ANNUAL REPORT

OF

RBL FINSERVE LIMITED

(Formerly: SWADHAAR FINSERVE PRIVATE LIMITED)

FOR FY 2018-2019

RBL FinServe Limited Directors' Report

To,

The Members,

The Directors have pleasure in presenting the 12th Directors' Report on the Company's business and operations, together with audited financial statements and accounts for the financial year ended March 31, 2019.

Significant Events during the year

During the period under review, the Company became a 100% subsidiary of RBL Bank Limited (RBL) on June 28, 2018. RBL increased its stake in the Company from 60.48% to 99.99% by secondary purchase of shares as a result of which Founder & Founders Family and Accion Africa Asia Investment Company exited from the Company. The Directors acknowledge the support provided by the Founder and Investors to the Company since inception.

As a step to align the Company to the strategic vision and values of RBL Bank, the name of the Company was changed to RBL FinServe with effect from January 17, 2019 and the Company was converted to a Public Limited Company with effect from January 25, 2019.

1. Operations

As a last-mile distributor of comprehensive financial services and products, the Company distributes loans, savings and insurance products to low-income households and microenterprises in 17 States and 2 Union Territories in India as a dedicated Business Correspondent (BC) of RBL Bank Limited.

RBL FinServe in Numbers at year end

	FY 2017-18	FY2018-19	Growth
Number of active Clients	6,95,880	1,199,978	72.4%
Asset under Management – INR lakh	1,69,149	3,17,363	87.6%
Number of Loan officers/ Relationship Officer's	1,970	2,746	39.4%
Number of Branches	331	458	38.36%

1.2 Expansion & Outreach:

The Company expanded its operations substantially during the year. The Micro Finance (MF) business increased its penetration in the existing geographies i.e. Maharashtra, Gujarat, Madhya Pradesh, Rajasthan, Bihar, Punjab, Haryana, West Bengal and Assam, by opening 122 new branches taking total branches to 331.

During the year, the MSME operations deepened penetration in the existing 122 branches and added 5 new branches in the existing geography. The MSME business operates in 13 states and 1 Union Territory i.e Tamil Nadu, Andhra Pradesh, Telangana, Gujarat, Rajasthan, Maharashtra, Karnataka, Pondicherry, Haryana, Punjab, Madhya Pradesh, Uttar Pradesh, Uttarkhand and Himachal Pradesh with total branches at 127.

In FY 2019-20, the Company will continue expansion in current geographies and would start operations in Uttar Pradesh.

1.3 New Initiative

- To increase the process efficiencies in MF business, a Digital Front end Application (DFA) was successfully launched in 24 branches for loan onboarding, processing and servicing. The Company plans to roll out the DFA, in a phased manner, to all the branches in FY 19-20.

- The MF business has traditionally been a cash intensive business model, with both collections and disbursements being done in cash. During the year the Company moved its disbursements from cash to electronic credit to the client's bank accounts in all its branches.

- To reduce the risk of cash handling in the MF business branches, Cash Management Services for cash collection were introduced through third party service providers for branches in Bihar and will be rolled out to the other states in FY 19-20.

- In MSME business, a Digital Front end Application (DFA) was successfully implemented in all 127 branches making the MSME sourcing process paperless.

1.4 Human Resources

Employees are the Company's primary asset and as at March 31, 2019, it had 4716 staff (an increase of 1794 from the previous year) with the ratio of branch staff to head office staff being 100:3. With a substantial expansion of the branch network and 90% of the employees in branches, the Business HR vertical has been separated from Corporate HR, so that this vertical can focus exclusively on requirements of the branch employees.

The Company has a strong focus on training for both technical and soft skills, both through on the job and class room training sessions. Staff are also nominated for and encouraged to pursue knowledge enhancement from external sources.

1.5 Financial Performance

(Rupees'000)

Results	Year Ended 31st March, 2018	Year Ended 31st March, 2019
(A) Total Income	1,090,400	1,934,064
(B) Total Expenses	1,244,835	1,947,214
(C) Profit/ (Loss) for the year (A-B)	(154,434)	(13,149)
(D) Deferred Tax Adjustment	(33,014)	42,713
Excess of Total Income over Expenditure (C-D)	(121,420)	(55,862)

The revenue from operations increased to INR 1920.41 million in the current year as compared to INR 1069.62 million in the previous year. During the year under review, the Company reported a loss of INR 13.15 million as compared to a loss of INR 154 million in the previous year. The losses arose primarily due to the substantial expansion in branch network during the year.

1.6 Financial Education and Social Initiatives

The Company believes that Financial Education is one of the pillars of Financial Inclusion. Therefore along with providing access to financial services the Company actively supports spread of financial education with assistance of Swadhaar FinAccess (SFA) a non- profit organization.

RBL has sponsored ongoing client education for borrowers in 34 branches of the Company (Mumbai, Gujarat and Rajasthan and Bihar) and 31,035 clients were trained during the FY 18-19. During the year UNNATI a financial education program was launched in 15 branches in Bihar. Through this programme 31,448 clients and community members were trained by SFA.

2. Dividend

In view of the losses the Board does not recommend any dividend for the financial year ended 31st March, 2019.

3. Risk Management

The Company has in place a Risk Management Policy that is appropriate for the size and scope of its business. This is under the ambit of and approved by the Audit and Risk Committee of the

Board, laying down the framework, limits and authorities along with operating and monitoring guidelines.

4. Significant Material Orders

There are no significant material orders passed by the Regulators / Courts / Tribunal which would impact the going concern status of the Company and its future operations. Hence, disclosure pursuant to Rule 8 (5) (vii) of Companies (Accounts) Rules, 2014 is not required.

5. Internal financial controls over financial statements (ICOFR)

The Company has in place adequate tools, procedures and policies, ensuring orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of accounting records, and timely preparation of reliable financial information. During the year, such controls were tested and no reportable material weaknesses in the design or operation were observed.

6. Disclosures under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013

The Company has a well-defined Sexual Harassment Policy in place with clear communication channels and redressal processes. The Policy is well disseminated to all staff, during induction and at other HR training sessions. Training has also been provided to all members of the Internal Complaints Committee, which has an external member with requisite background and experience. During the year, no incidents were reported to the Internal Complaints Committee (ICC) under the Company's Sexual Harassment Policy.

7. Statutory Auditors

Pursuant to Section 139 of the Companies Act, 2013, the shareholders of the Company appointed B S R & Co LLP., Chartered Accountants as the statutory auditors of the Company for the period of 5 years (From FY2016-17 to FY 2020-21).

There are no adverse observations/ qualifications in the Auditor's Report.

8. Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company appointed Dipti Nagori & Associates, Practicing Company Secretary to undertake the Secretarial Audit of the Company. The Secretarial Audit Report as obtained from Dipti Nagori & Associates, Practicing Company Secretary is attached as **Annexure A** and forms part of this Report.

There are no audit qualifications in the Secretarial Audit report.

9. Share Capital

During the period under review, RBL increased its stake in the Company through secondary purchase of shares from existing shareholders and raised its shareholding to 99.99%. In order to comply with the statutory requirement of minimum number of shareholders, six (6) individuals acquired one share each as nominees of RBL Bank Limited.

No fresh capital was infused during the year.

The table below reflects the shareholding pattern as on 31st March 2019:

Description	No. of shares
RBL Bank Limited	54,679,907
Anshul Swami*	1
Gurumurthy R*	1
Harjeet Toor*	1
Jaideep Iyer*	1
Rajeev Ahuja*	1
Ramesh Ramanathan*	1
Total	54,679,913

*Shares held as nominees of RBL Bank Limited.

10. Registrar and Transfer Agent

TSR Darashaw Limited is the Registrar & Transfer Agent (RTA) for the Company. Its address and contact details are as below:

TSR DARASHAW LIMITED
6-10 Haji MoosaPatrawala Industrial Estates
20, Dr. E. Moses Road, Mahalaxmi
Mumbai - 400 011.

11. Annual Return

The extract of the annual return in Form No. MGT - 9 is attached as Annexure B.

