



# Fincare

## ANNUAL REPORT

**Fincare Business Services Limited**

**2023-24**

Confidential



# Fincare

## DIRECTORS REPORT

### Fincare Business Services Limited

2023-24

Confidential

### **FINCARE BUSINESS SERVICES LIMITED**

(Formerly known as Fincare Business services Private Limited)

A core investment Company registered under RBI Act 1934- No. B.01.00633

Registered Office: 301 & 302, Abhijeet - V Opp. Mayor Bungalow, Law Garden Road, Mithakhali,  
Ahmedabad, Gujarat, India, 380006

Corporate Office: Ground Floor, Bren Mercury, Kaikondanahalli, Sarjapur Main Road, Bengaluru 560035 KA IN

Phone: +91-80 42504444; Email: [info@fincare.com](mailto:info@fincare.com); website: [www.fincare.com](http://www.fincare.com)

CIN: U74900GJ2014PLC132578



## DIRECTORS' REPORT

To,  
The Members,  
Fincare Business Services Limited (“The Company”)  
(Earlier known as Fincare Business Services Private Limited)

Your Directors take pleasure in presenting the 10<sup>th</sup> Annual Report together with the Audited Financial Statements of your Company for the financial year ended March 31, 2024.

### 1. FINANCIAL HIGHLIGHTS

The summary of your Company’s financial performance, both on a Standalone and Consolidated and basis for the Financial Year 2023-24 is given below:

Particulars	Standalone (amounts in INR thousands)		Consolidated (amounts in INR millions)	
	Year End 31.03. 2024	Year End 31.03. 2023	Year End 31.03. 2024	Year End 31.03. 2023
Total Revenue	8,058	2,940	29,531	18,966
Total Expenses	109,837	88,364	25,009	17,938
<b>Profit/(Loss) before tax</b>	<b>(101,779)</b>	<b>(85,424)</b>	<b>4,522</b>	<b>1,028</b>
<b>Tax Expenses:</b>				
Current Tax	337	-	1478	80
MAT expense	-	-	-	-
Deferred Tax	-	-	(350)	79
Prior Period Tax	-	-	136	46
<b>Profit/ (Loss) after Tax</b>	<b>(102,116)</b>	<b>(85,424)</b>	<b>3257</b>	<b>823</b>
<b>Other Comprehensive Income (OCI) – net of taxes</b>	<b>-</b>	<b>-</b>	<b>(215)</b>	<b>495</b>
<b>Net Profit/(Loss) After Tax (Inclusive of OCI)</b>	<b>(102,116)</b>	<b>(85,424)</b>	<b>3043</b>	<b>1,317</b>

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Earnings Per Share (in Rs.)				
- Basic	(0.31)	(0.26)	7.95	(1.91)
- Diluted	(0.31)	(0.26)	7.84	(1.87)

## 2. FINANCIAL PERFORMANCE

### **Standalone**

As a Core Investment Company, the Company's investments are in the securities of its subsidiary company. Accordingly, most of its standalone revenue depends on income from investments made in its subsidiary company.

The gross revenue of the Company stood at Rs.8,058 thousands (Rupees Eight Thousand and Fifty Eight Thousands for the year ended March 31, 2024, as against Rs. 2,940 thousands (Rupees Two Thousand Nine Hundred and Forty Thousands) in the previous financial year. The Company incurred in total a net loss of Rs. 102,116 thousands (Rupees One Lakh Two Thousand One Hundred and Sixteen Thousands) for the year ended March 31, 2024, as compared to the net loss of Rs. 85,424 thousands (Rupees Eighty-Five Thousand Four Hundred and Twenty-Four Thousands) in the previous financial year.

### **Consolidated**

The Consolidated gross revenue of Fincare Group ('Fincare Group' shall mean Fincare Business Services Limited along with its subsidiary) was at Rs.29,531 million (Rupees Twenty-Nine Thousand Five Hundred and Thirty One Million) as against Rs. 18,966 million (Rupees Eighteen Thousand Nine Hundred and Sixty-Six Million) during the previous financial year. The Fincare Group has a consolidated net profit (including OCI) amount of Rs. 3043 Million (Rupees Three Thousand and Forty Three Million) as against net profit (including OCI) amount of Rs. 1,317 million (Rupees One Thousand Three Hundred and Seventeen Million) in the previous financial year.

The consolidated financial statement for the financial year 2023-24 reflects the cumulative performances of 'Fincare Business Services Limited' along with its subsidiary, i.e., Fincare Small Finance Bank Limited. Detailed description about the business carried on by its subsidiary is contained in the Management Discussion and Analysis report of the subsidiary company enclosed herewith as 'Annexure – I' to this report.

## 3. DIVIDEND

In order to conserve financial resources as well as to support the ongoing business needs of the Company, the Directors do not recommend any dividend for the Financial Year 2023-24.

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#### **4. TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND**

During the year under review, the Company 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.

#### **5. AMOUNTS TRANSFERRED TO RESERVES**

As per the Standalone Financial Statements for the year ended March 31, 2024, during the period under review, no amount was appropriated from the profit after tax to statutory reserves.

#### **6. CHANGE IN NATURE OF BUSINESS**

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

#### **7. THE STATE OF AFFAIRS OF THE COMPANY**

The Company continues to be registered with RBI as a Non-Deposit taking Systemically Important Core Investment Company (NBFC-ND-SI-CIC). The Company is in compliance with the conditions of the Master Direction - Core Investment Companies (Reserve Bank) Directions, 2016, as amended from time to time. Further pursuant to the Master Direction – Reserve Bank of India (Non-Banking Financial Company– Scale Based Regulation) Directions, 2023, the Company being a Core Investment Company (CIC) falls under Middle Layer (ML).

The Company is primarily engaged in the business of a Core Investment Company and for that purpose to acquire and hold either in the name of the Company or in that of any nominee, shares, stocks, debentures, debenture stock, bonds, notes and to invest or to deposit or to hold funds in such group companies.

#### **8.1 AMALGAMATION OF THE SUBSIDIARY, FINCARE SMALL FINANCE BANK LIMITED (“FINCARE SFB/BANK”) WITH AU SMALL FINANCE BANK LIMITED (“AU BANK”)**

The scheme of amalgamation of the subsidiary Company, Fincare Small Finance Bank Limited (“Fincare SFB / Bank”) (“Transferor Bank”) into and with the AU Small Finance Bank Limited (“Transferee Bank” or the “Bank”) (“the Amalgamation Scheme”) was approved by the Board of Directors of the Transferor Bank & Transferee Bank on October 29, 2023 in accordance with Section 44A of the Banking Regulation Act, 1949 and, Reserve Bank of India (Amalgamation of Private Sector Banks) Directions, 2016 subject to approval of shareholders of both the Transferor Bank and Transferee Bank, Reserve Bank of India (“RBI”) and Competition Commission of India (“CCI”).

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The Amalgamation Scheme was approved by the shareholders of the Transferor Bank and Transferee Bank at their respective Extraordinary General Meetings held on November 24, 2023 and November 27, 2023.

Thereafter, the Amalgamation Scheme was subsequently approved by CCI on January 23, 2024 and the RBI through its press release and order dated March 04, 2024, granted its sanction to the same with effect from April 01, 2024 ("Effective Date").

Further, the Board of the Bank declared the effectiveness of the Scheme of Amalgamation marking all Fincare SFB branches to operate as branches of the Bank with effect from April 01, 2024. The shareholders of Fincare SFB received 579 equity shares of the Bank in exchange for every 2,000 equity shares of Rs. 10 each, fully paid up in Fincare SFB ("Share Exchange Ratio"). Furthermore, all employees of Fincare SFB transitioned to the Bank's team seamlessly.

Your Company, being a Holding Company of Fincare Bank has received 5,97,82,387 equity shares (8.05%) of AU SFB.

Till March 31, 2024 our Company was the promoter of 'Fincare Small Finance Bank Limited' and being a CIC, the Company has its investments primarily in FSFB. As on March 31, 2024, our Company holds 81.3% (earlier the holding was 78.6%) equity in FSFB.

Further, with effect from April 01, 2024 pursuant to the Scheme of Amalgamation between Fincare Small Finance Bank Ltd and AU Small Finance Bank Ltd, which came into effect as per the RBI approval, Fincare Bank ceased to be the subsidiary of the Company.

## **8. SHARE CAPITAL**

During the year under review, there was no increase in the Authorized Share Capital of the Company. The Authorized Share Capital of the Company as on March 31, 2024, was Rs. 115,50,00,000 (Rupees One hundred Fifteen Crores and Fifty lakhs) divided in to 105,50,00,000 (One Hundred Five crore and Fifty lakhs) Equity Shares of Re. 1/- (Rupee One) each and 1,00,00,000 (One Crore) Preference Shares of Rs. 10/- (Rupees Ten) each.

The issued, subscribed, and paid-up capital of the Bank as on March 31, 2024, stood at Rs. 33,06,52,096 (Rupees Thirty-Three Crores Six Lakhs Fifty Two Thousand and Ninety-Six) divided into 33,06,52,096 (Thirty-Three Crores Six Lakhs Fifty Two Thousand and Ninety-Six) equity shares of Re. 1 /-(Rupee One) each.

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The ESOP details as of the Financial Year 2023-24 are mentioned as below:

<u>Particulars</u>	<u>Details as on 31st March, 2024</u>
Options granted	Total Grant: 84,02,900 Grant 1: 21,77,200 Grant 2: 28,85,300 Grant 3: 33,40,400
Options vested at the beginning of the year	59,16,100
Options exercised during the year	9,02,000
The total number of shares arising as a result of exercise of option	9,02,000
Options lapsed during the year	1,39,500
Exercise price	Grant 1 : ₹ 30.50 Grant 2 : ₹ 40.50 Grant 3 : ₹ 52.50
Variation of terms of options	1. Grant 1&2 : FV of underlying shares changed from FV=10 to FV=1, hence number of options increased and Exercise Price reduced, by a factor of 10 2. Grant 1&2: vesting schedule revised from 2/3rd and 1/3rd at end of 12 & 24 months respectively to 100% at end of 12 months
Money realized by exercise of options during the year (Face Value + Premium)	Rs. 3,54,91,401
Total number of options in force	4,874,600
Employee wise details of options granted to:	
(i) Key Managerial Personnel	

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( ) Any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year

Employee Name	Designation (in Subsidiary company)	FY-18		FY-19		FY-20	
		Grant Pool	% of Total Grant	Grant Pool	% of Total Grant	Grant Pool	% of Total Grant
KEYUR DOSHI	CHIEF FINANCIAL OFFICER	2,73,400	11.60%	2,71,000	9.2%	2,36,800	7.09%
PRAKASH SUNDARAM S	CHIEF STRATEGY & DIGITAL OFFICER	2,73,400	11.60%	2,71,000	9.2%	2,36,800	7.09%
SOHAM SHUKLA	CHIEF OPERATING OFFICER - RURAL BANKING	2,73,400	11.60%	2,71,000	9.2%	2,36,800	7.09%
PANKAJ GULATI	CHIEF MARKETING OFFICER AND COO - CORPORATE SERVICES	1,65,900	7.04%	1,64,000	5.5%	-	-
ASHISH MISRA	COO - RETAIL BANKING	1,59,000	6.75%	1,61,000	5.4%	-	-
CHANDAR RAO V <sup>1</sup>	CHIEF TECHNOLOGY OFFICER	1,65,900	7.04%	-	-	-	-
MAHENDER RAMCHAND CHAWLA <sup>2</sup>	COO - LOAN AGAINST GOLD, SUSTAINABILITY AND QUALITY	1,34,500	5.71%	-	-	-	-
VENKATA JAYARAMAN M <sup>3</sup>	CHIEF RISK OFFICER (SERVING NOTICE PERIOD)	1,35,600	5.76%	-	-	-	-
DEEPABH JAIN	COO - MORTGAGES	-	-	1,98,000	6.7%	1,99,200	5.96%

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NILESH SANGOI	CHIEF INFORMATION OFFICER	-	-	-	-	1,99,200	5.96%
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(iii) Identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	Nil
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1. Mr. Prakash Sundaram S ceased from the post of Chief Strategy and Digital Officer w.e.f. January 30, 2021.
2. Mr. Chandar Rao V ceased from the post of Chief Technology Officer w.e.f. October 30, 2022.
3. Mr. Mahender Ramchand Chawla ceased from the post of COO - Loan Against Gold, Sustainability and Quality w.e.f. May 31, 2023.
4. Venkata Jayaraman M ceased from the post of Chief Risk Officer w.e.f. September 19, 2022.
5. Ashish Misra ceased from the post of COO - Retail Banking w.e.f. November 29, 2023.

During the Financial Year 2023-24, the Company has not issued any shares with differential rights or Sweat Equity Shares. Also, the Company has not bought back any of its securities.

## **9. ANNUAL RETURN**

In terms of the provisions of Sections 92(3) and 134(3) of the Companies Act, 2013 the draft of the Annual Return for the financial year ended March 31, 2024, is available on your Company's website and can be accessed at [www.fincare.com](http://www.fincare.com)

## **10. NOMINATION AND REMUNERATION POLICY**

In terms of Section 178(3) of the Companies Act, 2013 your Company has in place a Nomination and Remuneration Policy which is available on our website i.e. [www.fincare.com](http://www.fincare.com)

## **11. RISK MANAGEMENT POLICY**

Your Company is a non-operating holding Company, and its main objects are to carry on the business of making investments in group company(ies) in the form of securities and providing financial assistance as guarantees, etc. and to carry on such other activities as may be permitted and prescribed by the relevant statutory authorities for core investment companies from time to time

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The Company has a duly constituted Risk Management Committee of the Board and has in place its risk management policy which highlights the functions, implementation and the role of the committee and the board.

Please refer to the Corporate Governance section for the Composition and terms of reference of the Risk Management Committee of your Company.

## **12. NUMBER OF MEETINGS OF THE BOARD HELD DURING THE FINANCIAL YEAR 2023 -24**

The Board of Directors of the Company met 8 times in the Financial Year 2023-24. 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 meeting held during the year are mentioned hereunder: -

<b>Quarter 1 (April – June)</b>	<b>Quarter 2 (July – September)</b>	<b>Quarter 3 (October- December)</b>	<b>Quarter 4 (January- March)</b>
May 31, 2023	July 27, 2023	October 5, 2023	January 09, 2024
June 27, 2023	September 08, 2023	October 28, 2023	January 17, 2024
June 30, 2023		October 29, 2023	February 15, 2024
		December 26, 2023	March 28, 2024

The Details of Attendance of Directors are cited in the Corporate Governance Report annexed as ‘Annexure II’ to this report.

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

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

Details of Investments as covered under Section 186 of the Act are provided in the Standalone Financial Statements forming part of this Annual Report.

## **14. DETAILS OF LOANS FROM DIRECTORS AND THEIR RELATIVES**

During the financial year 2023-24, the Company has not taken any loans from the Directors and their relatives of the Company.

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## **15. PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES**

As there are no material related party transactions, Form AOC-2 is not required to be given pursuant to Section 134(3) (h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules 2014 for the Financial Year ended on March 31, 2024 .

Your directors draw the attention of the members to Note 27 to the Standalone Financial Statements for the year ended March 31, 2024, which sets out other related party disclosures.

## **16. STATUTORY AUDITORS AND THEIR REPORT THEREON AND EXPLANATIONS OR COMMENTS BY THE BOARD ON EVERY QUALIFICATION, RESERVATION OR ADVERSE REMARK OR DISCLAIMER MADE, IF ANY**

The Company had appointed M/s Bhushan Khot & Company, Chartered Accountants (Firm Registration No.: 116888W) as the Statutory Auditors of the Company for a term of 3 (three) years starting from the conclusion of 7th AGM (2021) till 10th AGM (2024) pursuant to the provisions of Section 139 of Companies Act, 2013.

As per the guidelines of RBI for the appointment/re-appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs)-

“An audit firm would not be eligible for reappointment in the same Entity for six years (two tenures) after completion of full or part of one term of the audit tenure. However, audit firms can continue to undertake statutory audit of other Entities.”

Keeping in view the above requirement of RBI guidelines, M/s. Bhushan Khot & Co, Chartered Accountants will be completing their term of 3 years in the ensuing 10th Annual General Meeting of being appointed as Statutory Auditors of the Company and are not eligible to be re-appointed as Statutory Auditors of the Company

Hence, the Audit Committee and Board has recommended the appointment of M/s Bilimoria Mehta & Co, Chartered Accountants, Firm Registration Number- 101490W, as the Statutory Auditors of the Company to the shareholders in this 10<sup>th</sup> Annual General Meeting (AGM) for the period of 3 (three) years starting from the conclusion of 10th AGM till the conclusion of 13th AGM.

Further, the Auditors have given a Qualified Opinion on the Standalone financials of the Company to the extent that the standalone Ind AS financial statement of the Company have been prepared on a Going Concern Basis even though the Company’s Board has approved for initiating the Voluntary Liquidation of the Company. No frauds are reported by auditors under sub-section (12) of section 143.

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

**17.1 AMALGAMATION OF SUBSIDIARY, FINCARE SMALL FINANCE BANK LIMITED (“FINCARE SFB / BANK”) WITH THE AU SMALL FINANCE BANK LIMITED (“AU BANK”)**

The scheme of amalgamation of the subsidiary Company Fincare Small Finance Bank Limited (“Fincare SFB / Bank”) (“Transferor Bank”) into and with the AU Small Finance Bank Limited (“Transferee Bank” or the “Bank”) (“the Amalgamation Scheme”) was approved by the Board of Directors of the Transferor Bank & Transferee Bank on October 29, 2023 in accordance with Section 44A of the Banking Regulation Act, 1949 and, Reserve Bank of India (Amalgamation of Private Sector Banks) Directions, 2016 subject to approval of shareholders of both the Transferor Bank and Transferee Bank, Reserve Bank of India (“RBI”) and Competition Commission of India (“CCI”).

The Amalgamation Scheme was approved by the shareholders of the Transferor Bank and Transferee Bank at their respective Extraordinary General Meetings held on November 24, 2023 and November 27, 2023.

Thereafter, the Amalgamation Scheme was subsequently approved by CCI on January 23, 2024 and the RBI through its press release and order dated March 04, 2024, granted its sanction to the same with effect from April 01, 2024 (“Effective Date”).

Further, the Board of the Bank declared the effectiveness of the Scheme of Amalgamation marking all Fincare SFB branches to operate as branches of the Bank with effect from April 01, 2024. The shareholders of Fincare SFB received 579 equity shares of the Bank in exchange for every 2,000 equity shares of Rs. 10 each, fully paid up in Fincare SFB (“Share Exchange Ratio”). Furthermore, all employees of Fincare SFB transitioned to the Bank’s team seamlessly.

Our Company, being a Holding Company of Fincare Bank has received 5,97,82,387 equity shares (8.05%) of AU SFB.

Till March 31, 2024 our Company was the promoter of ‘Fincare Small Finance Bank Limited’ and being a CIC, the Company has its investments primarily in FSFB. As on March 31, 2024, our Company holds 81.3% (earlier the holding was 78.6%) equity in FSFB.

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Further, with effect from April 01, 2024 pursuant to the Scheme of Amalgamation between Fincare Small Finance Bank Ltd and AU Small Finance Bank Ltd, which came into effect as per the RBI approval, Fincare Bank ceased to be the subsidiary of the Company.

## **17.2 VOLUNTARY LIQUIDATION OF COMPANY**

The Company has been primarily existing to hold the shares of its group entities and pursuant to this objective, the Company was holding the shares of Fincare Small Finance Bank Limited (“Fincare SFB” or “Fincare Bank”). Pursuant to the amalgamation of Fincare Small Finance Bank Limited with and into AU Small Finance Bank Limited effective from April 1, 2024, the purpose for which the Company was existing is no longer relevant.

Considering the current state of affairs, the liquidation of the Company shall be in the best interest of the Company and its stakeholders and in addition the Board of directors is of the opinion that there is no availability of business prospects nor any long-term financial resources that present a financially viable alternative to carry on the business activities of the Company in the foreseeable future.

After several deliberations, the Board of directors at their meeting held on September 6, 2024, approved and recommending the voluntary liquidation of the Company and appointment of Mr. Dilipkumar Natvarlal Jagad, an Insolvency Professional holding Registration number IBBI/IPA-001/IP-P00233/2017-2018/10462, as the Liquidator for the purpose of the voluntary liquidation in this 10th Annual General Meeting (AGM) pursuant to the provisions of Section 59 of the Insolvency and Bankruptcy Code, 2016, read with the Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) Regulations, 2017 (“VLP Regulations”) (including any statutory modification(s) thereto or re-enactment(s) thereof for the time being in force) and other applicable provisions, if any, Master Direction – Reserve Bank of India (Non-Banking Financial Company– Scale Based Regulation) Directions, 2023 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the provisions of the Companies Act, 2013.

## **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:**

There are no matters to be reported under this head as the company is not engaged in power intensive activities and hence not applicable to this company.

### **b) Technology Absorption:**

There are no matters to be reported under this head as the company is not entered into any technical collaboration agreements.

## **FINCARE BUSINESS SERVICES LIMITED**

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### **Foreign Exchange Earnings or Expenses during the year:**

During the year the company has neither earned nor incurred any expense in foreign currency.

## **19. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES**

Your Company has one subsidiary viz. Fincare Small Finance Bank Limited ('FSFB/ the Bank'), which is registered as a Small Finance Bank (earlier as Non-Banking Financial Company) with the Reserve Bank of India. As on March 31, 2024, the Company is holding 20,65,02,207 (Twenty Crores Sixty Five Lakhs Two Thousand Two Hundred and Seven) equity shares i.e. about 81.31% equity shareholding in FSFB. The Shareholding of the Company is increased due to the preferential allotment of its shares by Fincare Bank in the month of March 2024.

As on March 31, 2023, the Company was holding 17,34,89,568 (Seventeen Crore Thirty-Four Lakhs Eighty-Nine Thousand Five Hundred and Sixty-Eight) equity shares i.e. about 78.6% equity shareholding in FSFB.

With effect from April 01, 2024 pursuant to the Scheme of Amalgamation between Fincare Small Finance Bank Ltd and AU Small Finance Bank Ltd, which came into effect as per the RBI approval, Fincare Bank ceased to be the subsidiary of the Company. (Described in Point 17.1 of this report)

Your Company does not have any joint ventures or associate companies. Further, none of the Company became or ceased to become subsidiaries, joint ventures, or associate Companies during the year.

The salient features of the Subsidiary companies are disclosed in '**Annexure III**' (Form AOC-1).

## **20. DEPOSITS**

Your Company being a non-deposit taking Core Investment Company, 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.

## **21. DIRECTORS & KMPs**

The Company's Board consists of professionals who are having knowledge and experience required in the industry. The responsibilities of the Board include, inter alia, formulation of policies, taking new initiatives, reviewing performance, monitoring plans, and pursuing policies and procedures, and ensuring that the Company operates within the regulatory framework laid down by the regulator.

### **A) Change in Directors**

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

Mr. Bhavya Gulati, (DIN: 02897200), Non-Executive, Nominee Director effective from September 15, 2023.

Mr. Ritesh Kumar Mandot, (DIN: 02090270), Non-Executive, Nominee Director, was appointed as a Nominee Director effective from February 15, 2024.

Ms. Nandini Parekh (DIN-01158198) was re-appointed as the Independent Director of the Company w.e.f. September 25, 2024 for a further period of 5 years, in the 34<sup>th</sup> Extra Ordinary General Meeting (EGM) of Company held on September 25, 2024.

Mr. Maninder Singh Juneja, Nominee Director (DIN: 02680016), Non-Executive, 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 in the 10<sup>th</sup> Annual General Meeting

A detailed composition of the Board of Directors along with number of meetings held during the year is provided in the Corporate Governance Report annexed as '**Annexure II**' which forms part of this report

#### **Changes in Key Managerial Personnel**

Ms. Karishma Chandani (Mem. No. ACS-45657) was appointed as the Company Secretary of the Company w.e.f. January 1, 2024, in place of Ms. Gigyasa Agrawal (Mem. No. F10686) who resigned from the position of the Company Secretary of the Company w.e.f. December 31, 2023.

#### **22. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE**

There are no material orders passed by the Regulators/Courts/Tribunals during FY 2023-24, which would impact the going concern status of the Company and its future operations. The Company has complied with the applicable requirements and no penalties were imposed on the Company by any regulatory authority.

