

June 14, 2021

To,

**BSE Limited**

Department of Corporate

Services Phiroze

Jeejeebhoy Towers

Dalai Street, Mumbai-400001

Dear Sir,

**Subject: Submission of Audited Annual Financial Results for the year ended March 31, 2021**

In pursuant to Regulation 52 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby submit Audited Annual Financial Results for the year ended March 31, 2021, containing the following:

1. Declaration with respect to audit report with unmodified opinion;
2. Auditors Report;
3. Statement of Assets and Liabilities as on March 31, 2021
4. Statement of Profit & Loss Account as on March 31, 2021
5. Disclosure under Regulation 52(4) of SEBI (LODR) Regulations, 2015

You are requested to take the same on your records.

Yours faithfully,

***For Fincare Small Finance Bank Limited***

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SHEFALY P  
KOTHARI  
Date: 2021.06.14  
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***Shefaly Kothari***

***Company Secretary & Compliance Officer***

**FINCARE SMALL FINANCE BANK LIMITED**

Registered Office: 301-306, 3rd Floor, ABHIJEET -V, Opp. Mayor's Bunglow, Law Garden Road, Mithakhali, Ahmedabad- 380006, Gujarat

Corporate Office: #835/39, 5th Floor, Bren Mercury, Kaikondanahalli, Sarjapur Main Road, Bengaluru-560035, Karnataka  
[www.fincarebank.com](http://www.fincarebank.com)

CIN: U67120GJ1995PLC025373



June 14, 2021

To,  
Corporate Relation Department  
**Bombay Stock Exchange Ltd.**  
25<sup>th</sup> Floor, Phiroze  
Jeejeebhoy Towers. Dalai  
Street Mumbai -400001

**Sub: Declaration regarding unmodified opinion of Statutory Auditor**

Dear Sir/Madam,

We do hereby confirm that the Statutory Auditors of Fincare Small Finance Bank Limited ("the Bank"), M/s. WALKER CHANDIOK & CO. LLP, have expressed unmodified opinion in their Audit Report pertaining to the Audited Annual Financial Results of the Bank for the Year ended on March 31, 2021.

Kindly take the same on your record.

Thanking You,

Yours Faithfully,

***Fincare Small Finance Bank Limited***

SHEFALY P  
KOTHARI  
Digitally signed  
by SHEFALY P  
KOTHARI  
Date: 2021.06.14  
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***Shefaly Kothari***  
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Walker Chandiook & Co LLP

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One International Center,  
S B Marg, Prabhadevi (W),  
Mumbai - 400013  
Maharashtra, India  
T +91 22 6626 2699  
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**Independent Auditor's Report on Annual Financial Results of the Bank pursuant to the Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)**

**To the Board of Directors of Fincare Small Finance Bank Limited**

**Opinion**

1. We have audited the accompanying annual financial results ('the Statement') of **Fincare Small Finance Bank Limited** ('the Bank') for the year ended **31 March 2021**, being submitted by the Bank pursuant to the requirements of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ('Listing Regulations').
2. In our opinion and to the best of our information and according to the explanations given to us, the Statement:
  - (i) presents financial results in accordance with the requirements of Regulation 52 of the Listing Regulations; and
  - (ii) gives a true and fair view in conformity with the applicable accounting standards prescribed under section 133 of the Companies Act, 2013 ('the Act') read with rule 7 of the Companies (Accounts) Rules, 2014 (as amended), the relevant provisions of the Banking Regulation Act, 1949, the circulars, guidelines and directions issued by the Reserve Bank of India (RBI) from time to time ('RBI Guidelines') and other accounting principles generally accepted in India, of the net profit after tax and other financial information of the Bank for the year ended 31 March 2021.

**Basis for Opinion**

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

**Emphasis of Matter**

4. We draw attention to Note 7 to the accompanying statement, which describes the economic and social disruption the Bank is facing as a result of COVID-19 pandemic. In view of these uncertainties, the impact of the pandemic on the Bank's operations and financial metrics will depend on future developments which are uncertain at this time.

