

30th April, 2018

To,

BSE Limited

Department of Corporate Services
Phiroze Jeejeebhoy Towers,
Dalai Street, Mumbai-400001

Dear Sir/Madam,

Subject: Submission of Audited Annual Financial Results for the year ended March 31, 2018

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 31st March, 2018, containing the following:

1. Auditors Report;
2. Declaration with respect to audit report with unmodified opinion;
3. Statement of Assets and Liabilities as on March 31, 2018
4. Statement of Profit & Loss Account as on March 31, 2018.

You are requested to take the same on your records.

Yours faithfully,


For Fincare Small Finance Bank Limited



Shefaly Kothari
Company Secretary



FINCARE SMALL FINANCE BANK LIMITED

 **Regd. Office:** 301-306, 3rd Floor, Abhijeet-V, Opp. Mayor's Bungalow, Law Garden Road, Mithakhali, Ahmedabad - 380006
Phone: +91-79-40011000

 **Head Office:** # 835/39, 5th Floor, Bren Mercury, Kaikondanahalli, Sarjapur Main Road, Bengaluru - 560035, Karnataka.
Phone: +91-80-42504444

 www.fincarebank.com

CIN No. U67120GJ1995PLC025373



30th April, 2018

To,
Corporate Relation Department
Bombay Stock Exchange Ltd.
25th 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 the Company, M/s. WALKER CHANDIOK & CO. LLP, have expressed unmodified opinion in their Audit Report pertaining to the Audited Annual Financial Results of the Company for the Year ended on 31st March, 2018.

Kindly take the same on your record.

Thanking You,

Yours Faithfully,


Fincare Small Finance Bank Limited



Shefaly Kothari
Company Secretary



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Walker Chandiook & Co LLP

Independent Auditor's Report

To the Members of Fincare Small Finance Bank Limited
(formerly *Disha Microfin Limited*)

Walker Chandiook & Co LLP
(Formerly Walker, Chandiook & Co)
5th Floor, No. 65/2, Block "A",
Bagmane Tridib, Bagmane Tech Park
C V Raman Nagar, Bengaluru 560093
India

T +91 80 4243 0700
F +91 80 4126 1228

Report on the Financial Statements

1. We have audited the accompanying financial statements of Fincare Small Finance Bank Limited (*formerly Disha Microfin Limited*) ("the Company" or "the Bank"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Bank's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements, that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) and provisions of Section 29 of the Banking Regulation Act, 1949 and circulars and guidelines issued by the Reserve Bank of India ("RBI") from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act; safeguarding the assets of the Bank; preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.



4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Bank's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Bank's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Bank as at 31 March 2018, and its loss and its cash flows for the year ended on that date.

Emphasis of Matter

9. We draw attention to Note 1 of Schedule 17 to the financial statements which describes that the RBI has granted a small finance bank license to the Company on 12 May 2017, consequent to which the Company commenced its operations as a small finance bank with effect from 21 July 2017. The Company has changed some of its accounting policies as compared to previous financial year to ensure compliance with the relevant RBI guidelines, and hence, the corresponding figures are not entirely comparable with those of the current year ended 31 March 2018. Further, the corresponding disclosures for the current financial year ended 31 March 2018 has been provided only to the extent such disclosures were applicable in the previous financial statements as well.

Our opinion is not modified in respect of this matter.



Report on Other Legal and Regulatory Requirements

10. The Balance Sheet and the Statement of Profit and Loss have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 and Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.
11. As required by Section 30(3) of the Banking Regulation Act, 1949, we report that:
- we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;
 - the transactions of the Bank, which have come to our notice, have been within the powers of the Bank;
 - the returns received from the offices; and branches of the Bank have been found adequate for the purposes of our audit.
12. Further, as required by Section 143(3) of the Act, we report that:
- we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - in our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books;
 - the financial statements dealt with by this report are in agreement with the books of account;
 - in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended), to the extent they are not inconsistent with the accounting policies prescribed by RBI;
 - on the basis of the written representations received from the directors as on 31 March 2018 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act;
 - we have also audited the internal financial controls over financial reporting (IFCoFR) of the Bank as of 31 March 2018 in conjunction with our audit of the financial statements of the Bank for the year ended on that date and our report dated 30 April 2018 as per Annexure I expressed unqualified opinion.
 - with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - as detailed in Schedule 12 to the financial statements, the Bank has disclosed the impact of pending litigations on its financial position;



Walker Chandiook & Co LLP

- ii. the Bank did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Bank.