#### **23. UPDATE ON INTERNAL FINANCIAL CONTROL OVER FINANCIAL REPORTING**

Your Company has deployed mechanism to ensure adequacy of Internal Financial Controls with reference to the Financial Statements. The management periodically reviews the financial performance of your Company against the approved plans and takes necessary actions, as required from time to time. These measures help in

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ensuring adequacy of internal financial controls commensurate with the nature and scale of operations of the Company.

#### **24. DECLARATION OF INDEPENDENT DIRECTORS**

The Company has received necessary declarations of independence from each of its Independent Directors under section 149(7) of the Companies Act, 2013, that he/she meets the criteria of independent director envisaged in section 149 (6) of the Companies Act, 2013.

All Independent Directors have submitted the declaration of Independence, as required pursuant to Section 149(7) of the Act stating that they meet the criteria of Independence as provided in Section 149(6) of the Companies Act, 2013 and they are not disqualified from continuing as Independent Directors of our Company.

In the opinion of the Board, all the Independent Directors meet the criteria with regards to integrity, expertise and experience as required under applicable laws.

#### **25. DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY 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 Company has adopted a Corporate Social Responsibility Policy. The CSR policy of the Company 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 IV'.

#### **26. COMMITTEES OF THE BOARD**

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

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Details of Composition of various committees are specified in the Corporate Governance Report forming part of this report as 'Annexure II'.

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

**27. 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 Board of directors has carried out an annual evaluation of its own performance, Board committees and individual directors pursuant to the provisions of the Companies Act, 2013.

Performance Evaluation criteria for Board, Committees of the Board and Directors were adopted by the Nomination Committee of the Board at its meeting held on September 2, 2024.

The Board was evaluated comprehensively inter alia on the structure of the Board, competency, experience and qualification of directors, diversity in board, regularity of the board meetings, effectiveness of Board processes, independence of Board, information sharing and overall functioning of the Board

The performance of the Board was evaluated by the board after seeking inputs from all the directors on each of the above parameters of evaluation and the performance of the committees was evaluated by the board after seeking inputs from the committee members on the basis of the above parameters of evaluation.

The Board committees were evaluated inter alia on the basis of their mandate, composition, attendance, functioning and independence.

**28. SEPARATE MEETING OF INDEPENDENT DIRECTORS:**

The Independent Directors of the Company have met separately on March 24, 2024, 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.

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

Your Company has in place a policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Also, your Company has always been committed to provide a safe and dignified work environment, which is free of discrimination, intimidation and abuse. During the year under review the Company has not received any complaint of sexual harassment.

No. of Complaints Pending at the Beginning of the year	Nil
No. of Complaints received during the year	Nil
No. of Complaints resolved during the year	Nil
No. of Complaints Pending at the End of the year	Nil

**30. MANAGEMENT DISCUSSION & ANALYSIS**

The Management Discussion and Analysis report is annexed to this report as ‘Annexure I’ to this report.

**31. PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016**

There are no ongoing proceedings under the Insolvency and Bankruptcy Code, 2016 against the Company.

**32. 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 had been followed along with proper explanation relating to material departures;
- b. the Directors have 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 Company at the end of the financial year and of the loss of the Company for that period;

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- c. the Directors have taken 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 Company and for preventing and detecting fraud and other irregularities;
- d. the Directors have prepared the annual accounts on a going concern basis;
- e. the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f. the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **33. CORPORATE GOVERNANCE REPORT**

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

### **34. COMPLIANCE OF SECRETARIAL STANDARDS**

The Company has complied with the provisions of Secretarial Standards as issued by the Institute of Company Secretaries of India along with the other requirements of the Companies Act, 2013 and other applicable provisions.

### **35. 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 Company and hence, the same is not maintained.

### **36. MAINTENANCE OF BOOKS OF ACCOUNTS AT CORPORATE OFFICE**

The Company keeps the books of accounts at the Corporate Office of the Company as decided by the Board of Directors. Statutory Filing of form AOC 5 has been filed to intimate the same to the Registrar of Companies (RoC).

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### **37. CAUTIONARY STATEMENT**

Statements in this Directors' Report and Management Discussion and Analysis Report describing the Company'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 Company'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.

### **38. ACKNOWLEDGMENTS**

The Directors take this opportunity to thank all investors, business partners, vendors, banks, auditors, regulatory and governmental authorities for their continued support during the year. Your Directors place on record their appreciation of the contribution made by the employees at all levels for their commendable teamwork, dedicated and wholehearted effort.

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

**Sd/-**  
**G. Dasarathareddy**  
**Managing Director**  
**DIN: 01760054**  
**Date: September 06, 2024**  
**Place: Bengaluru**

**Sd/-**  
**Ritesh Kantilal Mandot**  
**Director**  
**DIN: 02090270**  
**Date September 06, 2024**  
**Place: Mumbai**

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## Management Discussions & Analysis (MDA)

### Global Economic Overview: A Complex Tapestry

The global economy has exhibited resilience amidst a backdrop of uneven growth, supply chain disruptions, and geopolitical tensions. The aftermath of the pandemic, exacerbated by the Russia-Ukraine conflict, led to energy and food crises, subsequently driving inflation to unprecedented levels. Central banks responded with monetary tightening measures to curb inflationary pressures.

While the growth outlook for the coming years appears promising, disparities across countries persist. Developed economies are nearing pre-pandemic levels, whereas low-income nations continue to grapple with the pandemic's repercussions. The specter of inflation and the potential for further monetary tightening pose ongoing challenges. Moreover, the increasing frequency of geopolitical conflicts casts a shadow over the global economic outlook.

According to the latest World Economic Outlook projections, global growth is expected to stabilize at 3.2 percent in both the current and following years. However, headline inflation is projected to gradually decline from 2.8 percent at the end of 2024 to 2.4 percent at the end of 2025.

### Indian Economy: A Resilient Performance

India's economy demonstrated resilience in FY 2023-24, outperforming global expectations. Despite a challenging macroeconomic environment characterized by persistent inflation and global supply chain disruptions, the Indian economy registered robust growth rates across quarters, culminating in an overall GDP growth of 7.8%, 7.6%, 8.4%, 7.8% in Q1, Q2, Q3, and Q4, respectively. While inflationary pressures necessitated a sustained repo rate of 6.5% throughout the fiscal year, the country's political stability has been instrumental in fostering a conducive business environment. This, in turn, has attracted substantial foreign direct investment, leading to job creation and accelerated economic growth.

### Small Finance Banks

**Small Finance Banks (SFBs) were introduced to bridge the financial inclusion gap in India.**

Despite operating in a challenging environment marked by demonetization, GST implementation, the NBFC crisis, and the COVID-19 pandemic, SFBs have demonstrated resilience. While SFBs have established a strong foothold in the Banking sector, they currently hold a modest market share of approximately 1% in both deposits and loans, indicating significant untapped potential for growth.

### Loans and Advances:

**While microfinance formed the core business of most SFBs, originating from microfinance institutions (MFIs), the sector has witnessed a notable evolution.** SFBs have expanded their loan portfolios to encompass MSME loans, home loans, and gold loans, among others. This

strategic diversification marks a shift from unsecured microfinance lending towards a more secured lending model. As a result, the proportion of microfinance loans within the overall loan portfolio has gradually decreased, contributing to a more balanced and resilient loan book.

### **Asset Quality:**

SFBs cater to underserved customers, often with lower credit scores. This exposes them to relatively higher risk of loan defaults, especially during economic downturns. The COVID-19 pandemic significantly impacted these borrowers, leading to a temporary rise in NPAs (non-performing assets) for SFBs. However, the NPA levels began to decline as soon as the pandemic subsided. This swift recovery demonstrates the underlying strength of the SFB business model and has bolstered public confidence in these innovative financial institutions.

**SFBs primarily serve underserved customer segments characterized by lower credit scores, inherently increasing credit risk.** The economic downturn induced by the COVID-19 pandemic exacerbated this risk, resulting in a temporary elevation of non-performing asset (NPA) ratios within the sector. However, the subsequent decline in NPA levels underscores the resilience of the SFB business model and the underlying creditworthiness of the customer base.

### **Opportunity:**

A strong correlation exists between GDP growth and credit demand. India's position as one of the world's fastest-growing economies presents significant growth opportunities for the banking sector, particularly for SFBs focused on the underserved rural and semi-urban markets. As financial literacy improves in rural India, SFBs are poised to benefit from increased deposits and loan disbursements.

The SFB opportunity will be largely supported by the rural segment, the presence of informal credit channels, geographic diversification, loan recovery mechanism, the ability to manage local stakeholders, access to low-cost funds and significant cross-selling opportunities. India offers a vast opportunity landscape for SFBs catering to the informal economy. Despite its larger contribution to GDP of 47%, the rural segment's share in credit remains low at approximately 9%-10% of the overall credit outstanding. Further, there are ~7 Crore MSMEs in India, contributing ~30% to the country's GDP and ~48% to total exports.

### **Universal Bank:**

The Reserve Bank of India's April 2024 notification permitting Small Finance Banks (SFBs) to voluntarily transition into Universal Banks marks a significant regulatory development. This policy change empowers SFBs to expand their product offerings and reduce their existing lending quotas. To qualify for this transition, SFBs must meet stringent criteria, including a proven track

record, robust financial performance, and a public listing. This regulatory evolution is expected to foster increased competition within the Indian banking sector, ultimately benefiting consumers through a wider range of financial services.

**AU Fincare merger:**

AU Small Finance Bank (AU SFB) amalgamated Fincare Small Finance Bank (Fincare SFB) w.e.f. April 1, 2024, marking the first such consolidation in the SFB space. The merger is expected to provide AU SFB with enhanced access to South India, significantly expanding its distribution network.

This increased presence will facilitate the distribution of the Bank's diverse range of products and services to a wider customer base, strengthening its market position in the region. With this, AU SFB has a franchise with a combined base of about 1.1 Crore customers, 46,000+ employees, and a network of 2,383 physical touchpoints across 25 states and union territories, having a deposit base of `97,704 crore and a balance sheet size of `126,693 crore.

end

## **Report on Corporate Governance**

Fincare Business Services Limited ('your Company') 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 Corporate Governance philosophy stems from the belief that Corporate Governance is a key element in improving efficiency and growth as well as enhancing investor confidence. Your Company strongly believes in ethical values and self-discipline to achieve a higher standard of Corporate Governance and continues to strive for excellence in business operations through transparency and accountability to its stakeholders.

### **FINCARE'S PHILOSOPHY ON CORPORATE GOVERNANCE**

Your Company'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 Company. The Company believes that an active, well informed and independent Board is necessary to ensure the highest standards of Corporate Governance. Our Corporate Governance practices are aimed at meeting the Corporate Governance requirements as per the Reserve Bank of India ("RBI"), and other Regulators besides good practices either recommended by professional bodies or practiced by leading Companies in India.

### **BOARD OF DIRECTORS**

The Company has optimal combination of Executive Director, Non-Executive Directors and Independent Directors in compliance with the provisions of the Companies Act, 2013, and the Directions issued by the Reserve Bank of India Master Directions applicable to NBFC-CIC and Middle Layer NBFC from time to time, in connection with the following:

- a) the Board of Directors (the "Board");
- b) the Independent directors on the Board;
- c) the Audit Committee;
- d) the Nomination and Remuneration Committee;
- e) the Corporate Social Responsibility Committee;
- f) the Risk Management Committee;
- g) IT Strategy Committee;
- h) Group Risk Management Committee;
- i) Asset Liquidity Management Committee.

The Board's actions and decisions are aligned with the Company's best interests. It is committed to the goal of sustainably elevating the Company's value creation. The Board critically evaluates the Company'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 Company as trustees of the Shareholders.

**1. COMPOSITION OF THE BOARD DURING THE FINANCIAL YEAR 2023-24:**

Name of the Director	Category	Designation	Number of Board meetings		Attendance at Last AGM	Other Directorships
			Held during their tenure	Attended		
Mr. Dasarathareddy Gunnamreddy	Executive Director	Managing Director	13	13	Yes	Nil
Mr. Satyanarayana Peravali	Independent Director	Independent Director	13	13	Yes	Nil
Ms. Nandini Jashvantlal Parekh	Independent Director	Independent Director	13	13	Yes	2
Mr. Maninder Singh Juneja	Non-Executive Director	Nominee Director	13	12	-	4
Mr. Bhavya Gulati*	Non-Executive Director	Nominee Director	5	3	NA	N.A
Mr. Satyaki Rastogi	Non-Executive Director	Nominee Director	13	11	-	2
Mr. Ritesh Kantilal Mandot#	Non-Executive Director	Nominee Director	2	2	NA	Nil

\* Mr. Bhavya Gulati, (DIN: 02897200), Non-Executive, Nominee Director effective from September 15, 2023.

# Mr. Ritesh Kumar Mandot, (DIN: 02090270), Non-Executive, Nominee Director, was appointed as a Nominee Director effective from February 15, 2024.

## 2. DISCLOSURE OF RELATIONSHIPS BETWEEN DIRECTORS INTER-SE:

The Directors do not have any relationship inter-se as on this date of the report

## 3. NUMBER OF SHARES AND CONVERTIBLE INSTRUMENTS HELD BY NON-EXECUTIVE DIRECTORS:

None of the Non-Executive Directors of the Company holds equity shares or convertible instruments in the Company.

## 4. BOARD MEETINGS:

The Board of Directors of the Company met 13 times during the Financial Year 2023-24. 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: -

<b>Quarter 1 (April – June)</b>	<b>Quarter 2 (July – September)</b>	<b>Quarter 3 (October-December)</b>	<b>Quarter 4 (January- March)</b>
May 31, 2023	July 27, 2023	October 5, 2023	January 09, 2024
June 27, 2023	September 08, 2023	October 28, 2023	January 17, 2024
June 30, 2023		October 29, 2023	February 15, 2024
		December 26, 2023	March 28, 2024

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. 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 was also provided.

## 5. COMMITTEES OF THE BOARD:

During the period under review, the Board had 7 (seven) Committees, namely,

- Audit Committee.
- Nomination and Remuneration Committee.
- Corporate Social Responsibility Committee; and
- Risk Management Committee
- Group Risk Management Committee
- IT Strategy Committee
- Asset Liquidity Management Committee

As on March 31, 2024, your Company's Board has in total 7 (seven) Committees of the Board. The 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 any necessary recommendations.

**A. AUDIT COMMITTEE:**

**Composition:**

The Audit Committee has been constituted in accordance with provisions of Section 177 of the Companies Act, 2013 and RBI Master Direction Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

The Composition of the Audit Committee as on March 31, 2024 is as follows:

1. Mr. Bhavya Gulati – Nominee Director
2. Mr. Satyanarayana Peravali – Independent Director
3. Ms. Nandini Jashvantlal Parekh- Independent Director
4. Mr. Satyaki Rastogi-Nominee Director
5. Mr. Ritesh Kantilal Mandot-Nominee Director

During the year under review the Audit Committee of the Board met 3 (three) times viz. May 31, 2023, September 8, 2023 and January 17, 2024.

**Audit Committee Meeting Attendance:**

Name of the Member	Nature of Directorship	No. of meetings attended
Mr. Bhavya Gulati*	Nominee Director	1
Mr. Satyanarayana Peravali	Independent Director	3
Ms. Nandini Jashvantlal Parekh	Independent Director	3
Mr. Satyaki Rastogi	Nominee Director	2
Mr. Ritesh Kantilal Mandot#	Nominee Director	N.A.

\* Mr. Bhavya Gulati, (DIN: 02897200), Non-Executive, Nominee Director effective from September 15, 2023.

# Mr. Ritesh Kumar Mandot, (DIN: 02090270), Non-Executive, Nominee Director, was appointed as a Nominee Director effective from February 15, 2024.

**Functioning of the Audit Committee:**

The Board of Directors has formed and approved Audit Committee Policy 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 policy. Its functioning inter alia broadly includes the following:

- Oversight of the Company’s financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- Recommendation for appointment, remuneration and terms of appointment of statutory auditors of the Company;
- Reviewing with the Management financial statements before submission to the Board for approval;
- Review and monitor the auditor’s independence and performance, and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Reviewing with the Management, performance of the statutory and internal auditors and adequacy of the internal control systems;
- To review the functioning of the Whistle Blower mechanism/Vigil mechanism.

## **B. 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 Master Direction Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016. The functioning of the Nomination and Remuneration Committee is governed by the terms of reference of the Nomination and Remuneration Committee as defined in the Companies Act, 2013 and Nomination and Remuneration Policy adopted by the Company

### **Composition:**

The Nomination and Remuneration Committee consisted of the following members as on March 31, 2024:

1. Mr. Satyanarayana Peravali – Independent Director
2. Ms. Nandini Jashvantlal Parekh- Independent Director
3. Mr. Maninder Singh Juneja- Nominee Director

The Nomination and Remuneration Committee of the Board met 3 (three) times viz May 22, 2023, October 5, 2023 and December 26, 2023 during the year under review:

### **Nomination and Remuneration Committee Meeting Attendance:**

<b>Name of the Member</b>	<b>Nature of Directorship</b>	<b>No. of meetings attended</b>
Mr. Satyanarayana Peravali	Independent Director	3
Ms. Nandini Jashvantlal Parekh	Independent Director	3
Mr. Maninder Singh Juneja	Nominee Director	3

The Board of Directors has formed and approved the Nomination and Remuneration Policy setting out the roles, responsibilities and functioning of this Committee. 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 the said policy.

## **Functioning of the Nomination and Remuneration Committee:**

The Board of Directors has formed and approved Nomination and Remuneration Committee 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 Nomination and Remuneration Committee are covered by its policy. Its functioning inter alia broadly includes the following:

- The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- The Company shall not appoint or continue the employment of any person as Whole-time Director/ Managing Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.
- The Committee to ensure that every person appointed/ to be appointed as director of the company fulfills the criteria of fit and proper as stipulated by the RBI guidelines and adopted by the company in the Policy of Fit and Proper Criteria of Directors.
- The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.
- An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
- No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.
- The Committee shall carry out evaluation of performance of every Director and KMP and Senior Management on yearly basis or any other frequency as decided by the Board from time to time.
- Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations and or any other conditions at the Committee may recommend to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the Companies Act, rules and regulations.
- The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

### **C. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE ('CSR'):**

The Corporate Social Responsibility Committee (the "CSR Committee") has been constituted in accordance with Section 135 of the Companies Act, 2013 read with applicable rules as amended from time to time. The functioning of the Corporate Social Responsibility Committee is governed by the terms of reference of the Corporate Social Responsibility Committee as defined in the Companies Act, 2013 and as defined by the Board from time to time.

The CSR Committee consisted of the following members as on March 31, 2024:

1. Ms. Nandini Jashvantlal Parekh- Independent Director
2. Mr. Dasarathareddy Gunnamreddy- Managing Director
3. Mr. Maninder Singh Juneja- Nominee Director
4. Mr. Bhavya Gulati- Nominee Director
5. Mr. Satyaki Rastogi – Nominee Director

During the year under review the Corporate Social Responsibility Committee of the Board met once on September 6, 2023.

#### **Corporate Social Responsibility Committee Meeting Attendance:**

<b>Name of the Member</b>	<b>Nature of Directorship</b>	<b>No. of meetings attended</b>
Mr. Bhavya Gulati*	Nominee Director	-
Mr. Maninder Singh Juneja	Nominee Director	-
Mr. Dasarathareddy Gunnamreddy	Managing Director	1
Ms. Nandini Jashvantlal Parekh	Independent Director	1
Mr. Satyaki Rastogi	Nominee Director	1
Mr. Ritesh Kantilal Mandot#	Nominee Director	N.A.

\* Mr. Bhavya Gulati, (DIN: 02897200), Non-Executive, Nominee Director effective from September 15, 2023.

# Mr. Ritesh Kumar Mandot, (DIN: 02090270), Non-Executive, Nominee Director, was appointed as a Nominee Director effective from February 15, 2024.

A detailed Report on Corporate Social Responsibility (CSR) Activities for FY 2022-23 is enclosed as **Annexure IV**.

### **Functioning of the Corporate Social Responsibility Committee:**

The Board of Directors has formed and approved Corporate Social Responsibility Committee 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 Corporate Social Responsibility Committee are covered by its policy. Its functioning inter alia broadly includes the following:

- The Company shall undertake the activities as recommended by the CSR committee and approved by the Board in accordance with the provisions of Section 135 of the Companies Act, 2013 read with Schedule VII and Companies (CSR Policy) Rules, 2014.
- The CSR activities (either new or ongoing) shall be undertaken by the Company in accordance with the CSR policy and shall exclude activities undertaken in pursuance of its normal course of business.
- Subject to the provisions of section 135(5) of the Act, the CSR projects or programs or activities undertaken in India only shall qualify for CSR expenditure.
- The CSR programs or projects or activities that benefit only the employees of the Company and their families shall not be considered as CSR activities in accordance with the Act.
- Contribution of any amount directly or indirectly to any political party under section 182 of the Act shall not be considered as CSR activity.
- Companies may build CSR capacities of their own personnel as well as those of their implementing agencies through Institutions with established track records of at least three financial years but such expenditure including expenditure on administrative overheads shall not exceed five percent of total CSR expenditure of the company in one financial year.

### **D. RISK MANAGEMENT COMMITTEE:**

The Company has formed a Risk Management Committee of the Board pursuant to Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 at the Meeting of the Board held on September 26, 2019 for assisting the Board to establish a risk culture and risk governance framework in the organization to manage the integrated risk.

The Risk Management Committee consisted of the following members as on March 31, 2024:

1. Mr. Satyanarayana Peravali - Independent Director
2. Mr. Maninder Singh Juneja- Nominee Director
3. Mr. Bhavya Gulati- Nominee Director
4. Mr. Ritesh Kantilal Mandot-Nominee Director

During the year under review the Risk Management Committee of the Board met once on March 28,2024.

### **Risk Management Committee Meeting Attendance:**

<b>Name of the Member</b>	<b>Nature of Directorship</b>	<b>No. of meetings attended</b>
Mr. Bhavya Gulati*	Nominee Director	N.A.
Mr. Maninder Singh Juneja	Nominee Director	1
Mr. Satyanarayana Peravali	Independent Director	1
Mr. Ritesh Kantilal Mandot#	Nominee Director	1

\* Mr. Bhavya Gulati, (DIN: 02897200), Non-Executive, Nominee Director effective from September 15, 2023.

# Mr. Ritesh Kumar Mandot, (DIN: 02090270), Non-Executive, Nominee Director, was appointed as a Nominee Director effective from February 15, 2024.

### **Functioning of the Risk Management Committee:**

The Board of Directors has formed and approved Risk Management Committee setting out the roles, responsibilities and functioning of the Committee. In addition to adherence to the applicable guidelines of the Reserve Bank of India and all other applicable regulatory requirements, the terms of reference of the Risk Management Committee are covered by its policy. Its functioning inter alia broadly includes the following:

- To continuously thrive for available risks in the organization which directly or indirectly effect the functioning of the organization.
- To ensure the protection of rights & values of Stakeholders by establishing a well-organized Risk Management Framework.
- To Select, maintain and enhance the risk management tools used by the Company to provide analysis that inform and support the investment actions of the entire Organization.
- Identification, Measurement and Assessment of Risk
  - i. Management's responsibility, as delegated by the Board, is to operationalize the Risk Management Program and ensure that formal procedures are put in place to identify and define risk.
  - ii. Measurement of risk is completed considering both quantitative and qualitative means using the likelihood and impact criteria as developed by Management as and when required and as reviewed by the Board.
  - iii. The management shall identify certain inherent and residual risks which have been divided in accordance with likelihood and its impact on the business.

## **E. GROUP RISK MANAGEMENT COMMITTEE:**

The Company has formed a Group Risk Management Committee of the Board pursuant to Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 at the Meeting of the Board held on April 06, 2022 for assisting the Board to establish a group risk culture and risk governance framework in the organization to manage the integrated risk.

The Group Risk Management Committee consisted of the following members as on March 31, 2024:

1. Mr. Satyanarayana Peravali - Independent Director
2. Ms. Nandini Parekh - Independent Director
3. Mr. Dasarathareddy Gunnamreddy- Managing Director
4. Mr. Maninder Singh Juneja- Nominee Director
5. Mr. Bhavya Gulati- Nominee Director
6. Mr. Ritesh Kantilal Mandot-Nominee Director

During the year under review the Group Risk Management Committee of the Board met 5 times viz. June 22, 2023, September 12, 2023, December 26, 2023, January 17, 2024 and March 28, 2024.