Our opinion is not modified in respect of this matter.

**Fincare Small Finance Bank Limited**

**Independent Auditor's Report on Annual Financial Results of the Bank pursuant to the Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)**

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**Management's and Those Charged with Governance Responsibilities for the Statement**

5. This Statement has been prepared on the basis of the annual financial statements. The Bank's Board of Directors is responsible for the preparation and presentation of the Statement that gives a true and fair view of the net profit after tax and other financial information of the Bank in accordance with the AS prescribed under section 133 of the Act read with rule 7 of the Companies (Accounts) Rules, 2014 (as amended) the relevant provisions of the Banking Regulation Act, 1949 and RBI Guidelines and other accounting principles generally accepted in India, and in compliance with Regulation 52 of the Listing Regulations including SEBI Circulars. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 Statement that gives a true and fair view and is free from material misstatement, whether due to fraud or error.
6. In preparing the Statement, the Board of Directors is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Bank's financial reporting process.

**Auditor's Responsibilities for the Audit of the Statement**

7. Our objectives are to obtain reasonable assurance about whether the Statement as a whole is 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, specified under section 143(10) of the Act, 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 this Statement.
8. As part of an audit in accordance with the SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Bank has in place an adequate internal financial controls system over financial reporting 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.

**Fincare Small Finance Bank Limited**

**Independent Auditor's Report on Annual Financial Results of the Bank pursuant to the Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)**

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represents the underlying transactions and events in a manner that achieves fair presentation.
9. 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.
10. 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.

**Other Matters**

11. The Statement includes the financial results for the half year ended 31 March 2021, being the balancing figures between the audited figures in respect of the full financial year and the published unaudited year-to-date figures up to the half year ended 30 September 2020, which were subjected to limited review by us.

For **Walker Chandlok & Co LLP**  
Chartered Accountants  
Firm Registration No:001076N/N500013

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**Manish Gujral**  
Partner  
Membership No:105117

**UDIN:21105117AAAADN7011**

Place: Mumbai  
Date: 14 June 2021

**Fincare Small Finance Bank Limited**

Profit and Loss account for the year ended 31 March 2021

(₹ in lakhs)

Particulars	Half year ended 31 March 2021 (Un-audited) (Refer note 2)	Half year ended 31 March 2020 (Un-audited) (Refer note 2)	Year ended 31 March 2021 (Audited)	Year ended 31 March 2020 (Audited)
<b>I. Income</b>				
Interest earned	61,058	59,563	1,25,103	1,07,026
Other income	9,652	9,441	12,738	14,546
<b>Total income</b>	<b>70,710</b>	<b>69,004</b>	<b>1,37,841</b>	<b>1,21,572</b>
<b>II. Expenditure</b>				
Interest expended	26,545	25,219	55,009	45,150
Operating expenses	25,065	23,045	46,324	42,613
Provision and contingencies	16,830	13,992	25,194	19,464
<b>Total expenditure</b>	<b>68,440</b>	<b>62,256</b>	<b>1,26,527</b>	<b>1,07,227</b>
<b>III. Profit</b>				
Net profit for the period/year	2,270	6,748	11,314	14,345
Balance in profit and loss brought forward from previous	-	-	9,707	(618)
<b>Total profit</b>	<b>2,270</b>	<b>6,748</b>	<b>21,021</b>	<b>13,727</b>
<b>IV. Appropriation/transfer</b>				
Transfer to statutory reserves	-	-	2,829	3,587
Transfer to other reserves	-	-	84	433
Transfer to capital reserves	-	-	-	-
Balance carried over to balance sheet	-	-	18,108	9,707
<b>Total</b>	<b>-</b>	<b>-</b>	<b>21,021</b>	<b>13,727</b>