Walker Chandiook & Co. up
For **Walker Chandiook & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Sanjay Banthia
per **Sanjay Banthia**
Partner
Membership No.: 061068

Bengaluru
30 April 2018



Walker Chandiook & Co LLP

Annexure I to the Independent Auditor's Report of even date to the members of Fincare Small Finance Bank Limited (formerly Disha Microfin Limited), on the financial statements for the year ended 31 March 2018

Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

1. In conjunction with our audit of the financial statements of Fincare Small Finance Bank Limited (formerly Disha Microfin Limited) ("the Bank") as at and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting (IFCoFR) of the Bank of as of that date.

Management's Responsibility for Internal Financial Controls

2. The Bank's Board of Directors is responsible for establishing and maintaining internal financial controls based on control criteria in accordance with the Internal Control Framework defined in Appendix 1 to Standards of Auditing (AS) 315, "Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and its Environment" ("the framework"). 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 the Bank's business, including adherence to Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Bank's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India (ICAI) and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Bank's IFCoFR.



Walker Chandiook & Co LLP

Annexure I to the Independent Auditor's Report of even date to the members of Fincare Small Finance Bank Limited (formerly Disha Microfin Limited), on the financial statements for the year ended 31 March 2018

Meaning of Internal Financial Controls over Financial Reporting

6. A bank's IFCoFR 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 bank's IFCoFR includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the bank are being made only in accordance with authorisations of management and directors of the bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the bank's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, 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 IFCoFR to future periods are subject to the risk that IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Bank has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the framework.

Walker Chandiook & Co. LLP
For Walker Chandiook & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Sanjay Banthia
per Sanjay Banthia
Partner
Membership No.: 061068

Bengaluru
30 April 2018



(₹ in Lakhs)

Particulars	As at 31 March 2018 (Audited)	As at 31 March 2017 (Audited)
Capital and liabilities		
Capital	3,746	3,746
Reserves and surplus	30,009	39,764
Deposits	72,710	-
Borrowings	106,898	63,110
Other liabilities and provisions	14,049	13,158
Total	227,412	119,778
Assets		
Cash and balances with Reserve Bank of India	4,765	73
Balances with banks and money at call and short notice	20,386	30,914
Investments	27,271	-
Advances	162,960	77,720
Fixed assets	2,230	880
Other assets	9,800	10,191
Total	227,412	119,778
Contingent liabilities	9,557	10,743
Bills for collection	-	-

Audited Statement of Profit and Loss for the year ended 31 March 2018

(₹ in Lakhs)

Particulars	6 months ended 31 March 2018 (Unaudited)	6 months ended 31 March 2017 (Unaudited)	Year ended 31 March 2018 (Audited)	Year ended 31 March 2017 (Audited)
I. Income				
Interest earned	19,166	10,915	31,408	16,739
Other income	2,572	820	3,653	1,815
Total	21,738	11,735	35,061	18,554
II. Expenditure				
Interest expended	7,119	4,406	11,891	6,559
Operating expenses	10,531	7,244	17,805	10,234
Provision and contingencies	5,860	26	15,120	893
Total	23,510	11,676	44,816	17,686
III. Profit/(loss)				
Net profit/(loss)	(1,771)	59	(9,755)	868
Balance in profit and loss brought forward			1,800	1,106
Total	(1,771)	59	(7,955)	1,974
IV. Appropriation				
Transfer to statutory reserves			-	174
Transfer to other reserves			-	-
Transfer to capital reserves			-	-
Balance carried over to balance sheet			(7,955)	1,800
Total			(7,955)	1,974

Earnings per equity share of ₹ 10 each

Basic and diluted (₹) (4.73) 0.20 (21.23) 3.91

Bengaluru
30 April 2018
FINCARE SMALL FINANCE BANK LIMITED

For and on behalf of the Board of Directors

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CIN No. U67120GJ1995PLC025373



Rajeev Yadav
MD & CEO
DIN: 00111379

Notes:

1. The audited financial results for the year ended 31 March 2018 was reviewed by the audit committee and approved by the Board of Directors at its meeting held on 30 April 2018.
2. The numbers reported above for the year ended 31 March 2018 are subjected to audit and the auditors have issued an unqualified opinion. The numbers of six month ended are the balancing amounts between the audited amounts in respect of the full financial year and the published six month ended 30 September 2017. Also, all the figures upto the end of the six month ended 30 September 2017 had only been reviewed and not subject to audit.
3. (a) Pursuant to the resolution passed by the shareholders at the Extra-Ordinary General Meeting held on 19 May 2017 and the issue of small finance bank license by the Reserve Bank of India ("RBI") on 12 May 2017, the Company commenced its operations as a small finance bank with effect from 21 July 2017. Accordingly, the name of the Company is changed to Fincare Small Finance Bank Limited ("the Bank"). These financial results for the year ended 31 March 2018 have, therefore, been prepared as per RBI guidelines which are applicable to banks. The Bank has accordingly, changed some of its accounting policies to ensure compliance with banking regulations issued by RBI from time to time and practices that are prevalent in the banking industry.