### **Group Risk Management Committee Meeting Attendance:**

<b>Name of the Member</b>	<b>Nature of Directorship</b>	<b>No. of meetings attended</b>
Mr. Satyanarayana Peravali	Independent Director	5
Ms. Nandini Parekh	Independent Director	5
Mr. Dasarathareddy Gunnamreddy	Managing Director	5
Mr. Bhavya Gulati	Nominee Director	-
Mr. Maninder Singh Juneja	Nominee Director	4
Mr. Ritesh Kantilal Mandot	Nominee Director	1

\* Mr. Bhavya Gulati, (DIN: 02897200), Non-Executive, Nominee Director effective from September 15, 2023.

# Mr. Ritesh Kumar Mandot, (DIN: 02090270), Non-Executive, Nominee Director, was appointed as a Nominee Director effective from February 15, 2024.

### **Functioning of the Group Risk Management Committee:**

The Board of Directors has formed and approved Group Risk Management Committee setting out the roles, responsibilities and functioning of the Committee. In addition to adherence to the applicable guidelines of the Reserve Bank of India and all other applicable regulatory requirements, the terms of reference of the Group Risk Management Committee are covered by its policy. Its functioning inter alia broadly includes the following:

- Analyze the material risks to which the group, its businesses and subsidiaries are exposed. It must discuss all risk strategies both at an aggregated level and by type of risk and make recommendations to the Board in accordance with the group's overall risk appetite.
- Identify potential intra-group conflicts of interest.
- Assess whether there are effective systems in place to facilitate exchange of information for effective risk oversight of the group.
- Assess whether the corporate governance framework addresses risk management across the group.
- Carry out periodic independent formal review of the group structure and internal controls.

- Articulate the leverage of the Group and monitor the same.

## **F. IT STRATEGY COMMITTEE:**

The Company has formed an IT Strategy Committee of the Board pursuant to Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 at the Meeting of the Board held on April 06, 2022.

The IT Strategy Committee consisted of the following members as on March 31, 2024:

1. Ms. Nandini Parekh - Independent Director
2. Mr. Dasarathareddy Gunnamreddy- Managing Director
3. Mr. Maninder Singh Juneja- Nominee Director

During the year under review the IT Strategy Committee of the Board met 2 times viz. September 6, 2023 and March 28, 2024.

### **IT Strategy Committee Meeting Attendance:**

<b>Name of the Member</b>	<b>Nature of Directorship</b>	<b>No. of meetings attended</b>
Ms. Nandini Parekh	Independent Director	2
Mr. Dasarathareddy Gunnamreddy	Managing Director	2
Mr. Maninder Singh Juneja	Nominee Director	1

### **Functioning of the IT Strategy Committee:**

The Board of Directors has formed and approved IT Strategy Committee setting out the roles, responsibilities and functioning of the Committee. In addition to adherence to the applicable guidelines of the Reserve Bank of India and all other applicable regulatory requirements, the terms of reference of the IT Strategy Committee are covered by its policy. Its functioning inter alia broadly includes the following:

- Providing input to other Board committees and Senior Management on IT related matters, wherever necessary.
- Carrying out review and amending the IT strategies in line with the corporate strategies, IT related Board Policy reviews, cyber security arrangements and any other matter related to IT Governance, as and when required.
- Ensuring IT investments, if any, represent a balance of risks and benefits and those 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 Company's growth and becoming aware about exposure towards IT risks and controls.
- To provide oversight and monitoring of the progress of a project, as and when applicable, including deliverables to be realized at each phase of the project and milestones to be reached according to the project.

## **G. ASSET LIABILITY MANAGEMENT COMMITTEE:**

The Company has formed an Asset Liability Management Committee of the Board pursuant to Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 at the Meeting of the Board held on April 06, 2022.

The Asset Liability Management Committee consisted of the following members as on March 31, 2024:

1. Mr. Dasarathareddy Gunnamreddy- Managing Director
2. Mr. Gautam Gupta – Chief financial officer
3. Mrs. Karishma Chandani- Company Secretary

During the year under review the Asset Liability Management Committee of the Board met 4 times viz. June 22, 2023, September 6, 2023, December 14, 2023 and March 27, 2024.

### **Asset Liability Management Committee Meeting Attendance:**

<b>Name of the Member</b>	<b>Nature of Directorship</b>	<b>No. of meetings attended</b>
Mr. Dasarathareddy Gunnamreddy	Managing Director	4
Ms. Gigyasa Agrawal	Company Secretary	3
Mrs. Karishma Chandani-	Company Secretary	1
Mr. Gautam Gupta	Chief Financial Officer	4

\* Ms. Gigyasa Agrawal has resigned from the position of Company Secretary effective from December 31, 2023..

# Ms. Karishma Chandani was appointed as a Company Secretary effective from January 1, 2024.

### **Functioning of the Asset Liability Management Committee:**

The ALCO shall be responsible for ensuring adherence to the risk tolerance/limits set by the Board as well as implementing the liquidity risk management strategy. ALCO with respect to liquidity risk should inter alia, decide on desired maturity profile and mix of incremental assets and liabilities, sale of assets as a source of funding, the structure, responsibilities, and controls for managing liquidity risk, and overseeing the liquidity positions.

## **6. GENERAL BODY MEETINGS OF SHAREHOLDERS:**

### **a) Annual General Meeting:**

The 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 of the Company was held on September 30, 2023 at the Registered Office of the Company, i.e. 301 & 302, Abhijeet - V Opp. Mayor Bungalow, Law Garden Road, Mithakhali, Ahmedabad, Gujarat, India, 380006.

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

<b>Form No.</b>	<b>Type of Form</b>	<b>Relevant Section of Companies Act, 2013</b>
MGT-7	Annual Return	92(1)
AOC-4	Standalone Balance Sheet and Profit and loss A/c	137
AOC-4 CFS	Consolidated Balance Sheet and Profit and loss A/c	137

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

During the Financial Year 2023-24, (two) Extra-Ordinary General Meetings was held on November 24, 2023 and February 12, 2024.

#### **Brief Details of Resolution Passed**

November 24, 2023	<ol style="list-style-type: none"><li>1. To consider and approve the amendments to the Memorandum of Association of Fincare Small Finance Bank Limited (“Fincare SFB”):</li><li>2. To approve the proposed scheme of amalgamation of Fincare Small Finance Bank Limited (“amalgamating company”) into and with AU Small Finance Bank Limited (“amalgamated company”), through a scheme of amalgamation (“scheme”).:</li><li>3. To consider and approve the issuance of equity shares by Fincare Small Finance Bank Limited on private placement basis</li></ol>
February 12, 2024	<ol style="list-style-type: none"><li>1. . Increase in Borrowing Powers of Company under section 180(1)(c) of the Companies Act, 2013</li><li>2. Approval for creation of charges/mortgages in respect of Borrowings Under Section 180(1)(a) of the Companies Act, 2013</li></ol>

**c) Postal Ballot:**

During the Financial Year 2023-24, there was no postal ballot.

**7. REMUNERATION TO THE DIRECTORS**

The Company has in place a Nomination and Remuneration Policy which is guided by the principles and objectives as enumerated in Section 178 of the Companies Act 2013 which is also disclosed on our website [www.fincare.com](http://www.fincare.com). The Compensation to the Executive Director of the Company is within the limits as prescribed under the aforesaid Act. The details of the same are provided in the Annual Return available on Company's website at [www.fincare.com](http://www.fincare.com). No Sitting fee was paid to the Executive Director for attending any Board/Committee meeting.

During the year under review, no remuneration/commission was paid to Non-executive Directors. However, the Company has paid the sitting fees to the Independent Directors, details of which are provided in Annual Return available on Company's website at [www.fincare.com](http://www.fincare.com).

The Independent Directors of the Company are not eligible for stock options. The Directors are not paid/ entitled to any remuneration except as disclosed in this Report. There is no pecuniary relationship or transaction between the Company and its Non-Executive/Independent Directors.

**DISCLOSURE REGARDING MANAGERIAL REMUNERATION**

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

The names of the top ten employees in terms of remuneration drawn:

The Company during the year ended March 31, 2024 had only the following employees:

Sr	Particulars	Dasarathareddy Gunnareddy	Gautam Gupta	Gigyasa Agrawal*	Karishma Chandani#
1.	Designation	Managing Director	Chief Financ Officer	Company Secretary	Company Secretary
2.	Remuneration received	INR 3,012,396/-	INR 4,367,286/-	INR 1,191,600/-	INR 1,431,985/-
3.	nature of employment,	Permanent	Permanent	Permanent	Permanent
4.	qualifications and experience of the employee	Master's degree in economics 31+ years' experience	CA, <a href="#">B.com</a> 11+ years experience	CS, LLB, M.com 10+ years experience	CS, LLB 08+years' experience
5.	date of commencement	June 07, 2017	May 01, 2021	April 26, 2023	January 1, 2024
6.	the age of such	70	36	35	35
7.	the last employment held by such employee before joining the company	Future Financials Services	Fincare Sm Finance Ba Limited	Camden Town Technologies Private Limited	Bosch Limited
8.	the percentage of equity shares held by the	2.83%	0.00%	0.00%	0.00%
9.	whether any such employee is a	No	No	No	No

*Ms. Gigyasa Agrawal has resigned from the position of Company Secretary effective from December 31, 2023..*

*# Ms. Karishma Chandani was appointed as a Company Secretary effective from January 1, 2024.*

## **OTHER DISCLOSURES**

During the period under review,

1. the Company has not applied/obtained any Registration/ licence/ authorisation, by whatever name called, from other financial sector regulators.
2. no penalties were imposed by RBI and other regulators including strictures or directions on the basis of inspection reports or other adverse findings.
3. auditor has not expressed any modified opinion(s) or other reservation(s) in his audit report in respect of the financial results of any previous financial year which has an impact on the profit or loss of the reportable period.
4. the progress made in putting in place a progressive risk management system and risk management policy and strategy followed by the applicable NBFC
5. information namely, area, country of operation and joint venture partners with regard to joint ventures and overseas subsidiaries – N.A.
6. Asset-Liability profile, extent of financing of parent company products, NPAs and movement of NPAs, details of all off-balance sheet exposures, structured products issued by them and other disclosure-N.A.

## **REGISTRAR AND TRANSFER AGENT**

The shares of the Company are dematerialized through KFin Technologies Limited.

KFin Technologies Limited  
(formerly known as KFin Technologies Private Limited)  
Selenium Tower B, Plot 31-32, Gachibowli,  
Financial District, Nanakramguda, Hyderabad – 500032  
Phone: +91 40 6716 1604

### **Registered Office and Corporate Office:**

The Registered office of the Company is located at “301 & 302, Abhijeet - V Opp. Mayor Bungalow, Law Garden Road, Mithakhali, NA Ahmedabad Ahmedabad GJ 380006 India and Corporate Office of the Company is located at “Ground Floor, Bren Mercury, Kaikondanahalli, Sarjapur Main Road, Bengaluru KA 560035 IN”.

### **For and on behalf of the Board of Directors**

**Sd/-**

**Dasarathareddy Gunnamreddy**  
**Managing Director**  
**DIN: 01760054**  
**Date: September 06, 2024**  
**Place: Bengaluru**

**Sd/-**

**Ritesh Kantilal Mandot**  
**Director**  
**DIN: 02090270**  
**Date: September 06, 2024**  
**Place: Mumbai**

## Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

### **Part “A”: Subsidiaries**

(Information in respect of each subsidiary to be presented with amounts in Lakhs.)

#### **1. Fincare Small Finance Bank Limited\***

Sl. No.	Particulars	Details
1.	Name of the subsidiary	Fincare Small Finance Bank Limited
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting period of holding company and subsidiary company are same i.e. 1 <sup>st</sup> April, 2023 to 31 <sup>st</sup> March, 2024.
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	N. A
4.	Share capital	Rs. 25,397
5.	Reserves & surplus	Rs. 214,285
6.	Total assets	Rs. 1,726,743
7.	Total Liabilities	Rs. 1,726,743
8.	Investments	Rs. 318,461
9.	Turnover	Rs. 267,063
10.	Profit during the year (PBT)	Rs. 53,936
11.	Profit during the year (PAT)	Rs. 39,497
12.	Provision for taxation	Rs. 14,773
13.	Proposed Dividend	Nil
14.	% of shareholding	81.31%

**Notes:** The following information:

1. Names of subsidiaries which are yet to commence operations – Nil
2. Names of subsidiaries which have been liquidated or sold during the year– Nil

\*With effect from April 01, 2024 pursuant to the Scheme of Amalgamation between Fincare Small Finance Bank Ltd & AU Small Finance Bank Ltd as per the RBI approval, Fincare Bank was ceased to be the subsidiary of Company.

### **Part “B”: Associates and Joint Ventures: Not Applicable**

## ANNEXURE-IV

### **REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR FY 2023-24**

#### **1. Brief outline on CSR Policy of the Company:**

The Corporate Social Responsibility Policy (CSR Policy) of the Company sets out the broad framework guiding the Company's CSR activities. The Policy also sets out the principles and the rules that needs to be adhered while taking up 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 encompasses the Company'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.

#### **2. Composition of CSR Committee as on 31<sup>st</sup> March 2024:**

Sl. No.	Name of the 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. Gunnamreddy Dasarathareddy	Member, Managing Director	1	1
2	Ms. Nandini Parekh	Member,Independent Director	1	1
3	Mr. Maninder Juneja	Member, Nominee Director	1	-
4	Mr. Satyaki Rastogi	Member, Nominee Director	1	1
5	Mr. Bhavya Gulati	Member, Nominee Director	1	-
6	Mr. Ritesh Mandot	Member, Nominee Director	N.A.	N.A

Mr. Bhavya Gulati resigned effective from September 15, 2024 and Mr. Ritesh was appointed as Nominee Director effective from February 15, 2024.

- 3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company: [www.fincare.com](http://www.fincare.com)**
- 4. Provide the executive summary along with web-link(s) 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: Not applicable**
- 5. 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: : Not applicable**

**6. Average net profit before tax of the Company for last three (3) financial years:**

Net Profit/(Loss) for the Financial Year 2020-21	(5,79,71,705)
Net Profit/(Loss) for the Financial Year 2021-22	(4,93,44,065)
Net Profit/(Loss) for the Financial Year 2022-23	(8,54,24,059)
Average Net Adjusted Profit/(Loss) for the three preceding years	(64246610)
2% Average Net Profit/(Loss) of the last three years	(1,284,932)

**7. Prescribed CSR Expenditure for Financial year ended 2023-24:**

- a. Two percent of average net profit/(Loss) of the company as per section 135(5) pertaining to FY 2023-24: Rs. (1,284,932)/-
- b. Total amount spent in FY 2023-24 which was carried forward from FY 2022-23: Nil
- c. Surplus arising out of the CSR projects or programmes or activities of the previous financial years-N.A.
- d. Amount required to be set off for the financial year: Nil
- e. Total CSR obligation for the financial year (7a+7b-7c): Nil.

**8. CSR amount spent or unspent for the financial year: Nil**

- a. Amount unspent: Nil
- b. Details of CSR amount spent against ongoing projects for the financial year: Nil
- c. Details of CSR amount spent against other than ongoing projects for the financial year: Nil
- d. Amount spent in Administrative Overheads: Nil
- e. Amount spent on Impact Assessment, if applicable: N.A.
- f. Total amount spent for the Financial Year (8b+8c+8d+8e): Nil
- g. Excess amount for set off, if any: Nil

9. 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): Nil

10. 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 – N.A.

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): N.A.

**For and on behalf of the Board of Directors**

**Sd/-**

**G. Dasarathareddy**  
**Managing Director**  
**DIN: 01760054**

**Date: September 06, 2024**

**Place: Bengaluru**

**Sd/-**

**Ritesh Kumar Mandot**  
**Director**  
**DIN: 02090270**

**Date September 06, 2024**

**Place: Mumbai**



**THANK YOU**

**2023-24**

Confidential



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## **INDEPENDENT AUDITOR'S REPORT**

**To**

**The Members**

**Fincare Business Services Limited**

**Report on the Audit of the Standalone Ind AS Financial Statements**

### **Qualified Opinion**

We have audited the accompanying standalone Ind AS financial statements of Fincare Business Services Limited ("the Company", the "FBSL"), which comprises of the Balance Sheet as at 31<sup>st</sup> March, 2024, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone Ind AS financial statements, including a summary of the material accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the disclosure of the information referred to in the Basis for Qualified Opinion section of our report, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013 ("the act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ("Ind AS") specified under section 133 of the Act, of the state of affairs of the Company as at 31<sup>st</sup> March, 2024, and its loss (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

### **Basis for Qualified Opinion**

We draw attention to Note 2(ii) of the standalone Ind AS financial statements, which states that during the year ended March 31, 2024 the board of directors have approved for initiating voluntary liquidation of the Company. Further on 10<sup>th</sup> April 2024 (post balance sheet date), Company has filed an application with the RBI to seek its prior approval for initiating voluntary liquidation of the Company. Further, given that the voluntary liquidation of the Company is subject to approval from RBI and Shareholders of the Company and the time limit for completion of the same cannot be determined at the time of preparation of the financial statements, the aforesaid standalone Ind AS financial statement of the Company have been prepared on a Going Concern Basis. This situation indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

We conducted our audit of the standalone Ind AS financial statements in accordance with the standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further



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described in the Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provision of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Material Uncertainty Related to Going Concern**

We draw attention to Note 2(ii) of the standalone Ind AS financial statements, which indicates that the Board of the Company in its meeting held on 28th March 2024 has accorded its consent to make an application to Reserve Bank of India (RBI) to seek its prior approval / NOC for initiating voluntary liquidation of the Company. Pursuant to the above, the Company has on 10th April 2024 filed an application with the RBI to seek its prior approval for initiating voluntary liquidation of the Company. Further, given that the voluntary liquidation of the Company is subject to approval from RBI and Shareholders of the Company and the time limit for completion of the same cannot be determined at the time of preparation of the financials, the financials have been prepared on a going concern basis.

As stated in Note 2(ii), these events or conditions, along with other matters as set forth in Note 35 of the standalone Ind AS financial statements, indicate that the Management of the Company intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so subject to approval from RBI and Shareholders of the Company which further indicate a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Basis for Qualified Opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.



<b>The Key Audit Matter</b>	<b>How the matter was addressed in our audit</b>
<p>As stated in Note 35 of standalone Ind AS financial statements, the Reserve Bank of India vide its approval dated 4th March 2024 has approved the Scheme of Amalgamation of Fincare Small Finance Bank Limited (Subsidiary Company) with AU Small Finance Bank Limited. The effective date of the amalgamation shall be 1st April 2024 and post amalgamation, Fincare Small Finance Bank Limited will cease to be the Subsidiary Company.</p> <p>Pursuant to the amalgamation, all shareholders of the subsidiary company will receive shares of AU Small Finance Bank Limited in lieu of their shareholding in Fincare Small Finance Bank Limited in the share swap ratio as per Scheme of Amalgamation i.e. 579 shares of AU Small Finance Bank Limited in lieu of 2000 shares of Fincare Small Finance Bank Limited.</p>	<p>As part of our audit procedures, we have obtained understanding over the management review, documentation and monitoring controls for the amalgamation.</p> <p>We have tested management's controls and effectiveness of systems in place for the transaction by the subsidiary companies.</p> <p>We have evaluated the identification of performance obligations and ascribed transaction price / arrangement.</p> <p>We have assessed the appropriateness of disclosure in the financial statements.</p> <p>As part of our audit procedures we have reviewed minutes of board meetings and reviewed the approvals received.</p> <p>We have held regular meetings with management.</p> <p>Based on the above work performed, the management's disclosure for the amalgamation is appropriately reported.</p>

### **Information other than Financial Statements and Auditor's Report thereon**

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report but does not include the standalone Ind AS financial statements and our auditor's report thereon.

Our opinion on the standalone Ind AS 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 standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the other information and If we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 "The Auditor's Responsibilities Relating to Other Information". We have nothing to report in this regard.



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### **Management's Responsibility for the Standalone Ind AS Financial Statements**

The accompanying standalone Ind AS financial statements have been approved by the Company's Board of Directors.

The Company's Management and Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

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

In preparing the standalone Ind AS financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's Responsibility for the audit of the Standalone Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS 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 Standalone Ind AS financial statements.

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



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- Identify and assess the risks of material misstatement of the standalone Ind AS 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 risks 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 circumstance. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial control with reference to standalone Ind AS financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Ind AS financial statements, including the disclosures, and whether the Standalone Ind AS financial statements represent the underlying transaction 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 standalone Ind AS financial statements of the current



year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the "**Annexure A**" a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
  - (A) As required by Section 143(3) of the Act, based on our audit and subject to disclosure of the information referred to in the Basis for Qualified Opinion section of our report, we report to the extent applicable that:
    - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
    - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
    - c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss including Other Comprehensive Income, the Standalone Cash Flow Statement and the Statement of Changes in Equity dealt with by this report are in agreement with the relevant books of account.
    - d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, as amended.
    - e) On the basis of the written representations received from the directors as on 31st March 2024 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2024 from being appointed as a director in terms of Section 164(2) of the Act.
    - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company, and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**" where we have expressed an unmodified opinion.



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g) In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act read with Schedule V to the Act, as amended.

(B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigation as at 31 March 2024 on its financial position in its standalone Ind AS financial statements- Refer Note 24 to the standalone Ind AS financial statements;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31<sup>st</sup> March, 2024;
- iii. There were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31<sup>st</sup> March, 2024 and
- iv. The management has represented that, to the best of their knowledge and belief, as disclosed in the notes to the standalone Ind AS financial statements, that no funds (which are material either individually or in aggregate) have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediaries shall, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries. Based on reasonable audit procedures adopted by us, nothing has come to our notice that such representation contains any material misstatement;
- v. The management has represented that, to the best of their knowledge and belief, as disclosed in the notes to the financial statements, that no funds (which are material either individually or in aggregate) have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, 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



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Beneficiaries. Based on reasonable audit procedures adopted by us, nothing has come to our notice that such representation contains any material misstatement.

- vi. In our opinion and according to the information and explanations given to us, the company did not declare any dividend during the year and accordingly compliance requirements to Section 123 of the Act are not applicable. Refer note 14 to the standalone Ind AS Financial Statements.
- vii. Based on our examination, which included test checks, the company has used accounting software for maintaining its books of account for the financial year ended 31<sup>st</sup> March, 2024 which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tempered with.

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024.

For **Bhushan Khot & Co.**  
(Chartered Accountants)

**Firm Registration No.: 116888W**

AMIT  
HIMMATLAL  
SHAH

Digitally signed by AMIT  
HIMMATLAL SHAH  
Date: 2024.05.30  
18:46:19 +05'30'

**CA Amit Shah**  
(Partner)

**Membership No.: 124889**

UDIN: 24124889BKAMKS8273

Place: Mumbai, dated 30<sup>th</sup> May, 2024



**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF FINCARE BUSINESS SERVICES LIMITED FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2024**

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the Books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

The Company does not have any intangible assets.

(b) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification to cover all the items of its Property, plant & Equipment (PPE) performed by the Management, by which all PPE's are verified in a phased manner over a period of two year. In our opinion, this periodicity of physical verification is reasonable having regards to the size of the Company and the nature of its assets. Pursuant to the Schedule of Physical Verification, certain PPE's were physically verified by the management during the year and no material discrepancies were noticed on such verification.

(c) According to the information and explanation given to us and on the basis of our examination of the records of the company, during the year the Company has sold a Freehold Land, whose title deeds was in the name of Future Financial Services Private Limited, an erstwhile Group Company which got merged with the Company vide Amalgamation order dated 15<sup>th</sup> September 2017 passed by NCLT, Bengaluru as disclosed in Note 8 of financial statements.

Except above, According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company does not have any immovable property (other than properties where the company is a lessee and the lease agreements are duly executed in favour of the company)..

(d) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its PPE (including Right of Use assets) during the year. The company does not have any intangible assets.



(e) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, no proceedings have been initiated or are pending against the Company for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

- ii. The Company is a Non-Banking Financial Company, primarily engaged in managing the capital requirements in subsidiary company and does not hold any inventory. Accordingly, reporting under the provisions of clause 3(ii) of the Order are not applicable.
- iii. According to the information and explanation given to us, during the year the Company has not granted any loans or provided advances in the nature of loans, secured or unsecured or provided any guarantee, to companies, Firm, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, reporting under the provisions of clause 3(iii) (a) and (e) of the Order are not applicable to the Company.

(b) In our opinion and according to the information and explanation given to us, the investments made, guarantees provided, security given and the terms and condition of the grant of all loans and advances in the nature of loans and guarantees provided are, prima facie, not prejudicial to the Company's interest.

(c) In our opinion and according to the information and explanation given to us, in respect of loans and advances in the nature of loans, the schedule of repayment of principal and payment of interest has been stipulated and the repayments or receipts are regular during the year.