**Earnings per equity share of ₹10 each**

	3.57	11.07	17.79	24.43
Basic and diluted (₹)				
Face value per share (₹)	10.00	10.00	10.00	10.00

**Balance Sheet as at 31 March 2021**

(₹ in lakhs)

Particulars	As at 31 March 2021 (Audited)	As at 31 March 2020 (Audited)
<b>Capital and liabilities</b>		
Capital	6,361	6,361
Employees stock options outstanding	100	-
Reserves and surplus	95,330	84,016
Deposits	5,31,850	4,65,393
Borrowings	1,40,043	1,36,816
Other liabilities and provisions	22,938	19,041
<b>Total Capital and Liabilities</b>	<b>7,96,622</b>	<b>7,11,627</b>
<b>Assets</b>		
Cash and balances with Reserve Bank of India	1,03,650	1,05,853
Balances with banks and money at call and short notice	11,913	2,437
Investments	1,27,936	1,00,696
Advances	5,30,112	4,81,558
Fixed assets	3,619	4,036
Other assets	19,392	17,047
<b>Total Assets</b>	<b>7,96,622</b>	<b>7,11,627</b>
Contingent liabilities	327	1,837
Bills for collection	-	-

**Notes**

- The above audited financial results ('the Statement') of Fincare Small Finance Bank Limited ('the Bank') for the year ended 31 March 2021 have been reviewed by the Audit Committee of the Board and approved by the Board of Directors at their respective meetings held on 14 June 2021.
- The amounts of half year ended 31 March 2021 and 31 March 2020 are the balancing amounts between the audited amounts in respect of the full financial year ended 31 March 2021 and 31 March 2020, respectively and the published half year ended 30 September 2020 and 30 September 2019, respectively. Results published for the half year ended 30 September 2020 and 30 September 2019 were subjected to limited review by the statutory auditors.
- These audited financial results are prepared in compliance with the generally accepted accounting principles in India (Indian GAAP), statutory requirements prescribed under Banking Regulations Act, 1949, circulars and guidelines issued by the Reserve Bank of India ('the RBI') from time to time and Regulation 52 of Securities Exchange Board of India (Listing Obligation and Disclosure Requirements) 2015.
- EPS disclosed for the half year ended 31 March 2021 and 31 March 2020 are not annualised.
- The capital adequacy ratio ("CRAR") has been computed as per the operating guidelines vide RBI Notification RBI/2016-17/81 followed for the year. The Bank has followed Basel II standardized approach for credit risk in accordance with the operating guidelines issued by the RBI for Small Finance Banks. Further, no separate capital charge for market risk and operational risk have been computed in the view of the exemption contained in the RBI Notification DBR.NBD.NO.4502/16.13.218/2017-18 dated 8 November 2017.
- There are no changes to the significant accounting policies adopted during the year ended 31 March 2021 as compared to those followed for the year ended 31 March 2020.

## Fincare Small Finance Bank Limited

### Notes (cont'd)

- 7 The COVID-19 pandemic has contributed to a significant decline and volatility in the economic activity, in the global and Indian markets. The nation-wide lockdown imposed in the months of April and May 2020 had significantly impacted the livelihood of individuals and various business operations, consequently impacting the Bank's regular operations including lending and collection activities due to restrictions on the movement of employees across different states to reach the borrowers. The easing of the lockdown measures subsequently led to a gradual improvement in the economic activity and progress towards normalcy. The current second wave ("second wave") of COVID-19 pandemic, where the number of new cases has increased significantly in India, has resulted in re-imposition of localised/regional lockdown measures in various parts of the country.

#### General provision for COVID-19 deferment cases as per the RBI COVID-19 Regulatory package

In accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated 27 March, 2020 and 17 April, 2020, the Bank granted a moratorium of three months on the payment of all instalments and / or interest, as applicable, falling due between 1 March 2020 and 31 May 2020, to all eligible borrowers. In line with the additional Regulatory Package guidelines dated 23 May 2020, the Bank granted a second phase of three months moratorium on instalments and / or interest, as applicable, falling due between 1 June 2020 and 31 August 2020.