12. Directors:

12.1 Changes in Directors and Key Managerial Personnel

a. Changes in Directors:

Pursuant to change in the shareholding, the Board of the Company was restructured and reorganized. Mr. Abhishek Agrawal, Nominee Director of Accion resigned from the Board on June 11, 2018. The Board members express their gratitude for his contribution to the Company during its period of growth and transformation, first in his role as Chief Financial Officer of the Company and subsequently as Nominee Director.

During the period under review, Ms. Veena Mankar completed her term as a Whole Time Director & Key Managerial Person of the Company on August 31, 2018. She continues as a Non Executive Director and Chairperson of the Board. The Board members record their appreciation for the contribution made by her during her executive role in the Company and the pivotal role played by her in the successful transition of the Company to a subsidiary of the Bank.

On recommendation of Nomination, Compensation and Remuneration Committee, Mr. Vikas Muttoo, Chief Executive Officer (CEO) has been appointed as Managing Director of the Company w.e.f April 1, 2019 for a period of 3 years, subject to confirmation from the shareholders in their meeting.

b. Changes in Key Managerial Personnel

During the period under review, Mr. Madhan Mohan, was appointed as the Chief Executive Officer and Key Managerial Person (KMP) of the Company with effect from September 01, 2018 to October 31, 2018. Subsequent to resignation of Mr. Madhan Mohan, Mr. Vikas Muttoo was appointed as the Chief Executive Officer (CEO) and Key Managerial person (KMP) of the Company with effect from November 01, 2018.

12.2 Number of meetings of the Board of Directors

The Board of Directors of the company met seven times during the year. The Board Meetings were held on April 21, 2018, June 26, 2018, August 08, 2018, August 31, 2018 and October 25, 2018, December 14, 2018 and March 25, 2019. The intervening gap between the meetings was within the prescribed period under the Companies Act, 2013.

12.3 The details of attendance of the Directors for the year ended March 31, 2018:

Name of Director/Designation	**No. of meetings eligible to attend**	**Meetings attended**
Ms. Veena Mankar *Chairperson*	7	7
Mr. Abhishek Agrawal *Nominee Director (Resigned on June 11, 2018)*	1	1

Mr. Anal Jain *Independent Director*	7	5
Mr. Harjeet Toor *Nominee Director*	7	7
Ms. Jasmeet Srivastava *Independent Director*	7	6
Mr. Rajeev Ahuja *Nominee Director*	7	7

12.4 Director retiring by rotation

In accordance with the provisions of the Companies Act, 2013, Ms. Veena Mankar, Non-Executive Chairperson is liable to retire by rotation at the 12th Annual General Meeting (AGM) and being eligible has offered herself for re-appointment. This shall not constitute a break in the office of Ms. Veena Mankar, Non-Executive Chairperson. Your Directors recommend her re-appointment. The details of the Director being reappointed would be furnished in the explanatory statement to the notice of the AGM.

12. 5 Independent Director

Mr. Anal Jain was appointed as Independent Director on 27 June, 2013. The Company became a Public Limited Company on 25th January, 2019. Accordingly your Directors propose to reappoint Mr. Anal Jain, Independent Director for a term of 5 years. The details of the Director being reappointed would be furnished in the explanatory statement to the notice of the AGM.

12.6 Details of Board Committees

During the year under review, the following Board committees were reconstituted following the reconstitution of the Board:

1. The Audit and Risk Committee comprised the following Directors: Mr. Anal Jain, Ms. Jasmeet Srivastava and Mr. Harjeet Toor. The Committee met four times during the year.

2. The Nominations, Compensation and Remuneration Committee comprised the following Directors: Ms. Veena Mankar, Mr. Anal Jain Mr. Harjeet Toor and Ms. Jasmeet Srivastava. The Committee met thrice during the year.

12.7 Declaration by 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, stating that they meet the criteria of Independence as provided in section 149(6) of the Companies Act, 2013 and are not disqualified from continuing as Independent Directors.

13. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo:

The Company, not being a Manufacturing Company, advises that clauses for conservation of energy and technology absorption are not applicable. During the year under review, the Company earned no foreign exchange.

14. Particulars of Contracts or arrangements with Related Parties

All related party transactions that were entered into during the financial year ended 31 March, 2019 were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company. The particulars of contracts or arrangements with related parties referred to in sub section (1) of Section 188 entered by the Company during the financial year ended 31st March, 2019 is annexed hereto as Annexure C in prescribed Form AOC-2.

15. Particulars of Loans, Guarantees and Investments

The company has not given any loans/guarantees as covered under provisions of section 186 of the Companies Act, 2013 during the year.

16. Board Evaluation and Remuneration Policy

The Board members have carried out an annual performance evaluation of the Board as a whole, of the Chairperson, of the Directors individually and of the working of its Committees as required under Section 134 (3) (p) of the Companies Act, 2013 read with the rules framed there under.

The Nomination and Remuneration Policy for its Directors, KMP and senior management of the Company is in place.

17. Other Statutory Disclosures:

- The Company has not changed its nature of business during FY 2018-19.
- All recommendations of the Audit Committee were approved by the Board.
- There are no material changes and commitments, affecting the financial position of the Company, that have occurred between the end of the Financial year i.e. March 31, 2019 and date of the Directors' report i.e., April 13, 2019.

18. Directors' Responsibility Statement

Pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors confirms that: –

(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 profit and loss of the Company for the period;

(c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) the annual accounts have been prepared on a going concern basis; and

(e) proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

Acknowledgements

The Directors take this opportunity and wish to thank all the employees for their hard work, spirited efforts in the past year and their dedication to the Company, The Directors would also like to record their deep appreciation for the unstinted support and assistance received from RBL Bank and all our shareholders that have helped the Company build a strong foundation and grow.

For and on behalf of the Board

Veena Mankar
Chairperson.
DIN : 00004168

Dated: April 13, 2019
Place: Mumbai

Registered office
D/401, Lotus Corporate Park,
CTS No.185/A, Graham Firth Compound,
Jay Coach, Western Express Highway,
Goregaon (E), Mumbai - 63

Form No. MR-3
Secretarial Audit Report
For the Financial year ended 31st March, 2019
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
RBL FINSERVE LIMITED
(Formarly Known as Swadhaar Finserve Private Limited)
401, Lotus Corporate Park, CTS No.185/8, Graham firth Compound,
Western Express Highway, Goregaon (East),
Mumbai - 400063

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **RBL FINSERVE LIMITED (CIN: U74110MH2007PLC175181)** (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the **RBL FINSERVE LIMITED's** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2019, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by **RBL FINSERVE LIMITED ("The Company")** for the Financial Year ended on 31st March, 2019 according to the provisions of:

I. The Companies Act, 2013 (**the Act**) and the Rules made thereunder;

II. The Securities Contracts (Regulation) Act, 1956 (**'SCRA'**) and the Rules made thereunder: **Not applicable.**

III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

IV. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): **Not applicable as company is not listed on any stock exchanges.**
   a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

DIPTI NAGORI & ASSOCIATES C.P. No. 9917 THANE

b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

d. The Securities and Exchange Board of India (Employee Stock Option Scheme and employee stock Purchase Scheme) Guidelines, 1999;

e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998

VI. Other specific business/industry related laws are not applicable to the company. Further the Company has complied with other applicable general business laws, rules, regulations and guidelines.

I have also examined compliance with the applicable clauses of the following:

i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to board and general meetings.

ii)The Listing Agreements entered into by the Company with the Stock Exchange(s) if applicable: **Not Applicable as company is not listed on any stock exchanges.**

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that:

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

DIPTI NAGORI & ASSOCIATES THANE C. P No. 9917

Annexure B-Form No. MGT-9

EXTRACT OF ANNUAL RETURN as on the financial year ended on March 31, 2019.
[Pursuant to Section 92(3) *of the Companies Act, 2013* and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

REGISTRATIONAND OTHER DETAILS

i.	CIN	:	U74110MH2007PLC175181
ii.	Registration Date	:	19/10/2007
iii.	Name of the company	:	RBL FinServe Limited
iv.	Category	:	Public Limited Company
v.	Address of the Registered office and contact details	:	D/401, Lotus Corporate Park, CTS No.185/A, Graham Firth Compound, Jay Coach, Western Express Highway, Goregaon (E), Mumbai – 63
vi.	Whether listed company	:	No
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	TSR Dara Shaw,6-10,Haji MoosaPatrawala Ind. Estate 20 Dr. E Moses Road,Mahalakshmi,Mumbai-400 011

I. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

To carry on and undertake the business of being a business correspondent or business facilitator as permitted under the applicable laws and regulations for banks, financial institutions, nonbanking finance companies (NBFCs) and other service providers and either directly or indirectly provide various facilitation services .