(d) In our opinion and according to the information and explanations given to us, no amount is overdue in respect of loans and advances in the nature of loans.

(e) In our opinion and according to the information and explanations given to us, Company has not granted any loans or advances in the nature of loans to promoters or related parties (as defined in Sec 2(76) of the act, which are repayable on demand or without specifying any terms or period of repayment.

- iv. In our opinion and according to the information and explanation given to us, the Company has complied with the applicable provisions of Section 185 and 186 of the Act, with respect to the loans given, investments made, guarantees given and securities provided.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits from the public during the year in terms of directives issued by the Reserve Bank of India or the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, reporting under clause 3(v) of the Order is not applicable.



- vi. The maintenance of cost records has not been prescribed for the activities of the Company by the Central Government under Section 148(1) of the Companies Act, 2013.
- vii. (a) According to the information and explanation given to us and on the basis of our examination of the records of the Company, amount deducted / accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employee State Insurance, Income tax, Goods and Service tax, Service tax, Professional Tax, duty of customs, excise, Cess and any other statutory dues have generally been regularly deposited by the Company with the appropriate authorities.

According to the information and explanation given to us, no undisputed amounts payable in respect of Income tax, Goods and Service tax, Profession Tax, duty of customs, Cess and other material statutory dues were in arrears as at 31 March 2024 for a period for more than Six months from the date they become payable except for the following:

Name of the Statute	Nature of the Dues	Amount Outstanding (Rs. In Thousands)	Period
Income tax Act, 1961	TDS Late Fees	25.80	AY 2023 – 24

- (b) According to the information and explanation given to us, there are no dues of Income-tax or Sales tax or Service tax or Goods and service tax or duty of Customs of duty of excise or value added tax which have not been deposited by the Company on account of disputes, except for the following:

**(Rs.in Thousands)**

Name of the Statute	Nature of the Dues	Amount	Amount paid under protest	Period	Forum where dispute is pending
Income tax Act, 1961	Income Tax	150,155	60,062	AY 2015 - 16	Commissioner of Income Tax (Appeals)
Income tax Act, 1961	Income Tax	50	Nil	AY 2019 - 20	Asst. Director of Income Tax, CPC



Income tax Act, 1961	Income Tax	449	Nil	AY 2021 - 22	Asst. Director of Income Tax, CPC
Income tax Act, 1961	Income Tax	2,177	Nil	AY 2018 - 19	Commissioner of Income Tax (Appeals)
Finance Act, 1994	Service Tax	1,08,335	Nil	April 2016 – March 2017	Commissioner of Central Tax

- viii. In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, we confirm that we have not come across any transactions not recorded in the books of account which reflect income surrendered or disclosed during the year in the tax assessments under the Income Tax Act, 1961.
- ix. (a) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans or other borrowings to financial institutions or payment of interest thereon to any lender.
- (b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared willful defaulter by any bank or financial institution or government or any government authority or any other lender.
- (c) In our opinion and according to the information and explanations given to us, the Company has utilized the money obtained by way of term loans for the purposes for which they were obtained.
- (d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, we report that no funds raised on short term basis have prima facie been used for long-term purposes by the Company.
- (e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has raised loans during the year on the pledge of securities held in its subsidiary as per details below. Further, the company has not defaulted in repayment of such loans raised.



Nature of Loan taken	Type of Lender	Amount of Loan (Rs.in thousand)	Name of Subsidiary, Joint Venture, Associate	Relation	Details of Security Pledge
Term Loan	Non-Banking Finance Company and Housing Finance Company	Rs.74,50,000	Fincare Small Finance Bank Limited	Subsidiary	Exclusive Pledge on fully paid-up equity shares of Subsidiary Company Fincare Small Finance Bank Ltd, held by the Company having a security Cover value of not less than 2.25 times (or 2.00 times post merger) of the loan outstanding amount.

- x. (a) The Company did not raise money by way of initial public offer or further public offer (including debt instruments) during the year.
- (b) The Company has not made any preferential allotment / private placement of shares / fully / partly / optionally convertible debentures during the year and hence the requirements of section 42 and section 62 of the Companies Act, 2013 is not applicable.
- xi (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (b) In our opinion and according to the information and explanations given to us, no report under sub-section (12) of section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government and up to the date of this report.
- (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.



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- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
- xiii. According to the information and explanation given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with Section 177 and 188 of the Act, where applicable, and details of such transaction have been disclosed in the financial statements as required by the applicable Indian Accounting Standards.
- xiv. In our opinion and based on our examination, the company does not have an internal audit system and is not required to have an internal audit system as per provisions of the Companies Act 2013.
- xv. According to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of Section 192 of the Act are not applicable.
- xvi. (a) According to the information and explanations given to us and in our opinion, the Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and such registration has been obtained by the Company.
- (b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtaining a valid COR from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
- (c) The Company is a Core Investment Company ("CIC") as defined in the regulations made by Reserve Bank of India and it has obtained registration with RBI and it continues to fulfil the criteria of a CIC.
- (d) According to the information provided by the Management of the Company, the Group does not have more than one Core Investment Company (CIC) as part of the Group as per the definition of Group contained in the Core Investment Companies (Reserve Bank) Directions, 2016 and hence the reporting under clause (xvi)(d) of the Order is not applicable.
- xvii. The Company has incurred cash losses (after adjusting for non-cash items) of Rs.1,01,441 thousands in the current financial year and Rs.85,093 thousands in the immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditors of the company during the year. Accordingly, reporting under clause 3(xviii) of the Order is not applicable.
- xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, we report that the board of



**BHUSHAN KHOT & CO**

Chartered Accountants

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directors of the Company have consented to file for voluntary liquidation of the company during the year and the application for seeking regulatory approvals were filed subsequent to the close of financial year end. However in the opinion of the management, the accounts are prepared on the going concern basis considering uncertainty relating to timelines for regulatory and Members approvals as disclosed in Note 2(ii) of the standalone Ind AS Audited financial statements. This situation indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

Subject to above, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

- xx. In our opinion, As per Section 135 of the Act, no amount was required to be spent by the Company on Corporate Social Responsibility (CSR) related activities during the year. Accordingly, reporting under clause 3(xx)(a) and 3(xx)(b) of the order is not applicable.

For **Bhushan Khot & Co.**  
(Chartered Accountants)

**Firm Registration No.: 116888W**

AMIT

HIMMATLAL

SHAH

Digitally signed by AMIT  
HIMMATLAL SHAH  
Date: 2024.05.30  
18:47:33 +05'30'

**CA Amit Shah**  
(Partner)

**Membership No.: 124889**

UDIN: 24124889BKAMKS8273

Place: Mumbai, dated 30 May, 2024



**BHUSHAN KHOT & CO**

Chartered Accountants

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**“ANNEXURE B” TO INDEPENDENT AUDITORS’ REPORT ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF FINCARE BUSINESS SERVICES LIMITED FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2024**

(Referred to in paragraph 1 A(f) under “Report on Other Legal and Regulatory Requirements” section of our report of even date)

**Report on the Internal Financial Controls with reference to the aforesaid Standalone Ind AS Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

**Opinion**

We have audited the internal financial controls over financial reporting of Fincare Business Services Limited as of 31st March, 2024 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material aspects, adequate internal financial controls with reference to the Standalone financial statements and such internal financial controls were operating effectively as at 31st March 2024, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (“the Guidance Note”).

**Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors’ Responsibility:**

Our responsibility is to express an opinion on the Company’s internal financial controls with reference to financial statement based on our audit. We conducted our audit in accordance with



the Guidance Note and the Standards on Auditing (“SA”), issued by ICAI and deemed to be prescribed under section 143(10) of the Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls with reference 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 judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system with reference to financial statements.

### **Meaning of Internal Financial Controls over Financial Reporting**

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 control with reference to financial statements includes those policies and procedures that:

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the company; and



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Chartered Accountants

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(3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls with reference to the 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.

For **Bhushan Khot & Co.**

(Chartered Accountants)

**Firm Registration No.: 116888W**

AMIT

HIMMATLAL

SHAH

Digitally signed by AMIT  
HIMMATLAL SHAH  
Date: 2024.05.30  
18:48:37 +05'30'

**CA Amit Shah**

(Partner)

**Membership No.: 124889**

UDIN: 24124889BKAMKS8273

Place: Mumbai, dated 30<sup>th</sup> May 2024

INDIA

**Fincare Business Services Limited**  
**Standalone Balance Sheet as at 31 March 2024**  
(All amounts in ₹ '000, unless stated otherwise)

Particulars	Notes	As at 31 March 2024	As at 31 March 2023
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents	4	130,862	32,848
Investments	5	14,209,061	7,209,061
Other financial assets	6	408	1,202
		<b>14,340,331</b>	<b>7,243,111</b>
<b>Non Financial assets</b>			
Current tax assets (net)	7	19,435	19,202
Property, plant and equipment	8	760	3,787
Other non financial assets	9	69,707	64,517
		<b>89,902</b>	<b>87,506</b>
<b>Total assets</b>		<b>14,430,233</b>	<b>7,330,617</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>Financial Liabilities</b>			
Payables			
(i) Trade Payables			
a) total outstanding dues to micro and small enterprises; and		-	-
b) total outstanding dues to creditors other than micro and small enterprises		-	-
Borrowings other than Debt Securities	10	7,380,014	279,158
Other financial liabilities	11	62,107	3,212
		<b>7,442,121</b>	<b>282,370</b>
<b>Non Financial Liabilities</b>			
Provisions	12	316	175
Other non financial liabilities	13	6,851	503
		<b>7,167</b>	<b>678</b>
<b>EQUITY</b>			
Equity share capital	14	330,652	329,750
Other equity	15	6,650,293	6,717,819
		<b>6,980,945</b>	<b>7,047,569</b>
<b>Total liabilities and equity</b>		<b>14,430,233</b>	<b>7,330,617</b>

Summary of material accounting policies

1 - 3

The accompanying notes are an integral part of the financial statements.

This is the balance sheet referred to in our report of even date.

For **Bhushan Khot & Co.**

Chartered Accountants

Firm's Registration No.: 116888W

AMIT HIMMATLAL  
HIMMATLAL SHAH  
SHAH  
Digitally signed by AMIT HIMMATLAL SHAH  
Date: 2024.05.30 18:50:57 +05'30'

**Amit Shah**

Partner

Membership No.: 124889

UDIN: 24124889BKAMKS8273

Mumbai

30th May 2024

For and on behalf of Board of Directors of  
**Fincare Business Services Limited**

GUNNAMREDDY  
DASARATHAREDDY  
DY  
Digitally signed by GUNNAMREDDY DASARATHAREDDY  
Date: 2024.05.30 17:34:38 +05'30'

**G. Dasarathareddy**

Managing Director

DIN: 01760054

Bengaluru

30th May 2024

GAUTAM  
GUPTA  
Digitally signed by GAUTAM GUPTA  
Date: 2024.05.30 17:25:01 +05'30'

**Gautam Gupta**

Chief Financial Officer

Bengaluru

30th May 2024

RITESH  
KANTILAL  
MANDOT  
Digitally signed by RITESH KANTILAL MANDOT  
Date: 2024.05.30 18:02:18 +05'30'

**Ritesh Kantilal Mandot**

Director

DIN: 02090270

Mumbai

30th May 2024

KARISHMA  
CHANDANI  
Digitally signed by KARISHMA CHANDANI  
Date: 2024.05.30 17:29:41 +05'30'

**Karishma Chandani**

Company Secretary

M.No: ACS45657

Bengaluru

30th May 2024

**Fincare Business Services Limited****Standalone Statement of Profit and Loss for the year ended 31 March 2024**

(All amounts in ₹ '000, unless stated otherwise)

Particulars	Notes	For the year ended 31 March 2024	For the year ended 31 March 2023
<b>Revenue from operations (I)</b>			
Interest income	16	978	796
<b>Total Revenue from operations</b>		<b>978</b>	<b>796</b>
<b>Other income (II)</b>	17	7,080	2,144
<b>Total income (I+II)</b>		<b>8,058</b>	<b>2,940</b>
<b>Expenses:</b>			
Finance costs	18	94,283	33,691
Employee benefits expenses	19	12,932	10,091
Depreciation, amortization and impairment	20	675	331
Other expenses	21	1,947	44,251
<b>Total expenses</b>		<b>109,837</b>	<b>88,364</b>
<b>Loss before tax for the year</b>		<b>(101,779)</b>	<b>(85,424)</b>
<b>Tax expense</b>			
Current tax	22	337	-
Prior period tax		-	-
<b>Total tax expense</b>		<b>337</b>	<b>-</b>
<b>Loss for the year</b>		<b>(102,116)</b>	<b>(85,424)</b>
<b>Total comprehensive income for the year</b>		<b>(102,116)</b>	<b>(85,424)</b>
<b>Earnings per share (basic and diluted)</b>	23		
Basic (₹1 per share)		(0.31)	(0.26)
Diluted (₹1 per share)		(0.31)	(0.26)
Summary of material accounting policies	1 - 3		

The accompanying notes are an integral part of the financial statements.

This is the Statement of Profit and Loss referred to in our report of even date.

For **Bhushan Khot & Co.**

Chartered Accountants

Firm's Registration No.: 116888W

AMIT  
HIMMATLAL  
SHAH

Digitally signed by AMIT  
HIMMATLAL SHAH  
Date: 2024.05.30  
18:53:24 +05'30'

**Amit Shah**

Partner

Membership No.: 124889

UDIN: 24124889BKAMKS8273

Mumbai

30th May 2024

For and on behalf of Board of Directors of

**Fincare Business Services Limited**

GUNNAMREDDY  
DASARATHARE  
DDY

Digitally signed by  
GUNNAMREDDY  
DASARATHAREDDY  
Date: 2024.05.30  
17:44:34 +05'30'

**G. Dasarathareddy**

Managing Director

DIN: 01760054

Bengaluru

30th May 2024

**GAUTAM  
GUPTA**

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GAUTAM GUPTA  
Date: 2024.05.30  
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**Gautam Gupta**

Chief Financial Officer

Bengaluru

30th May 2024

RITESH KANTILAL  
MANDOT

Digitally signed by RITESH  
KANTILAL MANDOT  
Date: 2024.05.30 18:03:04  
+05'30'

**Ritesh Kantilal Mandot**

Director

DIN: 02090270

Mumbai

30th May 2024

**KARISHMA  
CHANDANI**

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by KARISHMA  
CHANDANI  
Date: 2024.05.30  
17:30:17 +05'30'

**Karishma Chandani**

Company Secretary

M.No: ACS45657

Bengaluru

30th May 2024

**Fincare Business Services Limited**  
**Standalone Cash Flow Statement for the year ended 31 March 2024**  
(All amounts in ₹ '000, unless stated otherwise)

Particulars	For the year ended	
	31 March 2024	31 March 2023
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net loss before tax	(101,779)	(85,424)
<b>Adjustments for:</b>		
Profit on sale of Property, Plant and Equipments	(5,628)	-
Depreciation, amortization and impairment	675	331
Income from sale of trademark	(1,364)	-
Interest on term loan	94,283	33,691
<b>Operating (loss) / profit before Working Capital Changes</b>	<b>(13,813)</b>	<b>(51,402)</b>
<b>Changes in working capital:</b>		
<b>Adjustments for increase / decrease in operating assets and liabilities:</b>		
(Increase)/Decrease in other financial assets	794	357
(Increase)/Decrease in Non financial assets	(5,423)	1,868
Increase/(Decrease) in provisions	141	95
Increase/(Decrease) in other financial liabilities	2,765	210
Increase/(Decrease) in other non-financial liabilities	6,348	172
<b>Movement in Operating Assets and Liabilities</b>	<b>4,625</b>	<b>2,702</b>
<b>Cash (used in)/ generated from Operations</b>	<b>(9,188)</b>	<b>(48,700)</b>
Less: Income tax (paid)/refund - net	(337)	-
<b>Net Cash Flow from / (used in) Operating Activities (A)</b>	<b>(9,525)</b>	<b>(48,700)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment in Equity shares - Fincare Small Finance Bank Limited	(7,000,000)	-
Sale of trademark as per Trademark Assignment Agreement	1,364	-
Sale/(Purchase) of property, plant and equipment	7,980	(170)
<b>Net Cash Flow from / (used in) Investing Activities (B)</b>	<b>(6,990,656)</b>	<b>(170)</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of equity shares under ESOP	35,491	-
Borrowing cost paid	(73,037)	(904)
Interest expenses (incl redemption premium) on Term Loan	(34,260)	(45,901)
Term loan repaid	(280,000)	(190,000)
Term loan borrowed during the year	7,450,000	280,000
<b>Net Cash Flow from / (used in) Financing Activities (C)</b>	<b>7,098,194</b>	<b>43,196</b>

**Fincare Business Services Limited**  
**Standalone Cash Flow Statement for the year ended 31 March 2024**  
 (All amounts in ₹ '000, unless stated otherwise)

<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>(A+B+C)</b>	<b>98,014</b>	<b>(5,674)</b>
Cash and cash equivalents at the beginning of the year		32,848	38,522
Cash and cash equivalents at the end of the year		130,862	32,848
<b>Reconciliation of cash and cash equivalents as per the cash flow statement</b>		<b>98,014</b>	<b>(5,674)</b>

**Components of Cash & Cash Equivalents as at end of the period are:**

	As at	
	31 March 2024	31 March 2023
Cash in hand	-	-
Balances with banks in current account	900	3,281
Term deposit with banks (maturity less than 3 months)	129,962	29,567
<b>Total Cash and cash equivalents</b>	<b>130,862</b>	<b>32,848</b>

This is the Cash flow statement referred to in our report of even date.

For **Bhushan Khot & Co.**  
 Chartered Accountants  
 Firm's Registration No.: 116888W

**AMIT HIMMATLAL SHAH**  
 Digitally signed by AMIT HIMMATLAL SHAH  
 Date: 2024.05.30 18:55:32 +05'30'

**Amit Shah**  
 Partner  
 Membership No.: 124889  
 UDIN: 24124889BKAMKS8273  
 Mumbai  
 30th May 2024

For and on behalf of Board of Directors of  
**Fincare Business Services Limited**

**GUNNAMREDDY EDDY DASARATH AREDDY**  
 Digitally signed by GUNNAMREDDY DASARATHAREDDY  
 Date: 2024.05.30 17:45:28 +05'30'

**G. Dasarathreddy**  
 Managing Director  
 DIN: 01760054

Bengaluru  
 30th May 2024

**RITESH KANTILAL MANDOT**  
 Digitally signed by RITESH KANTILAL MANDOT  
 Date: 2024.05.30 18:03:48 +05'30'

**Ritesh Kantilal Mandot**  
 Director  
 DIN: 02090270

Mumbai  
 30th May 2024

**GAUTAM GUPTA**  
 Digitally signed by GAUTAM GUPTA  
 Date: 2024.05.30 17:25:49 +05'30'

**Gautam Gupta**  
 Chief Financial Officer

Bengaluru  
 30th May 2024

**KARISHMA CHANDANI**  
 Digitally signed by KARISHMA CHANDANI  
 Date: 2024.05.30 17:31:04 +05'30'

**Karishma Chandani**  
 Company Secretary  
 M.No: ACS45657

Bengaluru  
 30th May 2024

**Fincare Business Services Limited**  
**Standalone Statement of changes in equity as at 31 March 2024**  
(All amounts in ₹ '000, unless stated otherwise)

**A Equity share capital**

Particulars	Balance as at 31 March 2022	Change in equity share capital during the year	Balance as at 31 March 2023	Change in equity share capital during the year	Balance as at 31 March 2024
Number of Equity Shares (Face Value ₹ 1)	329,750,096	-	329,750,096	902,000	330,652,096
Equity Share Capital (Rs '000)	329,750	-	329,750	902	330,652

**B Other equity**

Particulars	Reserves and surplus					Total
	Reserve fund u/s 45-IC of RBI Act 1934	Capital Reserve	Securities premium	Stock option reserve*	Retained earnings	
<b>Balance as at 31 March 2022</b>	<b>229,311</b>	<b>659,510</b>	<b>5,047,563</b>	<b>74,558</b>	<b>792,300</b>	<b>6,803,243</b>
Loss for the year	-	-	-	-	(85,424)	(85,424)
Additions during the year	-	-	-	-	-	-
<b>Balance as at 31 March 2023</b>	<b>229,311</b>	<b>659,510</b>	<b>5,047,563</b>	<b>74,558</b>	<b>706,876</b>	<b>6,717,819</b>
Loss for the year	-	-	-	-	(102,116)	(102,116)
Additions during the year	-	-	46,337	(11,748)	-	34,589
<b>Balance as at 31 March 2024</b>	<b>229,311</b>	<b>659,510</b>	<b>5,093,900</b>	<b>62,811</b>	<b>604,761</b>	<b>6,650,293</b>

\* Refer note 31

The accompanying notes are an integral part of the financial statements.

For **Bhushan Khot & Co.**  
Chartered Accountants  
Firm's Registration No.: 116888W  
AMIT HIMMATLAL SHAH  
Digitally signed by AMIT HIMMATLAL SHAH  
Date: 2024.05.30  
18:57:46 +05'30'

**Amit Shah**  
Partner  
Membership No.: 124889  
UDIN: 24124889BKAMKS8273  
Mumbai  
30th May 2024

For and on behalf of Board of Directors of  
**Fincare Business Services Limited**

GUNNAMREDDY  
Digitally signed by GUNNAMREDDY  
DASARATHAREDDY  
Date: 2024.05.30  
17:46:06 +05'30'

**G. Dasarathareddy**  
Managing Director  
DIN: 01760054

Bengaluru  
30th May 2024

RITESH KANTILAL MANDOT  
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Date: 2024.05.30  
18:04:09 +05'30'

**Ritesh Kantilal Mandot**  
Director  
DIN: 02090270

Mumbai  
30th May 2024

GAUTAM GUPTA  
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Date: 2024.05.30  
17:26:06 +05'30'

**Gautam Gupta**  
Chief Financial Officer

Bengaluru  
30th May 2024

KARISHMA CHANDANI  
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Date: 2024.05.30  
17:31:35 +05'30'

**Karishma Chandani**  
Company Secretary  
M.No: ACS45657

Bengaluru  
30th May 2024

## **Fincare Business Services Limited**

### **Summary of material accounting policies and other explanatory information for the year ended 31 March 2024**

(All amounts in ₹ '000, unless stated otherwise)

#### **1 Company Overview**

Fincare Business Services Limited (formerly Fincare Business Services Private Limited) (the 'Company') is a Non-Banking Financial Company - Core Investment Company (NBFC - CIC). The Company was incorporated on 1 August 2014. The Company converted itself from a private limited company to a public limited company with effect from 23 November 2016.

Pursuant to the provisions of Section 233 of the Companies Act, 2013, the Company received 'confirmation order of scheme of amalgamation' of Lok Management Services Private Limited (Transferor Company of Karnataka) from 'Regional Director-South Each Region, Ministry of Corporate Affairs, Hyderabad on 03 March 2020.

As per Framework for Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs vide circular RBI/2021-22/112 DOR.CRE.REC.No.60/03.10.001/2021-22 dated October 22, 2021, the Company (NBFC - CIC) is classified under Middle Layer.

#### **2 Basis of Preparation**

##### **(i) Statement of compliance with Indian Accounting Standards (Ind AS)**

These standalone financial statements ("the Financial Statements") have been prepared in accordance with the Indian Accounting Standards ('Ind AS') as notified by Ministry of Corporate Affairs ('MCA') under Section 133 of the Companies Act, 2013 ('Act') read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Act. The Company has uniformly applied the accounting policies for the periods presented in these financial statements.

The financial statements for the year ended 31 March 2024 were authorized and approved for issue by the Board of Directors on 30th May 2024.

##### **(ii) Historical cost convention**

These standalone financial statements have been prepared on going concern basis following accrual system of accounting and are in accordance with the Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended), applicable provisions of the Companies Act, 2013 and other applicable regulatory norms / guidelines. Further, the financial statements have been prepared on historical cost basis except for certain financial assets and financial liabilities which are measured at fair values as explained in relevant accounting policies.

The Board in its meeting held on 28th March 2024 has accorded its consent to make an application to Reserve Bank of India (RBI) to seek its prior approval / NOC for initiating voluntary liquidation of the Company. Pursuant to the above, the Company has on 10th April 2024 filed an application with the RBI to seek its prior approval for initiating voluntary liquidation of the Company.