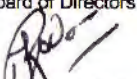
(b) Further, the Company acquired the assets and liabilities of Future Financial Services Private Limited ("FFSPL") via Stump sale agreement effective 2 October 2016.

As a result, the previous year/s/ period's figures are not entirely comparable with those of the current year/ period.
4. As at 31 March 2018, the Bank has recorded a total provision on asset under management of ₹ 1,132 lakhs (31 March 2017 : ₹ 1,702 lakhs). The accounting policy of the Bank with regard to provisioning on its loan portfolio has been aligned during the year ended 31 March 2018 with the relevant requirements of RBI's prudential norms on income recognition, asset classification and provisioning pertaining to advances applicable to Banks, with effect from 1 April 2017. Consequent to the change in the accounting policy with regard to asset classification and provisioning, an aggregate provision is higher by ₹ 1,778 lakhs net profit/(loss) is lower by ₹ 1,778 lakhs for the year ended 31 March 2018, respectively.
4. EPS disclosed for the six month ended 31 March 2018 and 31 March 2017 are not annualised.
5. During the six month ended 31 March 2018, the Bank has issued 3,700 rated, listed, redeemable, non convertible debentures at ₹ 1,00,000 each at a coupon rate of 11.30 percent and 3,800 subordinated, rated, listed, redeemable, non convertible debentures at ₹ 1,00,000 each at a coupon rate of 11.30 percent to Fincare Business Services Limited ("FBSL" or "Holding Company").
7. During the six month ended 31 March 2018, the Bank did not recognize deferred tax asset on the carried forward losses and unabsorbed depreciation aggregating to ₹ 10,166 lakhs as a matter of prudence and on account of lack of virtual certainty as required by Accounting Standards (AS) 22, Accounting for Taxes on Income. The said sum of ₹ 10,166 will be available to offset tax on future taxable income.
8. The Bank is in the process of obtaining the Scheduled Bank status from Reserve Bank of India.
9. Amounts for the previous years have been regrouped/reclassified, wherever necessary, to correspond with the current period's classification/disclosures.


Bengaluru
30 April 2018


For and on behalf of the Board of Directors




Raheev Yadev
MD & CEO
DN : 00111379

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Annexure 1
1. Credit rating:

Deposit instrument	Name of rating agency	Rating assigned
Non-Convertible Debentures	CARE Ratings Limited	CARE A- (Stable)
Term loans	CARE Ratings Limited	CARE A- (Stable)

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

2. Debt-Equity ratio:

Debt-Equity ratio of the Company as on 31 March 2018 is 3.17 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 2017 to 31 March 2018)	
		Principal	Interest
Hinduja Leyland Finance Limited	INE519Q08012	Not due	15-Jan-18
IFMR Capital Finance Private Limited	INE519Q08012	Not due	15-Jan-18
Jibraltar Traders Limited	INE519Q08012	Not due	15-Jan-18
A. K. Capital Finance Private Limited	INE519Q08020	Not due	28-Feb-18
A. K. Capital Finance Private Limited	INE519Q08061	Not due	28-Feb-18
A. K. Capital Finance Private Limited	INE519Q08079	Not due	28-Feb-18
A. K. Capital Finance Private Limited	INE519Q08087	Not due	28-Feb-18
A. K. Capital Finance Private Limited	INE519Q08095	Not due	28-Feb-18
A. K. Capital Finance Private Limited	INE519Q08103	Not due	28-Feb-18
A. K. Capital Finance Private Limited	INE519Q08111	Not due	28-Feb-18
A. K. Capital Finance Private Limited	INE519Q08129	Not due	28-Feb-18
Fincare Business Services Limited (taken post 30 September 17)	INE519Q08145	Not due	Not due
Fincare Business Services Limited (taken post 30 September 17)	INE519Q08137	Not due	Not due

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 2018 - ₹ 32,787 lakhs
8. Net loss after tax - ₹ 9,755 lakhs
9. Earnings per share - ₹ (21.23) per share


Bengaluru
30 April 2018


For and on behalf of the Board of Directors



Rajeev Yadav
Rajeev Yadav
MD & CEO
DIN : 00111379

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