Thiruvapur	0	Yes	NA	NA
468	Financial Literacy	Promoting Education	No	TN	Tiruvannamalai	0	Yes	NA	NA
469	Financial Literacy	Promoting Education	No	TN	Villupuram	0	Yes	NA	NA
470	Financial Literacy	Promoting Education	No	TS	Badradri KG	2500	Yes	NA	NA
471	Financial Literacy	Promoting Education	No	TS	Badradri KG	750	Yes	NA	NA
472	Financial Literacy	Promoting Education	No	TS	Kothagudem	5000	Yes	NA	NA
473	Financial Literacy	Promoting Education	No	UP	Ambedkar nagar / Aazamgarh	0	Yes	NA	NA
474	Financial Literacy	Promoting Education	No	UP	Azamgadh	1500	Yes	NA	NA
475	Financial Literacy	Promoting Education	No	UP	Azamgarh	3300	Yes	NA	NA
476	Financial Literacy	Promoting Education	No	UP	Gazipur	1000	Yes	NA	NA
477	Financial Literacy	Promoting Education	No	UP	Gorakhpour	1000	Yes	NA	NA
478	Financial Literacy	Promoting Education	No	UP	Gorakhpur	6600	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.
479	Financial Literacy	Promoting Education	No	UP	Jaunpur	500	Yes	NA	NA
480	Financial Literacy	Promoting Education	No	UP	Kushinagar	1000	Yes	NA	NA
481	Financial Literacy	Promoting Education	No	UP	Mirzapur	500	Yes	NA	NA
482	Financial Literacy	Promoting Education	No	UP	Mirzapur	0	Yes	NA	NA
483	Financial Literacy	Promoting Education	No	UP	Mirzapur	1000	Yes	NA	NA
484	Financial Literacy	Promoting Education	No	UP	Pratapgarh	0	Yes	NA	NA
485	Financial Literacy	Promoting Education	No	UP	Pratapgarh	1000	Yes	NA	NA
486	Financial Literacy	Promoting Education	No	UP	Prayagraj	9600	Yes	NA	NA
487	Financial Literacy	Promoting Education	No	UP	Rajataw	500	Yes	NA	NA
488	Financial Literacy	Promoting Education	No	UP	Sultanpur	1000	Yes	NA	NA
489	Financial Literacy	Promoting Education	No	UP	Varanashi	2270	Yes	NA	NA
490	Financial Literacy	Promoting Education	No	UP	Varanasi	2800	Yes	NA	NA

d. Amount spent on Administrative Overheads: 0

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

f. Total amount spent for the Financial Year (8b+8c+8d+8e): ₹ 2,39,12,919

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)	2,36,58,890
(ii)	Total amount spent for the Financial Year	2,39,12,919
(iii)	Excess amount spent for the financial year [(ii)-(i)]	2,54,029
(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)]	2,54,029

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

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

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

(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: June 23, 2023

Place: Mumbai

**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: June 23, 2023

Place: Bengaluru

**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: June 23, 2023

Place: Mumbai

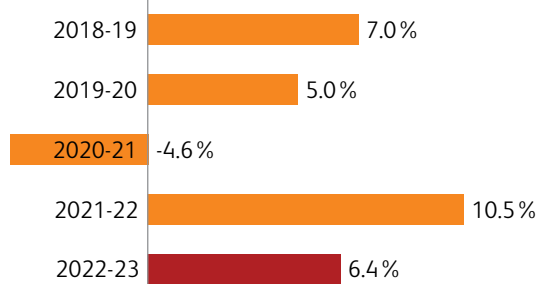
# MANAGEMENT DISCUSSION AND ANALYSIS

## Indian Economy

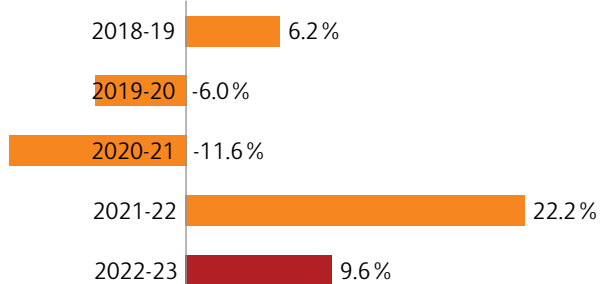
**Economic Recovery:** The Indian economy gained momentum in the second quarter of 2022-23 as domestic supply chains normalized and contact-intensive sectors rebounded. The recovery was supported by robust balance sheets of the corporate sector and banks, which led to increased credit demand. Additionally, the government's increase in capital expenditure (capex) contributed to the rebound.

**GDP Growth:** The projected GDP growth rate of 7.0% for FY23 indicates positive momentum and a rebound in economic activities, supported by increased consumption expenditure, improved investment, and a recovery in international trade. The real GDP of India grew by an estimated 7% in 2022-23, making it one of the fastest-growing major economies in the world during that period. This indicates a strong recovery and expansion of economic activity.

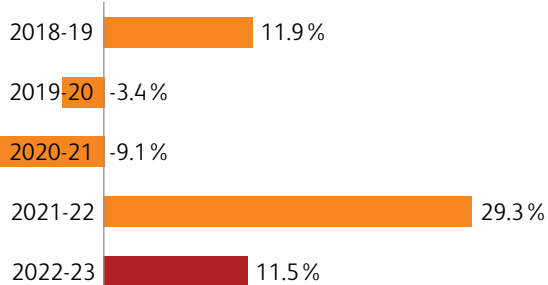
### I. Total Consumption Expenditure:



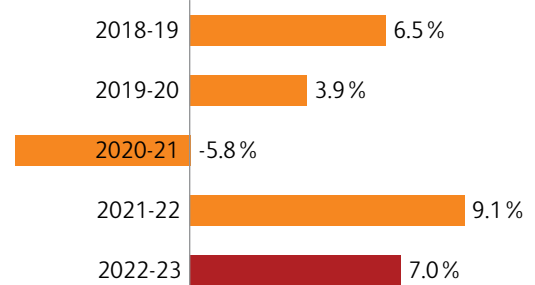
### II. Gross Capital Formation:



### III. Net Exports:



### IV. GDP:



**Inflation:** The Consumer Price Index (CPI) inflation, which was initially projected to moderate to 4.5%, surged to 6.7% in 2022-23. The increase in price pressures was broad-based and persistent, surpassing the upper tolerance level of the inflation target in several months. As a response, the Reserve Bank of India raised the policy repo rate by 250 basis points (bps) cumulatively.

### Agriculture

**Agriculture Sector:** The agriculture and allied sector experienced marginal growth in 2022-23, marking the third consecutive year of moderation. Despite this, the sector's Gross Value Added (GVA) grew by 3.3% due to record production of food grains, sugarcane, and rapeseed-mustard. The sector's performance was supported by a normal cumulative south-west monsoon.

In FY23, agriculture production in India is expected to witness various trends and variations based on the provided data. The overall foodgrains production is projected to increase from 3,156.2 million tonnes in 2021-22 to 3,280.0 million tonnes in 2022-23, representing a growth of 4.7%. The Kharif crop is expected to experience a slight decline of -0.2% compared to the previous year, while the Rabi crop, including summer crops, is anticipated to show significant growth of 9.5%. Notably, rice production is expected to increase by 4.7%, while wheat production is projected to grow by 4.6%. However, the production of pulses is estimated to decline by -0.9%. In the case of cash crops, sugarcane production is set to witness a substantial increase of 12.5%, while cotton production is expected to decrease by -7.2%. The production of jute and mesta is anticipated to decline by -6.5%. These projections highlight the mixed performance of different agricultural sectors in India for FY23, with notable growth in certain crops and challenges in others.

**Kisan Credit Card (KCC) Scheme:** The number of operative KCCs increased to 282.96 lakh in 2022-23, with outstanding crop loans, term loans, and loans for animal husbandry and fisheries showing growth compared to the previous year. This indicates increased access to credit for farmers through the KCC scheme.

### Priority Sector

**Priority Sector Lending:** Scheduled commercial banks achieved a priority sector lending target of 44.7% as of March 31, 2023. This demonstrates the banking sector's efforts to meet the financing



needs of priority sectors such as agriculture, small businesses, and other marginalised sectors.

Overall, data of RBI suggests that both public sector banks and private sector banks have made progress in achieving the priority sector lending targets in FY23. They have increased their lending to priority sectors, indicating a focus on inclusive and developmental banking.

**Public Sector Banks:**

- In FY22, public sector banks achieved priority sector lending of ₹ 26,49,180 Crore, which accounted for 42.90% of their total lending.
- In FY23, there was an improvement in their performance, with priority sector lending reaching ₹ 28,55,355 Crore, accounting for 44.18% of their total lending.
- This indicates that public sector banks have made progress in meeting the priority sector lending targets set by the government.

**Private Sector Banks:**

- In FY22, private sector banks achieved priority sector lending of ₹ 16,85,806 crore, constituting 43.71% of their total lending.
- For FY23, there was a further improvement, with priority sector lending reaching ₹ 19,93,388 crore, accounting for 45.57% of their total lending.
- Private sector banks have shown an increase in their commitment to priority sector lending, surpassing the previous year’s performance.

**Foreign Banks:**

- In FY22, foreign banks achieved priority sector lending of ₹ 2,08,107 Crore, which accounted for 42.65% of their total lending.
- However, in FY23, there was a slight decline in their performance, with priority sector lending amounting to ₹ 2,10,578 Crore, constituting 42.92% of their total lending.
- Foreign banks have maintained a relatively stable level of priority sector lending, but they have not shown significant growth in meeting the targets.

**Inclusive Banking through Digitalization:** The government has prioritized expanding and deepening the digital payments ecosystem in the country. Efforts have been made to make districts 100% digitally enabled, with 87 districts identified as digitally enabled out of the total 182 districts as of March 31, 2023. This initiative aims to facilitate safe, secure, and convenient digital payments for individuals.

**India Banking Sector**

The Indian banking sector is a crucial component of the country’s financial system and plays a significant role in driving economic growth and development. It encompasses a diverse range of financial institutions, including commercial banks, cooperative banks, regional rural banks, and specialised banks. The sector is regulated and supervised by the Reserve Bank of India (RBI), the country’s central bank.

One of the notable features of the Indian banking sector is its extensive network of commercial bank branches, which facilitates access to banking services across the country. Commercial banks in India serve as the backbone of the sector, catering to the banking needs of individuals, businesses, and various sectors of the economy. They offer a wide range of services, including deposit accounts, loans, trade finance, investment products, and electronic banking solutions.

The Indian banking sector has witnessed significant reforms and transformations over the years. Liberalization measures in the 1990s opened up the sector to private and foreign players, leading to increased competition and innovation. This has brought about positive changes, such as improved customer service, enhanced product offerings, and the adoption of advanced technology in banking operations.

The sector has also seen a push towards financial inclusion, with initiatives like the Pradhan Mantri Jan Dhan Yojana (PMJDY) aimed at providing access to basic banking services to the unbanked population. The advent of digital banking and mobile-based financial services has further accelerated financial inclusion efforts, allowing individuals to access banking services conveniently, even in remote areas.

Challenges exist within the Indian banking sector as well. Non-performing assets (NPAs) or bad loans have been a concern, affecting the profitability and stability of banks. Efforts are being made to address this issue through various mechanisms, including the Insolvency and Bankruptcy Code (IBC) and reforms in the resolution framework.

Regulatory oversight by the RBI ensures the stability and integrity of the banking system. The central bank formulates policies, regulates interest rates, sets prudential norms, and monitors compliance to maintain financial stability and protect the interests of depositors and borrowers.

In summary, the Indian banking sector is a dynamic and evolving landscape. It plays a pivotal role in supporting economic activities, promoting financial inclusion, and driving overall growth. Continued reforms, strengthened risk management practices, and technological advancements are crucial to further strengthen the sector, enhance customer experience, and foster sustainable growth in the Indian economy.

**Indian Banking Sector in FY23**

Indian banking sector experienced robust credit growth in FY23, driven by increased lending activity. However, the challenge of mobilising adequate resources amid tightening liquidity conditions underscores the importance of managing liquidity effectively and balancing credit growth with deposit mobilisation to ensure the stability and sustainability of the banking sector.

The analysis of the data reveals several key trends in the Indian banking sector in FY23. Bank credit experienced robust growth, increasing by 15 percent year-on-year, which is a significant improvement compared to the 9.6 percent growth observed in FY22. This marks the highest credit growth since 2011-12, when it stood at 19.3 percent. This surge in credit indicates increased lending activity by banks, which can stimulate economic growth and support business expansion.

On the other hand, bank deposits also witnessed growth, albeit at a slightly lower rate compared to credit. Deposits expanded by 9.58 percent year-on-year in FY23, slightly higher than the 8.9 percent growth seen in FY22. While the growth in deposits is positive, the data indicates that credit disbursements outpaced deposit mobilisation during this period.

The Reserve Bank of India's data highlights that banks raised ₹ 15.78 trillion through deposits in FY23, a significant increase from the ₹ 13.51 trillion raised in FY22. In absolute terms, credit also saw a substantial rise, reaching ₹ 17.83 trillion in FY23 compared to ₹ 10.43 trillion in FY22.

Bankers have acknowledged the strong credit demand observed in FY23; however, they faced challenges in mobilising additional resources due to tightening liquidity. The change in the RBI's stance and the hike in policy repo rates contributed to a liquidity squeeze, making it more challenging for banks to attract deposits and raise funds.

### Credit and Deposit

**Credit Offtake:** The credit offtake (the increase in credit demand) in India has shown significant growth. It rose by 15.0% year on year (y-o-y) for the fortnight ended March 24, 2023. In absolute terms, credit offtake expanded by ₹ 17.8 lakh crore to reach ₹ 136.8 lakh crore as of March 24, 2023, compared to March 2022. This growth has been primarily driven by personal loans, robust growth in non-banking financial companies (NBFCs), and higher working capital requirements due to inflation.

**Credit Trend:** The y-o-y growth rate of credit has been increasing over the years. It stood at 5.1% as of March 27, 2020, and gradually increased to 15.0% as of March 24, 2023. This indicates a consistent upward trend in credit expansion.

**Deposit Growth:** On the other hand, deposit growth witnessed slower growth compared to credit growth. It grew by 9.6% year on year (y-o-y) for the fortnight ended March 10, 2023. This indicates that the growth in deposits has been comparatively lower than the growth in credit. Several factors contribute to this slower growth in deposits, including rising deposit rates, elevated policy rates, intense competition between banks for raising deposits to meet strong credit demand, a widening gap between credit and deposit growth, and lower liquidity in the market.

**Deposit Trend:** The y-o-y growth rate of deposits has shown some variation. It was 7.9% as of March 27, 2020, increased to 11.4% as of March 26, 2021, and then declined to 8.9% as of March 25, 2022. However, there was a slight recovery, with the growth rate reaching 9.6% as of March 24, 2023.

**Rising Deposit Rates:** Deposit rates have already increased and are expected to rise further. The intense competition between banks to attract deposits to meet the strong credit demand has led to a rise in deposit rates. This indicates that banks are offering higher interest rates on deposits to incentivise savers to deposit their money with them.

**Liquidity Situation:** The short-term Weighted Average Call Rate (WACR), a measure of liquidity in the system, has increased significantly. It reached 6.78% as of March 31, 2023, compared

to 3.34% as of April 01, 2022. This rise in the WACR is a result of higher policy rates and lower liquidity in the market. Lower liquidity indicates that there is less money available in the system, which can impact lending and borrowing activities.

### Small Finance Banks

Small Finance Bank (SFB) are a unique category of banks in India that was introduced by the Reserve Bank of India (RBI) with the aim of promoting financial inclusion and providing banking services to underserved and unserved segments of the population. The Small Finance Banks primarily cater to the needs of small businesses, microenterprises, microentrepreneurs in the unorganized sector, and low-income households. The establishment of SFBs is based on the philosophy of "outreach and inclusiveness" to address the banking needs of the marginalized and economically weaker sections of society.

The concept of Small Finance Banks was introduced as part of the RBI's efforts to enhance financial inclusion and provide basic banking services in areas where traditional banking infrastructure is limited. The RBI issued guidelines for the licensing and operations of SFBs in 2014, and the first batch of SFBs received licenses in 2015. These banks are regulated under the provisions of the Banking Regulation Act, 1949.

The primary objective of Small Finance Banks is to provide a range of basic banking services, such as deposit accounts, credit facilities, remittance services, and payment solutions, to the target segments. They also focus on financial literacy to educate customers about banking products and services, thereby promoting financial awareness and wellness.

SFBs have certain key features that distinguish them from other categories of banks in India. Some of these features include:

- **Target Customer Segment:** SFBs specifically target the unserved and underserved sections of society, including small and marginal farmers, micro and small enterprises, low-income households, and individuals with limited banking access for their credit requirements.
- **Area of Operation:** SFBs are required to primarily operate in a specific area or region to ensure focused outreach and effective delivery of banking services. Initially, they were required to set up at least 25% of their branches in unbanked rural areas.
- **Limited Banking Activities:** SFBs are restricted from engaging in complex financial activities like investment banking and large corporate lending. They primarily focus on basic banking services and lending to the target segments.
- **Priority Sector Lending:** SFBs are mandated to meet the priority sector lending targets set by the RBI. They are required to allocate a significant portion of their lending to sectors such as agriculture, microenterprises, small businesses, and other priority sectors to promote inclusive growth.
- **Capital Requirements:** SFBs are required to maintain a minimum capital adequacy ratio of 15% of their risk-weighted assets, ensuring a strong capital base for stable operations.

- **Regulatory Oversight:** SFBs are subject to regular regulatory oversight by the RBI to ensure compliance with banking regulations, prudential norms, and consumer protection guidelines.

Since their inception, Small Finance Banks have played a crucial role in expanding access to formal banking services and promoting financial inclusion in India. They have provided a platform for individuals and businesses in rural and semi-urban areas to access basic financial services, avail credit facilities, and become part of the formal banking system. Their presence has facilitated financial empowerment, improved savings habits, and encouraged entrepreneurship in previously underserved regions.

### SWOT Analysis of SFBs

#### Strengths:

**Financial Inclusion:** SFBs play a crucial role in promoting financial inclusion for the unbanked and underbanked. They provide banking services to small businesses, microenterprises, and low-income households, thereby contributing to inclusive economic growth.

**Targeted Approach:** SFBs have a focused approach, operating in specific areas or regions where traditional banking infrastructure is limited. This enables them to understand the unique needs of their target customers and design tailored products and services to meet their requirements.

**Strong Regulatory Framework:** SFBs operate under the regulatory framework of the Reserve Bank of India (RBI). This ensures compliance with banking regulations, prudential norms, and consumer protection guidelines, instilling confidence in customers and promoting stability in their operations.