II. PARTICULARS OF SUBSIDIARY: NIL

III. PARTICULARS OF HOLDING: RBL BANK LIMITED

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. *Category - wise Share Holding*

Category of shareholders	No. of shares held at the beginning of the year	No. of shares held at the end of the year

	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares
A. Indian Promoter	--	0	0	0	--	0	0	0
B. Public Shareholding- Non- Institutions								
i) Bodies Corp- Indian	33,070,640	--	33,070,640	60.48	5,4679,907	-	5,4679,907	99.99 %
ii) Bodies Corp- Overseas	--	19,650,000	19,650,000	35.94	-	0	-	0%
iii) Individual shareholders holding nominal share capital upto Rs.1 lakh	20	10,000	10,020	0.02	-	6	6	0.01%
iv)Individual shareholders holding nominal share capital in excess of Rs 1 lakh	1,949,253	--	1,949,253	3.56	0	-	0	0%
vi)Others - Foundati	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

on								
vi)Others - Trust	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total Public Shareholding	35,019,913	196,660,000	5,4679,913	100	5,4679,907	6	5,4679,913	100
Grand Total (A+B)	**35,019,913**	**196,660,000**	**5,4679,913**	**100**	**5,4679,907**	**6**	**5,4679,913**	**100**

ii. *Change in Promoters' Shareholding (please specify, if there is no change): Not Applicable*

iii. *Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):*

For Each of the Top 10 Shareholders	No. of shares	%of total shares of the company
At the beginning of year	**50,82,933**	92.95%
Change during the year	Due to transfer of shares	
At the End of the year	**5,4679,911**	99.99%

iv. *Shareholding of Directors and Key Managerial Personnel:*

Sr. NO.		**Shareholding**	
	For Each of the Directors and KMP	No. of shares	%of total shares of the company
1.	**Veena Mankar**		
	At the beginning of year	3,84,980	0.70
	Change during the year	3,84,980	0.70
	At the End of year	0	0
2.	**Mr. Rajeev Ahuja***		
	At the beginning of year	0	0
	Change during the year	1	0
	At the End of year	1	0
3.	**Mr. Harjeet Toor***		
	At the beginning of year	0	0

	Change during the year	1	0
	At the End of year	1	0

* Shares held as nominees of RBL Bank Limited.

V. INDEBTEDNESS: *NIL*

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. I. Remuneration to Veena Mankar as Whole Time Director and KMP of the Company

Sr. no.	Particulars of Remuneration	(in Rs)	
		Veena Mankar	Total amount
1.	I. Gross salary till August 31, 2018	20,33,255	20,33,255
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	NIL	NIL
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL
	c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	NIL	NIL
2.	Stock Option	NIL	NIL
3.	Sweat Equity	NIL	NIL
4.	Commission - as % of profit - others, specify...	NIL	NIL
5	Ex- Gratia payment	20,00,000	20,00,000
	Total (A)	40,33,255	40,33,255
	Ceiling as per the Act	84,00,000	84,00,000
6	Gratuity	15,62,498	15,62,598

B. Remuneration to other directors:

Sr. no.	Particulars of Remuneration	(In Rs.)		
1	Independent Directors	Mr. Anal Jain	Ms. Jasmeet Srivastava	Total Amount
	• Fee for attending board and committee meetings	5,80,000	5,00,000	10,80,000
	• Commission	NIL	NIL	
	• Reimbursement of expenses	59,510	NIL	59,510
	Total (1)	6,39,510	5,00,000	11,39,510
2	Other Non-Executive Directors	Ms. Veena Mankar		Total

			Amount
	• Fee for attending board committee meetings • Commission • Others, please specify	70,000 NIL NIL	70,000 NIL NIL
	Total (2)	70,000	70,000
	Total (1+2)	12,09,510	12,09,510
	Overall Ceiling as per the Act	Sitting fees: 1,00,000 per meeting	

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sr. no.	Particulars of Remuneration	Key Managerial Personnel				
		Chief Executive Officer		Company Secretary	Chief Financial Officer	Total
		Mr. Madhan Mohan (From September 01 till October 31, 2018)	Mr. Vikas Muttoo (From November 1st to March 31, 2019)	Mrs. Anshu Mohta	Mr. Manouj Kabra	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	7,10,518	31,52,546	20,71,788	33,99,088	93,33,940
2.	Stock Option	NIL	NIL	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL	NIL	NIL
4.	Commission - as % of profit	NIL	NIL	NIL	NIL	NIL

	- Others, specify...					
5.	Ex- Gratia payment - Long term Incentive Plan - Performance Bonus	NIL NIL NIL	NIL NIL NIL	NIL 1,70,500 4,20,068	NIL NIL 2,00,000	NIL 1,70,500 7,90,568
5.	Others, please specify Payment received for surrender of employee stock options	NIL	NIL	NIL	NIL	NIL
	Total	7,10,518	31,52,546	26,62,356	35,99,088	1,01,24,508

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

Annexure C- FORM NO AOC-2

(Pursuant to clause (h) of sub section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules 2014)

(1). Details of contracts or arrangements or transactions not at arm's length basis- NOT APPLICABLE

(2). Details of material contracts or arrangement or transactions at arm's length basis-

Sr. No.	Particulars	(1)	(2)	(3)
1	Name(s) of the related party	RBL Bank Limited	RBL Bank Limited	RBL Bank Limited
2	Nature of relationship:	Business Correspondent and Holding Company	Business Correspondent and Holding Company	Business Correspondent and Holding Company
3	Nature of contracts:	To ratify Collection Service Agreement	To revise pay-out structure (without FLDG) for JLG and MSME business	Execution of Manpower Service Agreement
4	Duration of the contracts :	--	--	--
5	Salient terms of the contracts :	--	--	--
6	Date(s) of approval by the Board, if any:	08/08/2018	31/08/2018	14/12/2018
7	Amount paid as advances, if any:	None	None	None
8	Date on which the special resolution was passed in general meeting as required under first proviso to section 188:	Not required	Not required	Not required

B S R & Co. LLP
Chartered Accountants

5th Floor, Lodha Excelus,
Apollo Mills Compound
N. M. Joshi Marg, Mahalaxmi
Mumbai - 400 011
India

Telephone +91 (22) 4345 5300
Fax +91 (22) 4345 5399

INDEPENDENT AUDITOR'S REPORT

To the Members of RBL FinServe Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of RBL FinServe Limited ("the Company"), which comprise the balance sheet as at 31 March 2019, and the statement of Profit and Loss, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the 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, of the state of affairs of the Company as at 31 March, 2019, and of its loss and cash flows for the year ended on that date.

Basis for Opinion

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 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

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 Director's report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

B S R & Co. LLP
Chartered Accountants
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Lodha Excelus,
Apollo Mills Compound,
N. M. Joshi Marg,
Mahalaxmi,
Mumbai-400011.
India

RBL FinServe Limited
INDEPENDENT AUDITOR'S REPORT (Continued)

Management's Responsibility for Financial Statements

The Company's Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified 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 of 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 financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the 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. Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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RBL FinServe Limited
INDEPENDENT AUDITOR'S REPORT (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements *(continued)*

- 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

A. As required by Section 143(3) of the Act, we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

e) On the basis of the written representations received from the directors as on 31 March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2019 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

B S R & Co. LLP Chartered Accountants 5th Floor, Lodha Excelus, Apollo Mills Compound, N. M. Joshi Marg, Mahalaxmi, Mumbai - 400 011, India

RBL FinServe Limited
INDEPENDENT AUDITOR'S REPORT (Continued)

Report on Other Legal and Regulatory Requirements (Continued)

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, in our opinion and to the best of our information and according to the explanations given to us:

i. the Company does not have any pending litigations which would impact its financial position;

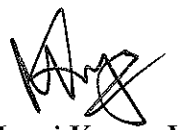
ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and

iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2019.