Given that the voluntary liquidation of the Company is subject to approval from RBI and Shareholders of the Company and the time limit for completion of the same cannot be determined at the time of preparation of the financials, the financials have been prepared on going concern basis.

#### **3 Summary of material accounting policies**

##### **3.1 Basis of measurement**

The standalone financial statements have been prepared using the material accounting policies and measurement basis summarised as below. These policies have been applied consistently for all the periods presented in the standalone financial statements, except where the Company has applied certain accounting policies and exemptions upon transition to Ind AS.

##### **3.2 Use of estimates**

The preparation of standalone financial statements in conformity with generally accepted accounting principles 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 standalone 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. 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 recognized prospectively in the current and future periods.

##### *Significant management judgements*

**Recognition of deferred tax assets** – The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilised.

**Evaluation of indicators for impairment of assets** – The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

**Useful lives of depreciable/amortisable assets** – Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of assets.

## **Fincare Business Services Limited**

### **Summary of material accounting policies and other explanatory information for the year ended 31 March 2024**

(All amounts in ₹ '000, unless stated otherwise)

#### **3.2 Use of estimates (cont'd)**

**Fair value measurements** – Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. In case of non-availability of market-observable data, Level 1, Level 2 and Level 3 hierarchy is used for fair valuation.

**Income taxes** – Significant estimates are involved in determining the provision for income taxes, including amount expected to be paid / recovered for uncertain tax positions and also in respect of expected future profitability to assess deferred tax asset.

#### **3.3 Revenue recognition**

##### *Interest income*

Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable.

For all financial assets measured at amortised cost, interest income is recorded using the effective interest rate (EIR) i.e. the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial assets.

Interest on financial assets subsequently measured at fair value through profit and loss, is recognized on accrual basis in accordance with the terms of the respective contract.

##### *Commission income*

Income from business correspondent services is recognised as and when the services are rendered as per agreed terms and conditions of the contract. A receivable is recognised when the services are delivered as this is the case of point in time recognition where consideration is unconditional because only the passage of time is required.

##### *Dividend income*

Dividend income is recognised at the time when the right to receive is established by the reporting date.

##### *Miscellaneous income*

Cheque Bounce Charges and ancillary charges recovered are accounted on cash basis. All other income is recognized on an accrual basis, when there is no uncertainty in the ultimate realization/collection.

##### *Losses/ (recovery) from BC Services*

Losses / (recovery) from BC services (related to erstwhile Group company) is accounted on realisation basis.

##### *Income from sale of Property, Plant and Equipments and trademark*

Income from sale of Property, Plant and Equipments and trademark are recognised and accounted on realisation basis.

#### **3.4 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 period.

For the purpose of calculating diluted earnings per share, the net profit or loss (interest and other finance cost associated) 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.

#### **3.5 Intangible assets**

##### *Recognition and initial measurement*

Intangible assets mainly comprise of computer software which is initially measured at acquisition cost thereof. Such assets are recognized where it is probable that the future economic benefits attributable to the assets will flow to the Company.

##### *Subsequent measurement (amortisation method, useful lives and residual value)*

All intangible assets with finite useful life are amortized on a straight line basis over the estimated useful lives and a possible impairment is assessed if there is an indication that the intangible asset may be impaired. Residual values and useful lives for all intangible assets are reviewed at each reporting date. Changes, if any, are accounted for as changes in accounting estimates. Management estimates useful life of intangible assets to be 5 years.

## Fincare Business Services Limited

### Summary of material accounting policies and other explanatory information for the year ended 31 March 2024

(All amounts in ₹ '000, unless stated otherwise)

#### 3.6 Property, Plant & Equipment (PPE)

##### *Recognition and initial measurement*

###### Land

Land held for use is initially recognized at cost. For land, as no finite useful life can be determined, related carrying amounts are not depreciated.

###### Other tangible assets

PPE other than land are initially recognized at acquisition cost or construction cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Company's management. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company beyond one year. Maintenance or servicing costs of PPE are recognized in Statement of Profit and Loss as incurred.

##### *Subsequent measurement (depreciation method, useful lives, residual value and impairment)*

PPE are subsequently measured at cost less accumulated depreciation and impairment losses. Depreciation on PPE is provided on the straight line method over the useful life of the assets as prescribed under Part 'C' of Schedule II of the Companies Act, 2013.

<b>Asset class</b>	<b>Useful life</b>
Building	60 years
Plant and Machinery	5-15 years
Office Equipment	5 years
Computer Equipment	3 years
Furniture and Fixtures	10 years
Vehicles	8-10 years

Depreciation on assets purchased / sold during the year is charged for the full month if the asset is in use for more than 15 days, instead of charging the same on pro-rata basis from the date of purchase/sale.

##### *Derecognition*

An item of PPE and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of an item of PPE is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

#### 3.7 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### *Initial recognition and measurement*

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities is described below.

##### *Classification and subsequent measurement of financial assets*

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- Amortised cost
- Financial assets at fair value through profit or loss (FVTPL)
- Financial assets at fair value through other comprehensive income (FVOCI)
- Investments in equity shares of subsidiaries and joint ventures (carried at cost in accordance with Ind AS 27)

All financial assets except for those at FVTPL or equity instruments at FVOCI are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

## **Fincare Business Services Limited**

### **Summary of material accounting policies and other explanatory information for the year ended 31 March 2024**

(All amounts in ₹ '000, unless stated otherwise)

#### **3.7 Financial instruments (cont'd)**

##### *Amortised cost*

A financial asset is measured at amortised cost using Effective Interest Rate (EIR) if both of the following conditions are met:

- a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's loans and advances, security deposits, staff loans, cash and cash equivalents and most other receivables fall into this category of financial instruments.

A loss allowance for expected credit losses is recognised on financial assets carried at amortised cost.

##### *Modification of cash flows*

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in derecognition of that financial asset, the Company recalculates the gross carrying amount of the financial asset and recognises a modification gain or loss in profit or loss. The gross carrying amount of the financial asset shall be recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate. Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

##### *Financial assets at FVTPL*

Financial assets at FVTPL include financial assets that either do not meet the criteria for amortised cost classification or are equity instruments held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. All derivative financial instruments also fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements may apply. Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

##### *Financial assets at FVOCI*

FVOCI financial assets comprise of equity instruments measured at fair value. Gains and losses are recognized in other comprehensive income and reported within the FVOCI reserve within equity, except for dividend income, which is recognized in statement of profit or loss.

##### *De-recognition of financial assets*

###### *De-recognition of financial assets due to substantial modification of terms and conditions*

The Company derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded.

###### *De-recognition of financial assets other than due to substantial modification*

Financial assets (or where applicable, a part of financial asset or part of a group of similar financial assets) are derecognised (i.e. removed from the Company's balance sheet) when the contractual rights to receive the cash flows from the financial asset have expired, or when the financial asset and substantially all the risks and rewards are transferred. The Company also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

##### *Classification and subsequent measurement of financial liabilities*

Financial liabilities are measured subsequently at amortized cost using the effective interest method, except for financial liabilities held for trading or designated at FVTPL, that are carried subsequently at fair value with gains or losses recognized in profit or loss.

##### *Derecognition of financial liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

## **Fincare Business Services Limited**

### **Summary of material accounting policies and other explanatory information for the year ended 31 March 2024**

(All amounts in ₹ '000, unless stated otherwise)

#### **3.7 Financial instruments (cont'd)**

##### *First loss default guarantee*

First loss default guarantee contracts are contracts that require the Company to make specified payments to reimburse the bank and financial institution for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of loans. Such financial guarantees are given to banks and financial institutions, for whom the Company acts as 'Business Correspondent'.

These contracts are initially measured at fair value and subsequently measure at higher of:

- The amount of loss allowance (calculated as described in policy for impairment of financial assets)
- Maximum amount payable as on the reporting date to the respective bank/financial institution which is based on the amount of loans overdue for more than 90 days.

Further, the maximum liability is restricted to the cash outflow agreed in the contract.

##### *Derivative financial instruments and hedge accounting*

The derivative financial instruments are accounted for at FVTPL. The Company does not apply hedge accounting.

#### **3.8 Impairment of financial assets**

In respect of its financial assets, the Company assesses if the credit risk on those financial assets has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses.

When making this assessment, the Company uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the Company compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Company assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

##### *Trade receivables*

In respect of trade receivables, the Company applies the simplified approach of Ind AS 109, which requires measurement of loss allowance at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of trade receivables.

#### **3.9 Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments (original maturity less than 3 months) that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

#### **3.10 Taxation**

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax. It is recognised in Statement of Profit and Loss, except when it relates to an item that is recognised in OCI or directly in equity, in which case, tax is also recognised in OCI or directly in equity.

Current tax is determined as the tax payable in respect of taxable income for the year, using tax rates enacted or substantively enacted and as applicable at the reporting date, and any adjustments to tax payable in respect of previous years

## **Fincare Business Services Limited**

### **Summary of material accounting policies and other explanatory information for the year ended 31 March 2024**

(All amounts in ₹ '000, unless stated otherwise)

#### **3.10 Taxation (cont'd)**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable income. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided those rates are enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

A deferred tax liability is recognised for all taxable temporary differences. A deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the deductible temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

#### **3.11 Employee benefits**

##### **Short-term employee benefits**

Short-term employee benefits including salaries, short term compensated absences (such as a paid annual leave) where the absences are expected to occur within twelve months after the end of the period in which the employees render the related service, profit sharing and bonuses payable within twelve months after the end of the period in which the employees render the related services and non-monetary benefits for current employees are estimated and measured on an undiscounted basis.

##### **Post-employment benefit plans are classified into defined benefits plans and defined contribution plans as under:**

###### *Defined contribution plan:*

A defined contribution plan is a plan under which the Company pays fixed contributions in respect of the employees into a separate fund. The Company has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution. The contributions to Provident Fund Trust is charged to the profit or loss in the period to which the contributions relate.

###### *Share Based Payments transactions of the Company:*

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 39. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. 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 equity -settled employee benefits reserve.

## **Fincare Business Services Limited**

### **Summary of material accounting policies and other explanatory information for the year ended 31 March 2024**

(All amounts in ₹ '000, unless stated otherwise)

#### **3.12 Provisions, Contingent Liabilities and Contingent Assets**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted to their present values, where the time value of money is material.

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Company; or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

In those cases, where the outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized or disclosure is made.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation (such as from insurance) is recognized as a separate asset. However, this asset may not exceed the amount of the related provision.

Contingent assets are not recognised. However, when inflow of economic benefits is probable, the related asset is disclosed.

#### **3.13 Fair value measurement**

The Company measures financial instruments, such as, derivatives at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

#### **3.14 Operating segments**

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ('CODM') of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company.

## **Fincare Business Services Limited**

### **Summary of material accounting policies and other explanatory information for the year ended 31 March 2024**

(All amounts in ₹ '000, unless stated otherwise)

#### **3.15 Leases**

##### **Company as a lessee**

The Company's lease asset classes primarily consist of Leasehold building and Leasehold furniture. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the group assesses whether:

- (1) the contract involves the use of an identified asset
- (2) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
- (3) the Company has the right to direct the use of the asset.

The Company recognizes a right-of-use asset ("ROU") representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability, adjusted for any lease payments made at or before the commencement date.

The right-of-use assets is subsequently measured at cost less accumulated depreciation, accumulated impairment losses, if any. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the Statement of profit and loss.

The lease liability is initially measured at the present value of the future lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate applicable to the entity. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of all assets that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**Fincare Business Services Limited****Notes forming part of standalone financial statements for the year ended 31 March 2024**

(All amounts in ₹ '000, unless stated otherwise)

**4 Cash and cash equivalents**

<b>Particulars</b>	<b>As at 31 March 2024</b>	<b>As at 31 March 2023</b>
Balances with banks in current account	900	3,281
Term deposit with banks (maturity less than 3 months)	129,962	29,567
	<b>130,862</b>	<b>32,848</b>

- (i) There are no repatriation restrictions with respect to Cash and cash equivalents as at the end of the reporting year and prior years.
- (ii) The Company has not taken Bank Overdraft, therefore the cash and cash equivalents for cash flow statement is same as cash and cash equivalents.

**Fincare Business Services Limited**

**Notes forming part of standalone financial statements for the year ended 31 March 2024**

(All amounts in ₹ '000, unless stated otherwise)

**5 Investments**

Particular	Amortised cost	At Fair Value			At Cost	TOTAL
		Through other comprehensive income	Through profit or loss	Sub-total		
<b>As at 31 March 2024</b>						
<b>Investments</b>						
<b>Unquoted Equity Instruments (in subsidiaries)</b>	-	-	-	-	<b>14,209,061</b>	<b>14,209,061</b>
<b>– Fincare Small Finance Bank Limited</b>	-	-	-	-	<b>14,114,948</b>	<b>14,114,948</b>
173,489,568 (2023: 173,489,568) equity shares of ₹10 each, fully paid-up	-	-	-	-	7,114,948	7,114,948
33,012,639 (2023: Nil) equity shares of ₹10 each, fully paid-up	-	-	-	-	7,000,000	7,000,000
<b>-- Others</b>	-	-	-	-	<b>94,113</b>	<b>94,113</b>
Others - ESOP plan (Deemed investment on account of ESOP issued to employees of Company and Fincare Small Finance Bank Limited)	-	-	-	-		
<b>Total - Gross</b>	-	-	-	-	<b>14,209,061</b>	<b>14,209,061</b>
Less: Impairment loss allowance	-	-	-	-	-	-
<b>Total - Net</b>	-	-	-	-	<b>14,209,061</b>	<b>14,209,061</b>

**Note:**

The company has pledged 4,31,77,893 equity shares of Fincare Small Finance Bank Limited to Aditya Birla Finance Limited and 7,40,19,245 equity shares of Fincare Small Finance Bank Limited to Tata Capital Housing Finance Limited against its outstanding term loan as on 31 March 2024.

2 The Company has acquired 33,012,639 equity shares of Fincare Small Finance Bank Limited by way of private placement during the year ended 31st March 2024.

The Reserve Bank of India vide its approval dated 4th March 2024 has approved the Scheme of Amalgamation of Fincare Small Finance Bank Limited (subsidiary company) with AU Small Finance Bank Limited. The effective date of the amalgamation shall be 1st April 2024 and post amalgamation, Fincare Small Finance Bank Limited will cease to be the subsidiary company.

3 Pursuant to the amalgamation, all shareholders of the subsidiary company will receive shares of AU Small Finance Bank Limited in lieu of their shareholding in Fincare Small Finance Bank Limited in the share swap ratio as per Scheme of Amalgamation i.e. 579 shares of AU Small Finance Bank Limited in lieu of 2000 shares of Fincare Small Finance Bank Limited.

**Fincare Business Services Limited**

**Notes forming part of standalone financial statements for the year ended 31 March 2024**

(All amounts in ₹ '000, unless stated otherwise)

**5 Investments**

Particular	Amortised cost	At Fair Value			At Cost	TOTAL
		Through other comprehensive income	Through profit or loss	Sub-total		
<b>As at 31 March 2023</b>						
<b><u>Investments</u></b>						
Unquoted Equity Instruments (in subsidiaries)	-	-	-	-	7,209,061	7,209,061
– Fincare Small Finance Bank Limited	-	-	-	-	7,114,948	7,114,948
173,489,568 (2022: 173,489,568) equity shares of ₹10 each, fully paid-up						
-- Others						
Others - ESOP plan	-	-	-	-	94,113	94,113
(Deemed investment on account of ESOP issued to employees of Company and Fincare Small Finance Bank Limited)						
<b>Total - Gross</b>	-	-	-	-	<b>7,209,061</b>	<b>7,209,061</b>
Less: Impairment loss allowance	-	-	-	-	-	-
<b>Total - Net</b>	-	-	-	-	<b>7,209,061</b>	<b>7,209,061</b>

**Note:**

1 The company has pledged 62,87,464 equity shares of Fincare Small Finance Bank Limited to Aditya Birla Finance Limited against its outstanding term loan as on 31 March 2023.

**Fincare Business Services Limited****Notes forming part of standalone financial statements for the year ended 31 March 2024**

(All amounts in ₹ '000, unless stated otherwise)

**6 Other financial assets**

<b>Particulars</b>	<b>As at 31 March 2024</b>	<b>As at 31 March 2023</b>
Security deposits (unsecured, considered good)	408	408
Other financial Asset	-	794
	<b>408</b>	<b>1,202</b>

**7 Current tax assets (Net)**

<b>Particulars</b>	<b>As at 31 March 2024</b>	<b>As at 31 March 2023</b>
Current tax assets (Net)	19,435	19,202
	<b>19,435</b>	<b>19,202</b>

**Fincare Business Services Limited****Notes forming part of standalone financial statements for the year ended 31 March 2024**

(All amounts in ₹ '000, unless stated otherwise)

**8 Property, plant and equipment (PPE)**

Particulars	Freehold land	Leasehold Improvements	Furniture and fixtures	Computer equipments	Office equipments	Total
<b>Gross carrying value</b>						
<b>Balance as at 31 March 2022</b>	<b>2,352</b>	<b>994</b>	<b>2,458</b>	<b>2,414</b>	<b>4,044</b>	<b>12,262</b>
Additions	-	-	-	170	-	170
Disposals	-	-	-	-	-	-
<b>Balance as at 31 March 2023</b>	<b>2,352</b>	<b>994</b>	<b>2,458</b>	<b>2,584</b>	<b>4,044</b>	<b>12,432</b>
Additions	-	-	-	-	-	-
Disposals	2,352	-	-	-	-	2,352
<b>Balance as at 31 March 2024</b>	<b>-</b>	<b>994</b>	<b>2,458</b>	<b>2,584</b>	<b>4,044</b>	<b>10,079</b>
<b>Accumulated depreciation</b>						
<b>Balance as at 31 March 2022</b>	<b>-</b>	<b>18</b>	<b>1,878</b>	<b>2,372</b>	<b>4,044</b>	<b>8,313</b>
Charge for the year	-	151	129	51	-	331
Adjustment for disposals	-	-	-	-	-	-
<b>Balance as at 31 March 2023</b>	<b>-</b>	<b>169</b>	<b>2,007</b>	<b>2,424</b>	<b>4,044</b>	<b>8,644</b>
Charge for the year	-	152	450	73	-	675
Adjustment for disposals	-	-	-	-	-	-
<b>Balance as at 31 March 2024</b>	<b>-</b>	<b>321</b>	<b>2,458</b>	<b>2,497</b>	<b>4,044</b>	<b>9,319</b>
<b>Net carrying value as at 31 March 2023</b>	<b>2,352</b>	<b>825</b>	<b>450</b>	<b>160</b>	<b>-</b>	<b>3,787</b>
<b>Net carrying value as at 31 March 2024</b>	<b>-</b>	<b>673</b>	<b>-</b>	<b>87</b>	<b>-</b>	<b>760</b>

**Note:****Contractual obligations**

There are no contractual commitments for the acquisition of property, plant and equipment.

**Capitalised borrowing cost**

There is no borrowing costs capitalised during the period ended 31 March 2024 (31 March 2023: Nil).

**Title Deed of Freehold Land**

During the year, the Company has sold the Freehold Land, whose title deed was in the name of Future Financial Services Private Limited, an erstwhile Group company which got merged with the Company vide Amalgamation order dated 15th September, 2017 passed by NCLT, Bengaluru bench.

**Revaluation of Property, Plant and Equipments**

The company has not revalued its Property, Plant and Equipments during the year and hence there is no movement for the same to be reported.

**Write-off of Property, Plant and Equipments**

During the year, certain Property, Plant and Equipments have become obsolete and therefore, the Company has written-off them (31 March 2023: Nil).

**Fincare Business Services Limited**
**Notes forming part of standalone financial statements for the year ended 31 March 2024**

(All amounts in ₹ '000, unless stated otherwise)

**9 Other non financial assets**

Particulars	As at	As at
	31 March 2024	31 March 2023
Balances with government authorities	60,415	60,762
Duties and taxes recoverables	9,082	3,411
Prepaid expenses	27	27
Gratuity expense (Refer Note 25)	183	317
	<b>69,707</b>	<b>64,517</b>

**10 Borrowings (other than debt securities)**

Particulars	As at	As at
	31 March 2024	31 March 2023
<b>(A) At amortised cost</b>		
<b>From Financial Institutions</b>		
Term Loans - Secured	7,380,014	279,158
Unsecured	-	-
<b>Total - (A)</b>	<b>7,380,014</b>	<b>279,158</b>
<b>(B) Borrowings (other than debt securities) in India</b>		
At amortised cost	7,380,014	279,158
<b>Total - (B)</b>	<b>7,380,014</b>	<b>279,158</b>

**Terms of borrowing:**

Term Loan Availed	Date of of Term Loan	Maturity date	Floating Coupon rate
Lender: Tata Capital Housing Finance Limited			
4,650,000	7-Mar-24	6-Sep-25	11.00%
Lender: Aditya Birla Finance Limited			
2,800,000	7-Mar-24	6-Sep-25	11.00%

**Other terms of borrowing:**

- Interest and Principal payment terms: Bullet payment at the end of 18 months from the first disbursement date.
- Nature of security:** First exclusive charge by way of pledge on fully paid up equity shares of the subsidiary company Fincare Small Finance Bank Limited (or AU Small Finance Bank Limited post merger of Fincare Small Finance Bank) having a value of not less than 2.25 times (or 2.00 times post merger) of the loan outstanding amount.
- End use:** The company shall apply the amounts received through term loan for capital infusion into Fincare Small Finance Bank Limited, refinancing of existing debt and other corporate purposes.
- Debt Securities:** The Company has not borrowed any amount as Debt Securities, hence the disclosure pertaining to Debt Securities is not applicable.
- The coupon rate for the year ended on March 31, 2024 is 11% p.a. (subject to change in Prime Lending rate of the Lenders) for the term loan raised from financials institutions. The tenure of above Term loan facilities is 18 months.
- The Company is maintaining adequate security cover in respect of above Term loan facility.
- There is nil prepayment charges on early repayment of above Term loan facility.
- There is a common Term Loan Agreement and Securities Pledge Agreement executed between the Company and both the Lenders.
- The Company has used the borrowings raised through Term loan for the specific purpose for which it was taken. The unutilised borrowings, if any, at the balance sheet date has been gainfully invested in Fixed deposits.
- The Company has no pending charges or satisfaction of charges, which are required to be registered with Registrar of Companies (ROC).
- The Company has not defaulted in the repayment of term loan principal and interest thereon for the year ended March 31, 2024.

**11 Other financial liabilities**

Particulars	As at	As at
	31 March 2024	31 March 2023
Accrued expenses	5,977	3,081
Dues to employees	-	131
Interest accrued but not due on term loan	56,130	-
<b>Total</b>	<b>62,107</b>	<b>3,212</b>

**12 Provisions**

Particulars	As at	As at
	31 March 2024	31 March 2023
Provision for compensated absences	316	175
	<b>316</b>	<b>175</b>

**13 Other non financial liabilities**

Particulars	As at	As at
	31 March 2024	31 March 2023
Statutory dues	27	17
TDS payable	6,824	485
	<b>6,851</b>	<b>503</b>

**Fincare Business Services Limited**

**Notes forming part of standalone financial statements for the year ended 31 March 2024**

(All amounts in ₹ '000, unless stated otherwise)

**14 Equity share capital**

Particulars	As at 31 March 2024	As at 31 March 2023
<b>Authorised equity share capital</b>		
1,05,50,00,000 (March 31, 2023 : 1,05,50,00,000) Equity shares of Rs 1 each	1,055,000	1,055,000
10,000,000 (March 31, 2023:10,000,000) Preference shares of Rs 10 each	100,000	100,000
	<b>1,155,000</b>	<b>1,155,000</b>
<b>Issued, subscribed and paid up equity share capital</b>		
33,06,52,096 (March 31, 2023: 32,97,50,096) Equity shares of ₹ 1 each fully paid with voting rights	330,652	329,750
	<b>330,652</b>	<b>329,750</b>

**i) Reconciliation of equity shares outstanding at the beginning and at the end of the year**

	As at 31 March 2024		As at 31 March 2023	
	No. of shares	₹'000	No. of shares	₹'000
<b>Equity share capital of Rs. 1 each fully paid up</b>				
Balance at the beginning of the year	329,750,096	329,750	329,750,096	329,750
Add: Issued during the year	902,000	902	-	-
<b>Balance at the end of the year</b>	<b>330,652,096</b>	<b>330,652</b>	<b>329,750,096</b>	<b>329,750</b>

**ii) Rights attached to equity shares**

The Company has issued only one class of equity shares having a par value of ₹ 1/- per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. During the year ended 31 March 2024 (31 March 2023 - Nil), no dividend was declared or paid to equity shareholders.