**Priority Sector Lending:** SFBs have a mandated priority sector lending requirement, requiring them to allocate a significant portion of their lending to priority sectors such as agriculture, microenterprises, and small businesses. This helps in driving inclusive growth and meeting the financing needs of underserved sectors.

#### Weaknesses:

**Limited Scale:** Compared to larger commercial banks, SFBs operate on a smaller scale, with limited branch networks and customer reach. This can restrict their ability to compete with larger players in certain markets and may result in lower economies of scale.

**Operational Challenges:** Establishing and maintaining a robust operational infrastructure can be a challenge for SFBs, especially in remote and rural areas where physical infrastructure and technology may be lacking. Ensuring reliable connectivity and efficient service delivery can be a hurdle.

#### Opportunities:

**Untapped Market Potential:** Despite progress in financial inclusion, a significant portion of the Indian population remains unbanked or underbanked. This presents an opportunity for SFBs to expand their customer base and capture new markets through targeted outreach and innovative products.

**Technology Adoption:** Rapid advancements in technology offer opportunities for SFBs to leverage digital platforms and mobile banking solutions to reach customers in remote areas, reduce operational costs, and enhance service delivery. Embracing digital transformation can help SFBs overcome physical limitations.

#### Threats:

**Competitive Landscape:** SFBs face competition from traditional banks, non-banking financial institutions, and emerging fintech companies. The presence of established players with extensive resources and customer bases can pose challenges in attracting and retaining customers.

**Economic Volatility:** Changes in the economic environment, such as fluctuations in interest rates, inflation, or overall economic growth, can impact the credit quality of borrowers and asset quality of SFBs. Economic downturns and financial crises can pose risks to their operations and profitability.

**Regulatory Environment:** Changes in regulatory policies, capital requirements, or priority sector lending norms can have implications for SFBs. Adapting to evolving regulatory frameworks and maintaining compliance can require additional resources and effort.

### Banking Services Penetration in India

India has lower commercial bank branches and ATM penetration compared to other countries, indicating a significant scope for improving financial inclusion and increasing access to banking services.

With only 14.6 bank branches and 21 ATMs per 100,000 adults in India as of 2021, as per World Bank data, the availability of physical banking infrastructure appears to be relatively lower compared to both developing and developed countries. This limited presence of bank branches and ATMs could restrict the accessibility of banking services for a considerable portion of the population, especially in rural and remote areas.

The lower branch and ATM penetration in India highlights the need for expanding the physical banking network to reach underserved and unbanked populations. Increasing the number of bank branches and ATMs across the country would help improve the convenience and ease of access to banking services for individuals and businesses alike.

Enhancing financial inclusion and expanding banking services penetration can have several positive impacts. It can promote savings, encourage formal financial transactions, facilitate access to credit for businesses and individuals, and foster economic growth. Moreover, increased access to banking services can enable individuals to participate in the formal financial system, build credit histories, and access a wider range of financial products and services.

To address the gap in banking infrastructure, initiatives such as the Pradhan Mantri Jan Dhan Yojana, which aims to provide access to financial services for all households in India, have been implemented. Additionally, the rapid growth of digital banking and mobile-based financial services in recent years has played a significant role in extending the reach of banking services, particularly in remote areas where physical infrastructure is limited.

Efforts to expand the physical banking network, coupled with the promotion of digital banking solutions, can contribute to bridging the gap in banking services penetration in India. This would facilitate greater financial inclusion, promote economic development, and improve the overall financial well-being of individuals and businesses across the country.

### Status of SFBs in the Indian Banking Sector.

Small Finance Banks (SFBs) may still represent a small portion of the banking sector, with a market share of 1.14% in advances and 0.71% in deposits as of March 31, 2022. However, their significant achievements in deposit mobilisation and outreach to the under-banked population have enabled them to make notable progress. SFBs have successfully attracted deposits from customers, indicating a growing trust and confidence in their banking services. Moreover, their focused efforts to serve the under-banked segments, particularly in rural and semi-urban areas, have contributed to promoting financial inclusion and providing essential banking services to those who have limited access. By tailoring their financial products and services to cater to the specific needs of underserved individuals and businesses, SFBs have managed to gain a larger market share and establish a notable presence within the banking sector.

### About Fincare Small Finance Bank:

Fincare Small Finance Bank is a prominent financial institution that operates in India. Established in 2017, Fincare Small Finance Bank focuses on serving the banking needs of unbanked and underbanked segments of the population, including micro, small, and medium enterprises (MSMEs) and low-income individuals.

Fincare Small Finance Bank operates on the principles of financial inclusion, innovation, and sustainability. It aims to bridge the gap between traditional banking and the banking needs of underserved sections of society by offering products and services tailored to their unique situation. With a strong commitment to empowering customers and driving economic growth, Fincare endeavours to create a positive impact on the lives of customers and communities it serves.

The bank provides many financial solutions, including savings account, current account, fixed deposit, micro loan, loan against property or gold, affordable housing loan, among others. Leveraging advanced technology and digital platforms, Fincare ensures accessibility, availability and affordability, using high touch and high tech, in a safe and secure manner, thereby making banking more inclusive.

Fincare Small Finance Bank has built a reputation for its customer-centric approach, ethical practices, and robust risk management systems. It adheres to strict compliance standards and operates with a strong emphasis on trust and transparency. The bank is regulated by the Reserve Bank of India (RBI) and follows all regulatory guidelines to ensure the safety of customers' data and money.

With its extensive network of branches and banking outlets across multiple states in India, Fincare Small Finance Bank is committed to reaching out to the remotest areas and catering to the banking needs of the underserved segments. Through its innovative and inclusive approach, Fincare aims to contribute to the economic development and financial well-being of individuals and businesses across the country.

### Credit and Deposit Products

The objective of Fincare Small Finance Bank is to provide affordable financial products and services to individuals, MSMEs, and unorganised entities in rural areas.

### Deposit Products:

- Savings Account
- Current Account
- Term Deposit
- Recurring Deposit

### Loan/Advance Products:

- Microloan: Collateral-free loan, designed for low-income mass retail customers.
- Loan against Property: Loan provided to small business owners for expansion, leveraging their property as collateral.
- Loan against Gold: Loan provided against gold jewellery.
- Affordable Housing Loan: Loan offered for purchase of house property
- Two-Wheeler Loan: Loans offered for the purchase of a two-wheeler.
- Overdraft: Loan offering against Fixed Deposit or Property
- Institutional Finance: Term Loan facility for NBFC/Companies for business purposes

### Inclusive Focus

#### Growth in New to Credit Borrowers:

New borrowers without prior credit history increased from 43.84% in 2021 to 54.23% in 2022 and then decreased slightly to 43.78% in 2023.

#### Total Borrowers and Borrower Accounts:

Number of borrowers increased from 2.09 million in 2021 to 2.39 million in 2022 and further to 2.76 million in 2023.

#### Microloan Accounts and Disbursements:

Number of borrower accounts for microloans with a ticket size below ₹ 50,000 increased from 1,034,782 in 2021 to 1,641,861 in 2022 and then slightly decreased to 1,254,453 in 2023.

Disbursements of microloans also grew from ₹ 36,103.58 million in 2021 to ₹ 53,356.92 million in 2022, and then decreased to ₹ 49,049.64 million in 2023.

#### Savings and Recurring Deposit Accounts:

The number of savings accounts held by microloan customers increased from 2.03 million in 2021 to 2.35 million in 2022 and further to 2.72 million in 2023.

Recurring deposit accounts of microloan customers also showed significant growth, rising from 169,040 in 2021 to 620,654 in 2022 and reaching 1,004,168 in 2023.

#### Basic Savings Bank Accounts:

The number of Basic Savings Bank Accounts (BSBA) increased from 1,864 in 2021 to 2,429 in 2022, and then slightly decreased to 2,351 in 2023.

### Review of Financial Performance

Net Interest Income (NII): Fincare Small Finance Bank has witnessed consistent growth in net interest income over the



three-year period. It increased from ₹ 7,010.11 million in 2021 to ₹ 8,787.92 million in 2022, and further to ₹ 10,904.44 million in 2023. This signifies the bank's ability to generate interest income from its lending activities.

**Gross Loan Portfolio (GLP):** The bank's gross loan portfolio has experienced significant growth throughout the three years, expanding from ₹ 60,722.11 million in 2021 to ₹ 76,001.65 million in 2022, and further to ₹ 99,111.44 million in 2023. This indicates the bank's success in increasing its lending operations and attracting borrowers.

**Disbursements:** Fincare Small Finance Bank has shown substantial growth in loan disbursements over the three-year period. Disbursements increased from ₹ 46,564.57 million in 2021 to ₹ 68,565.35 million in 2022, and further to ₹ 88,177.53 million in 2023. This reflects the bank's ability to meet the credit needs of its customers and expand its loan portfolio.

**Total Assets:** The bank's total assets have consistently grown over the three years, reaching ₹ 79,670.73 million in 2021, ₹ 109,015.65 million in 2022, and further to ₹ 124,676.92 million in 2023. This signifies the bank's expansion and increased scale of operations.

**Return on Equity (ROE):** Fincare Small Finance Bank's return on equity has shown varying performance over the three-year period. It was 11.55% in 2021, declined significantly to 0.72% in 2022, and then recovered to 8.60% in 2023.

**Return on Assets (ROA):** The bank's return on assets has fluctuated over the three years. It stood at 1.44% in 2021, declined to 0.10% in 2022, and then recovered to 0.95% in 2023.

**Provision Coverage Ratio (PCR):** Fincare Small Finance Bank has consistently improved its provision coverage ratio over the three years. It increased from 73.68% in 2021 to 78.16% in 2022, and further to 91.51% in 2023.

**Cost to Income Ratio:** The bank's cost-to-income ratio has increased over the three-year period. It rose from 56.04% in 2021 to 60.17% in 2022, and further to 66.36% in 2023. This indicates a higher investment in building a physical and digital infrastructure despite an uncertain environment, demonstrating commitment to building the bank for the long term.

**Retail Deposits:** The percentage of retail deposits has gradually declined over the three years, decreasing from 91.70% in 2021 to 86.40% in 2022, and further to 79.79% in 2023. However, on the whole, the retail mix remains a high proportion of total deposit and within the expected long-term range.

**Asset Quality:** Fincare Small Finance Bank has shown improvement in asset quality with a decline in gross and net non-performing assets (NPAs) over the three-year period. The gross NPA ratio decreased from 6.42% in 2021 to 3.25% in 2023, while the net NPA ratio declined from 2.80% in 2021 to 1.30% in 2023.

**Provisioning:** The bank has reduced the total provisions held as a percentage of gross advances over the three years. It decreased from 5.75% in 2021 to 2.41% in 2023, indicating improved asset quality and lower provisioning requirements.

**Profitability:** Fincare Small Finance Bank's net profit varied over the three years. It was ₹ 1,131.39 million in 2021, declined significantly to ₹ 88.71 million in 2022, and then increased to

₹ 1,036.41 million in 2023. This was due to the impact of Covid-19 and the conservative provisioning policy followed by the bank, since inception.

### Digital Capabilities

Fincare Small Finance Bank has established itself as a best-in-class player in the banking landscape through its digital capabilities. The bank's significant investment in digital has yielded several benefits, including enhanced customer convenience, streamlined processes, and strong governance and compliances. The impact on productivity and costs shall become visible over the next few years as the outcomes of investment made in past 3 years begin to bear fruit. With initiatives such as self-service digital savings accounts, the bank attracted a significant number of customers, resulting in a jump in deposits and a notable increase in monthly active users. The bank's mobile banking app also underwent a major refresh, offering a comprehensive suite of features and experiencing a surge in daily active users, demonstrating its popularity among customers. Moreover, the introduction of a conversational bot on WhatsApp and video banking services addressed common challenges faced by customers, such as waiting in lines and limited physical space. The bank's automation and efficiency enhancements, coupled with its recognition and awards for digital innovation, further highlight its commitment to delivering exceptional digital banking experiences.

Fincare Small Finance Bank's digital capabilities extend beyond its retail products and services, encompassing various assisted channels designed to cater to specific banking needs. Nano Banking, a comprehensive app used by thousands of team members daily, facilitates branch and retail banking, mortgage loan origination, gold loan onboarding and servicing, microfinance loan origination, and rural banking services. DLite, an end-to-end loan origination app for mortgage loans, experienced significant transactions and efficiencies, thanks to the launch of new products and features. Fincare Loan Against Gold (FLAG) enables seamless onboarding and servicing of gold loan customers, providing convenient features like eSign functionality and UPI collection solutions. mCare streamlines the loan origination process for microfinance loans, serving millions of women customers in rural areas through Aadhaar-based eKYC and instant credit underwriting. Furthermore, mServe caters to the servicing needs of rural banking customers, assisting with field collections and evaluation of loan utilization. The bank's transition to a microservice-based architecture and its emphasis on building APIs have enabled rapid development of new solutions and seamless integration between internal and external systems, showcasing its commitment to technological advancement and agility.

Overall, Fincare Small Finance Bank's digital capabilities have propelled it to the forefront of modern banking, offering enhanced customer experience, efficient operations, and a wide range of banking services. The bank's success in embracing digital technologies and its numerous accolades for digital innovation reinforce its position as a leader in the industry.

### People

Fincare Small Finance Bank demonstrates a strong commitment to its people, fostering an environment of staff well-being, growth, and engagement. Through various programs and initiatives, the bank ensures that its workforce feels valued and motivated, contributing to the overall journey of progress of the organization. From



conducting confidential satisfaction surveys like eNPS to organising annual celebrations and rewarding exceptional performances, Fincare SFB places great importance on recognising and nurturing talent. The bank’s emphasis on creating a balance of challenging role, meaningful work relationships and a balanced compensation & rewards framework, help make Fincare a meritocracy. At Fincare, a great deal of emphasis is laid on building a positive, friendly and warm work environment, continuous learning & development, strong leadership connect, ongoing staff engagement, meaningful rewards & recognition. At Fincare, staff enjoy challenging work with ownership and accountability, work that bring fulfilment, fast track career progression in a fast paced growth environment that throws up diverse role opportunities.

FY21	FY22	FY23
8850	11733	14804

**Marketing**

Fincare Small Finance Bank has implemented a comprehensive range of marketing initiatives to enhance its brand presence and connect with customers. With the tagline “Wish More, Get More,” the bank emphasizes its commitment to providing a delightful banking experience and continuous improvement. The marketing efforts include digital engagement with clients, strong employee communication and morale, network expansion, product and service launches, below the line activities, creatives and videos, social media campaigns, public relations, blog management, multi-lingual collaterals, building brand salience using diverse media, managing alliances and partnerships, webinars and events, and participation in awards. These initiatives have helped the Bank establish a strong brand perception, expand its customer base, and create meaningful connect with its target market.

**Treasury**

The Bank’s Treasury function encompasses several key units, including the Treasury Fundraising unit, Asset Liability Management (ALM), Trading and Investments Desk, and the Money Market Desk. Each of these units plays a crucial role in ensuring effective financial management and risk mitigation.

**Treasury Fundraising:** This unit focuses on raising funds for the bank through various channels and instruments. It plays a vital role in maintaining a stable and diversified funding base to support the bank’s operations and growth.

**Asset Liability Management (ALM):** The ALM group is responsible for maintaining compliance with regulatory requirements such as the Cash Reserve Ratio (CRR), Statutory Liquidity Ratio (SLR), Structural Liquidity Statement (SLS), and Liquidity Coverage Ratio (LCR). The group actively manages liquidity and interest rate risks within the bank’s portfolio to ensure financial stability and regulatory compliance.

**Trading and Investments Desk:** This desk handles the bank’s trading activities and investment portfolio. It strategically manages investments in both SLR and non-SLR securities, such as government bonds, corporate bonds, and other marketable securities. The desk aims to optimize returns while carefully managing risks associated with market fluctuations.

**Money Market Desk:** The Money Market Desk oversees various money market operations, including Call Notice and Term Money

transactions, repos, reverse repos (such as Tri-Party Repo, CROMS, SDF, and LAF), and other short-term funding instruments. This desk actively participates in the money market to maintain liquidity and manage short-term funding requirements efficiently.

**Corporate Governance**

The Bank demonstrates strong corporate governance practices, emphasizing the alignment of management’s interests with those of other stakeholders. It places great importance on integrity and ethics and adherence to a Code of Conduct applicable to all staff and an additional Code of Ethics, applicable to the Board and Leadership team. The bank is dedicated to fostering an environment of trust, transparency, and accountability to facilitate business growth.

The Board of Directors forms the crux of corporate governance practices and ensures that management prioritizes the best interests of all stakeholders. The Bank’s Board comprises experienced Directors who contribute to the business by making informed decisions and positively influencing the bank’s direction and development.

The Management team, comprising founding team members and lateral hires from the banking sector, with a diverse mix of education and experience, both professional and entrepreneurial, is strongly committed to the highest levels of Ethics, Compliance and Governance standards, in letter and spirit, at the bank. The bank enjoys a stellar reputation in the industry on this count.

**Internal Audit**

Throughout the year, the internal audit unit followed a comprehensive audit framework, encompassing banking outlets focussed primarily on micro loans (Gati and Pragati), as well as the ones that cater primarily to deposits. The bank implemented an Audit Management System, an in-house application, as a testament to our commitment to this critical control function. The application enables the bank to conduct quarterly audits seamlessly. Branches have a critical role in uploading essential artifacts into the system, enabling the audit unit to conduct the audit seamlessly. During the year, Audit unit covered multiple areas, including Asset Operations, Delinquent Collections, Retail Liabilities, HR Management, Bancassurance, and many more. Information System audit, both application and infrastructure-based, is an example of our commitment to creating robust systems, complete security, and risk mitigation. It may be said that Audit forged a path of vigilance, trust, and commitment to our Bank’s mission.

**Risk and Risk Mitigation**

Risk Management is an integral aspect of the Bank’s existence and ecosystem. The Bank strictly adheres to a comprehensive framework for risk management, ensuring identification, thorough understanding, accurate measurement, control, and proactive management of risks at all levels. Our risk management approach is designed to protect the financial strength of our Bank, enabling us to achieve our strategic objectives, implement measures to control risks, and foster sustainable long-term growth while upholding responsible business practices.

The Risk Management Committee of the Board (RMCB) oversees the Bank’s risk management policies, procedures, strategies, risk appetite, processes, and controls. It is responsible for evaluating

various limits prior to their consideration by the Board, as well as reviewing portfolio composition and impaired credits.

**During the year, the Risk unit achieved the following...**

#### **Cautionary Statement**

The statements made in this Management Discussion and Analysis (MD&A), including the Bank's objectives, projections, estimates, general market trends, and expectations, should be considered as "forward-looking statements" within the framework of applicable laws and regulations. These forward-looking statements involve inherent risks, uncertainties, and other factors that may cause actual results to differ materially from those suggested by the forward-looking statements.