C. With respect to the matter to be included in the Auditors' Report under Section 197(16): 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. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022



Manoj Kumar Vijai
Partner
Membership No: 046882

Mumbai
13 April 2019

RBL FinServe Limited
INDEPENDENT AUDITOR'S REPORT (Continued)

Annexure A to the Independent Auditor's Report
(Referred to in our report of even date on the financial statements)

The Annexure referred to in Independent Auditor's Report to the members of the Company on the financial statements for the year ended 31 March 2019, we report that:

(i) In respect of its fixed assets:

a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

b. The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified annually. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

c. The Company does not hold any immovable property in its own name. Accordingly, paragraph 3(i)(c) is not applicable to the Company.

(ii) The Company is a service company primarily rendering business correspondence services. Accordingly, it does not maintain inventory. Thus, paragraph 3(ii) of the Order is not applicable to the Company.

(iii) According to the information and explanation given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the Register maintained under Section 189 of the Act. Accordingly paragraph 3(iii) of the Order is not applicable.

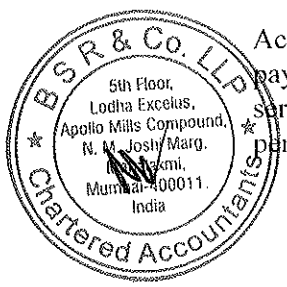
(iv) The Company has neither granted any loans to any director or any person in whom director is interested nor made investment in any company as specified in the provisions of section 185 and 186 of the Act. Accordingly, paragraph 3(iv) of the Order is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposits from the public to which the provisions of Section 73 to Section 76 or any other relevant provisions of the Act and the rules framed there under apply. Accordingly paragraph 3(v) of the Order is not applicable.

(vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under sub section (1) of Section 148 of the Act for any of the services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable.

(vii) a. According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of accounts in respect of undisputed statutory dues including provident fund, employee's state insurance, income tax, goods and service tax, cess and any other statutory dues have generally been deposited regularly by the Company to the appropriate authorities with an exception of a few delays during the year. As explained to us, the Company did not have any dues on account of duty of custom duty and duty of excise.

According to the information and explanations given to us no undisputed statutory dues payable in respect of provident fund, employees' state insurance, income-tax, goods and service tax and other material statutory dues were in arrears as at 31 March 2019 for a period of more than six months from the date they became payable.



RBL FinServe Limited
INDEPENDENT AUDITOR'S REPORT (Continued)

Annexure A to the Independent Auditor's Report *(Continued)*

b. According to the information and explanations given to us, there are no dues with respect to income tax, sales tax, goods and service tax, value added tax, custom duty, excise duty, which have not been deposited with the appropriate authorities on account of any dispute.

(viii) According to the information and explanations given to us, the Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3 (viii) of the order is not applicable to the Company.

(ix) According to the information and explanations given to us, the Company has neither raised money by way of public issue offer nor has obtained any term loans. Therefore, paragraph 3 (ix) of the order is not applicable to the Company.

(x) According to the information and explanations given to us and on the basis of our examination of the records of the Company, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of the audit except instances of fraud/ misappropriation of funds amounting to Rs.1,813,873 by the employees of the Company.

(xi) 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 paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(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.

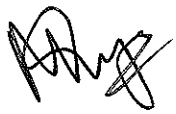
(xiii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, all transactions with the related parties are in compliance with section 177 and 188 of the Act and the details have been disclosed in the financial statements, as required by the applicable accounting standards.

(xiv) In our opinion and according to the information and explanations given to us, during the year under audit, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Hence the provisions of clause 3 (xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022



Manoj Kumar Vijai
Partner
Membership No: 046882

Mumbai
13 April 2019

RBL FinServe Limited
INDEPENDENT AUDITOR'S REPORT (Continued)

Annexure B to the Independent Auditor's Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of the Company as of 31 March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

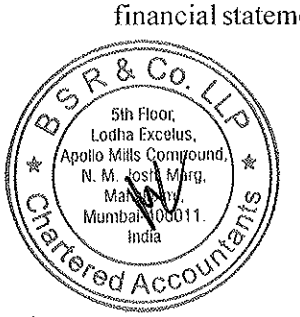
The Company's Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 statement, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both 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 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to 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 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.



RBL FinServe Limited
INDEPENDENT AUDITOR'S REPORT (Continued)

Annexure B to the Independent Auditor's Report *(Continued)*

Meaning of Internal Financial Controls with reference to Financial Statements

A company's internal financial control 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 (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 with reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Manoj Kumar Vijai
Partner
Membership No: 046882

Mumbai
13 April 2019

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INDEPENDENT AUDITOR'S REPORT

To the Members of RBL FinServe Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of RBL FinServe Limited ("the Company"), which comprise the balance sheet as at 31 March 2019, and the statement of Profit and Loss, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the 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, of the state of affairs of the Company as at 31 March, 2019, and of its loss and cash flows for the year ended on that date.

Basis for Opinion

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 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

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 Director's report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

B S R & Co. LLP
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India
Chartered Accountants

RBL FinServe Limited
INDEPENDENT AUDITOR'S REPORT (Continued)

Management's Responsibility for Financial Statements

The Company's Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified 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 of 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 financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the 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. Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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Chartered Accountants

RBL FinServe Limited
INDEPENDENT AUDITOR'S REPORT (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements *(continued)*

- 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

A. As required by Section 143(3) of the Act, we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

e) On the basis of the written representations received from the directors as on 31 March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2019 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"; and

B S R & Co. LLP ★ 5th Floor, Lodha Excelus, Apollo Mills Compound, N. M. Joshi Marg, Mahalaxmi, Mumbai-400011, India ★ Chartered Accountants

RBL FinServe Limited
INDEPENDENT AUDITOR'S REPORT (Continued)

Report on Other Legal and Regulatory Requirements (Continued)

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, in our opinion and to the best of our information and according to the explanations given to us:

i. the Company does not have any pending litigations which would impact its financial position;

ii. the Company 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 Company; and

iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2019.

C. With respect to the matter to be included in the Auditors' Report under Section 197(16): 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. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Manoj Kumar Vijai
Partner
Membership No: 046882

Mumbai
13 April 2019

RBL FinServe Limited
INDEPENDENT AUDITOR'S REPORT (Continued)

Annexure A to the Independent Auditor's Report
(Referred to in our report of even date on the financial statements)

The Annexure referred to in Independent Auditor's Report to the members of the Company on the financial statements for the year ended 31 March 2019, we report that:

(i) In respect of its fixed assets:

a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

b. The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified annually. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

c. The Company does not hold any immovable property in its own name. Accordingly, paragraph 3(i)(c) is not applicable to the Company.

(ii) The Company is a service company primarily rendering business correspondence services. Accordingly, it does not maintain inventory. Thus, paragraph 3(ii) of the Order is not applicable to the Company.

(iii) According to the information and explanation given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the Register maintained under Section 189 of the Act. Accordingly paragraph 3(iii) of the Order is not applicable.

(iv) The Company has neither granted any loans to any director or any person in whom director is interested nor made investment in any company as specified in the provisions of section 185 and 186 of the Act. Accordingly, paragraph 3(iv) of the Order is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposits from the public to which the provisions of Section 73 to Section 76 or any other relevant provisions of the Act and the rules framed there under apply. Accordingly paragraph 3(v) of the Order is not applicable.

(vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under sub section (1) of Section 148 of the Act for any of the services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable.

(vii) a. According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of accounts in respect of undisputed statutory dues including provident fund, employee's state insurance, income tax, goods and service tax, cess and any other statutory dues have generally been deposited regularly by the Company to the appropriate authorities with an exception of a few delays during the year. As explained to us, the Company did not have any dues on account of duty of custom duty and duty of excise.