The quantitative disclosures as required by RBI circular dated 17 April 2020 for the year ended 31 March 2021 and 31 March 2020 are given below:

Particulars	31 March 2021	31 March 2020
- Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended in terms of paragraph 2 and 3 of the circular (as of 29 February 2020)	4,787	4,787
- Of the above, respective amounts where asset classification benefits is extended as at year ended	3,396	4,083
- Provision made in terms of paragraph 5 of the COVID-19 Regulatory Package		
In Q4 FY2020	268	268
In Q1 FY 2021	268	-
- Provision adjusted against slippages during the year in terms of paragraph 6 of the COVID-19 Regulatory Package	536	-
- Residual provision held at the year ended	-	268

In management's view providing moratorium to borrowers at a mass scale based on the RBI directives, by itself is not considered to result in a significant increase in credit risk for such borrowers. The full extent of impact of the pandemic on the Bank's operations and financial metric (including impact on provision for loan portfolio) will depend on future developments including the second wave that has significantly increased the number of cases in India, governmental and regulatory measures and the Bank's responses thereto, which are uncertain at this time.

The Bank had made an additional provision amounting to ₹ 8,250 lakhs owing to the probable impact of COVID-19 ("COVID-19 related provision") during the year ended 31 March 2020. Further, the Bank made COVID-19 related provision amounting to ₹ 13,142 lakhs during the year ended 31 March 2021.

The Supreme Court, in a writ petition through its interim order dated 03 September 2020, had directed that accounts which were not declared as NPA till 31 August 2020 shall not be declared as NPA till further orders. Basis the said interim order, the Bank had not classified any account which was not NPA as of 31 August 2020 as per the RBI norms, as NPA after 31 August 2020. However, the Bank had made a contingency provision for such borrower accounts not classified as non-performing and included such provision in above mentioned COVID-19 related provision.

The Interim order granted to not declare accounts as NPA stood vacated on 23 March 2021 vide the Judgement of the Hon'ble SC in the matter of Small Scale Industrial Manufacturers Association vs. UOI & Ors, and other connected matters. In this connection, the RBI vide its circular dated 07 April 2021 has provided extant instructions to all lending institutions for asset classification of all borrower accounts subsequent to the above mentioned judgement. The Bank has accordingly classified these borrower accounts as per the extant IRAC norms with effect from 01 September 2020 and utilised the above COVID-19 related provision towards provision on these accounts. Accordingly, as at 31 March 2021, the Bank held an aggregate COVID-19 related provision of ₹ 5,907 lakhs (included in General provision for standard assets).

The Bank has assessed the impact of the COVID-19 pandemic on its liquidity and ability to repay its obligations as and when they are due. The management is confident that collections will improve, though at a lower level than earlier with the relaxations in the lockdowns. Based on the foregoing and necessary stress tests considering various scenarios, the management believes that the Bank will be able to fulfill its obligations as and when these become due in the foreseeable future.

- 8 In accordance with RBI notification dated 07 April 2021, the Bank is required to refund/adjust any amount in the nature of "Interest on Interest" including penal interest charged to the borrowers during the moratorium period i.e., 01 March 2020 to 31 August 2020. As at 31 March 2021, the Bank has created a liability towards estimated interest relief and has reduced the same from interest income.

#### 9.A. Details of resolution plan implemented under the Resolution Framework for COVID-19 related stress as per the RBI circular dated 06 August 2020 during FY 2021

Type of borrower	(A) Number of accounts where resolution plan has been implemented under this window	(B) Exposure to accounts mentioned at (A) before implementation of the plan <sup>2</sup>	(C) Of (B), aggregate amount of debt that was converted into other securities	(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation	(E) Increase in provisions on account of the implementation of the resolution plan
Personal Loans	-	-	-	-	-
Corporate persons <sup>1</sup>	-	-	-	-	-
Of which, MSMEs	-	-	-	-	-
Others	35,826	4,123	-	8,260	2,142
<b>Total</b>	<b>35,826</b>	<b>4,123</b>	<b>-</b>	<b>8,260</b>	<b>2,142</b>

(1) As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

(2) This amount does not include interest accrued as on the date of implementation of the plan.