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

## PILLAR III DISCLOSURE – 31ST MARCH 2023

### 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 21<sup>st</sup> July 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 at March 31<sup>st</sup>, 2023, 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<sup>st</sup>, 2023 and March 31<sup>st</sup>, 2022 are:

Particulars (INR lakhs)	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Tier I Capital	117,853	108,488
Tier II Capital	8,856	15,798
Total Capital Fund (Tier I + Tier II)	126,709	124,286

### 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<sup>st</sup>, 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 at March 31<sup>st</sup>, 2023, the Bank has a healthy Capital Adequacy Ratio of 20.04% which is well above the minimum capital adequacy requirement. The Tier 1 Capital Adequacy Ratio is 18.64% which is above the minimum 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 a quarterly basis, an analysis of the capital adequacy position, the risk weighted assets and an assessment of the various aspects of capital monitoring as stipulated by RBI, are reported to the Board.

### Common Equity Tier I , Tier II and Total Capital Ratio

Particulars	As at	As at
	31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022
Common Equity Tier 1 Capital Ratio	18.64 %	19.48 %
Tier I capital ratio	18.64 %	19.48 %
Tier II capital ratio	1.40 %	2.84 %
<b>Total Capital Ratio (CRAR)</b>	<b>20.04%</b>	<b>22.32%</b>

### 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 has overall responsibility for Risk Management within the Bank, including credit risk. The Risk Management Committee of the Board (RMCB) 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 the 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 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 Credit Risk appetite of the Bank is defined as part of Internal Capital Adequacy Assessment Process (ICAAP) by fixing ceiling limits for various parameters. They are monitored on quarterly basis by undertaking the assessment of ICAAP. 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 Loans and Personal Loans. 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 the 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 an 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 ensured.

Risk based field monitoring framework has been put in place to monitor the JLG portfolio. Additionally, detailed Credit Risk bulletin 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, external credit rating migration, reporting of delinquencies by other banks via Central Repository of Information on Large Credits (CRILC), are reviewed by Credit Department and CRMD 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.

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.

'Overdue' refers to interest and / or instalment remaining unpaid from the day it became payable by the customer.

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 at 31<sup>st</sup> March 2023**

Exposure	Credit Exposure (INR lakhs)
Fund based Exposure*	960439
Non-Fund based Exposure	0
Total Fund based and Non-Fund based Exposures	960439

\*Fund based exposure includes exposure on loans and advances, exposure on Non-SLR Investments and exposure to other banks.

**Geographic Distribution of Exposures as at 31<sup>st</sup> March 2023**

Exposures (INR lakhs)	Domestic	Overseas	Total
Fund based Exposure	960439	Nil	960439
Non-Fund based Exposure	0	Nil	0
Total Fund and Non-Fund based Exposures	960439	Nil	960439

Residual Contractual Maturity breakup of Assets

**Break up as at 31<sup>st</sup> March 2023 (INR lakhs)**

Time Buckets	Advances	Investments
Day 1	850	69270
2 to 7 days	10203	3118
8 to 14 days	12625	2788
15 to 30 Days	17681	9026
31 days to 2 months	43347	2601
2 months to 3 months	45506	2196
Over 3 months & up to 6 Month	142201	7185
Over 6 Month & up to 1 Year	168352	35080
Over 1 year & up to 3 years	228111	118544
Over 3 years & up to 5 years	67243	2464
Over 5 years	134123	12
<b>Total</b>	<b>870242</b>	<b>252284</b>

**\*Total Net Advances / NPA Ratios / NPA Movement**

Particulars	As at 31 <sup>st</sup> March 2023 (INR Lakhs)
(i) Gross NPAs to Gross Advances (%)	3.25%
(ii) Net NPAs to Net Advances (%)	1.30%
(iii) Movement of NPAs (Gross)	
(a) Opening balance	57,323
(b) Additions during the year	59,676
(c) Reductions during the year	88,152
(d) Closing balance	28,847
(iv) Movement of Net NPAs	
(a) Opening balance	24,983
(b) Additions during the year	5,994
(c) Reductions during the year	19,675
(d) Closing balance	11,302
(v) Movement of provisions for NPAs (excluding provision on standard assets and floating provision)	
(a) Opening balance	32,340
(b) Provision made during the year	53,682
(c) Write off/ write back of excess provision	68,477
(d) Closing balance	17,545



#### Write Off & Recoveries

Particulars	As at 31 <sup>st</sup> March 2023 (INR Lakhs)
Gross NPA's as at 1 April of particular year (Opening Balance)	57,323
Additions (Fresh NPAs) during the year	59,676
<b>Sub total (A)</b>	<b>116,999</b>
Less :-	
(i) Upgradations	19,654
(ii) Recoveries (excluding recoveries made from upgraded accounts)	13,339
(iii) Technical / Prudential Write offs	53,419
(iv) Write offs other than those under (iii) above	1,740
<b>Sub-total (B)</b>	<b>88,152</b>
<b>Gross NPAs as at 31<sup>st</sup> March of following year (closing balance) (A-B)</b>	<b>28,847</b>
Opening balance of Technical / Prudential written off accounts as at 1 April	57,051
Add : Technical / Prudential write offs during the year	55,159
Sub total (A)	112,210
Less : Recoveries made from previously technical / prudential written off accounts during the year (B)	7,868
<b>Closing balance as at 31 March (A-B)</b>	<b>104,342</b>

Note: Non-performing assets include only non-performing advances as at 31<sup>st</sup> March 2023.

#### 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 31 <sup>st</sup> March 2023 (INR lakhs)
- At 0% risk weight	4,36,654
- Below 100% risk weight	5,80,598
- 100% risk weight	234,046
- More than 100% risk weight	2,195
Deducted (Intangible Assets, Deferred tax assets and first loss credit enhancement in the form of cash collaterals and book debt collaterals)	14,030

#### 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:

- Eligible financial collateral
- Guarantees
- On-balance sheet netting
- Application of Risk Weights

The Bank adheres to the RBI guidelines defined under the RBI Circular viz., New Capital Adequacy Framework dated 1<sup>st</sup> July 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 31 <sup>st</sup> March 2023
(INR lakhs)	
Loan Against Gold	86,131
Overdraft against Fixed Deposit	3,032

#### 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, March 24, 2014 and September 24, 2021

(Updated as at December 05, 2022) 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.
5. During the year ended March 31, 2023, Bank did not undertake any securitization transactions in its Trading Book.

#### 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.

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 31 <sup>st</sup> March 2023 (INR lakhs)
a) No of SPVs sponsored by the bank for securitisation transactions (Nos.)	11
b) Total amount of securitised assets as per books of the SPVs sponsored by the bank	39,464
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 at the date of balance sheet	-
i) Off-balance sheet exposures	-
First loss	-
Others	-
ii) On-balance sheet exposures	-
First loss	2,542
Others	3,886
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	-
Others	-
g) Aggregate amount of securitisation exposures that are deducted entirely from Tier 1 capital	2,983

### 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, M-duration 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 at 31<sup>st</sup> March 2023. The same has been qualitatively assessed under Pillar 2 in ICAAP exercise.

### DF-8- Operational Risk

The Operational Risk arises from people, process, systems 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 is headed by MD & CEO and meets once in two months. ORMG reports to 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. Board has delegated its responsibilities 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 at 31<sup>st</sup> March 2023

(INR Lakhs)	+ 100 bps parallel shift	-100 bps parallel shift
Market value of Equity-MVE	2959	-2959
Earnings at Risk- EaR	-1979	1979

### 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 31<sup>st</sup> March 2023

**DF – 17 - Summary Comparison of Accounting Assets and Leverage Ratio Exposure measure**

SI No	Particulars	As at 31 <sup>st</sup> March 2023 (INR lakhs)
1	Total consolidated assets as per published financial statements	12,46,769
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)	6,725
7	Other adjustments	11,521
8	Leverage ratio exposure	12,41,972

**DF – 18 - Leverage Ratio**

SI No	Particulars	As at 31 <sup>st</sup> March 2023 (INR lakhs)
1	On-balance sheet items (excluding derivatives and SFTs but including collateral)	12,46,294
2	Balance sheet assets deducted from Tier 1 capital and not reckoned for exposure measure above	11,047
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1) and 2))	12,35,247
	<b>Derivative exposures</b>	
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	-

SI No	Particulars	As at 31 <sup>st</sup> March 2023 (INR lakhs)
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	<b>Total derivative exposures (sum of lines 4 to 10)</b>	-
	<b>Securities financing transaction exposures</b>	
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	<b>Total securities financing transaction exposures (sum of lines 12 to 15)</b>	-
	<b>Other off-balance sheet exposures</b>	
17	Off-balance sheet exposure at gross notional amount	33,623
18	(Adjustments for conversion to credit equivalent amounts)	(26,898)
19	Off-balance sheet items (sum of lines 17 and 18)	6,725
	<b>Capital and total exposures</b>	
20	<b>Tier 1 capital</b>	117,853
21	<b>Total exposures (sum of lines 3, 11, 16 and 19)</b>	12,41,972
	<b>Leverage ratio</b>	-
22	<b>Basel III leverage ratio (%)</b>	9.49%

# INDEPENDENT AUDITOR'S REPORT

To the Members of 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 2023, 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, 2023, 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.

### 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, 2023. 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 31 March 2023, the Gross Advances of the Bank was ₹ 8,877.37 crores, Gross NPA of the Bank was ₹ 288.47 crores and Gross NPA ratio of the Bank was 3.25%.

The Reserve Bank of India's ("RBI") guidelines on Income recognition and asset classification and provisioning pertaining to advances dated April 01, 2023("IRAC") prescribes the prudential norms for identification and classification of NPAs and the minimum provision required for such assets including restructuring.

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

#### How our audit addressed the key audit matter

##### of advances:(refer note 2.4 of Schedule 17 and note 18.4 and 18.15 to the financial statements)

Our audit procedures included, among others the following:

- Considered the Bank's policies for NPA identification and provisioning in assessing compliance with the IRAC
- 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



Key audit matters	How our audit addressed the key audit matter
	<ul style="list-style-type: none"> <li>• Performed analytical procedures on various financial and non-financial parameters to test the completeness of accounts identified as NPA</li> <li>• Performed test of details to test on provisioning rates applied for respective asset classes in lines with the Bank’s policies</li> <li>• Tested the arithmetical accuracy of computation of provision for advances</li> <li>• Assessed disclosures included in the financial statements in respect of asset classifications and provisioning, including specific disclosures made with regard to RBI Regulations</li> <li>• Tested on a sample basis that the restructuring of loans done during the year as per IRAC norms was approved and implemented and provisions made on such restructured loans in accordance with the Bank’s Board approved policy and the IRAC norms</li> </ul>

**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 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.

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
- 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, 2023 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

1. The Balance sheet, the Profit and Loss Account and the Cash flow Statement for the year ended March 31, 2023, have been drawn up 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 the 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 52 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 (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 at March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as at March 31, 2023 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 these 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, 2023 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, 2023- refer Schedule 12 to the financial statements;
  - 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, 2023;

- 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 performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
- v. No dividend has been declared or paid during the year by the Bank.
- vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Bank only w.e.f. April 1, 2023, reporting under this clause is not applicable.

**Sd/-**

**For S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

**Sd/-**

**per Sarvesh Warty**

Partner

Place of Signature: Bengaluru

Date: April 24, 2023

Membership Number: 121411

UDIN: 23121411BGWEFK2022

## 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, 2023 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 bank; (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 bank are being made only in accordance with authorisations of management and directors of the Bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the bank'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, 2023, 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.

Sd/-

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

Sd/-

per Sarvesh Warty

Partner

Place of Signature: Bengaluru

Date: April 24, 2023

Membership Number: 121411

UDIN: 23121411BGWEFK2022

## BALANCE SHEET AS AT 31 MARCH 2023

(All amounts in ₹ lakhs except otherwise stated)

	Schedule	As at 31 March 2023	As at 31 March 2022
<b>Capital and liabilities</b>			
Capital	1	22,078	22,078
Employees stock options outstanding		1,458	638
Reserves and surplus	2	107,835	97,471
Deposits	3	803,319	645,617
Borrowings	4	278,400	294,354
Other liabilities and provisions	5	33,679	29,999
<b>Total</b>		<b>1,246,769</b>	<b>1,090,157</b>
<b>Assets</b>			
Cash and balances with Reserve Bank of India	6	65,438	111,679
Balances with banks and money at call and short notice	7	11,781	11,917
Investments	8	252,284	215,163
Advances	9	870,242	703,696
Fixed assets	10	5,631	4,234
Other assets	11	41,393	43,468
<b>Total</b>		<b>1,246,769</b>	<b>1,090,157</b>
Contingent liabilities	12	6,101	-
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

**Sd/-**  
**For S.R Batliboi & Associates LLP**  
Chartered Accountants  
Firm Registration No: 101049W/E300004

**Sd/-**  
**per Sarvesh Warty**  
Partner  
Membership No.: 121411

Bengaluru  
April 24, 2023

For and on behalf of the Board of Directors of  
**Fincare Small Finance Bank Limited**

**Sd/-**  
**Rajeev Yadav**  
MD and CEO  
DIN: 00111379

Bengaluru  
April 24, 2023

**Sd/-**  
**Keyur Doshi**  
Chief Financial Officer

Vadodara  
April 24, 2023

**Sd/-**  
**Pramod Kabra**  
Director  
DIN: 02252403

Mumbai  
April 24, 2023

**Sd/-**  
**Shafaly Kothari**  
Company Secretary  
M No. F7698

Bengaluru  
April 24, 2023

**Sd/-**  
**Sameer Nanavati**  
Director  
DIN: 00157693

Ahmedabad  
April 24, 2023



## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ lakhs except otherwise stated)

	Schedule	Year Ended 31 March 2023	Year Ended 31 March 2022
<b>I. Income</b>			
Interest earned	13	174,412	144,857
Other income	14	22,668	19,617
<b>Total</b>		<b>197,080</b>	<b>164,474</b>
<b>II. Expenditure</b>			
Interest expended	15	65,368	56,978
Operating expenses	16	87,405	64,680
Provision and contingencies (refer Schedule 18.15)		33,943	41,929
<b>Total</b>		<b>186,716</b>	<b>163,587</b>
<b>III. Profit/(loss)</b>			
Net profit/Loss(-) for the period		10,364	887
Profit/Loss(-) brought forward		17,521	18,110
<b>Total</b>		<b>27,885</b>	<b>18,997</b>
<b>IV. Appropriation</b>			
Transfer to statutory reserves		2,591	222
Transfer to other reserves		388	1,254
Transfer to Government/proposed dividend		-	-
Balance carried over to the balance sheet		24,906	17,521
<b>Total</b>		<b>27,885</b>	<b>18,997</b>
Significant accounting policies and notes to accounts	17 & 18		
<b>Earnings per equity share of ₹ 10 each (refer Schedule 18.27)</b>			
Basic (₹)		4.69	0.38
Diluted (₹)		4.68	0.38
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

**Sd/-**  
**For S.R Batliboi & Associates LLP**  
Chartered Accountants  
Firm Registration No: 101049W/E300004

For and on behalf of the Board of Directors of  
**Fincare Small Finance Bank Limited**

**Sd/-**  
**per Sarvesh Warty**  
Partner  
Membership No.: 121411

**Sd/-**  
**Rajeev Yadav**  
MD and CEO  
DIN: 00111379

**Sd/-**  
**Pramod Kabra**  
Director  
DIN: 02252403

**Sd/-**  
**Sameer Nanavati**  
Director  
DIN: 00157693

Bengaluru  
April 24, 2023

Bengaluru  
April 24, 2023

Mumbai  
April 24, 2023

Ahmedabad  
April 24, 2023

**Sd/-**  
**Keyur Doshi**  
Chief Financial Officer

**Sd/-**  
**Shefaly Kothari**  
Company Secretary  
M No. F7698

Vadodara  
April 24, 2023

Bengaluru  
April 24, 2023

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ lakhs except otherwise stated)

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
<b>A. Cash flows from operating activities:</b>		
<b>Net Profit before tax</b>	<b>12,997</b>	<b>575</b>
<b>Adjustments for :</b>		
Depreciation and amortisation expenses	2,140	2,012
Employee Stock Option Compensation	819	538
Amortisation of premium on SLR <sup>1</sup> investments in HTM <sup>2</sup> category	1,081	1,032
(Profit)/loss on disposal of fixed assets	(2)	3
Loan portfolio written off	55,159	36,951
Provision for Advances	(16,268)	6,002
Provision for other contingencies	364	22
Provision for Investments	451	561
(Profit) on sale of investment in SLR <sup>1</sup> securities	(29)	(540)
Loss on sale of investment in SLR <sup>1</sup> securities	642	284
(Profit) on sale of investment in mutual funds	-	(19)
<b>Operating profit before working capital changes</b>	<b>57,354</b>	<b>47,421</b>
<b>Adjustments for :</b>		
Increase in deposits	157,702	113,708
Increase/(decrease) in other liabilities	4,926	13,186
(Increase) in investments (net)	(20,442)	(63,049)
(Increase) in advances	(206,909)	(222,298)
(Increase)/decrease in fixed deposits	2,456	(3,752)
(Increase) in other assets	5,422	(20,138)
<b>Cash Flows from/(used in) operating activities</b>	<b>509</b>	<b>(134,922)</b>
Refund/(Payment) of direct taxes(Including Tax Deducted at Source)	(6,115)	(3,954)
<b>Net cash flows from/(used in) operating activities</b>	<b>(5,606)</b>	<b>(138,876)</b>
<b>B. Cash flows from / (used in) investing activities:</b>		
Purchase of fixed assets	(3,547)	(2,636)
Proceeds from sale of fixed assets	12	7
Purchase of investments in mutual funds	-	(5,000)
Purchase of investments in Govt Securites (HTM <sup>2</sup> )	(24,524)	(34,673)
Proceeds from maturity of investments in Govt Securites (HTM <sup>2</sup> )	5,700	9,158
Proceeds from sale of investments in mutual funds	-	5,019
Proceeds from term money lending	-	-
<b>Net cash flows from/(used in) investing activities</b>	<b>(22,359)</b>	<b>(28,125)</b>

## CASH FLOW STATEMENT (CONTD..) FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ lakhs except otherwise stated)

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
<b>C. Cash flows from / (used in) financing activities:</b>		
Proceeds from issue of equity shares	-	16,971
Proceeds from borrowing under the LAF <sup>3</sup> segment	-	54,000
Proceeds from loans availed from banks and financial institutions	100,000	135,804
Repayment of loans non-convertible debenture	(2,500)	-
Repayment of loans availed from banks and financial institutions	(107,855)	(35,493)
Repayment of borrowing under the LAF <sup>3</sup> segment	(5,600)	-
<b>Net cash flows from/(used in) financing activities</b>	<b>(15,955)</b>	<b>171,282</b>
<b>Net increase in cash and cash equivalents during the year ended (A+B+C)</b>	<b>(43,920)</b>	<b>4,281</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>118,564</b>	<b>114,283</b>
<b>Cash and cash equivalents at the end of the year*</b>	<b>74,644</b>	<b>118,564</b>

\* Includes cash and bank balances with Reserve Bank of India, balances with Banks in current account, money at call and short notice as at 31 March 2023 and 31 March 2022.