According to the information and explanations given to us no undisputed statutory dues payable in respect of provident fund, employees' state insurance, income-tax, goods and service tax and other material statutory dues were in arrears as at 31 March 2019 for a period of more than six months from the date they became payable.

RBL FinServe Limited
INDEPENDENT AUDITOR'S REPORT (Continued)

Annexure A to the Independent Auditor's Report *(Continued)*

b. According to the information and explanations given to us, there are no dues with respect to income tax, sales tax, goods and service tax, value added tax, custom duty, excise duty, which have not been deposited with the appropriate authorities on account of any dispute.

(viii) According to the information and explanations given to us, the Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3 (viii) of the order is not applicable to the Company.

(ix) According to the information and explanations given to us, the Company has neither raised money by way of public issue offer nor has obtained any term loans. Therefore, paragraph 3 (ix) of the order is not applicable to the Company.

(x) According to the information and explanations given to us and on the basis of our examination of the records of the Company, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of the audit except instances of fraud/ misappropriation of funds amounting to Rs.1,813,873 by the employees of the Company.

(xi) 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 paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(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.

(xiii) According to the information and explanations given to us and on the basis of 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 and the details have been disclosed in the financial statements, as required by the applicable accounting standards.

(xiv) In our opinion and according to the information and explanations given to us, during the year under audit, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Hence the provisions of clause 3 (xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Manoj Kumar Vijai
Partner
Membership No: 046882

Mumbai
13 April 2019

RBL FinServe Limited
INDEPENDENT AUDITOR'S REPORT (Continued)

Annexure B to the Independent Auditor's Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of the Company as of 31 March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

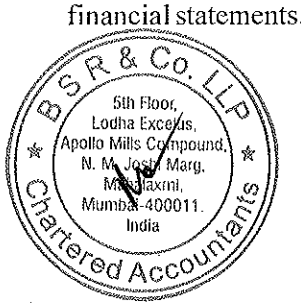
The Company's Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 statement, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both 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 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to 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 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.



RBL FinServe Limited
INDEPENDENT AUDITOR'S REPORT (Continued)

Annexure B to the Independent Auditor's Report *(Continued)*

Meaning of Internal Financial Controls with reference to Financial Statements

A company's internal financial control 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 (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 with reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Manoj Kumar Vijai
Partner
Membership No: 046882

Mumbai
13 April 2019

RBL FinServe Limited (*Formerly known as Swadhaar FinServe Private Limited*)
Balance Sheet as at 31 March, 2019
(All amounts in Indian Rupees, unless otherwise stated)

Particulars	Note No.	As at 31 March, 2019	As at 31 March, 2018
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	2.1	546,799,130	546,799,130
(b) Reserves and surplus	2.2	(126,506,047)	(70,644,353)
		420,293,083	476,154,777
2 Non-current liabilities			
(a) Other Long term Liabilities	2.3	8,282,098	10,178,000
(b) Long-term provisions	2.4	32,358,273	21,446,756
		40,640,371	31,624,756
3 Current liabilities			
(a) Trade Payables	2.5		
Total outstanding dues of micro enterprises and small enterprises		6,921,035	73,206
Total outstanding dues of creditors other than micro enterprises and small enterprises		140,174,237	55,598,736
(b) Other current liabilities	2.6	899,018,282	321,426,425
(c) Short-term provisions	2.7	13,830,408	3,111,572
		1,059,943,962	383,209,939
TOTAL		1,520,877,416	890,989,472
II. ASSETS			
1 Non-current assets			
(a) Property, Plant and Equipment			
Tangible assets	2.8	125,458,468	51,420,277
Intangible assets	2.8	4,818,391	5,000,184
(b) Non current investments	2.9	500,000	500,000
(c) Deferred tax asset (Net)	2.10	-	42,712,526
(d) Long-term loans and advances	2.11	286,455,168	116,759,156
(e) Other non current assets	2.12	-	144,917,124
		417,232,027	361,309,267
2 Current assets			
(a) Trade receivables	2.13	217,743,990	187,609,347
(b) Cash and Bank balance	2.14	833,826,635	305,114,223
(c) Short-term loans and advances	2.15	22,168,219	16,283,149
(d) Other current assets	2.16	29,906,545	20,673,486
		1,103,645,389	529,680,205
TOTAL		1,520,877,416	890,989,472

Significant Accounting Policies 1
Notes to the Financial Statements 2
The notes referred to above form an integral part of the Financial Statements.

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No: 101248W/W-100022

Manoj Kumar Vijai
Partner
Membership No.: 046882

Place: Mumbai
Date: 13 April, 2019

For and on behalf of the Board of Director
RBL FinServe Limited
(Formerly known as Swadhaar FinServe Private Limited)
CIN: U74110MH2007PLC175181

Vikas Muttoo
Managing Director & CEO
DIN: 06656213

Manouj Kabra
Chief Financial Officer

Place: Mumbai
Date: 13 April, 2019

Veena Mankar
Chairperson
DIN: 00004168

Anshu Mohta
Company Secretary

RBL FinServe Ltd. Mumbai

RBL FinServe Limited (Formerly known as Swadhaar FinServe Private Limited)
Statement of Profit and Loss for the year ended 31 March, 2019
(All amounts in Indian Rupees, unless otherwise stated)

	Particulars	Note No.	For the year ended 31 March, 2019	For the year ended 31 March, 2018
	Revenue from operations	2.17	1,920,411,181	1,069,619,258
	Other income	2.18	13,653,304	20,781,362
I	**Total revenue**		**1,934,064,485**	**1,090,400,620**
	Expenses:			
	Employee benefits expenses	2.19	1,161,295,502	643,064,674
	Depreciation and amortization	2.8	39,089,183	26,942,726
	Expenses for Loss on Managed Assets	2.20	329,055,882	331,218,937
	Administrative and Other expenses	2.21	417,773,086	243,608,766
II	**Total Expenses**		**1,947,213,653**	**1,244,835,103**
III	**Loss before Tax (I-II)**		**(13,149,168)**	**(154,434,483)**
IV	**Taxes**		**42,712,526**	**(33,014,047)**
	Current tax		-	-
	Deferred tax	2.10	42,712,526	(33,014,047)
V	**Loss after tax (III-IV)**		**(55,861,694)**	**(121,420,436)**
VI	**Earnings per equity share:**	2.22		
	(Face Value of Rs. 10 each)			
	Basic Earning Per Share		(1.02)	(2.22)
	Diluted Earning Per Share		(1.02)	(2.22)

Significant Accounting Policies 1
Notes to the Financial Statements 2
The notes referred to above form an integral part of the Financial Statements.

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No: 101248W/W-100022

Manoj Kumar Vijai
Partner
Membership No.: 046882

Place: Mumbai
Date: 13 April, 2019

For and on behalf of the Board of Director
RBL FinServe Limited
(Formerly known as Swadhaar FinServe Private Limited)
CIN: U74110MH2007PLC175181

Vikas Multoo
Managing Director & CEO
DIN: 06656213

Manouj Kabra
Chief Financial Officer

Place: Mumbai
Date: 13 April, 2019

Veena Mankar
Chairperson
DIN: 00004168

Anshu Mohta
Company Secretary

RBL FinServe Ltd. Mumbai

RBL FinServe Limited (Formerly known as Swadhaar FinServe Private Limited)
Cash Flow Statement for the year ended 31 March, 2019
(All amounts in Indian Rupees, unless otherwise stated)