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

**iii) Shareholders holding more than 5% of shares of the Company as at balance sheet date:**

Name of the Shareholder Equity shares of ₹ 1 each, fully paid up	As at 31 March 2024		As at 31 March 2023	
	No. of shares	% holding	No. of shares	% holding
1) TA FDI Investors Limited (earlier known as Wagner Limited)	58,535,040	17.70%	58,535,040	17.75%
2) True North Fund V LLP	54,385,595	16.45%	54,385,595	16.49%
3) INDIUM IV (Mauritius) Holdings Limited	54,085,980	16.36%	54,085,980	16.40%
4) Omega TC Holdings Pte. Ltd.	27,772,330	8.40%	27,772,330	8.42%

As per records of the Company, including its register of shareholders/members and other declarations, if any, received from shareholders regarding the beneficial interest, the above shareholding represents both legal & beneficial ownership of shares.

iv) The Company has neither issued equity shares pursuant to contract without payment being received in cash or any bonus shares nor has there been any buy-back of shares in the current year and five years immediately preceding the balance sheet date.

**v) Details of Shares reserved to be issued under ESOP**

Particulars	As at 31 March 2024		As at 31 March 2023	
	No. of shares	₹'000	No. of shares	₹'000
Equity shares of ₹ 1 each	4,874,600	4,875	5,916,100	5,916
<i>Refer Note no 31 for more details</i>				

vi) Equity shares held by promoters for year ended 31 March 2024 - Nil (Previous Year 31 March 2023 - Nil)

vii) For Company's objective, policies and processes for managing capital Refer note 30.

**Fincare Business Services Limited****Notes forming part of standalone financial statements for the year ended 31 March 2024**

(All amounts in ₹ '000, unless stated otherwise)

**15 Other equity**

Particulars	As at 31 March 2024	As at 31 March 2023
Statutory reserve u/s 45(IC) of the RBI Act, 1934	229,311	229,311
Securities premium	5,093,900	5,047,563
Capital reserve	659,510	659,510
Stock option reserve	62,811	74,558
Retained earnings	604,761	706,876
	<b>6,650,293</b>	<b>6,717,819</b>

**Nature and purpose of reserve****15.1 Statutory reserve u/s 45-IC of RBI Act 1934**

The Company creates a reserve fund in accordance with the provisions of section 45-IC of the Reserve Bank of India Act, 1934 and transfers therein an amount equal to/more than twenty per cent of its net profit of the year, before declaration of dividend.

**15.2 Securities premium reserve**

Securities premium reserve is used to record the premium received on issue of shares (including premium received on shares issued for consideration other than cash). The reserve can be utilised for purposes in accordance with the provisions of the Companies Act, 2013.

**15.3 Capital reserve**

Capital reserve is used to record additional capital infused by certain shareholders as per the clauses of the share purchase and share subscription agreement (SPSSA) entered between Shareholders in FY 16-17.

**15.4 Stock option reserve**

This reserve is used to recognise grant date fair value of options issued to employees under employee stock option plans.

**15.5 Retained earnings**

All the profits or losses made by the Company are transferred to retained earnings from statement of profit and loss.

**Fincare Business Services Limited****Notes forming part of standalone financial statements for the year ended 31 March 2024**

(All amounts in ₹ '000, unless stated otherwise)

**16 Interest income**

Particulars	For the year ended			For the year ended		
	31 March 2024			31 March 2023		
	On Financial Assets measured at fair value through OCI	On Financial Assets measured at Amortised Cost	Interest income on financial assets classified at FVTPL	On Financial Assets measured at fair value through OCI	On Financial Assets measured at Amortised Cost	Interest income on financial assets classified at FVTPL
Interest income on deposits from banks	-	978	-	-	796	-
	-	<b>978</b>	-	-	<b>796</b>	-

**Fincare Business Services Limited**  
**Notes forming part of standalone financial statements for the year ended 31 March 2024**  
(All amounts in ₹ '000, unless stated otherwise)

<b>17 Other income</b>			
Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023	
Profit on sale of Property, Plant and Equipment	5,628	-	
Income from sale of trademark	1,364	-	
Interest on Income tax refund	-	1,909	
Miscellaneous income	88	235	
	<b>7,080</b>	<b>2,144</b>	
<b>18 Finance costs</b>			
Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023	
Interest on term loan (Including Redemption Premium)	90,390	33,691	
Processing fee on term loan amortised	3,893	-	
	<b>94,283</b>	<b>33,691</b>	
<b>19 Employee benefits expenses</b>			
Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023	
Salaries, bonus and commission	12,489	9,836	
Contribution to provident and other funds	1	1	
Gratuity (Refer note 25)	223	133	
Compensated absences	219	121	
	<b>12,932</b>	<b>10,091</b>	
<b>20 Depreciation, amortization and impairment</b>			
Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023	
Depreciation (also refer note 8)	675	331	
	<b>675</b>	<b>331</b>	
<b>21 Other expenses</b>			
Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023	
Rent	801	1,059	
Repairs and maintenance - others	84	80	
Insurance	84	64	
Rates and taxes	43	116	
Travelling and conveyance	114	22	
Printing and stationery	76	17	
Legal and professional charges	1,105	1,536	
IPO related cost (Subsidiary Company)	-	43,509	
Auditor's fees and expenses (Refer note i below)	815	1,027	
Directors' fees, allowances and expenses	638	561	
Losses / (recovery) from BC services (related to erstwhile Group company)	(2,040)	(3,881)	
Late fees on Income Tax/TDS	26	-	
Prior period expenses	150	-	
Miscellaneous expenses	51	140	
	<b>1,947</b>	<b>44,251</b>	
i Auditors' remuneration includes:			
- Audit fees	800	800	
- For other Services	15	200	
- Reimbursement of expenses	-	27	
	<b>815</b>	<b>1,027</b>	
ii Corporate social responsibility expenses			
	For the year ended 31 March 2024	For the year ended 31 March 2023	
(a) Amount required to be spent	-	-	
(b) Amount of expenditure incurred	-	-	
(c) Shortfall at the end of the year	-	-	
(d) Total of previous years shortfall	-	-	
(e) Nature of CSR activities	Promoting healthcare and eradicating hunger		

**Fincare Business Services Limited**  
**Notes forming part of standalone financial statements for the year ended 31 March 2024**  
(All amounts in ₹ '000, unless stated otherwise)

**22 Tax expense**

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
(i) Current tax	337	-
	<b>337</b>	<b>-</b>

The reconciliation of estimated income tax expense at statutory income tax rate to income tax expense reported in statement of profit and loss is as follows:

<b>Loss before tax</b>	(101,779)	(85,424)
Statutory income tax rate	25.16%	25.16%
<b>Expected income tax expense</b>	<b>-</b>	<b>-</b>

**Tax effect of adjustments to reconcile expected income tax expense to reported**

Adjustment for tax expense pertaining to prior years	-	-
Short term capital gain tax on sale of investments in subsidiary	-	-
	<b>-</b>	<b>-</b>

**23 Earnings per share (basic and diluted)**

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Net loss for the year	(102,116)	(85,424)
Weighted average number of equity shares for EPS	330,203,590	329,750,096
Par value per share (in Rs)	1.00	1.00
Earnings per share - Basic and diluted (in Rs)	(0.31)	(0.26)

**24 Provisions and Contingencies**

Particulars	For the year ended 31 March 2024	As at 31 March 2023
Contingent liability not provided for:		
Income tax demand for AY 2015-16 (refer note (i) below)	150,155	150,155
Income tax demand for AY 2018-19 (refer note (ii) below)	2,177	2,177
Income tax demand for AY 2021-22 (refer note (iii) below)	450	-
Service tax demand for AY 2017-18 (refer note (iv) below)	108,335	-

**Note:**

- (i) The Company received a notice from the Income Tax Department on 30 December 2017 under section 156 of the Income Tax Act 1961, for a demand of ₹ 150,155 thousands pertaining to financial year ended 31 March 2015. The Company has filed an appeal against the disputed amount and has paid ₹ 60,062 thousands (i.e.; 40% of the disputed amount). The Company is awaiting CIT(A) order for the same. Considering the facts of the case, the Company and the tax advisors believe that the final outcome should be in favour of the Company.

- (ii) The Company received a notice from the Income Tax Department on 09 March 2021 under section 156 of the Income Tax Act 1961, for a demand of ₹ 2,177 thousands pertaining to financial year ended 31 March 2018. The Company has filed an appeal against the disputed amount. The entire demand amount has been adjusted by the Income Tax Department against the income tax refund receivable by the Company for subsequent years. Considering the facts of the case, the Company and the tax advisors believe that the final outcome should be in favour of the Company.

- (iii) The company received a notice from the Income Tax Department dated 25 May 2023 under section 154 of the Income Tax Act 1961 for a tax demand of ₹ 449 thousands. The Company has requested for the rectification of the demand order and is awaiting final order.

- (iv) The Company received a notice from the Office of the Commissioner of Central Tax dated 30 January 2024 under the Finance Act 1994, for a demand of ₹ 108,335 thousands pertaining to financial year 2016-17 related to Lok Management Services Pvt Ltd (erstwhile Group company now merged with Fincare Business Services Limited). The Company has filed an appeal against the disputed amount at CESTAT and has paid ₹ 8,125 thousands on 25th April 2024 (i.e.; 7.5% of the disputed amount). The Company is awaiting hearing for the same.

**Fincare Business Services Limited****Notes forming part of standalone financial statements for the year ended 31 March 2024**

(All amounts in ₹ '000, unless stated otherwise)

**25 Employee benefit obligations**

The Company 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 following tables summarize the components of net benefit expense recognized in the Statement of Profit and Loss and the funded status and amounts recognized in the Balance Sheet for the gratuity plan.

During the year ended 31 March 2024, the Company has only two employees eligible for gratuity benefit and therefore no actuarial valuation has been carried out.

**Reconciliation of present value of defined benefit obligation and the fair value of assets:**

	As at 31 March 2024	As at 31 March 2023
Defined benefit obligation	1,226	1,003
Fair value of plan assets	(1,409)	(1,320)
<b>Total</b>	<b>(183)</b>	<b>(317)</b>

**Amount recognised in the statement of profit and loss**

	For the year ended 31 March 2024	For the year ended 31 March 2023
Current service cost*	223	133
Interest cost on benefit obligation	-	-
Expected return on plan assets**	-	-
<b>Net benefit expense</b>	<b>223</b>	<b>133</b>

(\*) Current service cost includes liabilities assumed on account of transfer of employees from companies under common control.

(\*\*) Represents expected return as determined by the actuary.

**Changes in the present value of the defined benefit obligation are as follows:**

	As at 31 March 2024	As at 31 March 2023
Opening defined benefit obligation	1,003	870
Interest cost	-	-
Current service cost	223	133
Benefits paid	-	-
Actuarial gain on obligation	-	-
<b>Closing defined benefit obligation</b>	<b>1,226</b>	<b>1,003</b>

**Changes in the fair value of plan assets are as follows:**

	As at 31 March 2024	As at 31 March 2023
Fair value of plan assets at the beginning of the year	1,320	1,085
Expected return on plan assets	89	235
Benefits paid	-	-
Actuarial gain on plan assets	-	-
<b>Fair value of plan assets at the end of the year</b>	<b>1,409</b>	<b>1,320</b>

**The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:**

	As at 31 March 2024	As at 31 March 2023
Investments with insurer	-	-

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

**Fincare Business Services Limited****Notes forming part of standalone financial statements for the year ended 31 March 2024**

(All amounts in ₹ '000, unless stated otherwise)

**The principal assumptions used in determining obligations for the Company's plans are shown below:**

	As at 31 March 2024	As at 31 March 2023
Discount rate	NA	NA
Expected rate of return on assets	NA	NA
Attrition rate	NA	NA
Salary escalation rate	NA	NA

**No actuarial valuation was done during Current year as well as in Previous years****Actuarial (gain)/loss recognised in other comprehensive income:**

	For the year ended 31 March 2024	For the year ended 31 March 2023
Actuarial gain on assets	NA	NA
Actuarial loss/(gain) from change in demographic assumption	NA	NA
Actuarial gain from change in financial assumption	NA	NA
Actuarial gain from experience adjustment	NA	NA
Total Actuarial gain on liabilities	-	-

**Sensitivity analysis for gratuity liability**

	As at 31 March 2024	As at 31 March 2023
Impact of change in discount rate		
Present value of obligation at the end of the year	NA	NA
- Impact due to increase of 100 bps	NA	NA
- Impact due to decrease of 100 bps	NA	NA
Impact of change in salary increase		
Present value of obligation at the end of the year	NA	NA
- Impact due to increase of 100 bps	NA	NA
- Impact due to decrease of 100 bps	NA	NA
Impact of change in attrition rate		
Present value of obligation at the end of the year	NA	NA
- Impact due to increase of 100 bps	NA	NA
- Impact due to decrease of 100 bps	NA	NA

The above sensitivity analysis is based on a change in assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied which was applied while calculating the defined benefit obligation liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to previous year.

**Maturity profile of defined benefit obligation**

	As at 31 March 2024	As at 31 March 2023
Within next 12 months	NA	NA
Between 1-5 years	NA	NA
Beyond 5 years	NA	NA

The Company expects to contribute ₹ Nil (previous year ₹ Nil) to its gratuity plan for the next year.

**Provident fund**

The state governed Provident Fund scheme is not applicable to the Company as the number of employees are less than the minimum number of employees required for registration under the state governed Provident fund scheme.

**26 Segment reporting**

The company operates mainly in the business segment of investment activity. Further, all activities are carried out within India. As such, there are no reportable segments as per IND AS 108 on "Operating Segments" specified under section 133 of the Companies Act, 2013.

The Company has its operations within India and all revenue are generated within India.

**Fincare Business Services Limited****Notes forming part of standalone financial statements for the year ended 31 March 2024**

(All amounts in ₹ '000, unless stated otherwise)

**27 Related Party transactions****a. Details of related parties:**

<b>Description of relationship</b>	<b>Names of related parties</b>	
Subsidiary company	Fincare Small Finance Bank Limited	
Key management personnel (KMP)	Mr. G. Dasaratha Reddy	Managing Director (appointed w.e.f. 07 June 2017)
	Mr. Maninder Singh Juneja	Director (appointed w.e.f. 26 September 2019)
	Mr. Bhavya Gulati	Director (appointed w.e.f. 07 June 2017 and resigned w.e.f. 15 September 2023)
	Mr. Satyanarayana Peravali	Director (appointed w.e.f. 04 March 2017)
	Ms. Nandini Jashwantlal Parekh	Director (appointed w.e.f. 26 September 2019)
	Mr. Divya Sehgal	Director (resigned w.e.f. 09 June, 2021)
	Mr. Dhiraj Poddar	Director (resigned w.e.f. 15 September 2021)
	Mr. Satyaki Rastogi	Director (appointed w.e.f. 19 January 2022)
	Ms. Parul Molri	Company Secretary (appointed w.e.f. 03 March 2021 and resigned w.e.f. 22 April 2022)
	Mr. Ritesh Kantilal Mandot	Director (appointed w.e.f. 15 February 2024)
	Mr. Gautam Gupta	Chief Financial Officer (appointed w.e.f. 20 May 2021)
	Ms. Gigyasa Agrawal	Company Secretary (appointed w.e.f. 31 May 2023 and resigned w.e.f. 31 December 2023)
	Ms. Karishma Chandani *	Company Secretary (appointed w.e.f. 01 January 2024)

\* During the year Company Secretary Ms. Gigyasa Agrawal has resigned with effect from 31 December 2023. Ms. Karishma Chandani has been appointed as Company Secretary with effect from 01 January 2024.



**Fincare Business Services Limited****Notes forming part of standalone financial statements for the year ended 31 March 2024**

(All amounts in ₹ '000, unless stated otherwise)

**2) Key management personnel (KMP)****a) Remuneration**

Mr. G. Dasaratha Reddy  
Ms. Parul Molri  
Mr. Gautam Gupta  
Ms. Karishma Chandani  
Ms. Gigyasa Agrawal

**b) Reimbursement of expenses**

Mr. Gautam Gupta  
Others

**c) Sitting fees**

Mr. Satya Narayan Peravali  
Ms. Nandini Parekh

**(ii) Balances at year end****Fincare Small Finance Bank Limited**

Balance in Bank Current Account  
Investment in equity shares  
Others - ESOP plan (Refer note 5 and 31)  
Balance with bank as Term Deposit  
Rental Deposit

	Key Management Personnel	
	31 March 2024	31 March 2023
Mr. G. Dasaratha Reddy	3,012	3,007
Ms. Parul Molri	-	112
Mr. Gautam Gupta	4,367	3,847
Ms. Karishma Chandani	1,432	1,217
Ms. Gigyasa Agrawal	1,192	-
Mr. Gautam Gupta	96	18
Others	3	1
Mr. Satya Narayan Peravali	285	250
Ms. Nandini Parekh	300	265

	Related Party Entities		Maximum outstanding during the year ended	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023
Balance in Bank Current Account	1,099	1,003	7,149,742	280,771
Investment in equity shares	14,114,948	7,114,948	14,114,948	7,114,948
Others - ESOP plan (Refer note 5 and 31)	94,113	94,113	94,113	94,113
Balance with bank as Term Deposit	129,962	29,567	179,413	99,685
Rental Deposit	27	27	27	27

**Fincare Business Services Limited**

**Notes forming part of standalone financial statements for the year ended 31 March 2024**

(All amounts in ₹ '000, unless stated otherwise)

**28 Financial instruments and Fair value disclosures**

**A Financial instruments by category**

The carrying value and fair value of financial instruments by categories were as follows:

**As at 31 March 2024**

Particulars	Notes to schedule	FVTPL	FVTOCI	Amortised cost	Total carrying value	Total fair value
<b>Financial assets</b>						
Cash and cash equivalents	4	-	-	130,862	130,862	130,862
Other financial assets	6	-	-	408	408	408
<b>Total financial assets</b>		-	-	<b>131,270</b>	<b>131,270</b>	<b>131,270</b>
<b>Financial liabilities</b>						
Borrowings other than Debt Securities	10	-	-	7,380,014	7,380,014	7,380,014
Other financial liabilities	11	-	-	62,107	62,107	62,107
<b>Total financial liabilities</b>		-	-	<b>7,442,121</b>	<b>7,442,121</b>	<b>7,442,121</b>

**As at 31 March 2023**

Particulars	Notes to schedule	FVTPL	FVTOCI	Amortised cost	Total carrying value	Total fair value
<b>Financial assets</b>						
Cash and cash equivalents	4	-	-	32,848	32,848	32,848
Other financial assets	6	-	-	1,202	1,202	1,202
<b>Total financial assets</b>		-	-	<b>34,050</b>	<b>34,050</b>	<b>34,050</b>
<b>Financial liabilities</b>						
Borrowings other than Debt Securities	10	-	-	279,158	279,158	279,158
Other financial liabilities	11	-	-	3,212	3,212	3,212
<b>Total financial liabilities</b>		-	-	<b>282,370</b>	<b>282,370</b>	<b>282,370</b>

\* Investment in subsidiaries are measured at cost as per Ind AS 27, 'Separate financial statements' and hence, not presented here.

The management assessed that the fair value of cash and cash equivalents, other bank balances, loans, trade receivables, other financial assets and other financial liabilities approximate the carrying amount largely due to short-term maturity of this instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

(a) the use of net asset value for mutual funds on the basis of the statement received from investee party.

(b) the use of earnings capitalisation method (fair value approach) for remaining equity instruments.

**Fincare Business Services Limited**

**Notes forming part of standalone financial statements for the year ended 31 March 2024**

(All amounts in ₹ '000, unless stated otherwise)

**28 Financial instruments and Fair value disclosures (cont'd)**

**B Fair value of financial assets and liabilities measured at amortised cost**

The management assessed that for amortised cost instruments, fair value approximate largely to the carrying amount.

**C Fair values hierarchy**

Financial assets and financial liabilities measured at fair value in the statement of financial position are bifurcated into three levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

**Level 1:** Quoted prices (unadjusted) in active markets for financial instruments.

**Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

**Level 3:** Unobservable inputs for the asset or liability.

The following table shows the fair value hierarchy of financial assets and liabilities measured at fair value on a recurring basis

**As at 31 March 2024**

Particulars	Level 1	Level 2	Level 3	Valuation Technique
<b>Financial assets</b>				
Other financial assets	-	-	408	Carrying value approximately equal to fair value
<b>Total financial assets</b>	-	-	<b>408</b>	
<b>Financial liabilities</b>				
Borrowings (other than debt securities)	-	-	7,380,014	Carrying value approximately equal to fair value
Other financial liabilities	-	-	62,107	
<b>Total financial liabilities</b>	-	-	<b>7,442,121</b>	

**As at 31 March 2023**

Particulars	Level 1	Level 2	Level 3	Valuation Technique
<b>Financial assets</b>				
Other financial assets	-	-	1,202	Carrying value approximately equal to fair value
<b>Total</b>	-	-	<b>1,202</b>	
<b>Financial liabilities</b>				
Borrowings (other than debt securities)	-	-	279,158	Carrying value approximately equal to fair value
Other financial liabilities	-	-	3,212	
<b>Total financial liabilities</b>	-	-	<b>282,370</b>	

**Fincare Business Services Limited****Notes forming part of standalone financial statements for the year ended 31 March 2024**

(All amounts in ₹ '000, unless stated otherwise)

**29 Financial risk management****A) Credit risk**

Credit risk is the risk that a counterparty fails to discharge its obligation to the Company. The Company's exposure to credit risk is influenced mainly by cash and cash equivalents, other bank balances, investments, loan assets, trade receivables and other financial assets. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

**A.1** The Company assesses and manages credit risk based on internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics. The Company assigns the

(i) Low credit risk on financial reporting date

(ii) Moderate credit risk

(iii) High credit risk

The company provides for expected credit loss based on the following:

<b>Asset group</b>	<b>Basis of categorisation</b>	<b>Provision for expected credit loss</b>
Low credit risk	Cash and cash equivalents, trade receivables, other bank balances, loans and other financial assets	12 month expected credit loss
Moderate credit risk		Life time expected credit loss or 12 month expected credit loss
High credit risk		Life time expected credit loss fully provided for

Based on business environment in which the Company operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

**Management of credit risk for financial assets****Cash and cash equivalents and bank deposits**

Credit risk related to cash and cash equivalents and bank balances is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks across the country.

**Other financial assets measured at amortized cost**

Other financial assets measured at amortized cost includes loans and advances to individuals and related parties, trade receivables, security deposits and others. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously.