**Note:**

- 1 Statutory Liquidity Ratio
- 2 Held to Maturity
- 3 Liquidity Adjustment Facility

**Sd/-**  
**For S.R Batliboi & Associates LLP**  
Chartered Accountants  
Firm Registration No: 101049W/E300004

For and on behalf of the Board of Directors of  
**Fincare Small Finance Bank Limited**

**Sd/-**  
**per Sarvesh Warty**  
Partner  
Membership No.: 121411

Bengaluru  
April 24, 2023

**Sd/-**  
**Rajeev Yadav**  
MD and CEO  
DIN: 00111379

Bengaluru  
April 24, 2023

**Sd/-**  
**Keyur Doshi**  
Chief Financial Officer

Vadodara  
April 24, 2023

**Sd/-**  
**Pramod Kabra**  
Director  
DIN: 02252403

Mumbai  
April 24, 2023

**Sd/-**  
**Shefaly Kothari**  
Company Secretary  
M No. F7698

Bengaluru  
April 24, 2023

**Sd/-**  
**Sameer Nanavati**  
Director  
DIN: 00157693

Ahmedabad  
April 24, 2023

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31 MARCH 2023

(All amounts in ₹ lakhs except otherwise stated)

Schedule 1 - Capital	As at 31 March 2023	As at 31 March 2022
<b>Authorised capital</b>		
300,000,000 (31 March 2022: 300,000,000) equity shares of ₹ 10 each	30,000	30,000
<b>Issued, subscribed and fully paid-up capital</b>		
220,779,720 (31 March 2022: 220,779,720) equity shares of ₹ 10 each	22,078	22,078
<b>Total Capital</b>	<b>22,078</b>	<b>22,078</b>

### Notes

#### 1 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 at 31 March 2023	As at 31 March 2022
<b>I. Statutory reserve</b>		
(Created pursuant to Section 17(2) of Banking Regulation Act, 1949)		
Opening balance	9,637	9,415
Additions during the year	2,591	222
Deductions during the year	-	-
	<b>12,228</b>	<b>9,637</b>
<b>II. Share premium</b>		
Opening balance	68,230	66,977
Additions during the year	-	15,972
Deductions during the year	-	(14,719)
	<b>68,230</b>	<b>68,230</b>
<b>III. General reserves</b>		
Opening balance	1	1
Additions during the year	-	-
Deductions during the year	-	-
	<b>1</b>	<b>1</b>
<b>IV. Investment fluctuation reserve</b>		
Opening balance	2,082	828
Additions during the year	388	1,254
Deductions during the year	-	-
	<b>2,470</b>	<b>2,082</b>
<b>V. Balance in profit and loss account</b>	<b>24,906</b>	<b>17,521</b>
<b>Total (I,II,III,IV and V)</b>	<b>107,835</b>	<b>97,471</b>

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31 MARCH 2023

(All amounts in ₹ lakhs except otherwise stated)

Schedule 3 - Deposits	As at 31 March 2023	As at 31 March 2022
<b>A. I. Demand deposits</b>		
i) From banks	737	626
ii) From others	12,226	8,799
	<b>12,963</b>	<b>9,425</b>
<b>II. Savings bank deposits</b>	<b>252,647</b>	<b>224,949</b>
<b>III. Term deposits</b>		
i) From banks	240,954	173,120
ii) From others	296,755	238,123
	<b>537,709</b>	<b>411,243</b>
<b>Total (I,II and III)</b>	<b>803,319</b>	<b>645,617</b>
<b>B. I. Deposits of branches in India</b>	803,319	645,617
<b>II. Deposits of branches outside India</b>	-	-
<b>Total</b>	<b>803,319</b>	<b>645,617</b>

Schedule 4 - Borrowings	As at 31 March 2023	As at 31 March 2022
<b>I. Borrowings in India</b>		
i) Reserve Bank of India*	54,000	59,600
ii) Other banks	-	10,000
iii) Other institutions and agencies		
a) Government of India	-	-
b) Financial Institutions*	206,900	204,754
iv) Borrowings in the form of bonds and debentures (excluding sub-ordinated debts)	-	-
v) Unsecured redeemable debentures/bonds (Refer schedule 18.1 B)	17,500	20,000
<b>Total Borrowings in India</b>	<b>278,400</b>	<b>294,354</b>
<b>II. Borrowings outside India</b>	-	-
<b>Total (I and II)</b>	<b>278,400</b>	<b>294,354</b>

\* Secured borrowings included in I above is ₹ 54,000 lakhs, ₹ 92,404 lakhs for 31 March 2023 and 31 March 2022 respectively.

Schedule 5 - Other liabilities and provisions	As at 31 March 2023	As at 31 March 2022
<b>I. Bills payable</b>	4,162	2,864
<b>II. Inter-office adjustments (net)</b>	-	-
<b>III. Interests accrued</b>	6,073	3,837
<b>IV. Others (including provisions)*</b>	23,444	23,298
<b>Total</b>	<b>33,679</b>	<b>29,999</b>



## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31 MARCH 2023

(All amounts in ₹ lakhs except otherwise stated)

*Others (including provisions)	As at 31 March 2023	As at 31 March 2022
General provision for standard assets (Refer schedule 18.4 I)	3,869	5,342
Provision for other contingencies	285	56
Tax deducted at source payable	696	741
Statutory liability payable	976	635
Accrued expenses	2,944	2,917
Accrued employee expenses	3,827	2,539
Provision for gratuity (Refer schedule 18.14 A)	866	421
Provision for compensated absences (Refer schedule 18.14 C)	1,509	1,275
Other liabilities	8,472	9,372
	<b>23,444</b>	<b>23,298</b>

Schedule 6 - Cash and balances with Reserve Bank of India	As at 31 March 2023	As at 31 March 2022
<b>I.</b> Cash in hand (Including foreign currency notes)*	4,039	3,304
<b>II.</b> Balances with Reserve Bank of India		
i) in current account	34,899	11,475
ii) in other accounts	26,500	96,900
<b>Total (I and II)</b>	<b>65,438</b>	<b>111,679</b>

\* The Bank does not have any foreign currency note balances as at 31 March 2023 and 31 March 2022.

Schedule 7 - Balances with banks and money at call and short notice	As at 31 March 2023	As at 31 March 2022
<b>I. In India</b>		
i) Balances with banks		
a) In current accounts	1,710	1,247
b) In other deposit accounts*	2,575	5,032
ii) Money at call and short notice		
a) With banks	-	-
b) With other institutions	7,496	5,638
<b>Total (i and ii)</b>	<b>11,781</b>	<b>11,917</b>
<b>II. Outside India</b>		
i) In current accounts	-	-
ii) In other deposit accounts	-	-
iii) Money at call and short notice	-	-
<b>Total (i,ii and iii)</b>	-	-
<b>Total (I and II)</b>	<b>11,781</b>	<b>11,917</b>

\* Includes fixed deposits ₹ 2,542 lakhs (31 March 2022: ₹ Nil) and ₹ 32 lakhs (31 March 2022: ₹ 32 lakhs) lien marked for securitisation and UIDAI respectively

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31 MARCH 2023

(All amounts in ₹ lakhs except otherwise stated)

Schedule 8 - Investments	As at 31 March 2023	As at 31 March 2022
<b>I. Investment in India in</b>		
i) Government securities	251,288	214,147
ii) Other approved securities	-	-
iii) Shares	-	-
iv) Debentures and bonds	996	1,016
v) Subsidiaries and/or joint ventures	-	-
vi) Others	-	-
<b>Total*</b>	<b>252,284</b>	<b>215,163</b>
<b>II. Investment outside India in</b>		
i) Government securities (including local authorities)	-	-
ii) Subsidiaries and/or joint ventures abroad	-	-
iii) Other Investments	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Grand Total (I and II)</b>	<b>252,284</b>	<b>215,163</b>
<b>III. Investments</b>		
<b>A. Investments in India</b>		
Gross value of investments	253,300	215,727
Less: Aggregate of provision/(depreciation)	(1,016)	(564)
<b>Net investments</b>	<b>252,284</b>	<b>215,163</b>
<b>B. Investments outside India</b>		
Gross value of investments	-	-
Less: Aggregate of provision/depreciation/(appreciation)	-	-
<b>Net investments</b>	<b>-</b>	<b>-</b>
<b>Total investments*</b>	<b>252,284</b>	<b>215,163</b>

\*Refer schedule 18.2 A - Investments

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31 MARCH 2023

(All amounts in ₹ lakhs except otherwise stated)

Schedule 9 - Advances		As at 31 March 2023	As at 31 March 2022
<b>A.</b>	i) Bills purchased and discounted	-	-
	ii) Cash credits, overdrafts and loans repayable on demand*	89,423	44,205
	iii) Term loans*	780,819	659,491
	<b>Total</b>	<b>870,242</b>	<b>703,696</b>
<b>B.</b>	i) Secured by tangible assets (including advances against book debts)	383,662	175,159
	ii) Covered by banks/Government guarantees	1,756	4,126
	iii) Unsecured	484,824	524,411
	<b>Total</b>	<b>870,242</b>	<b>703,696</b>
<b>C.I.</b>	Advances in India		
	i) Priority sectors	725,395	603,918
	ii) Public sector	-	-
	iii) Banks	-	-
	iv) Others	144,847	99,778
	<b>Total</b>	<b>870,242</b>	<b>703,696</b>
<b>II.</b>	Advances outside India		
	i) Dues from banks	-	-
	ii) Dues from others		
	a) Bills purchased and discounted	-	-
	b) Syndicate loans	-	-
	c) Others	-	-
	<b>Total</b>	<b>-</b>	<b>-</b>
	<b>Grand Total (C.I and II)</b>	<b>870,242</b>	<b>703,696</b>

\*Net of provision for non-performing assets aggregating to ₹ 17,545 lakhs, ₹ 32,340 lakhs and Inter-Bank Participation Certificate (IBPC) sold and outstanding ₹ 65,000 lakhs, ₹ 20,000 lakhs as at 31 March 2023 and 31 March 2022 respectively.

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31 MARCH 2023

(All amounts in ₹ lakhs except otherwise stated)

Schedule 10 - Fixed assets	As at 31 March 2023	As at 31 March 2022
<b>A. Premises</b>		
<b>Gross Block</b>		
Opening Balance	-	-
Additions during the year	-	-
Deductions during the year	-	-
<b>Closing balance</b>	<b>-</b>	<b>-</b>
<b>Accumulated Depreciation</b>		
Opening Balance	-	-
Charge for the year	-	-
Deductions during the year	-	-
<b>Closing balance</b>	<b>-</b>	<b>-</b>
<b>B. Other fixed assets (including furniture and fixtures)</b>		
<b>Gross Block</b>		
Opening balance	11,752	9,209
Additions during the year	3,547	2,636
Deductions during the year	(68)	(93)
<b>Closing balance</b>	<b>15,231</b>	<b>11,752</b>
<b>Accumulated depreciation</b>		
Opening balance	7,518	5,589
Charge for the year	2,140	2,012
Deductions during the year	(58)	(83)
<b>Closing balance</b>	<b>9,600</b>	<b>7,518</b>
<b>Net Block*</b>	<b>5,631</b>	<b>4,234</b>
<b>Total fixed assets</b>	<b>5,631</b>	<b>4,234</b>

\* Including capital work-in progress amounting to ₹ 33 lakhs, ₹ 5 lakhs and intangible assets amounting to ₹ 130 lakhs, ₹ 151 lakhs as at 31 March 2023 and 31 March 2022 respectively

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31 MARCH 2023

(All amounts in ₹ lakhs except otherwise stated)

<b>Schedule 11 - Other assets</b>	<b>As at 31 March 2023</b>	<b>As at 31 March 2022</b>
I. Inter-office adjustments (net)	-	-
II. Interest accrued	15,601	12,186
III. Tax paid in advance / tax deducted at source (net)	6,654	1,804
IV. Stationery and stamps	-	-
V. Non-banking assets acquired in satisfaction of claims	-	-
VI. Others*	19,138	29,478
<b>Total</b>	<b>41,393</b>	<b>43,468</b>

<b>*Others</b>	<b>As at 31 March 2023</b>	<b>As at 31 March 2022</b>
Loans given as collateral towards securitisation transactions	3,424	-
Deferred tax asset (refer schedule 18.24)	7,934	9,302
Security deposits	1,752	1,458
RTGS Settlement Mirror A/c	2,015	15,452
Goods & Services Tax input credit	754	534
Other receivables	3,259	2,732
	<b>19,138</b>	<b>29,478</b>

<b>Schedule 12 - Contingent liabilities</b>	<b>As at 31 March 2023</b>	<b>As at 31 March 2022</b>
I. Claims against the bank not acknowledged as debts - taxes	-	-
II. Claims against the bank not acknowledged as debts - others	-	-
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*	6,101	-
<b>Total</b>	<b>6,101</b>	<b>-</b>

<b>*Claims against the bank not acknowledged as debts-others</b>	<b>As at 31 March 2023</b>	<b>As at 31 March 2022</b>
Cash Collateral	2,542	-
Principal subordination	3,559	-
	<b>6,101</b>	<b>-</b>



## SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ lakhs except otherwise stated)

Schedule 13 - Interest earned	Year Ended 31 March 2023	Year Ended 31 March 2022
I. Interest/discount on advances/bills	158,845	132,047
II. Income on investments	14,044	9,996
III. Interest on balances with Reserve Bank of India and other inter-bank funds	1,065	2,747
IV. Others*	458	66
<b>Total</b>	<b>174,412</b>	<b>144,857</b>

*Others	Year Ended 31 March 2023	Year Ended 31 March 2022
Interest income on money market instruments	365	-
Interest income on Tri Party Repo lending	92	66
Others	1	0
	<b>458</b>	<b>66</b>

Schedule 14 - Other income	Year Ended 31 March 2023	Year Ended 31 March 2022
I. Commission, exchange and brokerage	13,688	9,675
II. Profit on sale of investments	29	540
Loss on sale of investments	(642)	(284)
III. Profit on revaluation of investments	-	-
Loss on revaluation of investments	(451)	(561)
IV. Profit on sale of land, buildings and other assets	7	4
Loss on sale of land, buildings and other assets	(5)	(7)
V. Profit on exchange/derivative transactions	-	-
(Less): Loss on exchange/derivative transactions	-	-
VI. Income earned by way of dividends etc.	-	-
VII. Miscellaneous income <sup>1</sup>	10,042	10,250
<b>Total</b>	<b>22,668</b>	<b>19,617</b>

1 Miscellaneous income	Year Ended 31 March 2023	Year Ended 31 March 2022
Income from sale of Priority Sector Lending Certificate	3,365	5,649
Debit card issue/maintenance charges	4,532	3,387
Others	2,145	1,214
	<b>10,042</b>	<b>10,250</b>

## SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ lakhs except otherwise stated)

Schedule 15 - Interest expended	Year Ended 31 March 2023	Year Ended 31 March 2022
I. Interest on deposits	46,911	42,116
II. Interest on Reserve Bank of India/Inter-bank borrowings	3,732	2,984
III. Others	14,724	11,878
<b>Total</b>	<b>65,368</b>	<b>56,978</b>

Schedule 16 - Operating expenses	Year Ended 31 March 2023	Year Ended 31 March 2022
I. Payments to and provisions for employees	56,829	41,207
II. Rent, taxes and lighting (refer schedule 18.25)	5,546	4,290
III. Printing and stationery	1,913	746
IV. Advertisement and publicity	1,115	767
V. Depreciation on Bank's property	2,140	2,012
VI. Directors' fees, allowances and expenses	142	143
VII. Auditors' fees and expenses		
- Statutory Audit Fee	48	49
- Others	19	28
VIII. Law charges	285	111
IX. Postage, telegrams, telephones, etc.	1,570	1,224
X. Repairs and maintenance	943	945
XI. Insurance	734	577
XII. Professional fee	3,171	2,979
XIII. Other expenditure <sup>1</sup>	12,950	9,602
<b>Total</b>	<b>87,405</b>	<b>64,680</b>

1 Other expenditure	Year Ended 31 March 2023	Year Ended 31 March 2022
Travelling and conveyance	2,073	1,005
Communication expenses	492	578
Contribution towards CSR expenses (refer schedule 18.29)	239	306
Bank charges	12	101
Loss on securitisation	10	-
ATM recycler charges	1,496	1,411
Credit Bureau charges	421	240
Business correspondence commission	4,535	3,005
Miscellaneous expense	3,672	2,956
	<b>12,950</b>	<b>9,602</b>

# SCHEDULE 17 - SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31 March 2023

## 1 Overview

Pursuant to the resolution passed by the shareholders at the Extra-Ordinary General Meeting held on 19 May 2017 and the issue of small finance bank license by the Reserve Bank of India ("RBI") on 12 May 2017, Disha Microfin Limited ("the Company") commenced its operations as a small finance bank with effect from 21 July 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 28 March 2019 and published in the Gazette of India on 13 April 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

The COVID-19 pandemic affected the world economy over the last 2 to 3 years, however the operations have now returned to normalcy. The Bank continues to monitor and assess the

impact of the pandemic on its operations and financials (including impact on provision for loan portfolio), which depend on ongoing as well as 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. All information available upto the date of these results have been considered and adequately dealt with in preparation and presentation of these financial results.

### 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 at 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
- (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

# SCHEDULE 17 - SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31 March 2023

## 2.3 Revenue recognition (cont'd)

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').

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') –

## SCHEDULE 17 - SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31 March 2023

### 2.6 Investments (cont'd)

(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 02 April 2018, advised all banks to create an IFR with effect from the FY 2018-19.

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.

### 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.



# SCHEDULE 17 - SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31 March 2023

## 2.9 Transfer and servicing of assets (cont'd)

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.

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 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.

## SCHEDULE 17 - SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31 March 2023

### 2.13 Impairment of assets (cont'd)

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.

#### **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 deferral. 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 Financial Year 2022-23, will be paid in Financial Year 2023-24, 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, 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

# SCHEDULE 17 - SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31 March 2023

## 2.15 Employee Share Based Payments (cont'd)

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 items 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 estimates 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.

A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it

## SCHEDULE 17 - SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31 March 2023

### 2.18 Provisions and contingent liabilities (cont'd)

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 financial liabilities. Transaction cost includes fees paid to advisors and levies by regulatory agencies, including taxes and duties. Transaction costs incurred towards:

- i. ROC fees paid to increase the authorized share capital 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 includes
  - (i) Digital Banking includes our 101 product and digital branches
    1. 101 Product is a digital product where onboarding of customer to any product or service delivery to customers are performed digitally there is no human intervention on any of the process cycle in 101 product.