Particulars	For the year ended 31 March, 2019	For the year ended 31st March, 2018
(Loss) before tax	(13,149,168)	(154,434,483)
Add:		
Depreciation	39,089,183	26,942,726
Interest income on Fixed Deposit	(13,275,635)	(4,676,575)
Loss on sale of Property Plant and Equipment	11,772	5,061
Operating Profit/ (Loss) before working capital changes	12,676,152	(132,163,271)
Increase in Other current assets	(9,233,058)	(17,171,952)
Increase in Short term loans and advances	(5,885,070)	(8,755,074)
(Increase)/ Decrease in long term loans and advances	292,519	(24,738,383)
Decrease in Other Non- current assets	144,917,124	147,617,525
Increase in Trade Receivable	(30,134,643)	(102,923,342)
Increase in Short term provision	10,718,836	1,625,449
Increase in Long term provision	10,911,517	11,657,802
Increase/ (Decrease) in Long term liabilities	(1,895,902)	10,178,000
Increase in Trade Payables	91,423,330	31,619,689
Increase in Other current liability	574,591,857	225,049,109
Cash flow (from)/ used in operating activities	798,382,662	141,995,553
Less : Taxes Paid including tax deducted at source	(169,988,532)	(28,778,110)
Net Cash Generated from Operations	628,394,130	113,217,443
(Purchase)/ Redemption of Fixed Deposits maturity greater than 3 months	62,321,414	(107,754,861)
(Purchase)/ Redemption of Non Current Investments	-	46,559
Interest income on Fixed Deposit	13,275,635	4,676,575
Purchase of Property Plant and Equipment	(112,961,929)	(51,533,074)
Proceeds from sale of Property Plant and Equipment	4,576	25,848
Net Cash from investing activities	(37,360,304)	(154,538,953)
Proceeds from repayment of Loan given to Swadhaar FinServe Employee Welfare Trust	-	50,434,792
Cash Flows from Financing Activities	-	50,434,792
Net increase in cash and cash equivalents	591,033,826	9,113,282
Cash and cash equivalents at beginning of year		
Balance with bank- current a/c	137,378,310	148,142,476
Balance with bank- fixed deposit	19,454,598	218,000
Cash on hand	1,281,315	640,466
Total Cash and cash equivalents at beginning of year	158,114,223	149,000,942
Cash and cash equivalents at end of period		
Balance with bank- current a/c	743,864,572	137,378,310
Balance with bank- fixed deposit	-	19,454,598
Cash on hand	5,283,477	1,281,315
Total Cash and cash equivalents at end of period (Refer note 2.14)	749,148,049	158,114,223
Significant Accounting Policies	1	
Notes to the Financial Statements	2	

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No: 101248W/W-100022

Manoj Kumar Vijai
Partner
Membership No.: 046882

Place: Mumbai
Date: 13 April, 2019

For and on behalf of the Board of Director
RBL FinServe Limited
(Formerly known as Swadhaar FinServe Private Limited)
CIN: U74110MH2007PLC175181

Vikas Multoo
Managing Director & CEO
DIN: 06656213

Manouj Kabra
Chief Financial Officer

Veena Mankar
Chairperson
DIN: 00004168

Anshu Mohta
Company Secretary

Place: Mumbai
Date: 13 April, 2019

RBL FinServe Ltd. Mumbai

RBL Finserve Limited
Significant Accounting Policies to the Financial Statements for the year ended 31 March 2019

Background

RBL FinServe Limited "the Company" is acting as a business correspondent operating exclusively for RBL Bank Ltd ("the Bank"), distributing comprehensive financial services (in particular Loans and Savings products) to low income households and micro and small entrepreneurs.

On November 8, 2017, the Bank increased its stake in the Company beyond 50% and the Company became its subsidiary. As a subsidiary to a listed public Company, Swadhaar had become a deemed public Company in pursuance of The Companies Act 2013 ("the Act")

On June 28, 2018, the Bank has raised its stake in the Company to 100% making the Company a wholly owned subsidiary of the Bank.

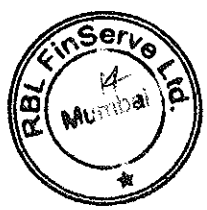
Subsequently, the Company changed its name from Swadhaar FinServe Private Limited to RBL FinServe Limited and became a Public Limited Company.

Note 1: Significant accounting policies:

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

a. *Basis of preparation of financial statements:*
The financial statements have been prepared and presented under the historical cost convention and accrual basis of accounting, in accordance with the generally accepted accounting principles in India ("Indian GAAP"). The financial statements comply with the Companies Accounting Standards Rules 2006 which continue to apply under section 133 of the Companies Act, 2013 ("the Act) read with the Rule 7 of the Companies (Accounts) Rules, 2014 and accounting principles generally accepted in India to the extent applicable.

b. U*se of estimates:*
The preparation of the financial statements in conformity with the generally accepted accounting principles require the management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities as on the date of Financial Statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognized prospectively in current and future periods.



c. Current – non-current classification

Assets:

An asset is classified as current when it satisfies any of the following criteria:

a) It is expected to be realized in, or is intended for sale or consumption in, the Company`s normal operating cycle;

b) It is held primarily for the purpose of being traded;

c) It is expected to be realized within 12 months after the reporting date; or

d) It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

Liabilities:

A liability is classified as current when it satisfies any of the following criteria:

a) It is expected to be settled in the Company`s normal operating cycle;

b) It is held primarily for the purpose of being traded;

c) It is due to be settled within 12 months after the reporting date; or

d) The Company does not have unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of the liability that could, at the option of a counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

d. Revenue recognition:

a) Service fees and processing fees are recognized and accounted on accrual basis as per the agreed terms with the Bank and/ or merchant partner.

b) Facilitation fee is recognised and accounted on accrual basis and as per the agreed terms with merchant partner and the Bank.

c) Interest income on deposits with banks is recognized on a time proportion basis and accounted on accrual basis taking into account the amount outstanding and the rate applicable.

d) In respect of other heads of income the Company accounts the same on accrual basis.

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Chartered Accountants

RBL FinServe Ltd. Mumbai

e. *Property, Plant and equipment:*

Property, Plant and equipment assets are stated at cost less accumulated depreciation and impairment, if any. The cost of Property, Plant and equipment comprises purchase price and any other incidental cost of bringing the asset to its working condition for its intended use. Subsequent expenditure incurred on assets is put to use is capitalized only when it increases the future benefit / functioning capability from / of such assets.

For assets purchased and sold during the year, depreciation is being provided on pro rata basis by the Company. On all assets, except as mentioned below, depreciation has been provided using the straight line method at the rates specified in Schedule II of the Companies Act, 2013.

Any Property, Plant and equipment individually costing up to Rs.5000 is fully depreciated in the year of purchase.

Leasehold improvements are amortized over the lease period from the date of cost incurred.

Depreciation provided on Property, Plant and equipment on Straight Line Method ("SLM") based on the technical evaluation of the useful life of the asset by the Management.

Losses arising from the retirement and gains or losses arising from the disposal of Property, Plant and equipment which are carried forward at the cost are recognized in the statement of Profit and loss.

f. Intangible assets and amortization:

Intangible assets are recognized when the asset is identifiable is within the control of the Company, it is probable the future economic benefit that are attributable to the asset will flow to the Company, and the cost of the asset can be reliably measure.

Expenses incurred on computer software having enduring benefits are capitalized and are amortized over a period of 3 years on a pro rata basis from the date of purchase.

g. Impairment of assets:

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired in accordance with AS-28 "Impairment of Asset". If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit which the asset belongs to, is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

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Chartered Accountants

RBL FinServe Ltd.
Mumbai

h. Investments:

Investments are classified into current and long term investments. Investments that are intended to be held for one year or more are classified as long term investments and investments that are intended to be held for less than one year are classified as current investments.

Long term investments are valued at cost. Provision for diminution in value of long term investments is made if in the opinion of management such a decline is other than temporary.

Current investments are valued at cost or market value, whichever is lower.

i. Employee benefits:

Short term employee benefits

Employee benefits payable wholly within twelve months of receiving employees services are classified as short-term employee benefits. These benefits include salary, wages, bonus, ex-gratia and leave encashment. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognized as expense during the period related services are rendered by the employees.

Post-employment benefits

(i) Defined contribution plans:

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Company makes specified monthly contributions towards employee provident fund to Government administered provident fund scheme which is a defined contribution plan. The Company's contribution is recognized as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

(ii) Defined benefit plans:

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of a defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The calculation of the Company's obligation under each of the two plans is performed annually by a qualified actuary using the projected unit credit method.