**Fincare Business Services Limited**

**Notes forming part of standalone financial statements for the year ended 31 March 2024**

(All amounts in ₹ '000, unless stated otherwise)

**29 Financial risk management (cont'd)**

**A.2 Expected credit losses for financial assets**

<b>As at 31 March 2024</b>	<b>Estimated gross carrying amount at default</b>	<b>Expected probability of default</b>	<b>Expected credit losses</b>	<b>Carrying amount net of impairment provision</b>
Cash and cash equivalents	130,862	0%	-	130,862
Bank balances other than cash and cash equivalents	-	0%	-	-
Loans	-	0%	-	-
Trade receivables	-	0%	-	-
Other financial assets	408	0%	-	408
<b>As at 31 March 2023</b>				
Cash and cash equivalents	32,848	0%	-	32,848
Bank balances other than cash and cash equivalents	-	0%	-	-
Loans	-	0%	-	-
Trade receivables	-	0%	-	-
Other financial assets	1,202	0%	-	1,202

**Following is the trade receivables ageing:**

<b>As at 31 March 2024</b>	<b>Not due</b>	<b>0-30 Days</b>	<b>30-90 Days</b>	<b>90-180 Days</b>	<b>More than 180 Days</b>	<b>Total</b>
Gross carrying amount	-	-	-	-	-	-
Expected loss rate	0%	0%	0%	0%	0%	0%
Expected credit loss	-	-	-	-	-	-
<b>As at 31 March 2023</b>						
Gross carrying amount	-	-	-	-	-	-
Expected loss rate	0%	0%	0%	0%	0%	0%
Expected credit loss	-	-	-	-	-	-

**Reconciliation of loss allowance provision:**

	<b>As at 31 March 2024</b>	<b>As at 31 March 2023</b>
<b>Loss allowance at beginning of the year</b>	-	-
Assets originated or purchased	-	-
Loss allowance written back	-	-
Write – offs	-	-
<b>Loss allowance at end of the year</b>	<b>-</b>	<b>-</b>

**Fincare Business Services Limited**

**Notes forming part of standalone financial statements for the year ended 31 March 2024**

(All amounts in ₹ '000, unless stated otherwise)

**29 Financial risk management (cont'd)**

**B Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due. Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates.

**B.1 Maturities of financial liabilities**

The tables below analyse the Company financial liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

<b>31 March 2024</b>	<b>Less than 1 year</b>	<b>1-2 year</b>	<b>2-3 year</b>	<b>More than 3 years</b>	<b>Total</b>
<b>Non-derivatives</b>					
Borrowings - other than Debt securities	-	7,380,014	-	-	<b>7,380,014</b>
Other financial liabilities	62,107	-	-	-	<b>62,107</b>
<b>Total</b>	<b>62,107</b>	<b>7,380,014</b>	-	-	<b>7,442,121</b>

<b>31 March 2023</b>	<b>Less than 1 year</b>	<b>1-2 year</b>	<b>2-3 year</b>	<b>More than 3 years</b>	<b>Total</b>
<b>Non-derivatives</b>					
Borrowings - other than Debt securities	-	-	279,158	-	<b>279,158</b>
Other financial liabilities	3,212	-	-	-	<b>3,212</b>
<b>Total</b>	<b>3,212</b>	-	<b>279,158</b>	-	<b>282,370</b>

**B.2 Maturity profile of assets and liabilities**

<b>Particulars</b>	<b>31-Mar-24</b>			<b>31-Mar-23</b>		
	<b>Within 12 months</b>	<b>After 12 months</b>	<b>Total</b>	<b>Within 12 months</b>	<b>After 12 months</b>	<b>Total</b>
<b>ASSETS</b>						
<b>Financial assets</b>						
Cash and cash equivalents	130,862	-	130,862	32,848	-	32,848
Bank balance (other than Cash and cash equivalents)	-	-	-	-	-	-
Investments	-	14,209,061	14,209,061	-	7,209,061	7,209,061
Other financial assets	-	408	408	-	1,202	1,202
<b>Non Financial assets</b>						
Current tax assets (net)	234	19,202	19,435	79	19,123	19,202
Property, plant and equipment	-	760	760	-	3,787	3,787
Other non financial assets	-	69,707	69,707	-	64,517	64,517
<b>TOTAL</b>	<b>131,096</b>	<b>14,299,137</b>	<b>14,430,233</b>	<b>32,927</b>	<b>7,297,690</b>	<b>7,330,617</b>
<b>Financial Liabilities</b>						
Borrowings other than Debt Securities	-	7,380,014	7,380,014	-	279,158	279,158
Other financial liabilities	62,107	-	62,107	3,212	-	3,212
<b>Non Financial Liabilities</b>						
Provisions	316	-	316	175	-	175
Other non financial liabilities	6,851	-	6,851	503	-	503
<b>TOTAL</b>	<b>69,273</b>	<b>7,380,014</b>	<b>7,449,287</b>	<b>3,889</b>	<b>279,158</b>	<b>283,048</b>

**Fincare Business Services Limited****Notes forming part of standalone financial statements for the year ended 31 March 2024**

(All amounts in ₹ '000, unless stated otherwise)

**29 Financial risk management (cont'd)****C Market risk****C.1 Market risk - Interest rate risk****C.1.1 Liabilities**

Market Risk is the possibility of loss arising from changes in the value of a financial instrument as a result of changes in market variables such as interest rates, exchange rates and other asset prices. The Company's exposure to market risk is a function of asset liability management and interest rate sensitivity assessment. The Company is exposed to interest rate risk and liquidity risk, if the same is not managed properly. The Company continuously monitors these risks and manages them through appropriate risk limits. The Company's policy is to minimize interest rate cash flow risk exposures on long-term financing.

The Company's debt are carried at amortised cost and are variable rate borrowings (interest rate reset at 6 months interval).

Exposure to interest rate risk:

The Company's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Particulars	As at 31-03-2024	As at 31-03-2023
Variable rate borrowings	7,380,014	279,158
Fixed rate borrowings	-	-
<b>Total borrowings</b>	<b>7,380,014</b>	<b>279,158</b>

**C.1.2 Assets**

The Company's fixed deposits are carried at amortised cost and are fixed rate investments. They are therefore are not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

**C.2 Market risk - Price risk**

Exposure

The Company's exposure to price risk arises from investments held and classified in the balance sheet at fair value through profit or loss. To manage the price risk arising from investments, the Company diversifies its portfolio of assets.

**30 Capital management**

The Company's capital management objectives are

- to ensure the Company's ability to continue as a going concern

- to provide an adequate return to shareholders

The Company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of balance sheet.

Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Company's various classes of debt. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

**Fincare Business Services Limited**

**Notes forming part of standalone financial statements for the year ended 31 March 2024**

(All amounts in ₹ '000, unless stated otherwise)

**31 Employee Stock Option Plan (ESOP)**

**ESOP Plan 2019 - I**

The 'Fincare Business Services Stock Option Scheme' (the 'Plan I') was approved in the Extraordinary General Meeting of the members held on 13 May 2019. The Company introduced the Plan for the benefit of the employees of the subsidiary company Fincare Small Finance Bank Limited ("Fincare bank") and employees of Company. The plan provides for the creation and issue of 2,177,200 options that would eventually convert into equity shares of ₹ 1 each in the hands of the employees of the Fincare Small Finance Bank Limited and employees of the Company. The options are to be granted to the eligible employees as per the eligibility criteria as determined by the Nomination and Remuneration Committee at its sole discretion. The share options vest in a graded manner over a period of one year and are exercisable in one or more tranches within a period of five years from the date of vesting, failing which the options shall lapse.

Pursuant to the Plan, the Company granted 2,177,200 options till 31 March 2024 (31 March 2023: 2,177,200). The stock compensation cost is computed under the fair value method and has been recognised as an additional investment in the Fincare bank on a straight line basis over the vesting period upto 31 March 2024. For the year ended 31 March 2024, the Company has recorded an additional investment of ₹ Nil (31 March 2023: ₹ Nil) in Fincare Small Finance Bank Limited.

**ESOP Plan 2019 - II**

The 'Fincare Business Services Stock Option Scheme' (the 'Plan II') was approved in the Extraordinary General Meeting of the members held on 20 November 2019. The Company introduced the Plan for the benefit of the employees of the subsidiary company Fincare Small Finance Bank Limited ("Fincare bank") and employees of Company. The plan provides for the creation and issue of 2,885,300 options that would eventually convert into equity shares of ₹ 1 each in the hands of the employees of the Fincare Small Finance Bank Limited and employees of the Company. The options are to be granted to the eligible employees as per the eligibility criteria as determined by the Nomination and Remuneration Committee at its sole discretion. The share options vest in a graded manner over a period of one year and are exercisable in one or more tranches within a period of five years from the date of vesting, failing which the options shall lapse.

Pursuant to the Plan, the Company granted 2,885,300 options till 31 March 2024 (31 March 2023: 2,885,300). The stock compensation cost is computed under the fair value method and has been recognised as an additional investment in the Fincare bank on a straight line basis over the vesting period upto 31 March 2024. For the year ended 31 March 2023, the Company has recorded an additional investment of ₹ Nil (31 March 2023: ₹ Nil) in Fincare Small Finance Bank Limited.

**ESOP Plan 2020 - I**

The 'Fincare Business Services Stock Option Scheme' (the 'Plan III') was approved in the Extraordinary General Meeting of the members held on 30 March 2020. The Company introduced the Plan for the benefit of the employees of the subsidiary company Fincare Small Finance Bank Limited ("Fincare bank") and employees of Company. The plan provides for the creation and issue of 3,340,400 options that would eventually convert into equity shares of ₹ 1 each in the hands of the employees of the Fincare Small Finance Bank Limited and employees of the Company. The options are to be granted to the eligible employees as per the eligibility criteria as determined by the Nomination and Remuneration Committee at its sole discretion. The share options vest in a graded manner over a period of two year and are exercisable in one or more tranches within a period of five years from the date of vesting, failing which the options shall lapse.

Pursuant to the Plan, the Company granted 3,340,400 options till 31 March 2024 (31 March 2023: 3,340,400). The stock compensation cost is computed under the fair value method and has been recognised as an additional investment in the Fincare bank on a straight line basis over the vesting period upto 31 March 2024. For the year ended 31 March 2024, the Company has recorded an additional investment of ₹ Nil (31 March 2023: ₹ Nil) in Fincare Small Finance Bank Limited.

**Fincare Business Services Limited**

**Notes forming part of standalone financial statements for the year ended 31 March 2024**

(All amounts in ₹ '000, unless stated otherwise)

**31 Employee Stock Option Plan (ESOP) (cont'd)**

	No. of options	Weighted average exercise price
<b>Options outstanding as at 01 April 2022 under</b>		
Plan I	1,360,500	30.50
Plan II	2,127,000	40.50
Plan III	2,453,100	52.50
<b>Total Options outstanding</b>	<b>5,940,600</b>	<b>43.17</b>
Granted / (lapsed/ exercised) during the year - Plan I	-	30.50
Granted / (lapsed/ exercised) during the year - Plan II	-	40.50
Granted / (lapsed/ exercised) during the year - Plan III	(24,500)	52.50
<b>Total Options outstanding as at 31 March 2023</b>	<b>5,916,100</b>	<b>43.13</b>
Granted / (lapsed/ exercised) during the year - Plan I	(323,800)	30.50
Granted / (lapsed/ exercised) during the year - Plan II	(452,000)	40.50
Granted / (lapsed/ exercised) during the year - Plan III	(265,700)	52.50
<b>Total Options outstanding as at 31 March 2024</b>	<b>4,874,600</b>	<b>43.70</b>
Plan I	1,036,700	30.50
Plan II	1,675,000	40.50
Plan III	2,162,900	52.50

The grant date fair value of each option award is estimated on the date of grant using Black-Scholes-Merton model. The expected life used in the model has been adjusted, based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioral considerations.

Options grant period	Vesting Percentage	Expected volatility	Dividend yield	Risk free interest rate	Weighted average exercise price (₹)	Fair value at grant date (₹)	Weighted average remaining contractual life (years)
ESOP Plan I - 1 year vesting period	100%	41.15%	0.00%	7.07%	30.50	20.36	0.50
ESOP Plan II - 1 year vesting period	100%	41.95%	0.00%	6.17%	40.50	9.09	0.75
ESOP Plan III - 1 year vesting period	100%	41.09%	0.00%	5.82%	52.50	8.54	1.00
ESOP Plan III - 2 year vesting period	100%	41.75%	0.00%	6.14%	52.50	10.99	1.50

**Fincare Business Services Limited****Notes forming part of standalone financial statements for the year ended 31 March 2024**

(All amounts in ₹ '000, unless stated otherwise)

**32 Disclosure pursuant to Ind AS 7 “Statement of Cash Flows” - Changes in liabilities arising from financing activities:**

Particulars	1-Apr-23	Cash flows	Changes in fair values	Others	31-Mar-24
Debt Securities	-	-	-	-	-
Borrowings (other than debt securities)	280,000	(280,000)	-	-	-
Borrowings (other than debt securities)	-	7,450,000	-	-	<b>7,450,000</b>

Particulars	April 1, 2022	Cash flows	Changes in fair values	Others	31-Mar-23
Debt Securities	-	-	-	-	-
Borrowings (other than debt securities)	-	280,000	-	-	280,000
Borrowings (other than debt securities)	190,000	(190,000)	-	-	-

**Note:**

The above amounts are inclusive of Principal amounts only for Debt securities and Borrowings (other than debt securities) excluding any adjustments for Processing fees, Stamp duty on loan agreement and Redemption premium payable.

**Fincare Business Services Limited****Notes forming part of standalone financial statements for the year ended 31 March 2024**

(All amounts in ₹ '000, unless stated otherwise)

**33 Revenue from contracts with customers**

Set out below is the disaggregation of the Company's revenue from contracts with customers and reconciliation to profit and loss account:

	Year ended 31 March 2024	Year ended 31 March 2023
<b>Type of service</b>		
Fee and commission income	-	-
	-	-
<b>Geographical markets</b>		
India	-	-
Outside India	-	-
	-	-
<b>Timing of revenue recognition</b>		
Services transferred over time	-	-
	-	-

**Assets and liabilities related to contracts with customers**

	As at 31 March 2024	As at 31 March 2023
Trade receivables	-	-
Contract liabilities	-	-

	Year ended 31 March 2024	Year ended 31 March 2023
<b>Revenue recognised in the period from:</b>		
Amounts included in contract liability at the beginning of the year	-	-
Performance obligations satisfied in previous periods	-	-

Trade receivables are non-interest bearing and are generally on terms of 30 days. The Company has recognised Nil provision for expected credit loss during the year 2023-24(2022-23: Nil).

Accounts receivable are recognised when the right to consideration becomes unconditional. Contract liability relates to payments received in advance of performance under the contract. Contract liabilities are recognised as revenue as (or when) we perform under the contract.

**Significant changes in contract asset and contract liability during the year are as follows:**

	As at 31 March 2024	As at 31 March 2023
<b>Contract liabilities at the beginning of the year</b>	-	-
Increase due to cash received and decrease as a result of changes in the measure of progress, change in estimate	-	-
<b>Contract liabilities at the end of the year</b>	-	-

**Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price**

	For the Year Ended	
	31 March 2024	31 March 2023
Revenue as per contract	-	-
Adjustments	-	-
Revenue from contract with customers	-	-

**Fincare Business Services Limited****Notes forming part of standalone financial statements for the year ended 31 March 2024**

(All amounts in ₹ '000, unless stated otherwise)

**34 Scheme of Amalgamation (Scheme)**

- (a) The Board of Directors of the Company at its meeting held on 26 September 2019, had approved the acquisition of Lok Management Services Private Limited ("LOK") by way of a Scheme of Amalgamation. The appointed date of the Scheme was April 01 2019 and was subject to the approval of the majority of the shareholders and creditors of FBSL, the National Company Law Tribunal (NCLT) and the permission and approval of any other statutory or regulatory authorities, as applicable.
- (b) Consequent to the approval of the Scheme of Amalgamation by the 'Regional Director-South Each Region, Ministry of Corporate Affairs, Hyderabad on 05 March 2019 and effected on April 01 2019 (effective date), being the date of filing with the Registrar of Companies, all the assets, liabilities and reserves of LOK were transferred to and vested in the Company with effect from April 01 2019, the appointed date.
- (c) In accordance with Part II of the Scheme, all of the assets and liabilities including Contingent Liabilities, existing duties and obligation of LOK was transferred to the Company with effect from the appointed date at the respective book values in the financial statements of FBSL and FBSL continued to carry out erstwhile transferor's business obligation. Further, the difference between the investments in the transferee company and the amount of Share capital in the transferor company as on the effective date have been adjusted in the securities premium account of the transferee company. Since, the Company, LOK are under common control, this transaction has been accounted in accordance with the Pooling of Interests Method outlined in IND AS 103 "Business Combination", and the deficit of the net assets acquired over the consideration issued has been debited to Retained earnings determined as follows:

	<b>As at 31 March 2019 ₹ 000</b>
<b>Financial Assets</b>	
Cash and cash equivalents	68,419
Bank balances other than cash and cash equivalents	133,134
<b>Receivables</b>	-
Trade receivables	28,513
Loans	19,880
Investments	510,000
Other financial assets	6,089
<b>Non-financial Assets</b>	-
Current tax assets (net)	15,597
Deferred tax assets (net)	3,194
Property, plant and equipment	3,734
Other intangible assets	10
Other non-financial assets	4,076
<b>TOTAL</b>	<b>792,646</b>
<b>Liabilities and Equity</b>	
<b>Liabilities</b>	
<b>Financial Liabilities</b>	
Other financial liabilities	48,138
<b>Non-Financial Liabilities</b>	
Contract liabilities	-
Current tax liabilities (net)	-
Provisions	776
Other non-financial liabilities	3,042
<b>Equity</b>	
Equity share capital	186,286
Other equity	554,404
<b>Total Liabilities and Equity</b>	<b>792,646</b>

**35 Scheme of Amalgamation of Fincare Small Finance Bank (Subsidiary company) with AU Small Finance Bank**

The Reserve Bank of India vide its approval dated 4th March 2024 has approved the Scheme of Amalgamation of Fincare Small Finance Bank Limited (subsidiary company) with AU Small Finance Bank Limited. The effective date of the amalgamation shall be 1st April 2024 and post amalgamation, Fincare Small Finance Bank Limited ceases to be the subsidiary company.

Pursuant to the amalgamation, all shareholders of the subsidiary company will receive shares of AU Small Finance Bank Limited in lieu of their shareholding in Fincare Small Finance Bank Limited in the share swap ratio as per Scheme of Amalgamation i.e. 579 shares of AU Small Finance Bank Limited in lieu of 2000 shares of Fincare Small Finance Bank Limited.

**Fincare Business Services Limited**

**Notes forming part of standalone financial statements for the year ended 31 March 2024**

(All amounts in ₹ '000, unless stated otherwise)

**36 Core Investment Company (CIC) Compliance Ratios:**

Sl No.	Particulars	As at 31 March 2024	As at 31 March 2023
i	Investments in equity shares of group companies as a proportion of Net Assets	99.50%	99.05%
ii	Capital ratio (%) [Adjusted net worth/Risk weighted assets]	54.17%	94.81%
iii	Leverage ratio (Times) [Outside liabilities/Adjusted net worth]	0.953	0.041

**Capital Risk Adequacy Ratio:**

As per RBI Master Circular RBI/2015-16 DNBR (PD) CC.No.052/03.10.119/2015-16 maintenance of Capital Adequacy Ratio is not applicable.

**Asset Liability Management**

**As on 31 March 2024**

Particulars	Liabilities	Assets	Investments
Upto 1 month	68,957	130,862	-
Over 1 month to 2 months	-	-	-
Over 2 months upto 3 months	-	-	-
Over 3 months upto 6 months	-	-	-
Over 6 months upto 1 year	316	-	-
Over 1 Year to 3 Years	7,380,014	89,550	-
Over 3 Years to 5 Years	-	-	-
Over 5 Years	-	760	14,209,061
<b>Total</b>	<b>7,449,287</b>	<b>221,172</b>	<b>14,209,061</b>

**Asset Liability Management**

**As on 31 March 2023**

Particulars	Liabilities	Assets	Investments
Upto 1 month	3,714	32,848	-
Over 1 month to 2 months	-	-	-
Over 2 months upto 3 months	-	-	-
Over 3 months upto 6 months	-	-	-
Over 6 months upto 1 year	175	-	-
Over 1 Year to 3 Years	279,158	84,921	-
Over 3 Years to 5 Years	-	-	-
Over 5 Years	-	3,787	7,209,061
<b>Total</b>	<b>283,048</b>	<b>121,556</b>	<b>7,209,061</b>

**As at 31 March 2024**

**Particulars**

**Amount  
outstanding**      **Amount overdue**

**Liabilities side**

1 Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:

a) Debentures		
Secured	-	-
Unsecured	-	-
(other than falling within the meaning of public deposits)		
b) Deferred credits	-	-
c) Term loans including accrued interest but not paid	7,436,144	-
d) Inter-corporate loans and borrowings	-	-
e) Commercial paper	-	-
f) Other loans	-	-

**Fincare Business Services Limited**

**Notes forming part of standalone financial statements for the year ended 31 March 2024**

(All amounts in ₹ '000, unless stated otherwise)

**Additional disclosures pursuant to the Reserve Bank of India Master Direction - Core Investment Companies (Reserve Bank) Directions, 2016 DNBR. PD. 003/03.10.119/2016-17, dated August 25, 2016 vide paragraph 21**

Particulars	As at 31 March 2023	
	Amount outstanding	Amount overdue
<b>Liabilities side</b>		
1 Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:		
a) Debentures		
Secured	-	-
Unsecured	-	-
(other than falling within the meaning of public deposits)		
b) Deferred credits	-	-
c) Term loans including accrued interest but not paid	279,158	-
d) Inter-corporate loans and borrowings	-	-
e) Commercial paper	-	-
f) Other loans	-	-
<b>Assets side</b>		
	<b>As at</b>	<b>As at</b>
	<b>31 March 2024</b>	<b>31 March 2023</b>
2 Breakup of loans and advances including bills receivables		
a) Secured	-	-
b) Unsecured	-	-
3 Breakup of leased assets and stock on hire and other assets counting towards AFC activities		
i Lease assets including lease rentals under sundry debtors		
a) Financial lease	-	-
b) Operating lease	-	-
ii Stock on hire including hire charges under sundry debtors		
a) Assets on hire	-	-
b) Repossessed assets	-	-
iii Other loans counting towards AFC activities		
a) Loans where assets have been repossessed	-	-
b) Loans other than (a) above	-	-
	<b>As at</b>	<b>As at</b>
	<b>31 March 2024</b>	<b>31 March 2023</b>
4 Breakup of investments		
<b>Current investments</b>		
<b>1 Quoted</b>		
i Shares		
a) Equity	-	-
b) Preference	-	-
ii Debentures and bonds	-	-
iii Units of mutual funds	-	-
iv Government securities	-	-
v Others	-	-
<b>2 Unquoted</b>		
i Shares		
a) Equity	-	-
b) Preference	-	-
ii Debentures and bonds	-	-
iii Units of mutual funds	-	-
iv Government securities	-	-
v Others	-	-

**Fincare Business Services Limited**

**Notes forming part of standalone financial statements for the year ended 31 March 2024**

(All amounts in ₹ '000, unless stated otherwise)

**Additional disclosures pursuant to the Reserve Bank of India Master Direction - Core Investment Companies (Reserve Bank) Directions, 2016 DNBR. PD. 003/03.10.119/2016-17, dated August 25, 2016 vide paragraph 21**

	As at 31 March 2024	As at 31 March 2023
<b>4 Breakup of investments (cont'd)</b>		
<b>Long term investments</b>		
<b>1 Quoted</b>		
i Shares		
a) Equity	-	-
b) Preference	-	-
ii Debentures and bonds	-	-
iii Units of mutual funds	-	-
iv Government securities	-	-
v Others	-	-
<b>2 Unquoted</b>		
i Shares		
a) Equity	14,114,948	7,114,948
b) Preference	-	-
ii Debentures and bonds	-	-
iii Units of mutual funds	-	-
iv Government securities	-	-
v Others	94,113	94,113

**5 Borrower group - wise classification of assets financed as in (2) and (3) above**

Category	31 March 2024		
	Net of provisions		
	Secured	Unsecured	Total
1 Related parties			
a) Subsidiaries	-	-	-
b) Companies in the same group	-	-	-
c) Other related parties	-	-	-
2 Other than related parties	-	-	-
	-	-	-

Category	31 March 2023		
	Net of provisions		
	Secured	Unsecured	Total
1 Related parties			
a) Subsidiaries	-	-	-
b) Companies in the same group	-	-	-
c) Other related parties	-	-	-
2 Other than related parties	-	-	-
	-	-	-

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

Category	Market value / break up or fair value or NAV(*)	
	As at 31 March 2024	As at 31 March 2023
	1 Related parties	
a) Subsidiaries	14,114,948	7,114,948
b) Companies in the same group	-	-
c) Other related parties	-	-
2 Other than related parties	-	-
	<b>14,114,948</b>	<b>7,114,948</b>

**Fincare Business Services Limited****Notes forming part of standalone financial statements for the year ended 31 March 2024**

(All amounts in ₹ '000, unless stated otherwise)

**Additional disclosures pursuant to the Reserve Bank of India Master Direction - Core Investment Companies (Reserve Bank) Directions, 2016 DNBR. PD. 003/03.10.119/2016-17, dated August 25, 2016 vide paragraph 21****7 Other information**

Particulars	As at	As at
	31 March 2024	31 March 2023
i Gross non-performing assets		
a) Related parties	-	-
b) Other than related parties	-	-
ii Net non-performing assets		
a) Related parties	-	-
b) Other than related parties	-	-
iii Assets acquired in satisfaction of debt	-	-

(\*) Market value/ Break up or Fair Value or NAV is taken as same as book value in case of unquoted shares in absence of Market value/ Break up value or Fair value or NAV.

**8 Disclosure of provision for frauds**

Particulars	As at	As at
	31 March 2024	31 March 2024
Number of frauds reported during the year	-	-
Amount involved in such frauds	-	-
Provision made during the year (net of recovery)	-	-
Unamortised provision debited from other reserves	-	-

**37 Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006**

As at 31 March 2024, there are no dues to Micro and Small Enterprises that are reportable under The Micro, Small and Medium Enterprises Development (MSMED) Act, 2006. The list of undertakings covered under MSMED Act, 2006 were determined by the Company on the basis of information available with the Company and have been relied upon by the Auditors.