## SCHEDULE 17 - SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31 March 2023

### 2.24 Segment reporting (cont'd)

2. Digital Branches are those branches where all the branch related activity like opening of customer account to any other bank branch activity are performed by Machine without and any human intervention.

Vide its circular dated April 7, 2022, on establishment of Digital Banking Units (DBUs), the RBI has prescribed reporting of Digital Banking Segment as a sub-segment of Retail Banking Segment. During the year ended March 31 2023, the Bank has commenced operation at two DBUs and has identified one product type of deposits category as a Digital Banking Product.

- (ii) The retail banking segment others - serves retail customers through the branch network (other than DBU). 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.

- d) Other banking operations

Other Banking operations includes all other banking operations not covered under 'Treasury', 'Wholesale Banking' and 'Retail Banking' segments. It also include all other residual operations such as para banking transactions/ activities.

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 other than ROC fees paid to increase the authorized share capital are adjusted from 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 at 31 March 2023	As at 31 March 2022
I Common Equity Tier 1 capital (CET 1)/ Paid up share capital and reserves(net of deductions, if any)	117,853	108,488
II Additional Tier 1 capital/ Other Tier 1 capital	-	-
<b>III Tier 1 capital (I and II)</b>	<b>117,853</b>	<b>108,488</b>
IV Tier 2 capital	8,856	15,798
<b>V Total capital (III and IV)</b>	<b>126,709</b>	<b>124,286</b>
<b>VI Total Risk Weighted Assets (RWAs)</b>	<b>632,177</b>	<b>556,936</b>
<b>VII CET 1 Ratio</b>	18.64%	19.48%
VIII Tier 1 Ratio (Tier 1 capital as a percentage of RWAs)	18.64%	19.48%
IX Tier 2 Ratio (Tier 2 capital as a percentage of RWAs)	1.40%	2.84%
X Capital to Risk Weighted Assets Ratio (CRAR) (Total Capital as a percentage of RWAs)	20.04%	22.32%
<b>XI Leverage Ratio</b>	9.49%	10.05%
<b>XII Percentage of the shareholding of</b>		
a) Government of India	-	-
<b>XIII Amount of paid-up equity capital raised during the year</b>	-	15,717
<b>XIV Amount of non-equity Tier 1 capital raised during the year, of which:</b>	-	-
XV Perpetual Non Cumulative Preference Shares (PNCPS)	-	-
XVI Perpetual Debt Instruments (PDI)	-	-
<b>XVII Amount of Tier 2 capital raised; of which:</b>	-	-
XVIII Debt capital instruments (discounted value)*	5,500	9,000
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 at 31 March 2023 is ₹ 17,500 lakhs (31 March 2022: ₹ 20,000 lakhs).

## SCHEDULE 18 - NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ lakhs except otherwise stated)

### 18.1 - Regulatory Capital (cont'd)

#### B. Details of Sub-ordinate debt :

ISIN Number	Deemed Date of Allotment	Coupon Rate (% p.a.)	Tenure (in months)	Equivalent Amount as at March 31, 2023	Equivalent Amount as at March 31, 2022
INE519Q08020	29 May 2017	12.60%	66	Nil	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 31 March 2023 and 31 March 2022, there were no drawdown from reserves.

#### D. Capital infusion

During the year ended 31 March 2023, the Bank has not infused capital (31 March 2022: 15,717 Lakh). Details of movement in the paid up equity share capital are as below:

Particulars	As at 31 March 2023		As at 31 March 2022	
	Equity Shares	Amount (₹)	Equity Shares	Amount (₹)
Equity shares at the beginning of the year	220,779,720	22,078	63,610,481	6,361
Addition pursuant to equity shares issued during the year	-	-	9,982,759	998
Addition pursuant to bonus equity shares issued during the period	-	-	147,186,480	14,719
<b>Equity shares outstanding at the end of the year</b>	<b>220,779,720</b>	<b>22,078</b>	<b>220,779,720</b>	<b>22,078</b>

## SCHEDULE 18 - NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ lakhs except otherwise stated)

### 18.2 - Investments

#### A1. Composition of Investment Portfolio as at 31 March 2023

Particulars	Total Investments in India						Total Investments outside India				Total Investment	
	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Sub-sidiaries and/or joint ventures	Others	Government securities (including local authorities)	Sub-sidiaries and/or joint ventures	Others	Total Investments outside India		
<b>Held to Maturity</b>												
Gross	128,768	-	-	-	-	-	-	-	-	-	-	128,768
Less: Provision for non-performing investments (NPI)	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net</b>	<b>128,768</b>	-	-	-	-	-	-	-	-	-	-	<b>128,768</b>
<b>Available for Sale</b>												
Gross	123,497	-	-	1,035	-	-	-	-	-	-	-	124,532
Less: Provision for depreciation and NPI	977	-	-	39	-	-	-	-	-	-	-	1,016
<b>Net</b>	<b>122,520</b>	-	-	<b>996</b>	-	-	-	-	-	-	-	<b>123,516</b>
<b>Held for Trading</b>												
Gross	-	-	-	-	-	-	-	-	-	-	-	-
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Investments</b>	<b>252,265</b>	-	-	<b>1,035</b>	-	-	-	-	-	-	-	<b>253,300</b>
Less: Provision for non-performing investments	-	-	-	-	-	-	-	-	-	-	-	-
Less: Provision for depreciation and NPI	977	-	-	39	-	-	-	-	-	-	-	1,016
<b>Net</b>	<b>251,288</b>	-	-	<b>996</b>	-	-	-	-	-	-	-	<b>252,284</b>

# SCHEDULE 18 - NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ lakhs except otherwise stated)

## A2. Composition of Investment Portfolio as at 31 March 2022

Particulars	Total Investments in India						Total Investments outside India				Total Investment	
	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Sub-sidiaries and/or joint ventures	Others	Total investments in India	Government securities (including local authorities)	Sub-sidiaries and/or joint ventures	Others		Total Investments outside India
<b>Held to Maturity</b>												
Gross	111,025	-	-	-	-	-	111,025	-	-	-	-	111,025
Less: Provision for non-performing investments (NPI)	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net</b>	<b>111,025</b>						<b>111,025</b>					<b>111,025</b>
<b>Available for Sale</b>												
Gross	103,667	-	-	1,035	-	-	104,702	-	-	-	-	104,702
Less: Provision for depreciation and NPI	545	-	-	19	-	-	564	-	-	-	-	564
<b>Net</b>	<b>103,122</b>			<b>1,016</b>			<b>104,138</b>					<b>104,138</b>
<b>Held for Trading</b>												
Gross	-	-	-	-	-	-	-	-	-	-	-	-
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net</b>												
<b>Total Investments</b>	<b>214,692</b>			<b>1,035</b>			<b>215,727</b>					<b>215,727</b>
Less: Provision for non-performing investments	-	-	-	-	-	-	-	-	-	-	-	-
Less: Provision for depreciation and NPI	545	-	-	19	-	-	564	-	-	-	-	564
<b>Net</b>	<b>214,147</b>			<b>1,016</b>			<b>215,163</b>					<b>215,163</b>

## SCHEDULE 18 - NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ lakhs except otherwise stated)

### 18.2 - Investments (cont'd)

#### B. Movement of Provisions for Depreciation and Investment Fluctuation Reserve

Particulars	31 March 2023	31 March 2022
i. Movement of provisions held towards depreciation on investments		
a) Opening balance	564	3
b) Add: Provisions made during the year	1,016	564
c) Less: Write off / write back of excess provisions during the year	564	3
d) Closing balance	<b>1,016</b>	<b>564</b>
ii. Movement of Investment Fluctuation Reserve		
a) Opening balance	2,082	828
b) Add: Amount transferred during the year	388	1,254
c) Less: Drawdown	-	-
d) Closing balance	<b>2,470</b>	<b>2,082</b>
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 2022-23	Maximum outstanding during the year 2022-23	Daily Average outstanding during the year 2022-23	Outstanding as at 31 March 2023
<b>Securities sold under repo*</b>				
i. Government securities	50,272	102,377	67,542	50,272
ii. Corporate debt securities	-	-	-	-
iii. Any Other Securities	-	-	-	-
<b>Securities purchased under reverse repo*</b>				
i. Government securities	-	102,500	8,869	7,807
ii. Corporate debt securities	-	-	-	-
iii. Any Other Securities	-	-	-	-

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 at 31 March 2022
<b>Securities sold under repo*</b>				
i. Government securities	5,397	86,912	56,742	83,956
ii. Corporate debt securities	-	-	-	-
iii. Any Other Securities	-	-	-	-
<b>Securities purchased under reverse repo*</b>				
i. Government securities	30,384	133,800	75,161	97,867
ii. Corporate debt securities	-	-	-	-
iii. Any Other Securities	-	-	-	-

\*Amounts reported are based on the face value of securities under Repo and Reverse Repo.



## SCHEDULE 18 - NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ lakhs except otherwise stated)

### 18.2 - Investments (cont'd)

#### 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.

#### D. Non-SLR investment portfolio

##### a) Issuer composition of Non-SLR investments

As at 31 March 2023

Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
i PSUs	-	-	-	-	-
ii FIs	1,035	-	-	-	-
iii Banks	-	-	-	-	-
iv Private Corporates	-	-	-	-	-
v Subsidiaries/ Joint Ventures	-	-	-	-	-
vi Others	-	-	-	-	-
vii Provision held towards depreciation	(39)	-	-	-	-
<b>Total</b>	<b>996</b>	-	-	-	-

As at 31 March 2022

Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
i PSUs	-	-	-	-	-
ii FIs	1,035	-	-	-	-
iii Banks	-	-	-	-	-
iv Private Corporates	-	-	-	-	-
v Subsidiaries/ Joint Ventures	-	-	-	-	-
vi Others	-	-	-	-	-
vii Provision held towards depreciation	(19)	-	-	-	-
<b>Total</b>	<b>1,016</b>	-	-	-	-

##### b) Non-performing Non-SLR investments

During the year ended 31 March 2023 and 31 March 2022; there are no non performing Non - SLR investments.

#### E. Sale and Transfer to/from HTM Category

During the years ended March 31, 2023 and March 31, 2022, 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), direct sales from HTM category for bringing down SLR holding consequent to a downward revision in SLR requirement by RBI, repurchase of Government Securities by Government of India or repurchase of State Development Loans (SDL) by respective State Governments under respective buyback/ switch operations, and additional shifting of securities explicitly permitted by RBI.

## SCHEDULE 18 - NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ lakhs except otherwise stated)

### 18.3 - Derivatives

During the year ended 31 March 2023 and 31 March 2022; the Bank has not undertaken any derivative transaction and there is no outstanding position As at 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.

### 18.4 - Asset quality

#### A. Classification of advances and provisions held

Particular	As at 31 March 2023						As at 31 March 2022					
	Standard	Non-Performing				Total	Standard	Non-Performing				Total
	Total Standard Advances	Sub-standard	Doubtful	Loss	Total Non-Performing Advances		Total Standard Advances	Sub-standard	Doubtful	Loss	Total Non-Performing Advances	
<b>Gross Standard Advances and NPAs</b>												
Opening Balance	678,654	52,837	3,612	874	57,323	735,977	515,270	22,027	1,232	12,100	35,359	550,629
Add: Additions during the year					59,676						109,846	
Less: Reductions during the year*					88,152						87,882	
Closing balance	858,939	22,284	6,344	219	28,847	887,786	678,654	52,837	3,612	874	57,323	735,977
<b>*Reductions in Gross NPAs due to:</b>												
i) Upgradation					19,654	19,654					42,709	42,709
ii) Recoveries (excluding recoveries from upgraded accounts)					13,339	13,339					8,222	8,222
iii) Technical/ Prudential Write-offs					53,419	53,419					36,840	36,840
iv) Write-offs other than those under (iii) above					1,740	1,740					111	111
<b>Provisions (excluding Floating Provisions)</b>												
Opening 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
Add: Fresh provisions made during the year					53,682						76,877	
Less: Excess provision reversed/ Write-off loans					68,477						65,055	
Closing balance of provisions held	3,869	13,493	3,833	219	17,545	21,414	5,342	30,320	1,146	874	32,340	37,682

## SCHEDULE 18 - NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ lakhs except otherwise stated)

### 18.4 - Asset quality (cont'd)

Particular	As at 31 March 2023						As at 31 March 2022					
	Standard	Non-Performing				Total	Standard	Non-Performing				Total
	Total Standard Advances	Sub-standard	Doubtful	Loss	Total Non-Performing Advances		Total Standard Advances	Sub-standard	Doubtful	Loss	Total Non-Performing Advances	
<b>Net NPAs</b>												
Opening Balance		22,517	2,466	-	24,983			13,970	871	-	14,841	
Add: Fresh additions during the year					5,994						32,969	
Less: Reductions during the year					19,675						22,827	
Closing Balance		8,791	2,511	-	11,302			22,517	2,466	-	24,983	
<b>Floating Provisions</b>												
Opening Balance						-						-
Add: Additional provisions made during the year						-						-
Less: Amount drawn down during the year						-						-
Closing balance of floating provisions						-						-
<b>Technical write-offs and the recoveries made thereon</b>												
Opening balance of Technical/ Prudential written-off accounts						57,051						21,037
Add: Technical/ Prudential write-offs during the year						55,159						36,840
Less: Recoveries made from previously technical/ prudential written-off accounts during the year						7,868						826
Closing balance						104,342						57,051

## SCHEDULE 18 - NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ lakhs except otherwise stated)

### 18.4 - Asset quality (cont'd)

The Bank has compiled the data for the purpose of this disclosure from its internal MIS system.

B. Ratios	As at 31 March 2023	As at 31 March 2022
Gross NPA to Gross Advances	3.25 %	7.79 %
Net NPA to Net Advances	1.30 %	3.55 %
Provision Coverage Ratio*	91.51 %	78.16 %

\*Provision Coverage Ratio is computed after considering Technical Write Offs”

### C. Details of Restructured Account as per Circular no. RBI/2018-19/203 DBR.No.BP.BC.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	
		31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022
<b>Standard</b>	No. of Borrowers	5,753	2,447	-	-	-	-	-	-	5,753	2,447
	Gross Amount	610	455	-	-	-	-	-	-	610	455
	Provision held	33	2	-	-	-	-	-	-	33	2
<b>Sub-standard</b>	No. of Borrowers	1,705	38,854	-	-	-	-	-	-	1,705	38,854
	Gross Amount	235	8,745	-	-	-	-	-	-	235	8,745
	Provision held	130	4,002	-	-	-	-	-	-	130	4,002
<b>Doubtful</b>	No. of Borrowers	5,388	72	-	-	-	-	-	-	5,388	72
	Gross Amount	544	19	-	-	-	-	-	-	544	19
	Provision held	543	19	-	-	-	-	-	-	543	19
<b>Total</b>	No. of Borrowers	12,846	41,373	-	-	-	-	-	-	12,846	41,373
	Gross Amount	1,389	9,219	-	-	-	-	-	-	1,389	9,219
	Provision held	706	4,023	-	-	-	-	-	-	706	4,023

The Bank has compiled the data for the purpose of this disclosure from its internal MIS system.

### D. 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, 2023 are given below:

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year (i.e.30 September 2022) (A) <sup>2 1</sup>	Of (A), aggregate debt that slipped into NPA during the half-year ended 31 March 2023	Of (A) amount written off during the half-year ended 31 March 2023	Of (A) amount paid by the borrowers during the half-year ended 31 March 2023	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year (i.e.31 March 2023) <sup>3</sup>
Personal Loans	-	-	-	-	-
Corporate persons*	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others	5,760	1,335	138	1,493	2,794
<b>Total</b>	<b>5,760</b>	<b>1,335</b>	<b>138</b>	<b>1,493</b>	<b>2,794</b>

## SCHEDULE 18 - NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ lakhs except otherwise stated)

### 18.4 - Asset quality (cont'd)

\* 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 at the date of implementation of the plan.

<sup>1</sup> Includes cases where the resolution plan implemented after 30 September 2021

<sup>2</sup> Represents fund based outstanding as of 30 September 2022

<sup>3</sup> Represents fund based outstanding as of 31 March 2023

**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 September 30, 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 this half-year (i.e.31 March 2022) (A) <sup>2 1</sup>	Of (A), aggregate debt that slipped into NPA during the half-year ended 30 September 2022	Of (A) amount written off during the half-year ended 30 September 2022	Of (A) amount paid by the borrowers during the half-year ended 30 September 2022	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year (i.e.30 September 2022) <sup>3 &amp; 4</sup>
Personal Loans	-	-	-	-	-
Corporate persons*	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others	12,138	2,329	1,192	2,857	5,760
<b>Total</b>	<b>12,138</b>	<b>2,329</b>	<b>1,192</b>	<b>2,857</b>	<b>5,760</b>

\* 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 at the date of implementation of the plan.

<sup>1</sup> Includes cases where the resolution plan implemented after 30 September 2021

<sup>2</sup> Represents fund based outstanding as of 31 March 2022

<sup>3</sup> Represents fund based outstanding as of 30 September 2022

<sup>4</sup> Closing balance does not include upgraded accounts as of 30 September, 2022

**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) <sup>2 1</sup>	Of (A), aggregate debt that slipped into NPA during the half-year ended 31 March 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.31 March 2022) <sup>3</sup>
Personal Loans	-	-	-	-	-
Corporate persons*	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others	25,977	10,673	266	2,901	12,138
<b>Total</b>	<b>25,977</b>	<b>10,673</b>	<b>266</b>	<b>2,901</b>	<b>12,138</b>



## SCHEDULE 18 - NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ lakhs except otherwise stated)

### 18.4 - Asset quality (cont'd)

\* 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 at the date of implementation of the plan.

<sup>1</sup> Includes cases where the resolution plan implemented after 30 September 2021

<sup>2</sup> Represents fund based outstanding as of 30 September 2021

<sup>3</sup> Represents fund based outstanding as of 31 March 2022

#### E. 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 2022-23

Particulars	Resolution Plan implemented	Resolution Plan not implemented
No.of borrowers where timeline for implementation of resolution plan was before 31 <sup>st</sup> March 2023	60,565	Nil
Fund based outstanding as at 31 <sup>st</sup> March 2023	9,247	Nil
Additional provision held as per RBI circular of June 7,2019	41	Nil

##### Financial Year 2021-22

Particulars	Resolution Plan implemented	Resolution Plan not implemented
No.of borrowers where timeline for implementation of resolution plan was before 31 <sup>st</sup> March 2022	59,799	Nil
Fund based outstanding as at 31 <sup>st</sup> March 2022	12,801	Nil
Additional provision held as per RBI circular of June 7,2019	54	Nil

#### F. Disclosure on the scheme for MSME sector - restructuring of advances

During the year ended 31 March 2023 and 2022, the Bank has not done any MSME restructuring.