The Company recognizes all actuarial gains and losses arising from defined benefit plans immediately in the Statement of Profit and Loss. All expenses related to defined benefit plans are recognized in employee benefits expense in the Statement of Profit and Loss. When the benefits of a plan are improved, the portion of the increased benefit related to past service by employees is recognized in Statement of

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Chartered Accountants

RBL FinServe Ltd.

Profit and Loss on a straight-line basis over the average period until the benefits become vested. The Company recognizes gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs.

(iii) **Termination benefits:**

Termination benefits are recognized as an expense when, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

j. Operating leases:

Lease payments in respect of operating lease are recognized as an expense in the Statement of Profit and Loss on accrual basis over the lease term, in accordance with the Accounting Standards (AS) 19, "Leases".

k. Income taxes:

Income-tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). Income-tax expense is recognized in Statement of Profit and Loss except that tax expense related to items recognized directly in reserves is also recognized in those reserves.

Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the applicable tax rates and tax laws.

Deferred tax is recognized in respect of timing differences between taxable income and accounting income i.e. differences that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable/ virtual certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized.

Minimum Alternative Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognized as current tax in the Statement of Profit and Loss. The credit available under the Act in respect of MAT paid is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognized as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

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l. Provision and contingencies:

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provision in respect of loss contingencies relating to claims, litigation, assessment, fines, penalties, etc. are recognized when it is probable that a liability has been incurred, and the amount can be estimated reliably.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognized in the period in which the change occurs.

m. Foreign currency transactions:

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transaction. Exchange differences, if any arising out of transactions settled during the year are recognized in the Statement of Profit and Loss account. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rate on that date. The exchange differences are recognized in the statement of profit and loss and the related assets and liabilities are accordingly restated in the balance sheet.

n. Earnings per share:

Basic earnings per share ("EPS") is computed by dividing the net profit after tax for the year attributable to the equity shareholders by weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, net profit after tax for the year and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares (ESOP).

o. Cash and Bank Balances:

Cash and bank balances includes cash in hand and cash at bank and short-term investments with an original maturity of twelve months or less.

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p. Segment reporting

The Company operates in a single reportable segment i.e. business correspondent to the bank. Accordingly there is no reportable segment to be disclosed as required by Accounting Standard 17 "Segment reporting". During the year, the Company has engaged in business within India. The conditions prevailing in India being uniform, no separate geographical disclosure is considered necessary.

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(All amounts in Indian rupees, unless stated otherwise)

Note 2.1 : Share Capital

Particulars	As at 31 March, 2019	As at 31 March, 2018
Authorised		
120,000,000 Equity shares of Rs.10 each.	1,200,000,000	1,200,000,000
Issued, subscribed and paid up		
Equity shares of Rs.10 each		
54,679,913 (P.Y. 54,679,913) equity shares with face value of Rs 10 each fully paid-up	546,799,130	546,799,130
Total	**546,799,130**	**546,799,130**

Note: 2.1.1

During the current financial year, the RBL Bank Limited has increased its stake to 100% in the Company and the Company has become wholly owned subsidiary of RBL Bank Limited

Note 2.1.2 Loan to Swadhaar Finserve Employee Welfare Trust:

In the previous financial year, 'EWT' has fully repaid loan borrowed from the Company. The Directors in their Board meeting held on March 20, 2018 decided to sunset the Employee Stock Option (ESOP) & Associate Stock Option scheme (ASOP) .

Earlier, Swadhaar FinServe Employee Welfare Trust (the Trust) had 4,286,822 equity shares, each of face value Rs. 10/- . The trust has been formed for the purpose of promoting employee welfare activities including, inter alia, administration, management, implementation and all other matters incidental to the Employee Stock Options to be introduced by the Company from time to time.

Note 2.1.3 Reconciliation of equity shares outstanding at the beginning and at the end of the financial year

Particulars	As at 31 March, 2019		As at 31 March, 2018	
	Number	(Amt. in Rs.)	Number	(Amt. in Rs.)
Shares outstanding at the beginning of the year	54,679,913	546,799,130	54,679,913	546,799,130
Shares Issued during the year	-	-	-	-
Shares outstanding at the end of the year	54,679,913	546,799,130	54,679,913	546,799,130

Note 2.1.4 Terms/ Rights Attached to equity Shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. In case of further issue of shares, the same shall be offered to all the shareholders on identical terms on a proportionate basis. All shares rank pari passu with regard to dividend and repayment of capital.

In the event of liquidation of the Company, the holder of the equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all the preferential amounts. However no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

Note 2.1.5 Details of shareholders holding more than 5% shares in the company

Name of Shareholder	As at 31 March, 2019		As at 31 March, 2018	
	Total No. of Shares	%	Total No. of Shares	%
RBL Bank Limited	54,679,913	100%	33,070,640	60.48%
Accion Africa-Asia Investment Company	Nil	Nil	19,650,000	35.94%

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Note 2.1 : Share Capital *(Continued)*

Note 2.1.6 The activities in the ESOP schemes during the year ended March 2018 is set below

Particulars	As at 31st March, 2019 ESOP	As at 31st March, 2018 ESOP
ESOP Scheme 2010 (Stock option granted @ Rs 11)		
Options outstanding, beginning of the year		292,950
Add: Granted	-	-
Less: Exercised	-	-
Less: surrendered	-	(292,950)
Less: Forfeited	-	-
Option outstanding, end of the year	-	-
	-	-
Exercisable at the end of the period		
ESOP Scheme 2010 (Stock option granted @ Rs 13)		
Options outstanding, beginning of the year		758,200
Add: Granted	-	-
Less: Exercised	-	-
Less: surrendered	-	(758,200)
Less: Forfeited	-	-
Option outstanding, end of the year	-	-
Exercisable at the end of the period	-	-

* During the last year, entire vested stock options were surrendered @ Rs.18. There were no schemes as at 31 March 2019

Note 2.2 : Reserves and Surplus

Particulars	As at 31 March, 2019	As at 31 March, 2018
A. Securities Premium		
Opening Balance	60,231,179	52,664,607
(+) Current year	-	-
(+) Previous Year (Refer note below)	-	7,566,572
Closing Balance	60,231,179	60,231,179
B. General Reserve		
Opening Balance	8,387,866	8,387,866
(+) Transferred from statutory reserve		
Closing Balance	8,387,866	8,387,866
C. Capital Reserve		
Opening Balance	4,177,614	4,177,614
(+) Reserve created due to amalgamation	-	-
Closing Balance	4,177,614	4,177,614
D. Surplus		
Opening balance	(143,441,012)	(22,020,576)
(+) Net Profit/ (Loss) for the year	(55,861,694)	(121,420,436)
Closing Balance	(199,302,706)	(143,441,012)
Total (A+B+C+D)	(126,506,047)	(70,644,353)

Note:
During the previous year, Swadhaar FinServe Employee Welfare Trust has sold its entire share holding to RBL Bank Limited

Note 2.3 : Other Long term Liabilities

Particulars	As at 31 March, 2019	As at 31 March, 2018
Long term Incentives Payable	8,282,098	10,178,000
Total	8,282,098	10,178,000

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Note 2.4 : Long Term Provisions

Particulars	As at 31 March, 2019	As at 31 March, 2018
Provision for employee benefits		
Gratuity (unfunded) (Refer note 2.23)	32,358,273	18,123,087
Leave encashment (unfunded)	-	3,323,669
Total	**32,358,273**	**21,446,756**

Note 2.5 : Trade Payable

Particulars	As at 31 March, 2019	As at 31 March, 2018
Trade Payable		
Total outstanding dues of micro enterprises and small enterprises (Refer note 2.30)	6,921,035	73,206
Total outstanding dues of creditors other than micro enterprises and small enterprises	140,174,237	55,598,736
Total	**147,095,272**	**55,671,942**

Note 2.6 : Other current liabilities

Particulars	As at 31 March, 2019	As at 31 March, 2018
Margin money received from clients	1,733,079	1,733,079
Advance portfolio collections	4,020,277	4,020,278
Bonus payable	85,366,076	46,746,041
Loss on Managed Portfolio [Refer Note 2.27(a)]	108,093,850	130,452,153
Other liabilities	970,605	5,150,763
Statutory dues payable	51,678,818	32,694,682
Employee benefits- payable	15,065,193	10,053,404
Payable for Disbursement/ Collection*	630,194,482	93,576,025
Incentive payable	1,895,902	-
Total	**899,018,282**	**324,426,425**

* This pertains to Collection/ Disbursement from/ to RBL Clients.