**Fincare Business Services Limited**

**Notes forming part of standalone financial statements for the year ended 31 March 2024**

(All amounts in ₹ '000, unless stated otherwise)

**38 Disclosure as required by Notification No. RBI/2022-23/26 DOR.ACC.REC.No.20/21.04.018/2022-23 dated April 19, 2022 by the Reserve Bank of India and as applicable to the Company**

**A. Exposure**  
**1 Exposure to real estate sector**

SI.No	Category	As at 31 March 2024	As at 31 March 2023
i)	<b>Direct exposure</b>		
	a) Residential Mortgages	-	-
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented. Exposure would also include non-fund based (NFB) limits.	-	-
	b) Commercial Real Estate	-	-
	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.	-	-
	c) Investments in Mortgage-Backed Securities (MBS) and other securitized exposures	-	-
	i. Residential	-	-
	ii. Commercial Real Estate	-	-
ii)	<b>Indirect Exposure</b>		
	Fund based and non-fund-based exposures on National Housing Bank and Housing Finance Companies.	-	-
<b>Total Exposure to Real Estate Sector</b>		-	-

**2 Exposure to capital market**

SI. No	Particulars	As at 31 March 2024	As at 31 March 2023
i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt	14,114,948	7,114,948
ii)	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity oriented mutual funds	-	-
iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	-	-
iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances	-	-
v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	-	-
vi)	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	-	-
vii)	Bridge loans to companies against expected equity flows / issues	-	-
viii)	Underwriting commitments taken up by the NBFCs in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	-	-
ix)	Financing to stockbrokers for margin trading	-	-
x)	All exposures to Alternative Investment Funds:	-	-
	(i) Category I	-	-
	(ii) Category II	-	-
	(iii) Category III	-	-
<b>Total exposure to capital market</b>		<b>14,114,948</b>	<b>7,114,948</b>

**Fincare Business Services Limited**  
**Notes forming part of standalone financial statements for the year ended 31 March 2024**  
 (All amounts in ₹ '000, unless stated otherwise)

38 Disclosure as required by Notification No. RBI/2022-23/26 DOR.ACC.REC.No.20/21.04.018/2022-23 dated April 19, 2022 by the Reserve Bank of India and as applicable to the Company (cont'd)

**A. Exposure**

**1 Exposure to real estate sector**

Sl.No	Category	As at 31 March 2024	As at 31 March 2023
i)	<b>Direct exposure</b>		
	a) Residential Mortgages	-	-
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented. Exposure would also include non-fund based (NFB) limits.	-	-
	b) Commercial Real Estate	-	-
	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.	-	-
	c) Investments in Mortgage-Backed Securities (MBS) and other securitized exposures	-	-
	i. Residential	-	-
	ii. Commercial Real Estate	-	-
ii)	<b>Indirect Exposure</b>		
	Fund based and non-fund-based exposures on National Housing Bank and Housing Finance Companies.	-	-
	<b>Total Exposure to Real Estate Sector</b>	-	-

**2 Exposure to capital market**

Sl. No	Particulars	As at 31 March 2024	As at 31 March 2023
i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt	14,114,948	7,114,948
ii)	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity oriented mutual funds	-	-
iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	-	-
iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances	-	-
v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	-	-
vi)	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	-	-
vii)	Bridge loans to companies against expected equity flows / issues	-	-
viii)	Underwriting commitments taken up by the NBFCs in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	-	-
ix)	Financing to stockbrokers for margin trading	-	-
x)	All exposures to Alternative Investment Funds:	-	-
	(i) Category I	-	-
	(ii) Category II	-	-
	(iii) Category III	-	-
	<b>Total exposure to capital market</b>	-	-

38 Disclosure as required by Notification No. RBI/2022-23/26 DOR.ACC.REC.No.20/21.04.018/2022-23 dated April 19, 2022 by the Reserve Bank of India and as applicable to the Company (cont'd)

A. Exposure

3 Sectoral exposure

Sl. No	Sectors	As at 31 March 2024			As at 31 March 2023		
		Total Exposure (includes on balance sheet and off- balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector
i)	Agriculture and Allied Activities	-	-	-	-	-	-
ii)	Industry	-	-	-	-	-	-
	i. Banks	14,114,948	-	-	7,114,948	-	-
	Others	-	-	-	-	-	-
	Total of Industry	14,114,948	-	-	7,114,948	-	-
iii)	Services	-	-	-	-	-	-
	Others	-	-	-	-	-	-
	Total of Services	-	-	-	-	-	-
iv)	Personal Loans	-	-	-	-	-	-
	Others	-	-	-	-	-	-
	Total of Personal Loans	-	-	-	-	-	-
v)	Others, if any (please specify)	-	-	-	-	-	-

4 Intra-group exposures

Sl. No	Particulars	As at 31 March 2024	As at 31 March 2023
i)	Total amount of intra-group exposures	14,114,948	7,114,948
ii)	Total amount of top 20 intra-group exposures	14,114,948	7,114,948
iii)	Percentage of intra-group exposures to total exposure of the NBFC on borrowers/customers	100%	100%

5 Details of Unhedged foreign currency exposure

Sl. No	Particulars	As at 31 March 2024	As at 31 March 2023
i)	Unhedged foreign currency exposure	-	-

**Fincare Business Services Limited**

**Notes forming part of standalone financial statements for the year ended 31 March 2024**

(All amounts in ₹ '000, unless stated otherwise)

38 Disclosure as required by Notification No. RBI/2022-23/26 DOR.ACC.REC.No.20/21.04.018/2022-23 dated April 19, 2022 by the Reserve Bank of India and as applicable to the Company (cont'd)

**B. Related Party Disclosure**

**For the year ended 31 March 2024**

Nature of transaction	Holding Company	Subsidiaries	Associates/ Joint ventures	Key Management Personnel	Relatives of Key Management Personnel	Others	Total	Maximum outstanding during the year **
Balance in Current account*	-	1,099	-	-	-	-	1,099	7,149,742
Balance in Term Deposits (FDs)*	-	129,962	-	-	-	-	129,962	179,413
Placement of deposits (FDs)	-	149,582	-	-	-	-	149,582	-
Redemption of deposits (FDs)	-	49,486	-	-	-	-	49,486	-
Rental deposits *	-	27	-	-	-	-	27	27
Rent payment	-	123	-	-	-	-	123	-
Investments*	-	14,114,948	-	-	-	-	14,114,948	14,114,948
Interest received	-	978	-	-	-	-	978	-
Others - ESOP plan (Refer note 5 and 31)*	-	94,113	-	-	-	-	94,113	94,113
Trademark related Fee income	-	1,364	-	-	-	-	1,364	-
Trademark Usage Expenses	-	10	-	-	-	-	10	-
Investment in equity shares of Fincare Small Finance Bank Limited	-	7,000,000	-	-	-	-	7,000,000	-
Remuneration	-	-	-	10,003	-	-	10,003	-
Reimbursement of expenses	-	-	-	99	-	-	99	-
Sitting fees	-	-	-	585	-	-	585	-

**For the year ended 31 March 2023**

Nature of transaction	Holding Company	Subsidiaries	Associates/ Joint ventures	Key Management Personnel	Relatives of Key Management Personnel	Others	Total	Maximum outstanding during the year **
Balance in Current account*	-	1,003	-	-	-	-	1,003	280,771
Balance in Term Deposits (FDs)*	-	29,567	-	-	-	-	29,567	99,685
Placement of deposits (FDs)	-	63,149	-	-	-	-	63,149	-
Redemption of deposits (FDs)	-	70,117	-	-	-	-	70,117	-
Rental deposits *	-	27	-	-	-	-	27	27
Rent payment	-	105	-	-	-	-	105	-
Investments*	-	7,114,948	-	-	-	-	7,114,948	7,114,948
Interest received	-	796	-	-	-	-	796	-
Others - ESOP plan (Refer note 5 and 31)*	-	94,113	-	-	-	-	94,113	94,113
Remuneration	-	-	-	8,183	-	-	8,183	-
Reimbursement of expenses	-	-	-	18	-	-	18	-
Sitting fees	-	-	-	515	-	-	515	-
Others (Reimbursement of IPO related expenses to Subsidiary)	-	43,509	-	-	-	-	43,509	-

\* Balances outstanding at the year end.

\*\* The maximum outstanding during the year.

**Fincare Business Services Limited**

**Notes forming part of standalone financial statements for the year ended 31 March 2024**

(All amounts in ₹ '000, unless stated otherwise)

38 Disclosure as required by Notification No. RBI/2022-23/26 DOR.ACC.REC.No.20/21.04.018/2022-23 dated April 19, 2022 by the Reserve Bank of India and as applicable to the Company (cont'd)

**C. Disclosure of complaints**

**1 Summary information on complaints received by the NBFCs from customers and from the Offices of Ombudsman**

Sl. No	Particulars	As at 31 March 2024	As at 31 March 2023
<b>Complaints received by the NBFC from its customers</b>			
1	Number of complaints pending at beginning of the year	-	-
2	Number of complaints received during the year	-	-
3	Number of complaints disposed during the year	-	-
3(a)	Of which, number of complaints rejected by the NBFC	-	-
4	Number of complaints pending at the end of the year	-	-
<b>Maintainable complaints received by the NBFC from Office of Ombudsman</b>			
5*	Number of maintainable complaints received by the NBFC from Office of Ombudsman	-	-
5(a)	Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman	-	-
5(b)	Of 5, number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	-	-
5(c)	Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	-	-
6*	Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

Note: Maintainable complaints refer to complaints on the grounds specifically mentioned in Integrated Ombudsman Scheme, 2021 (Previously The Ombudsman Scheme for Non-Banking Financial Companies, 2018) and covered within the ambit of the Scheme. \*It shall only be applicable to NBFCs which are included under The Reserve Bank - Integrated Ombudsman Scheme, 2021.

**2 Top five grounds of complaints received by the NBFCs 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>For the year ended 31 March 2024</b>					
Ground - 1	-	-	-	-	-
Ground - 2	-	-	-	-	-
Ground - 3	-	-	-	-	-
Ground - 4	-	-	-	-	-
Ground - 5	-	-	-	-	-
Others	-	-	-	-	-
<b>Total</b>	-	-	-	-	-
<b>For the year ended 31 March 2023</b>					
Ground - 1	-	-	-	-	-
Ground - 2	-	-	-	-	-
Ground - 3	-	-	-	-	-
Ground - 4	-	-	-	-	-
Ground - 5	-	-	-	-	-
Others	-	-	-	-	-
<b>Total</b>	-	-	-	-	-

**D. Breach of covenant**

There is no breach of covenant of loan availed or debt securities issued.

**E. Divergence in Asset Classification and Provisioning** - Nil

**F. Disclosure of Penalties imposed by RBI and other regulators** - Nil

38 Disclosure as required by Notification No. RBI/2022-23/26 DOR.ACC.REC.No.20/21.04.018/2022-23 dated April 19, 2022 by the Reserve Bank of India and as applicable to the Company (cont'd)

G. Corporate governance :

a) Composition of the Board

1 Details of Directors

Sl. No .	Name of Director	Director since	Capacity i.e. Executive/ NonExecutive/ Chairman/ Promoter nominee/	DIN	Number of Board Meetings		No. of other Director ships	Remuneration		
					Held	Attended		Salary and other compensation	Sitting Fee	Commission
1	Mr. Dasarathareddy Gunnamreddy	7th June 2017	Managing Director	1760054	13	13	Nil	3,012	-	-
2	Mr. Bhavya Gulati*	7th June 2017	Nominee Director	2897200	5	3	2	-	-	-
3	Ms. Nandini Parekh	26th Sept 2019	Independent Director	1158198	13	13	2	-	300	-
4	Mr. Satyanarayana Peravali	4th March 2017	Independent Director	2213238	13	13	Nil	-	285	-
5	Mr. Maninder Singh Juneja	26th Sept 2019	Nominee Director	2680016	13	12	4	-	-	-
6	Mr. Satyaki Rastogi	19th Jan 2022	Nominee Director	2189494	13	11	2	-	-	-
7	Mr. Ritesh Kantilal Mandot	15th Feb 2024	Nominee Director	2090270	2	2	1	-	-	-

\*During the period Mr. Bhavya Gulati (DIN 02897200) resigned from the position of Nominee Director w.e.f. 15.09.2023

2 Details of change in composition of the Board during the current and previous financial year

Sl. No.	Name of Director	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Nature of change (resignation, appointment)	Effective date
1	Mr. Bhavya Gulati*	Nominee Director	Resignation	15.09.2023
2	Mr. Ritesh Kantilal Mandot	Nominee Director	Appointment	15.02.2024

3 Where an independent director resigns before expiry of her/ his term, the reasons for resignation as given by her/him shall be disclosed : NA

4 Details of any relationship amongst the directors inter- se shall be disclosed : NA

b) Committees of the Board and their composition

1 Nomination & Remuneration Committee

Sl. No.	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC**
				Held	Attended	
1	Ms. Nandini Parekh	26th Sept 2019	Independent Director	3	3	-
2	Mr. Satyanarayana Peralvi	4th March 2017	Independent Director	3	3	-
3	Mr. Maninder Singh Juneja	26th Sept 2019	Nominee Director	3	3	-

2 Audit Committee

Sl. No.	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC**
				Held	Attended	
1	Mr. Bhavya Gulati	7th June 2017	Nominee Director	2	1	-
2	Ms. Nandini Parekh	26th Sept 2019	Independent Director	3	3	-
3	Mr. Satyanarayana Peralvi	4th March 2017	Independent Director	3	3	-
4	Mr. Satyaki Rastogi	19th Jan 2022	Nominee Director	3	2	-

\*\* Number of shares held by Directors in the Company in their individual capacity

**Fincare Business Services Limited**

**Notes forming part of standalone financial statements for the year ended 31 March 2024**

(All amounts in ₹ '000, unless stated otherwise)

38 Disclosure as required by Notification No. RBI/2022-23/26 DOR.ACC.REC.No.20/21.04.018/2022-23 dated April 19, 2022 by the Reserve Bank of India and as applicable to the Company (cont'd)

G. Corporate governance :

b) Committees of the Board and their composition

3 **CSR Committee**

Sl. No.	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC**
				Held	Attended	
1	Mr. Gunnamreddy Dasarathareddy	7th June 2017	Managing Director	1	1	9,333,270
2	Mr. Bhavya Gulati*	7th June 2017	Nominee Director	1	0	-
3	Ms. Nandini Parekh	26th Sept 2019	Independent Director	1	1	-
4	Mr. Maninder Singh Juneja	26th Sept 2019	Nominee Director	1	0	-
5	Mr. Satyaki Rastogi	19th Jan 2022	Nominee Director	1	1	-
6	Mr. Ritesh Kantilal Mandot	15th Feb 2024	Nominee Director	N.A.	N.A.	-

\* Mr. Bhavya Gulati (DIN 02897200) ceased to be a member w.e.f. 15.09.2023

4 **Risk Management Committee**

Sl. No.	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC**
				Held	Attended	
1	Mr. Bhavya Gulati*	6/7/2017	Nominee Director	N.A.	N.A.	-
2	Mr. Maninder Singh Juneja	26th Sept 2019	Nominee Director	1	1	-
3	Mr. Satyanarayana Pervali	4th March 2017	Independent Director	1	1	-
4	Mr. Ritesh Kantilal Mandot	15th Feb 2024	Nominee Director	1	1	-

\* Mr. Bhavya Gulati (DIN 02897200) ceased to be a member w.e.f. 15.09.2023

5 **Group Risk Management Committee**

Sl. No.	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC**
				Held	Attended	
1	Mr. Maninder Singh Juneja	26th Sept 2019	Nominee Director	5	4	-
2	Mr. Satyanarayana Pervali	4th March 2017	Independent Director	5	5	-
3	Ms. Nandini Parekh, Chairperson	26th Sept 2019	Independent Director	5	5	-
4	Mr. Gunnamreddy Dasarathareddy	7th June 2017	Managing Director	5	5	9,333,270
5	Mr. Bhavya Gulati*	7th June 2017	Nominee Director	2	0	-
6	Mr. Ritesh Kantilal Mandot	15th Feb 2024	Nominee Director	1	1	-

\* Mr. Bhavya Gulati (DIN 02897200) ceased to be a member w.e.f. 15.09.2023

6 **IT Strategy Committee**

Sl. No.	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC**
				Held	Attended	
1	Mr. Maninder Singh Juneja	26th Sept 2019	Nominee Director	2	1	-
2	Ms. Nandini Parekh	26th Sept 2019	Independent Director	2	2	-
3	Mr. Gunnamreddy Dasarathareddy	7th June 2017	Managing Director	2	2	9,333,270

\*\* Number of shares held by Directors in the Company in their individual capacity

**Fincare Business Services Limited**

**Notes forming part of standalone financial statements for the year ended 31 March 2024**

(All amounts in ₹ '000, unless stated otherwise)

38 Disclosure as required by Notification No. RBI/2022-23/26 DOR.ACC.REC.No.20/21.04.018/2022-23 dated April 19, 2022 by the Reserve Bank of India and as applicable to the Company (cont'd)

G. Corporate governance :

b) Committees of the Board and their composition

7 **Asset-Liability Management Committee (ALCO)**

Sl. No.	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC**
				Held	Attended	
1	Mr. Gunnamreddy Dasarathareddy	7th June 2017	Managing Director	4	4	9,333,270
2	Mr. Gautam Gupta	20th May 2021	Chief Financial Officer	4	4	-
3	Ms. Gigyasa Agrawal ***	31st May 2023	Company Secretary	3	3	-
4	Ms. Karishma Chandani	1st January 2024	Company Secretary	1	1	-

\*\* Number of shares held by Directors in the Company in their individual capacity.

\*\*\* Ms. Gigyasa ceased to be a member w.e.f. 31 December 2023.

c) **General Body Meetings**

Sl. No.	Type of Meeting (Annual/ ExtraOrdinary)	Date and Place	Special resolutions passed
1	8th Annual General Meeting	Sept 30, 2023, Ahmedabad, Gujarat	1. Consideration and adoption of the audited financial statements (including consolidated statements) of the Company for the financials year ended March 31, 2023 and the report of the Board of Directors and auditors. 2. Re-appointment of Mr. Satyaki Rastogi, Nominee Director, who is liable to retire by rotation
2	29th EGM	November 24, 2023, Bangalore, Karnataka	1. To consider and approve the amendments to the Memorandum of Association of Fincare Small Finance Bank Limited ("Fincare SFB") 2. To approve the proposed scheme of amalgamation of Fincare Small Finance Bank Limited ("amalgamating company") into and with AU Small Finance Bank Limited ("amalgamated company"), through a scheme of amalgamation ("scheme"). 3. To consider and approve the issuance of equity shares by Fincare Small Finance Bank Limited on private placement basis
3	30th EGM	2/12/2024, Bangalore, Karnataka	1. Increase in Borrowing Powers of Company under section 180(1)(c) of the Companies Act, 2013 2. Approval for creation of charges/mortgages in respect of Borrowings Under Section 180(1)(a) of the Companies Act, 2013

H. Details of non-compliance with requirements of Companies Act, 2013 Give details and reasons of any default in compliance with the requirements of Companies Act, 2013, including with respect to compliance with accounting and secretarial standards : Nil

I. i) Details of penalties and strictures - NBFCs should disclose details of penalties or stricture imposed on it by the Reserve Bank or any other statutory authority : Nil  
ii) Breach of covenant - NBFCs shall disclose all instances of breach of covenant of loan availed or debt securities issue : Nil

J. **Items of income and expenditure of exceptional nature:**

Nil for the year ended 31 March 2024 and Rs. 43,509 thousands for the year ended 31 March 2023 towards reimbursement of IPO related expenses.

**Fincare Business Services Limited**

**Notes forming part of standalone financial statements for the year ended 31 March 2024**

(All amounts in ₹ '000, unless stated otherwise)

**39 Rating assigned by the Rating Agencies during the year.**

Instrument	Credit Rating Agency	As at March 31, 2024			As at March 31, 2023		
		Amount	Date	Rating	Amount	Date	Rating
NIL	NIL						

During FY 2023-24, the Company has raised term loan of Rs. 74,50,000 thousands from Aditya Birla Finance Limited & Tata Capital Housing Finance Limited. During FY 2022-23, the Company had raised term loan of Rs 2,80,000 thousands from Aditya Birla Finance Limited which is repaid in FY 2023-24. Further there was no Credit rating undertaken during FY 23-24 and FY 22-23.

**40 Disclosure on Risk Exposure in Derivatives**

**Qualitative Disclosure**

The Company has no transaction or exposure in derivatives in the current year and previous year.

**Quantitative Disclosures**

The Company has no transaction or exposure in derivatives in the current period and previous year

Particulars	As at March 31, 2024		As at March 31, 2023	
	Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
Derivatives (Notional Principal Amount) For hedging	-	-	-	-
Marked to Market Position				
a) Asset (+)	-	-	-	-
b) Liability (-)	-	-	-	-
Credit Exposure	-	-	-	-
Unhedged Exposures	-	-	-	-

**41 Disclosure on Investments**

Particulars	As at March 31, 2024	As at March 31, 2023
<b>(1) Value of Investments</b>		
(i) Gross Value of Investments		
(a) In India	14,209,061	7,209,061
(a) Outside India	-	-
(ii) Provision for Depreciation		
(a) In India	-	-
(a) Outside India	-	-
(iii) net Value of Investments		
(a) In India	14,209,061	7,209,061
(a) Outside India	-	-

Particulars	As at March 31, 2024	As at March 31, 2023
<b>(2) Movement of provisions held towards depreciation on investments</b>		
(i) Opening balance	-	-
(ii) Add : Provisions made during the year	-	-
(iii) Less : Write-off / write-back of excess provisions during the year	-	-
<b>(iv) Closing balance</b>	<b>14,209,061</b>	<b>7,209,061</b>

**Fincare Business Services Limited**

**Notes forming part of standalone financial statements for the year ended 31 March 2024**

(All amounts in ₹ '000, unless stated otherwise)

**42 Expenditure in foreign currency**

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Expenditure in foreign currency	-	-

- 43 The Company has not advanced or loaned or invested funds (either borrowed funds or any other sources or kind of funds) to any other persons or entities (Intermediaries) with the understanding that the Intermediary shall-
- (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
- (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- 44 The Company has not traded or invested in Crypto currency or Virtual Currency during the year ended March 31, 2024 and March 31, 2023
- 45 Events occurring after balance sheet date - There have been no events other than amalgamation of subsidiary company (refer Note 35) after the reporting date that require adjustment in these financial statements.
- 46 No proceedings have been initiated or are pending against the Group for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- 47 The Company has not entered into any scheme of arrangement during the current financial year.
- 48 There are no transactions which are not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
- 49 Previous year figures have been re-grouped/re-arranged and re-classified wherever necessary, to conform to current year's classification.
- 50 As per the requirement under Division III to Schedule III to the Companies Act, 2013, all the figures have been rounded off to nearest thousands.

As per our report of even date.

For **Bhushan Khot & Co.**

Chartered Accountants  
Firm's Registration No.: 116888W

**AMIT HIMMATLAL SHAH**  
Digitally signed by AMIT HIMMATLAL SHAH  
Date: 2024.05.30 19:10:29 +05'30'

**Amit Shah**  
Partner  
Membership No.: 124889  
UDIN: 24124889BKAMKS8273  
Mumbai  
30th May 2024

For and on behalf of Board of Directors of  
**Fincare Business Services Limited**

**GUNNAMREDDY DASARATHAREDDY**  
Digitally signed by GUNNAMREDDY DASARATHAREDDY  
Date: 2024.05.30 17:47:01 +05'30'

**G. Dasarathareddy**  
Managing Director  
DIN: 01760054

Bengaluru  
30th May 2024

**GAUTAM GUPTA**  
Digitally signed by GAUTAM GUPTA  
Date: 2024.05.30 17:26:38 +05'30'

**Gautam Gupta**  
Chief Financial Officer

Bengaluru  
30th May 2024

**RITESH KANTILAL MANDOT**  
Digitally signed by RITESH KANTILAL MANDOT  
Date: 2024.05.30 18:05:01 +05'30'

**Ritesh Kantilal Mandot**  
Director  
DIN: 02090270

Mumbai  
30th May 2024

**KARISHMA CHANDANI**  
Digitally signed by KARISHMA CHANDANI  
Date: 2024.05.30 17:32:22 +05'30'

**Karishma Chandani**  
Company Secretary

M.No: ACS45657  
Bengaluru  
30th May 2024