#### G. Details of financial assets sold to securitisation / reconstruction company for asset reconstruction

The Bank has not sold any financial assets during the year ended 31 March 2023 and 31 March 2022 to securitisation / reconstruction company for asset reconstruction.

#### H. Details of non-performing financial assets purchased / sold

The Bank has not purchased or sold any non performing financial assets during the year ended 31 March 2023 and 31 March 2022.

#### I. Provisions towards standard assets

Particulars	As at 31 March 2023	As at 31 March 2022
Provisions towards standard assets	3,869	5,342
	<b>3,869</b>	<b>5,342</b>

## SCHEDULE 18 - NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ lakhs except otherwise stated)

### 18.4 - Asset quality (cont'd)

#### J. Sector-wise Advances and Gross NPAs

Sector1	As at 31 March 2023			As at 31 March 2022		
	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
<b>A. Priority Sector</b>						
I. Agriculture and allied activities	410,898	15,193	3.70%	414,352	34,015	8.21%
Small & Marginal Farmer	242,431	10,433	4.30%	307,525	28,970	9.42%
Agriculture-Others	168,467	4,760	2.83%	106,827	5,045	4.72%
II. Advances to industries sector eligible as priority sector lending	10,994	266	2.42%	2,011	27	1.34%
III. Services	57,549	846	1.47%	13,407	114	0.85%
IV. Personal loans and others	262,025	7,456	2.85%	204,952	17,843	8.71%
<b>Sub-total (A)</b>	<b>741,466</b>	<b>23,761</b>	<b>3.20%</b>	<b>634,722</b>	<b>51,999</b>	<b>8.19%</b>
<b>B. Non Priority Sector</b>						
Agriculture and allied activities	6,891	133	1.93%	9,311	260	2.79%
Industry	7,175	490	6.83%	6,892	223	3.23%
Services	24,076	789	3.28%	15,436	190	1.23%
Personal loans	108,178	3,674	3.40%	69,616	4,651	6.68%
<b>Sub-total (B)</b>	<b>146,320</b>	<b>5,086</b>	<b>3.48%</b>	<b>101,255</b>	<b>5,324</b>	<b>5.26%</b>
<b>Total (A+B)</b>	<b>887,786</b>	<b>28,847</b>	<b>3.25%</b>	<b>735,977</b>	<b>57,323</b>	<b>7.79%</b>

Provision on Gross NPA ₹ 17,545 lakhs (31 March 2022: ₹ 32,340 lakhs)

The Bank has compiled the data for the purpose of this disclosure from its internal MIS system.

#### K. Higher provision for Covid 19

The COVID-19 pandemic affected the world economy over the last 2 to 3 years, however the operations have now returned to normalcy. The Bank continues to monitor and assess the impact of the pandemic on its operations and financials (including impact on provision for loan portfolio), which depend on ongoing as well as 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. All information available upto the date of these results have been considered and adequately dealt with in preparation and presentation of these financial results.

The bank has created an additional provision of ₹ 2,274 lakhs and ₹ 34,468 lakhs for the year ended 31 March 2023 and 31 March 2022 respectively. The bank continues to carry an additional provision on account of COVID-19 of ₹ Nil and ₹ 670 lakhs as at 31 March 2023 and 31 March 2022 respectively.

#### L. Overseas Assets, NPAs and Revenue

The Bank does not hold any overseas assets / NPAs as at 31 March 2023 and 31 March 2022 and also no overseas operations were undertaken during the year. Hence revenue from overseas operation in 'Nil'.

## SCHEDULE 18 - NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ lakhs except otherwise stated)

### 18.4 - Asset quality (cont'd)

#### M. Divergence in asset classification and provisioning

There was no divergence observed by the RBI for the FY 2021-22 and Bank is not in receipt of any communication from RBI in this regard for FY 2022-2023.

#### N. Disclosure of provision for fraud

Particulars	As at 31 March 2023	As at 31 March 2022
Number of frauds reported during the year to the RBI	134	43
Amount involved in such frauds	734	71
Provision made during the year (net of recovery)	229	18
Unamortised provision debited from other reserves as at the end of the year	-	-

### 18.5 - Business ratios

Particulars	As at 31 March 2023	As at 31 March 2022
(i) Interest income as a percentage to working funds <sup>1</sup>	16.03 %	15.61 %
(ii) Non interest income as a percentage to working funds <sup>1</sup>	2.08 %	2.11 %
(iii) Cost of Deposits <sup>5</sup>	6.98 %	7.41 %
(iv) Net Interest Margin <sup>6</sup>	10.80 %	10.21 %
(v) Operating profit <sup>2</sup> as a percentage to working funds <sup>1</sup>	4.07 %	4.61 %
(vi) Return on assets (average) <sup>7</sup>	0.95 %	0.10 %
(vii) Business <sup>3</sup> per employee <sup>4</sup>	97.44	103.74
(viii) Profit per employee <sup>4</sup>	0.82	0.09

<sup>1</sup> 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.

<sup>2</sup> Operating profit is net profit for the year before provisions and contingencies.

<sup>3</sup> 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.

<sup>4</sup> Productivity ratios are based on average employee number.

<sup>5</sup> 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.

<sup>6</sup> 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.

<sup>7</sup> 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 31 March 2023.

	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	18,751	18,561	16,085	11,631	7,531	6,657	28,171	229,373	452,976	13,583	-	803,319
Advances <sup>2,3</sup>	850	10,203	12,625	17,681	43,347	45,506	142,201	168,352	228,111	67,243	134,123	870,242
Investments	69,270	3,118	2,788	9,026	2,601	2,196	7,185	35,080	118,544	2,464	12	252,284
Borrowings <sup>1</sup>	-	-	837	3,000	5,017	6,050	25,788	44,577	183,646	9,010	475	278,400
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 31 March 2022.

	Day 1	2 to 7 days	8 to 14 days	15 to 30 days	31 days to 2 months	2 months 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	15,927	8,459	20,157	4,057	12,609	12,746	53,313	160,905	337,311	18,739	1,394	645,617
Advances <sup>2,3</sup>	2,274	6,872	10,275	16,186	37,828	40,499	109,388	173,097	205,880	48,882	52,515	703,696
Investments	49,481	2,226	2,545	4,317	2,043	2,308	15,733	77,608	53,903	4,757	242	215,163
Borrowings <sup>1</sup>	-	32,804	11,000	3,000	650	3,383	18,347	42,044	149,147	33,210	769	294,354
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 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:

- <sup>1</sup> The above borrowings exclude interest accrued and due and interest accrued but not due.
- <sup>2</sup> The advances comprise of portfolio loan and does not include interest accrued but not due.
- <sup>3</sup> 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:

#### 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

(I) Digital Banking includes our 101 product and digital branches

1. 101 Product is a digital product where onboarding of customer to any product or service delivery to customers are performed digitally there is no human intervention on any of the process cycle in 101 product.
2. Digital Branches are those branches where all the branch related activity like opening of customer account to any other bank branch activity are performed by Machine without and any human intervention.

Vide its circular dated April 7, 2022, on establishment of Digital Banking Units (DBUs), the RBI has prescribed reporting of Digital Banking Segment as a sub-segment of Retail Banking Segment. During the year ended March 31 2023, the Bank has commenced operation at two DBUs and has identified one product type of deposits category as a Digital Banking Product.

(II) 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.

#### d) Other banking operations

Other Banking operations includes all other banking operations not covered under 'Treasury', 'Wholesale Banking' and 'Retail Banking' segments. It also include all other residual operations such as para banking transactions/ activities.

#### e) Unallocated

All items which are reckoned at an enterprise level are classified under this segment. This includes other unallocable assets and liabilities.



## SCHEDULE 18 - NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ lakhs except otherwise stated)

### 18.7 - Segment reporting (cont'd)

#### 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	Treasury		Corporate/ Wholesale Banking		Retail Banking				Other Banking Operations		Total	
	31-Mar-2023	31-Mar-2022	31-Mar-2023	31-Mar-2022	Digital Banking		Other Retail Banking		31-Mar-2023	31-Mar-2022	31-Mar-2023	31-Mar-2022
Particulars					31-Mar-2023	31-Mar-2022	31-Mar-2023	31-Mar-2022				
Revenue	14,503	12,449	982	499	81	14	180,206	150,226	1,308	1,286	197,080	164,474
Result	731	2,115	1,038	(128)	(1,655)	(1,928)	17,445	4,409	902	745	18,461	5,213
Unallocated expenses											5,464	4,638
<b>Operating profit</b>											<b>12,997</b>	<b>575</b>
Income taxes											2,633	(312)
Extraordinary Profit/Loss											-	-
<b>Net profit</b>											<b>10,364</b>	<b>887</b>
<b>Other information:</b>												
Segment assets	334,774	357,331	18,395	3,169	28	-	868,823	710,612	552	425	1,222,572	1,071,537
Unallocated assets											24,197	18,620
<b>Total assets</b>											<b>1,246,769</b>	<b>1,090,157</b>
Segment liabilities	269,772	271,686	350	77	6,644	6,066	833,612	673,011	465	224	1,110,843	951,064
Unallocated liabilities											135,926	139,094
<b>Total liabilities</b>											<b>1,246,769</b>	<b>1,090,157</b>

Note:

- In computing the above disclosure, certain assumptions and estimates are made by the management which have been relied upon by the auditor.
- The Bank is not using transfer pricing methodology currently for the services rendered to the internal department.

## 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
<b>i) Parties where control exists</b>	
Fincare Business Services Limited	Holding Company
<b>ii) Key management personnel</b>	
Mr. Rajeev Yadav	Managing Director and Chief Executive Officer
Mr. Keyur Doshi	Chief Financial Officer
Ms. Shefaly Kothari	Company Secretary
<b>iii) Other related parties</b>	
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	No. of Equity Shares	Value per Share	31 March 2023	31 March 2022
<b>Issue of equity shares by way of Right Issue</b>					
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	568,644	10	-	57
<b>Issue of equity shares by way of Bonus Issue</b>					
Mr. Rajeev Yadav	Managing Director and Chief Executive Officer	224	10	-	0
Mr. Keyur Doshi	Chief Financial Officer	163,964	10	-	16
Fincare Business Services Limited	Holding Company	115,659,712	10	-	11,566
Relative of key management personnel	Relatives of key management personnel	1,228,168	10	-	123
<b>Securities premium on equity shares by way of Right Issue</b>					
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	568,644	160	-	910
<b>Managerial remuneration/remuneration for KMP</b>					
Mr. Rajeev Yadav	Managing Director and Chief Executive Officer			304*	386
Mr. Keyur Doshi	Chief Financial Officer			145	137
Ms. Shefaly Kothari	Company Secretary			38	32
* does not include variable pay					
<b>Term deposits made with the Bank</b>					
Fincare Business Services Limited	Holding Company			631	2,699
Mr. Rajeev Yadav	Managing Director and Chief Executive Officer			8	-
Relative of key management personnel	Relative of key management personnel			92	19
<b>Term deposits matured (inclusive of interest)</b>					
Fincare Business Services Limited	Holding Company			701	2,339
Mr. Rajeev Yadav	Managing Director and Chief Executive Officer			7	0
Mr. Keyur Doshi	Chief Financial Officer			2	-
Relative of key management personnel	Relative of key management personnel			107	35

## SCHEDULE 18 - NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ lakhs except otherwise stated)

### 18.8 - Related party disclosure (cont'd)

Nature of transaction	Relationship	31 March 2023	31 March 2022
<b>Interest expense on term deposits</b>			
Fincare Business Services Limited	Holding Company	8	15
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	33	34
<b>Interest expense on Sub Debts</b>			
Relative of key management personnel	Relative of key management personnel	1	1
<b>Interest expense on Saving account</b>			
Mr. Rajeev Yadav	Managing Director and Chief Executive Officer	0	0
Mr. Keyur Doshi	Chief Financial Officer	0	1
Ms. Shefaly Kothari	Company Secretary	1	0
Relative of key management personnel	Relative of key management personnel	14	42
<b>Receipt of Reimbursement of IPO Cost</b>			
Fincare Business Services Limited (formerly Fincare Business Services Private Limited)	Holding Company	435	-

### v) Closing balance of the transactions with related parties :

Nature of transaction	Relationship	31 March 2023	31 March 2022
<b>Deposit balance (savings and term deposit)</b>			
Fincare Business Services Limited (formerly Fincare Business Services Private Limited)	Holding Company	296	351
Mr. Rajeev Yadav	Managing Director and Chief Executive Officer	8	7
Mr. Keyur Doshi	Chief Financial Officer	2	2
Ms. Shefaly Kothari	Company Secretary	6	19
Relative of key management personnel	Relative of key management personnel	538	453
<b>Sub-debt payable</b>			
Relative of key management personnel	Relative of key management personnel	11	11
<b>Interest payable on Sub-debt</b>			
Relative of key management personnel	Relative of key management personnel	0	0
<b>Current account balance</b>			
Fincare Business Services Limited	Holding Company	10	8

## SCHEDULE 18 - NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ lakhs except otherwise stated)

### 18.8 - Related party disclosure (cont'd)

#### vi) Maximum outstanding during the year:

Nature of transaction	Relationship	31 March 2023	31 March 2022
<b>Deposit (savings and term deposit)</b>			
Fincare Business Services Limited	Holding Company	997	2,698
Mr. Rajeev Yadav	Managing Director and Chief Executive Officer	24	9
Mr. Keyur Doshi	Chief Financial Officer	197	824
Ms. Shefaly Kothari	Company Secretary	35	20
Relative of key management personnel	Relative of key management personnel	1,203	3,122
<b>Interest expense payable on deposit balance (savings and term deposit)</b>			
Fincare Business Services Limited	Holding Company	8	1
Mr. Rajeev Yadav	Managing Director and Chief Executive Officer	1	0
Mr. Keyur Doshi	Chief Financial Officer	0	1
Ms. Shefaly Kothari	Company Secretary	0	0
Relative of key management personnel	Relative of key management personnel	38	30
<b>Sub-debt payable</b>			
Relative of key management personnel	Relative of key management personnel	11	11
<b>Interest on Sub-debt payable</b>			
Relative of key management personnel	Relative of key management personnel	1	1
<b>Current account balance</b>			
Fincare Business Services Limited	Holding Company	2,808	1,695

### 18.9 - Concentration of deposits, advances, exposures and NPAs

#### A. Concentration of deposits

Particulars	As at 31 March 2023	As at 31 March 2022
Total deposits of twenty largest depositors	152,384	114,812
Percentage of deposits of twenty largest depositors to total deposits of the Bank	18.97%	17.78%

#### B. Concentration of advances

Particulars	As at 31 March 2023	As at 31 March 2022
Total advances to twenty largest borrowers	18,572	14,390
Percentage of advances to twenty largest borrowers to total advances of the Bank	2.13%	1.99%

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)

### 18.9 - Concentration of deposits, advances, exposures and NPAs (cont'd)

#### C. Concentration of exposures

Particulars	As at 31 March 2023	As at 31 March 2022
Total exposure to twenty largest borrowers / customers	18,572	14,390
Percentage of exposures to twenty largest borrowers / customers to total exposure of the Bank on borrowers / customers	2.13%	1.99%

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 at 31 March 2023	As at 31 March 2022
Total Exposure to the top twenty NPA accounts	580	664
Percentage of exposures to the twenty largest NPA exposure to total Gross NPAs	2.01%	1.16%

### 18.10 - Liquidity coverage ratio

Quantitative information on Liquidity coverage ratio (LCR) is given below:

Particulars	Quarted ended 30 June 2022		Quarted ended 30 September 2022		Quarted ended 31 December 2022		Quarted ended 31 March 2023	
	Total Unweighted Value* (average)	Total Weighted Value* (average)	Total Unweighted Value* (average)	Total Weighted Value* (average)	Total Unweighted Value* (average)	Total Weighted Value* (average)	Total Unweighted Value* (average)	Total Weighted Value* (average)
1) Total High Quality Liquid Assets (HQLA)		182,641		185,519		173,490		197,749
<b>Cash outflows</b>								
2) Retail deposits and deposits from small business customers, of which:								
- Stable deposits	16,974	849	17,210	860	21,187	1,059	26,679	1,334
- Less stable deposits	365,133	36,513	374,137	37,414	386,352	38,635	396,246	39,625
3) Unsecured wholesale funding, of which:								
- Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
- Non operational deposits (all counterparties)	123,314	91,939	119,775	84,833	123,286	90,216	119,983	83,174
- Unsecured debt	-	-	-	-	-	-	-	-
4) Secured wholesale funding	24,817	989	14,521	5,543	8,366	-	14,669	4,667
5) Additional requirements, of which								



## SCHEDULE 18 - NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ lakhs except otherwise stated)

### 18.10 - Liquidity coverage ratio (cont'd)

Particulars	Quarted ended 30 June 2022		Quarted ended 30 September 2022		Quarted ended 31 December 2022		Quarted ended 31 March 2023	
	Total Unweighted Value* (average)	Total Weighted Value* (average)	Total Unweighted Value* (average)	Total Weighted Value* (average)	Total Unweighted Value* (average)	Total Weighted Value* (average)	Total Unweighted Value* (average)	Total Weighted Value* (average)
- Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
- Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
- Credit and liquidity facilities	15,050	4,450	13,133	3,732	11,884	3,653	10,417	3,178
6) Other contractual funding obligations	9,581	9,581	12,454	12,454	12,271	12,271	15,235	15,235
7) Other contingent funding obligations	-	-	-	-	-	-	-	-
<b>8) Total Cash Outflows</b>		144,321		144,836		145,834		147,213
<b>Cash Inflows</b>								
9) Secured lending (e.g. reverse repos)	28,235	-	4,831	-	1,933	-	2,014	-
10) Inflows from fully performing exposures	70,451	51,571	55,118	34,618	65,607	41,454	59,156	34,678
11) Other cash inflows	-	-	-	-	-	-	-	-
12) Other contractual cash inflows	13,260	6,630	12,689	6,344	12,401	6,201	13,581	6,790
<b>13) Total Cash Inflows</b>	111,946	58,201	72,638	40,962	79,941	47,655	74,751	41,468
<b>14) Total HQLA</b>		182,641		185,519		173,490		197,749
<b>15) Total Net Cash Outflows</b>		86,120		103,874		98,179		105,745
<b>16) Liquidity Coverage Ratio (%)</b>		212.08%		178.60%		176.71%		187.01%

\*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 31 March 2023 and 31 March 2022. 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.