- 9.B. In addition to the above restructuring, the Bank has restructured loan accounts under the Prudential Framework for resolution of stressed assets dated 07 June 2019 issued by the RBI. The amount outstanding and provision thereon, towards such restructured loans accounts is ₹ 5,569 lakhs and ₹ 1,412 lakhs respectively as on 31 March 2021.

- 10 Amounts for the previous year/period have been regrouped/reclassified, wherever necessary, to correspond with the current period's classification/disclosures.

For and on behalf of the Board of Directors of  
Fincare Small Finance Bank Limited

RAJEEV  
YADAV

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RAJEEV YADAV  
Date: 2021.06.14  
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Rajeev Yadav  
MD & CEO  
DIN: 00111379

Place: Bengaluru  
Date: 14 June 2021

**Disclosures under Regulation 52(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015**
**1 Credit rating:**

Deposit instrument	Name of rating agency	Rating assigned
Non-Convertible Debentures	India Ratings	IND A- Stable
Term loans ( Long )	ICRA Limited	[ICRA] A (Stable)
Term loans (Short )	CARE Limited	CARE A : Stable
Fixed Deposit	ICRA Limited	[ICRA] MA+ (Stable)
Certificate of Deposit	CRISIL Limited	CRISIL A1+

There has been no change in the aforesaid rating from the previous period.

**2 Debt-Equity ratio:**

Debt-Equity ratio of the Bank as on 31 March 2021 is 1.38 as per audited Financial Results of the Bank.

**3 Previous due date for payment of principal/interest on Non Convertible Debentures ("NCDs")**

NCD	ISIN number	Due date (from 01 April 2020 to 31 March 2021)	
		Principal	Interest
2500, 12.60% Debentures of ₹100,000 each	INE519Q08020	Not due	29-May-20
2500, 12.60% Debentures of ₹100,000 each	INE519Q08020	Not due	29-Aug-20
3700, 11.30% Debentures of ₹100,000 each	INE519Q08145	Not due	20-Sep-20
3800, 11.30% Debentures of ₹100,000 each	INE519Q08137	Not due	22-Sep-20
1000, 12.87% Debenture of ₹10,00,000 each	INE519Q08152	Not due	30-Sep-20
2500, 12.60% Debentures of ₹100,000 each	INE519Q08020	Not due	29-Nov-20
2500, 12.60% Debentures of ₹100,000 each	INE519Q08020	Not due	28-Feb-21
3700, 11.30% Debentures of ₹100,000 each	INE519Q08145	Not due	20-Mar-21
3800, 11.30% Debentures of ₹100,000 each	INE519Q08137	Not due	22-Mar-21
1000, 12.87% Debenture of ₹10,00,000 each	INE519Q08152	Not due	30-Mar-21

The Company has paid the interest and principal on NCDs on the respective due dates mentioned above.

**4 Next due date for payment of principal/interest on Non-convertible Preference Shares - Not applicable.**
**5 Outstanding redeemable preference shares - Not applicable.**
**6 Debenture Redemption Reserve (DRR) - No DRR is required in respect of privately placed debentures in terms of Rule 18(7)(b)(ii) of the Companies (Share Capital and Debenture) Rules, 2014.**
**7 Net worth as on 31 March 2021- ₹ 94,940 lakhs**
**8 Net Profit after tax - ₹ 11,314 lakhs**
**9 Earnings per share - ₹ 17.79 per share**

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

Rajeev Yadav  
 MD & CEO  
 DIN: 00111379

Place: Bengaluru  
 Date: 14 June 2021