Quantitative information on Liquidity coverage ratio (LCR) is given below:

## SCHEDULE 18 - NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ lakhs except otherwise stated)

### 18.10 - Liquidity coverage ratio (cont'd)

Particulars	Quarted ended 30 June 2021		Quarted ended 30 September 2021		Quarted ended 31 December 2021		Quarted ended 31 March 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)		247,478		216,089		184,705		199,780
<b>Cash outflows</b>								
2) Retail deposits and deposits from small business customers, of which:								
- Stable deposits	-	-	-	-	-	-	-	-
- Less stable deposits	323,020	32,302	344,983	34,498	366,123	36,612	379,180	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	-	-	-	-	-	-	-	-
<b>8) Total Cash Outflows</b>		99,341		119,426		106,301		131,528
<b>Cash Inflows</b>								
9) Secured lending (e.g. reverse repos)	102,189	-	85,795	-	-	-	73,857	-

## SCHEDULE 18 - NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ lakhs except otherwise stated)

### 18.10 - Liquidity coverage ratio (cont'd)

Particulars	Quarted ended 30 June 2021		Quarted ended 30 September 2021		Quarted ended 31 December 2021		Quarted ended 31 March 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)
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
<b>13) Total Cash Inflows</b>	144,579	21,283	132,975	23,650	45,672	23,042	126,630	27,311
<b>14) Total HQLA</b>		247,478		216,089		184,705		199,780
<b>15) Total Net Cash Outflows</b>		78,058		95,776		83,259		104,217
<b>16) Liquidity Coverage Ratio (%)</b>		317.04%		225.62%		221.84%		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 31 March 2023 and 31 March 2022. 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.

#### 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.

## SCHEDULE 18 - NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ lakhs except otherwise stated)

### 18.11 - Net Stable Funding Ratio

Quantitative information on Net Stable Funding Ratio (NSFR) is given below:

(Rs.in Lakhs)	Quarted ended 31 December 2022					Quarted ended 31 March 2023					
	Unweighted value by residual maturity				Weighted value	Unweighted value by residual maturity				Weighted value	
	No maturity <sup>17</sup>	< 6 months	6 months to < 1yr	≥ 1yr		No maturity <sup>17</sup>	< 6 months	6 months to < 1yr	≥ 1yr		
<b>ASF Item</b>											
1	<b>Capital: (2+3)</b>	121,995	-	-	17,500	139,495	131,370	-	-	17,500	148,870
2	Regulatory capital	121,995	-	-	17,500	139,495	131,370	-	-	17,500	148,870
3	Other capital instruments	-	-	-	-	-	-	-	-	-	-
4	<b>Retail deposits and deposits from small business customers: (5+6)</b>	235,114	222,576	3,204	4,540	420,760	243,924	238,140	4,896	4,870	445,126
5	Stable deposits	28,319	-	-	-	26,903	39,853	-	-	-	37,860
6	Less stable deposits	206,795	222,576	3,204	4,540	393,857	204,071	238,140	4,896	4,870	407,266
7	<b>Wholesale funding: (8+9)</b>	8,183	189,529	103,890	181,525	262,764	21,612	120,002	199,346	231,428	366,211
8	Operational deposits	-	-	-	-	-	-	-	-	-	-
9	Other wholesale funding	8,183	189,529	103,890	181,525	262,764	21,612	120,002	199,346	231,428	366,211
10	<b>Other liabilities: (11+12)</b>	30,584	-	-	-	-	33,680	-	-	-	-
11	NSFR derivative liabilities		-	-	-			-	-	-	
12	All other liabilities and equity not included in the above categories	30,584	-	-	-	-	33,680	-	-	-	-
13	<b>Total ASF (1+4+7+10)</b>					823,019					960,207
<b>RSF Item</b>											
14	Total NSFR high-quality liquid assets (HQLA)					7,871					9,931
15	Deposits held at other financial institutions for operational purposes	1,143	-	-	-	571	1,710	-	-	-	855
16	<b>Performing loans and securities: (17+18+19+21+23)</b>	-	288,357	167,326	361,477	521,665	-	280,976	168,352	432,019	588,247
17	Performing loans to financial institutions secured by Level 1 HQLA	-	13,992	-	-	1,399	-	7,496	-	-	750

## SCHEDULE 18 - NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ lakhs except otherwise stated)

### 18.11 - Net Stable Funding Ratio (cont'd)

Quantitative information on Net Stable Funding Ratio (NSFR) is given below: (Cont'd)

(Rs.in Lakhs)	Quarted ended 31 December 2022					Quarted ended 31 March 2023				
	Unweighted value by residual maturity				Weighted value	Unweighted value by residual maturity				Weighted value
	No maturity <sup>17</sup>	< 6 months	6 months to < 1yr	≥ 1yr		No maturity <sup>17</sup>	< 6 months	6 months to < 1yr	≥ 1yr	
18 Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	23,981	4,066	3,722	9,352	-	6,024	5,296	9,822	13,373
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:	-	240,824	153,868	252,944	412,348	-	256,502	152,382	294,635	454,881
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:	-	9,559	9,392	104,811	98,565	-	10,955	10,674	127,562	119,242
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 <b>Other assets: (sum of rows 25 to 29)</b>	42,865	11,414	-	51,954	100,404	47,825	-	-	51,827	99,532
25 Physical traded commodities, including gold	-	-	-	-	-	-	-	-	-	-
26 Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	-	-	-	-	-	-	-	-	-	-

## SCHEDULE 18 - NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ lakhs except otherwise stated)

### 18.11 - Net Stable Funding Ratio (cont'd)

Quantitative information on Net Stable Funding Ratio (NSFR) is given below: (Cont'd)

(Rs.in Lakhs)	Quarted ended 31 December 2022					Quarted ended 31 March 2023					
	Unweighted value by residual maturity				Weighted value	Unweighted value by residual maturity				Weighted value	
	No maturity <sup>17</sup>	< 6 months	6 months to < 1yr	≥ 1yr		No maturity <sup>17</sup>	< 6 months	6 months to < 1yr	≥ 1yr		
27	NSFR derivative assets	-	-	-	-	-	-	-	-	-	
28	NSFR derivative liabilities before deduction of variation margin posted	-	-	-	-	-	-	-	-	-	
29	All other assets not included in the above categories	42,865	11,414	-	51,954	100,404	47,825	-	-	51,827	99,532
30	Off-balance sheet items	10,100				505	10,285				514
31	<b>Total RSF (14+15+16+24+30)</b>					631,016					699,079
32	<b>Net Stable Funding Ratio (%)</b>					130.43%					137.35%

(Rs.in Lakhs)	Quarted ended 30 June 2022					Quarted ended 30 September 2022					
	Unweighted value by residual maturity				Weighted value	Unweighted value by residual maturity				Weighted value	
	No maturity <sup>17</sup>	< 6 months	6 months to < 1yr	≥ 1yr		No maturity <sup>17</sup>	< 6 months	6 months to < 1yr	≥ 1yr		
<b>ASF Item</b>											
1	<b>Capital: (2+3)</b>	115,431	-	-	17,500	132,931	119,075	-	-	17,500	136,575
2	Regulatory capital	115,431	-	-	17,500	132,931	119,075	-	-	17,500	136,575
3	Other capital instruments	-	-	-	-	-	-	-	-	-	-
4	<b>Retail deposits and deposits from small business customers: (5+6)</b>	223,316	201,778	927	1,103	385,589	234,781	203,715	1,000	1,800	398,495
5	Stable deposits	21,316	-	-	-	20,250	22,968	-	-	-	21,820
6	Less stable deposits	202,000	201,778	927	1,103	365,339	211,813	203,715	1,000	1,800	376,675
7	<b>Wholesale funding: (8+9)</b>	8,970	172,163	115,516	160,103	240,623	9,884	206,580	73,738	155,818	217,828
8	Operational deposits	-	-	-	-	-	-	-	-	-	-
9	Other wholesale funding	8,970	172,163	115,516	160,103	240,623	9,884	206,580	73,738	155,818	217,828
10	<b>Other liabilities: (11+12)</b>	27,310	-	-	-	-	27,396	-	-	-	-
11	NSFR derivative liabilities										



## SCHEDULE 18 - NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ lakhs except otherwise stated)

### 18.11 - Net Stable Funding Ratio (cont'd)

Quantitative information on Net Stable Funding Ratio (NSFR) is given below: (Cont'd)

(Rs.in Lakhs)	Quarted ended 30 June 2022					Quarted ended 30 September 2022				
	Unweighted value by residual maturity				Weighted value	Unweighted value by residual maturity				Weighted value
	No maturity <sup>17</sup>	< 6 months	6 months to < 1yr	≥ 1yr		No maturity <sup>17</sup>	< 6 months	6 months to < 1yr	≥ 1yr	
12 All other liabilities and equity not included in the above categories	27,310	-	-	-	-	27,396	-	-	-	-
<b>13 Total ASF (1+4+7+10)</b>					759,143					752,898
<b>RSF Item</b>										
14 Total NSFR high-quality liquid assets (HQLA)					9,056					8,309
15 Deposits held at other financial institutions for operational purposes	1,214	-	-	-	607	1,585	-	-	-	792
<b>16 Performing loans and securities: (17+18+19+21+23)</b>	-	250,127	168,372	290,157	452,640	-	269,593	169,142	303,869	474,282
17 Performing loans to financial institutions secured by Level 1 HQLA	-	650	-	-	65	-	1,999	-	-	200
18 Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	9,959	1,226	3,352	5,458	-	8,531	3,029	2,742	5,536
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:	-	231,734	159,190	209,181	373,266	-	250,127	157,464	211,867	383,883
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:	-	7,784	7,956	77,624	73,851	-	8,935	8,650	89,259	84,663

## SCHEDULE 18 - NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ lakhs except otherwise stated)

### 18.11 - Net Stable Funding Ratio (cont'd)

Quantitative information on Net Stable Funding Ratio (NSFR) is given below: (Cont'd)

(Rs.in Lakhs)	Quarted ended 30 June 2022					Quarted ended 30 September 2022				
	Unweighted value by residual maturity				Weighted value	Unweighted value by residual maturity				Weighted value
	No maturity <sup>17</sup>	< 6 months	6 months to < 1yr	≥ 1yr		No maturity <sup>17</sup>	< 6 months	6 months to < 1yr	≥ 1yr	
22	-	-	-	-	-	-	-	-	-	-
23	-	-	-	-	-	-	-	-	-	-
24	36,095	9,273	5,468	52,209	95,552	39,370	16,638	-	52,080	99,647
25	-	-	-	-	-	-	-	-	-	-
26	-	-	-	-	-	-	-	-	-	-
27	-	-	-	-	-	-	-	-	-	-
28	-	-	-	-	-	-	-	-	-	-
29	36,095	9,273	5,468	52,209	95,552	39,370	16,638	-	52,080	99,647
30	13,211				321	10,743				537
31					558,516					583,567
32					135.92%					129.02%

## SCHEDULE 18 - NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ lakhs except otherwise stated)

### 18.11 - Net Stable Funding Ratio (cont'd)

Quantitative information on Net Stable Funding Ratio (NSFR) is given below: (Cont'd)

(Rs.in Lakhs)	Quarted ended 31 December 2021					Quarted ended 31 March 2022					
	Unweighted value by residual maturity				Weighted value	Unweighted value by residual maturity				Weighted value	
	No maturity <sup>17</sup>	< 6 months	6 months to < 1yr	≥ 1yr		No maturity <sup>17</sup>	< 6 months	6 months to < 1yr	≥ 1yr		
<b>ASF Item</b>											
1	Capital: (2+3)	114,497	-	-	17,500	131,997	120,187	-	-	17,500	137,687
2	Regulatory capital	114,497	-	-	17,500	131,997	120,187	-	-	17,500	137,687
3	Other capital instruments	-	-	-	-	-	-	-	-	-	-
4	<b>Retail deposits and deposits from small business customers: (5+6)</b>	-	51,997	44,052	299,638	376,666	-	61,424	44,765	317,462	402,578
5	Stable deposits	-	-	-	-	-	-	-	-	-	-
6	Less stable deposits	-	51,997	44,052	299,638	376,666	-	61,424	44,765	317,462	402,578
7	<b>Wholesale funding: (8+9)</b>	-	111,375	97,011	197,325	230,032	-	129,376	152,164	217,221	284,944
8	Operational deposits	-	-	-	-	-	-	-	-	-	-
9	Other wholesale funding	-	111,375	97,011	197,325	230,032	-	129,376	152,164	217,221	284,944
10	<b>Other liabilities: (11+12)</b>	39,880	-	-	-	-	30,489	-	-	-	-
11	NSFR derivative liabilities		-	-	-			-	-	-	
12	All other liabilities and equity not included in the above categories	39,880	-	-	-	-	30,489	-	-	-	-
13	<b>Total ASF (1+4+7+10)</b>					738,695					825,209
<b>RSF Item</b>											
14	Total NSFR high-quality liquid assets (HQLA)					6,316					6,404
15	Deposits held at other financial institutions for operational purposes	1,363	-	-	-	682	1,247	-	-	-	623
16	<b>Performing loans and securities: (17+18+19+21+23)</b>	-	224,140	162,937	276,785	427,486	-	233,932	173,097	307,277	464,524
17	Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-	-	-	-	-	-

## SCHEDULE 18 - NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ lakhs except otherwise stated)

### 18.11 - Net Stable Funding Ratio (cont'd)

Quantitative information on Net Stable Funding Ratio (NSFR) is given below: (Cont'd)

(Rs.in Lakhs)	Quarted ended 31 December 2021					Quarted ended 31 March 2022				
	Unweighted value by residual maturity				Weighted value	Unweighted value by residual maturity				Weighted value
	No maturity <sup>17</sup>	< 6 months	6 months to < 1yr	≥ 1yr		No maturity <sup>17</sup>	< 6 months	6 months to < 1yr	≥ 1yr	
18 Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	3,773	213	3	676	-	961	485	1,065	1,452
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:	-	214,238	156,240	214,895	367,899	-	225,999	165,230	236,127	396,323
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:	-	6,129	6,484	61,887	58,911	-	6,972	7,382	70,085	66,749
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 <b>Other assets: (sum of rows 25 to 29)</b>	42,829	5,046	-	58,973	104,203	49,010	27,439	5,472	53,363	118,707
25 Physical traded commodities, including gold	-	-	-	-	-	-	-	-	-	-
26 Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	-	-	-	-	-	-	-	-	-	-

## SCHEDULE 18 - NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ lakhs except otherwise stated)

### 18.11 - Net Stable Funding Ratio (cont'd)

Quantitative information on Net Stable Funding Ratio (NSFR) is given below: (Cont'd)

(Rs.in Lakhs)	Quarted ended 31 December 2021					Quarted ended 31 March 2022					
	Unweighted value by residual maturity				Weighted value	Unweighted value by residual maturity				Weighted value	
	No maturity <sup>17</sup>	< 6 months	6 months to < 1yr	≥ 1yr		No maturity <sup>17</sup>	< 6 months	6 months to < 1yr	≥ 1yr		
27	NSFR derivative assets	-	-	-	-	-	-	-	-	-	
28	NSFR derivative liabilities before deduction of variation margin posted	-	-	-	-	-	-	-	-	-	
29	All other assets not included in the above categories	42,829	5,046	-	58,973	104,203	49,010	27,439	5,472	53,363	118,707
30	Off-balance sheet items	6,428				321	16,434				822
31	<b>Total RSF (14+15+16+24+30)</b>					539,008					591,080
32	<b>Net Stable Funding Ratio (%)</b>					137.05%					139.61%

The Bank has compiled the data for the purpose of this disclosure from its internal MIS system.

#### 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.

## SCHEDULE 18 - NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ lakhs except otherwise stated)

### 18.12 - Exposures

#### A. Exposure to Real Estate Sector <sup>4</sup>

Particulars	As at 31 March 2023	As at 31 March 2022
<b>i) Direct exposure</b>		
a) Residential Mortgages <sup>1</sup>	127,952	41,356
PSL (₹ 62,276 lakhs as at 31 March 2023 and ₹ 23,778 as at 31 March 2022)		
b) Commercial Real Estate <sup>2</sup>	-	-
c) Investments in Mortgage-Backed Securities (MBS) and other securitized exposures		
i. Residential	-	-
ii. Commercial Real Estate	-	-
<b>ii) Indirect Exposure<sup>3</sup></b>	-	-
<b>Total</b>	<b>127,952</b>	<b>41,356</b>

<sup>1</sup> 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.

<sup>2</sup> 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;

<sup>3</sup> Fund based and non-fund-based exposures on National Housing Bank.

<sup>4</sup> Loan against property (given for the general business purpose other than real estate) secured against properties having exposure of ₹ 1,57,887 lakhs have not been considered in real estate exposure (previous year – ₹ 1,09,082 lakhs).

#### B. Exposure to capital market

As at 31 March 2023 and 31 March 2022, the Bank does not have any exposure to capital market.

#### C. Factoring exposures

As at 31 March 2023 and 31 March 2022, 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 31 March 2023 and 31 March 2022 is 'Nil'.

#### E. Details of single borrower limit (SGL) / group borrower limit (GBL) exceeded by the Bank

During the year ended 31 March 2023 and 31 March 2022, the Bank's credit exposures to single borrowers and group borrowers were within the limits prescribed under the extant RBI guidelines.

#### F. Unsecured advances

Particulars	As at 31 March 2023	As at 31 March 2022
I) Total unsecured advances of the bank	484,824	524,411
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 31 March 2023 and 31 March 2022 is 'Nil'.

#### H. Unhedged Foreign currency Exposure

The Bank does not have any unhedged foreign currency exposure as at 31 March 2023 and 31 March 2022.



## SCHEDULE 18 - NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ lakhs except otherwise stated)

### 18.12 - Exposures (cont'd)

#### I. Details of loans transferred / acquired under the RBI Master Direction on Transfer of Loan Exposures dated September 24, 2021

During the year ended 31 March 2023 and 31 March 2022, 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 or acquired any stressed loans or purchased non-performing financial assets from other banks or sold non-performing financial assets to other banks.

The Bank has securitised standard assets as per Master Direction – Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021 dated September 5, 2021 as updated from time to time. (Refer Schedule 18.22)

The Bank has issued Inter Bank Participation Certifications as per circular DBOD.No.BP.BC.57/62-88 dated December 31, 1988 as updated from time to time. (Refer Schedule 18.28)

### 18.13 - Disclosure of Penalties imposed by the RBI

No penalties have been levied on the Bank by the RBI during the year ended 31 March 2023 and 2022.

### 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 31 March 2023	Year ended 31 March 2022
The amounts recognised in the Profit and Loss account are as follows:		
Service cost	603	447
Interest cost	105	76
Expected return on plan assets	(80)	(71)
Net actuarial gain on plan assets	(20)	(15)
Past service cost	-	-
Expense recognised in the Profit and Loss account	608	437

## SCHEDULE 18 - NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ lakhs except otherwise stated)

### 18.14 - Employee benefits (cont'd)

#### A. Gratuity (cont'd)

Particulars	As at 31 March 2023	As at 31 March 2022
<b>The amounts recognised in the Balance Sheet are as follows:</b>		
Present value of the obligation as at the end of the year	2,019	1,576
Less :Fair value of plan assets as at the end of the year	1,139	1,154
<b>Net liability recognised in the Balance Sheet*</b>	<b>880</b>	<b>422</b>
<b>Changes in the present value of defined benefit obligation:</b>		
Defined benefit obligation at the beginning of the year	1,576	1,186
Service cost	603	447
Interest cost	105	76
Actuarial gain	(46)	(27)
Benefits paid	(219)	(106)
<b>Defined benefit obligation at the end of the year</b>	<b>2,019</b>	<b>1,576</b>
<b>Changes in the fair value of plan assets:</b>		
Fair value at the beginning of the year	1,154	1,039
Expected return on plan assets	80	71
Actuarial Gain/(loss)	(26)	(12)
Contributions	150	162
Employer direct benefit payments	-	-
Benefits paid	(219)	(106)
Admin expenses/taxes paid from plan assets	-	-
<b>Fair value as at the end of the year</b>	<b>1,139</b>	<b>1,154</b>
<b>Assumptions used in the above valuations are as under:</b>		
Discount rate	7.51%	7.12%
Expected return on plan assets	7.12%	6.67%
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 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2019
Defined benefit obligation	2,019	1,576	1,186	611	327
Less: Plan assets	1,139	1,154	1,039	143	144
Excess/(Deficit)	880	422	147	468	183
Experience adjustments on liabilities - gain / (loss)	9	22	22	1	(12)
Experience adjustments on assets - (gain) / loss	(26)	(12)	(1)	(9)	1

\* Does not included interest accrued but not due.

## SCHEDULE 18 - NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ lakhs except otherwise stated)

### 18.14 - Employee benefits (cont'd)

#### 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 31 March 2023 amounted to ₹ 2,303 lakhs (31 March 2022 : ₹ 1,746 lakhs).

#### C. Compensated absences

The actuarial liability in respect of privilege leave granted to employees of the Bank and outstanding as at 31 March 2023 is ₹ 1,509 lakhs (31 March 2022: ₹ 1,275 lakhs).

Assumptions used in the above valuations are as under:	As at 31 March 2023	As at 31 March 2022
Discount rate	7.51%	7.12%
Future salary increase	10.00%	10.00%

### 18.15 - Provision and contingencies

Provision and contingencies recognised in the Profit and Loss account comprise:

Particulars	Year Ended 31 March 2023	Year Ended 31 March 2022
Provision for Non-Performing Investments	-	-
Provision for non-performing assets (includes bad debts written off ₹ 55,159 lakhs (31 March 2022: ₹ 36,840 lakhs)	40,337	36,319
Provision made towards Income tax		
- current tax	803	2,339
- deferred tax (credit) (refer schedule 18.24)	1,368	(2,651)
- Prioer period Tax	462	-
Provision for standard assets	844	(5,136)
Provision for restructured assets	(11,976)	10,672
Provision for other contingencies	2,105	386
	<b>33,943</b>	<b>41,929</b>

## SCHEDULE 18 - NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ lakhs except otherwise stated)

### 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 31 March 2023	Year Ended 31 March 2022
<b>I. Complaints received by the bank from its customers</b>		
Number of complaints pending at beginning of the year	4	6
Number of complaints received during the year	335	298
Number of complaints disposed during the year	330	300
Of which, number of complaints rejected by the bank	49	22
Number of complaints pending at the end of the year	9	4
<b>II. Maintainable complaints received by the bank from Office of Ombudsman</b>		
<b>i. Number of maintainable complaints received by the bank from Office of Ombudsman</b>	95	107
a) Number of complaints resolved in favour of the bank from Office of Ombudsman	30	111
b) Number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	65	3
c) Number of complaints resolved after passing of Awards by Office of Ombudsman against the bank	-	-
The Bank has compiled the data for the purpose of this disclosure from its internal MIS system.		
<b>ii. Number of Awards unimplemented within the stipulated time (other than those appealed)</b>	-	-

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

#### 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
(1)	(2)	(3)	(4)	(5)	(6)
<b>Year ended 31 March 2023</b>					
I. ATM/Debit cards	-	20	(55%)	-	-
II. Loans and advances	1	65	48%	3	1
III. Internet/Mobile/Electronic banking	1	25	(39%)	-	-
IV. Levy of charges without prior notice/ excessive charges/ foreclosure charges	-	24	85%	1	-
V. Staff behaviour	1	-	(100%)	-	-
VI. Others	1	201	37%	5	1
<b>Total</b>	<b>4</b>	<b>335</b>		<b>9</b>	<b>2</b>
<b>Year ended 31 March 2022</b>					
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	-
<b>Total</b>	<b>6</b>	<b>298</b>		<b>4</b>	<b>-</b>

## SCHEDULE 18 - NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ lakhs except otherwise stated)

### 18.17 - Letter of comfort

The Bank has not issued letter of comfort during the year ended 31 March 2023 and 31 March 2022.

### 18.18 - Bancassurance Business

The fees or commission earned in respect of insurance/mutual fund broking business.

Particulars	As at 31 March 2023	As at 31 March 2022
Income for selling life insurance policies	1,121	1,207
Income from selling non-life insurance policies	187	79
Income from selling mutual fund product	-	-

### 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 at 31 March 2023 and 31 March 2022.

### 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 at 31 March 2023, 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 31 March 2023

##### 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 3) was approved by the Board on 3rd September 2021 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 31 March 2023 (Payroll cut-off date) was 14,470

##### (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

## SCHEDULE 18 - NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ lakhs except otherwise stated)

### 18.20 - Disclosure on Remuneration (cont'd)

- 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.

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 September 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%.



## SCHEDULE 18 - NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ lakhs except otherwise stated)

### 18.20 - Disclosure on Remuneration (cont'd)

**(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 Rs. 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-22, paid in FY23, 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.

## SCHEDULE 18 - NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ lakhs except otherwise stated)

### 18.20 - Disclosure on Remuneration (cont' d)

#### B) Quantitative Disclosures (covers only Chief Executive Officer/ Material Risk Takers)

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
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. <sup>1</sup>	19 employees received Performance pay and 16 employees were granted employee stock options.	17 employees received Performance pay and 16 employees were 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)	984	620
- Shares	Nil	Nil
- Share linked instruments (ESOPs) (Nos.)	29,04,176 equity shares	18,06,696 equity shares
- Others	Nil	Nil
g) Total amount of deferred remuneration paid out during the year <sup>2</sup>	123	Nil
h) Breakdown of amount of remuneration awards for the year to show fixed and variable, deferred and non deferred.		
- Fixed pay	1,860	1,559
- Variable pay		
- Non deferred (₹ in lakhs)	503	291
- Deferred (ESOPs)	503	291
- Deferred (ESOPs) (Nos.)	12,15,100 equity shares	15,06,745 equity shares
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	19	17
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) <sup>3</sup>	3.45	3.25
q) Deviation/Ratio of the pay of Managing Director from/to the mean pay <sup>4</sup> (₹ in lakhs/times)	304/88x	292/91x

## SCHEDULE 18 - NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ lakhs except otherwise stated)

### 18.20 - Disclosure on Remuneration (cont'd)

#### 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 ₹ 142 lakhs (31 March 2022: ₹ 143 lakhs) was paid as sitting fees to the Non-Executive Directors during the year.

#### Notes

- <sup>1</sup> During the year, MRT otherthan MD & CEO were granted employee stock options and also one MRT resigned in the month of Feb 2023.
- <sup>2</sup> The Deferred payment paid during the year pertains the deferral amount for the Financial year 20-21.
- <sup>3</sup> Mean is computed as CTC for Active HC excluding MD & CEO as at 31-Mar-23 /Active HC as at period ended March 31,2023.
- <sup>4</sup> Computed as Fixed Pay for MD & CEO / Mean pay as computed above).There are no whole time directors in the bank. Hence, the requirement to give disclosure related to Deviation/Ratio of the pay is not applicable.

### 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. Pursuant to 2:1 Bonus Issue of the Bank in April 2021, the number of Outstanding shares of the bank was modified from 10 Lakhs to 30 Lakhs. The same was approved by the Board in its meeting on August 17, 2021.

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 31 March 2023		Year ended 31 March 2022	
	No. of options	Weighted average exercise price (₹)	No. of options	Weighted average exercise price (₹)
Outstanding at the beginning of the year*	1,806,696	102.71	370,451	93.62
Granted during the year	1,215,100	110.60	1,506,745	105.14
Forfeited during the year	117,620	108.99	70,500	106.91
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Options outstanding at the end of the year	2,904,176	105.76	1,806,696	102.71
Out of the above exercisable at the end of the year	913,311	99.59	309,276	93.56

\* The increase in ESOP outstanding as at April 01, 2021 was on account of issue of bonus share by the bank to its shareholder in the ratio of 2:1.

## SCHEDULE 18 - NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ lakhs except otherwise stated)

### 18.21 - Employee Share Based Payments (cont'd)

#### b) The details of exercise price for stock options outstanding as at year ended March 31, 2023:

Range of exercise prices	No. of options outstanding	Weighted average remaining contractual life of options (years)**	Weighted average exercise price (₹)
80-90	144,564	1.56	88.33
90-100	422,184	2.17	95.29
100-110	1,188,488	2.80	106.91
110-120	1,148,940	3.88	110.60
	<b>2,904,176</b>		<b>105.76</b>

#### The details of exercise price for stock options outstanding as at pervious year ended March 31, 2022:

Range of exercise prices	No. of options outstanding	Weighted average remaining contractual life of options (years)**	Weighted average exercise price (₹)
80-90	144,564	2.08	88.33
90-100	422,184	2.77	95.29
100-110	1,239,948	3.23	106.91
	<b>1,806,696</b>		<b>102.71</b>

\*\* The Management has made assumptions regarding the exercise date to compute weighted average remaining contractual life of the options which has been relied upon by the auditor.

#### 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 31 March 2023	Year ended 31 March 2022
Weighted average exercise price (₹)	110.60	102.87
Weighted average share price (₹)	110.60	102.87
Expected volatility	45.34% -41.56%	43.38% - 43.49%
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	5.95% -6.70%	5.22% -6.07%
Expected Dividend rate	0.00%	0.00%

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.

Note : Mar'23 details are as per the valuarton repoted dated : June'2022

#### d) Effect of the employee share-based payment plans on the Profit and Loss Account and on the financial position:

Particulars	31 March 2023	31 March 2022
Total employee compensation cost pertaining to share-based payment plans	819	538
Compensation cost pertaining to equity-settled employee share-based payment plan included above	819	538
Liability for employee stock options outstanding as at year end	1,458	638

## SCHEDULE 18 - NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ lakhs except otherwise stated)

### 18.22 - Disclosures relating to securitisation

Particulars	As at 31 March 2023	As at 31 March 2022
a) No of SPEs holding assets for securitisation transactions originated by the originator	11	9
b) Total amount of securitised assets as per books of the SPEs	39,464	5,712
c) Total amount of exposures retained by the bank to comply with MRR as at the date of balance sheet		
i) Off-balance sheet exposures		
First loss	-	-
Others	-	-
ii) On-balance sheet exposures		
First loss	2,542	-
Others	3,886	327
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	-	-
Others	-	-
e) Sale consideration received for the securitised assets and gain/loss on sale on account of securitisation	32,020	-
f) Form and quantum (outstanding value) of services provided by way of liquidity support, post-securitisation asset servicing, etc.	-	-
g) Performance of facility provided.		
- Amount paid	-	-
- Repayment received	-	-
- Outstanding amount	-	-
h) Average default rate of portfolios observed in the past.	-	-
i) Amount and number of additional/top up loan given on same underlying asset.	-	-
j) Investor complaints		
(i) Directly/Indirectly received and;	-	-
(ii) Complaints outstanding	-	-

### 18.23 - Depositor Education and Awareness Fund

During the year ended 31 March 2023 and 31 March 2022 no amount has been transferred to Depositor Education and Awareness Fund.

## SCHEDULE 18 - NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ lakhs except otherwise stated)

### 18.24 - Deferred tax assets

Particulars	As at 31 March 2023	As at 31 March 2022
<b>Deferred tax asset arising on:</b>		
Depreciation and amortisation	708	598
Provision for employee benefits:		
Compensated absences	380	321
Gratuity	218	106
Long Term Retention Bonus (LTRB)	5	27
Others	1,043	155
Deferred rent	3	4
Provision on portfolio loans	5,577	8,091
	<b>7,934</b>	<b>9,302</b>

### 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 below.

Lease payments during the year are charged to the Profit and Loss Account.

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Lease payments recognised in the profit and loss account.	4,505	3,477

The details of lease commitments in terms of minimum lease payments within the non-cancellable period are as follows:

Payments falling due	As at 31 March 2023	As at 31 March 2022
Within one year	158	347
Later than one year but not later than five years	112	257
Later than five years	-	15

### 18.26 - Micro small and medium enterprises

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
i) Principal amount remaining unpaid	46	0
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	-	-



## SCHEDULE 18 - NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ lakhs except otherwise stated)

### 18.27 - Earnings per equity share

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Net profit attributable to equity shareholders	10,364	887
Weighted average number of shares outstanding during the year used for computing basic earnings per share (nos)	220,779,720	219,552,509
Weighted average number of shares outstanding during the year used for computing Diluted earnings per share (nos)	221,375,377	219,552,509
Basic earnings per share	4.69	0.38
Diluted earnings per share	4.68	0.38

### 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 31 March 2023	Year ended 31 March 2022
i) Aggregate value of IBPCs transaction during the year <sup>1</sup>	75,000	49,400
ii) Aggregate consideration received	75,000	49,400
iii) Aggregate gain recorded	-	-
iv) IBPCs outstanding	65,000	20,000

<sup>1</sup> aggregate value of the own portfolio pool identified for IBPC transaction ₹ 187,500 lakhs (2022 : ₹ 123,500 lakhs).

### 18.29 - Corporate social responsibility (CSR)

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
(a) Gross amount required to be spend	237	306
(b) Gross amount required to be spend as approved by the Board	237	306
<b>(c) Amount spent during the year</b>		
(i) Construction/ acquisition for any asset	-	-
(ii) any other projects	239	306
<b>Total</b>	<b>239</b>	<b>306</b>
(d) short fall at the year end	-	-
(e) pervious year short fall	-	-
(f) reason for short fall	NA	NA

Nature of Activities - (i) Financial & Digital Literacy Camp (ii) Crisis Relief Camp (iii) Promoting Water Conservation and Tree Plantation (iv) Health care camp and (v) COVID-19 pandemic support

### 18.30 - Payment of DICGC Insurance Premium

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Payment of DICGC Insurance Premium	690	580
Arrears in payment of DICGC premium	-	-

## SCHEDULE 18 - NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ lakhs except otherwise stated)

### 18.31 - Priority Sector Lending Certificate (PSLC) Purchased and Sold during the Year

During the year ended 31 March 2023, the Bank sold PSLCs amounting to ₹ 2,16,500 lakhs (2022: ₹ 2,80,000 lakhs) under Small and Marginal farmers category. The income earned on the PSLCs sold during the year is ₹ 3,365 lakhs (2022 : ₹ 5,649 lakhs).

During the year ended 31 March 2023, the Bank bought PSLCs amounting to ₹ 12,000 lakhs(2022 : ₹ 59,000 lakhs) under Micro enterprises category. The expense incurred on the PSLCs bought during the year is ₹ 72 lakhs (2022: ₹ 952 lakhs).

### 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 at 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 ₹ Nil (31 March 2022: ₹ 36 lakhs) with respect to marketing and distribution function (excluding bancassurance business) during the financial year ended 31 March 2023.

### 18.34 - Amortisation of expenditure on account of enhancement in family pension of employees

During the year ended 31 March 2023 and 31 March 2022, the Bank has not done any expenditure towards enhancement of family pension of employee.

### 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, 2023 and March 31, 2022, the Bank has not exceeded the prudential exposure limits as laid down by the RBI guidelines under Large Exposure Framework.

## SCHEDULE 18 - NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ lakhs except otherwise stated)

### 18.37 - Books of accounts

As per the MCA notification dated 05 August 2022 Government has notified the Companies (Accounts) Fourth Amendment Rules, 2022. As per the amended rules back-up of the books of account/other books & papers maintained in electronic mode, including at a place outside India, shall be kept in servers physically located in India on a daily basis.

The Bank's servers are physically located in India and back up is done on a daily basis. Thus the Bank is compliant with the requirements of the above notification.

The above notification is not applicable for financial year ended 31 March 2022.

### 18.38 - Maintenance of Audit trail

The MCA vide its notification dated 24 March, 2021 had introduced the concept of audit trails by inserting proviso to rule3(1) of the Companies (Accounts) Rules, 2014. It was provided that for the F.Y. commencing on or after 1<sup>st</sup> April ,2021, every company which uses accounting software for maintaining its books of account, shall use only such accounting software which has a feature of recording audit trail of each and every transaction, creating an edit log of each change made in books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled. However, the applicability was deferred by 1 year by amending the same vide Companies (Accounts) Second Amendment Rules, 2021. The new date of applicability was 1 April, 2022. Yet again, the MCA has amended the proviso vide Companies (Accounts) Second Amendment Rules, 2022 and has deferred the applicability by 1 more year. Hence the provision of audit trail is now applicable w.e.f. 1 April, 2023.

The Bank uses various software as its accounting software and the management has taken steps to be compliant with requirements of Audit trail functionality from 1 April 2023

**18.39** Previous year's figures have been regrouped / reclassified, wherever considered necessary, in order to make them comparable with figures for the current year.

These are the notes appended to and forming part of the financial statements for the year ended March 31, 2023

As per our report of even date.

**Sd/-**  
**For S.R Batliboi & Associates LLP**  
Chartered Accountants  
Firm Registration No: 101049W/E300004

For and on behalf of the Board of Directors of  
**Fincare Small Finance Bank Limited**

**Sd/-**  
**per Sarvesh Warty**  
Partner  
Membership No.: 121411

**Sd/-**  
**Rajeev Yadav**  
MD and CEO  
DIN: 00111379

**Sd/-**  
**Pramod Kabra**  
Director  
DIN: 02252403

**Sd/-**  
**Sameer Nanavati**  
Director  
DIN: 00157693

Bengaluru  
April 24, 2023

Bengaluru  
April 24, 2023

Mumbai  
April 24, 2023

Ahmedabad  
April 24, 2023

**Sd/-**  
**Keyur Doshi**  
Chief Financial Officer

**Sd/-**  
**Shefaly Kothari**  
Company Secretary  
M No. F7698

Vadodara  
April 24, 2023

Bengaluru  
April 24, 2023





**REGISTERED OFFICE**


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