Note 2.7: Short term provisions

Particulars	As at 31 March, 2019	As at 31 March, 2018
a) Provision for employee benefits		
Gratuity provision (Refer note 2.23)	1,197,563	2,136,208
Leave encashment provision	6,514,503	975,364
b) Other Provisions [Refer Note 2.27(b)]	6,118,342	-
Total	**13,830,408**	**3,111,572**

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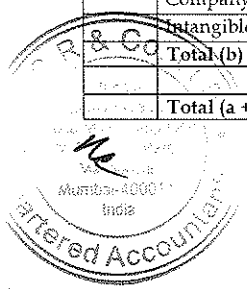
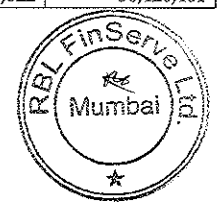
Note 2.8: Property, Plant and Equipment As of 31 March 2019

	Fixed Assets	Gross Block				Accumulated Depreciation				Net Block	
		Balance as at 01 April, 2018	Additions	Disposal	As at 31 March, 2019	Balance as at 01 April, 2018	Additions	Disposal	As at 31 March, 2019	Balance as at 01 April, 2018	As at 31 March, 2019
a.	Tangible Assets										
	Furniture and Fixtures	36,212,254	27,563,219	-	63,775,473	20,515,275	13,058,154	-	33,573,429	15,696,979	30,202,044
	Office equipment	21,818,502	37,445,567	31,700	59,232,369	8,077,973	9,203,867	15,352	17,266,488	13,740,529	41,965,881
	Computer	32,015,690	21,009,805	-	53,025,495	16,165,701	9,476,152	-	25,641,853	15,849,989	27,383,642
	Lease Hold Improvement	12,520,276	12,158,244	-	24,678,520	6,387,496	4,467,012	-	10,854,508	6,132,780	13,824,012
	Motor Vehicle	-	12,187,321	-	12,187,321	-	104,432	-	104,432	-	12,082,889
	Total (a)	**102,566,722**	**110,364,156**	**31,700**	**212,899,178**	**51,146,445**	**36,309,617**	**15,352**	**87,440,710**	**51,420,277**	**125,458,468**
b.	Intangible Assets										
	Company Logo	294,777	-	-	294,777	294,777	-	-	294,777	-	-
	Computer software	29,986,296	2,597,773	-	32,584,069	24,986,112	2,779,566	-	27,765,678	5,000,184	4,818,391
	Total (b)	**30,281,073**	**2,597,773**	**-**	**32,878,846**	**25,280,889**	**2,779,566**	**-**	**28,060,455**	**5,000,184**	**4,818,391**
	Total (a + b)	**132,847,795**	**112,961,929**	**31,700**	**245,778,024**	**76,427,334**	**39,089,183**	**15,352**	**115,501,165**	**56,420,461**	**130,276,859**

Property, Plant and Equipment As of 31 March 2018

	Fixed Assets	Gross Block				Accumulated Depreciation				Net Block	
		Balance as at 01 April, 2017	Additions	Disposal	Balance as at 31 March, 2018	Balance as at 01 April, 2017	Additions	Disposal	Balance as at 31 March, 2018	Balance as at 01 April, 2017	Balance as at 31 March, 2018
a.	Tangible Assets										
	Furniture and Fixtures	15,948,610	20,263,644	-	36,212,254	9,615,407	10,899,868	-	20,515,275	6,333,203	15,696,979
	Office equipment	9,598,649	12,237,653	17,800	21,818,502	3,232,927	4,850,800	5,754	8,077,973	6,365,722	13,740,529
	Computer	19,127,160	12,913,398	24,868	32,015,690	10,299,245	5,872,461	6,005	16,165,701	8,827,915	15,849,989
	Lease Hold Improvement	9,482,513	3,037,763	-	12,520,276	3,507,279	2,880,217	-	6,387,496	5,975,234	6,132,780
	Total (a)	**54,156,932**	**48,452,458**	**42,668**	**102,566,722**	**26,654,858**	**24,503,346**	**11,759**	**51,146,445**	**27,502,074**	**51,420,277**
b.	Intangible Assets										
	Company Logo	294,777	-	-	294,777	294,777	-	-	294,777	-	-
	Intangible Assets	26,905,680	3,080,616	-	29,986,296	22,546,732	2,439,380		24,986,112	4,358,948	5,000,184
	Total (b)	**27,200,457**	**3,080,616**	**-**	**30,281,073**	**22,841,509**	**2,439,380**	**-**	**25,280,889**	**4,358,948**	**5,000,184**
	Total (a + b)	**81,357,389**	**51,533,074**	**42,668**	**132,847,795**	**49,496,367**	**26,942,726**	**11,759**	**76,427,334**	**31,861,022**	**56,420,461**





Note 2.9 : Non Current Investments

Particulars	As at 31 March, 2019	As at 31 March, 2018
Non Trade and Unquoted		
Investment in Equity instruments:		
Investment in Alpha Microfinance Consultants Pvt. Ltd. 50,000 (PY 50,000) equity shares with face value of Rs. 10 Each	500,000	500,000
Aggregate amount of unquoted investment	**500,000**	**500,000**

Note 2.10 : Deferred Tax Asset

Particulars	As at 31 March, 2019	As at 31 March, 2018
Difference in WDV of assets	-	5,962,342
Gratuity provision	-	3,166,347
Bonus	-	6,958,885
Compensated absence provision	-	1,440,265
Business loss carried forward	-	25,184,687
Deferred Tax Asset	**-**	**42,712,526**

The Company has carried forward tax losses as at balance sheet date. As required under AS 22, in the absence of virtual certainty, the Company has not recognised deferred tax asset of Rs. 63,808,061 as at reporting date.

Note 2.11 : Long-term loans and advances

Particulars	As at 31 March, 2019	As at 31 March, 2018
Unsecured - considered good		
(a) Security deposit		
Rent deposit	40,914,830	29,266,340
Other deposit	1,210,360	1,615,119
(b) Capital advances		
Capital advances	2,799,564	14,335,815
(c) Other loans and advances		
Advance income tax including tax deducted at sources (Net of provision for tax of CY: Rs.2,342,740 and PY Rs.3,963,903)	241,530,414	71,541,882
Total	**286,455,155**	**116,759,156**

Note 2.12 : Other non current assets

Particulars	As at 31 March, 2019	As at 31 March, 2018
Fixed Deposit		
Lien fixed deposit*	-	143,635,594
Interest accrued on fixed deposit	-	1,281,530
Total	-	144,917,124

*Lien with bank as part of business coresspondent agreement.

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Note 2.13: Trade receivables

Particulars	As at 31 March, 2019	As at 31 March, 2018
Unsecured considered good		
Outstandings for more than 6 months from the date due for payment	-	-
Outstandings for less than 6 months from the date due for payment	217,743,990	187,609,347
Total	217,743,990	187,609,347

Note 2.14 : Cash and Bank balance

Particulars	As at 31 March, 2019	As at 31 March, 2018
(a)Cash and cash equivalents		
Cash on hand	5,283,477	1,281,315
Balance with banks		
In Current account	743,864,572	137,378,310
Non-Lien Fixed Deposit Account (Original maturity less than 3 months)	-	19,454,598
(b) Other Bank Balances		
Non-Lien Fixed Deposit Account (Remaining maturity more than 3 months but less than 12 months)	84,678,586	147,000,000
Total	833,826,635	305,114,223

Note 2.15 : Short-term loans and advances

Particulars	As at 31 March, 2019	As at 31 March, 2018
Other Loans and Advances (Unsecured and considered good)		
Advance against salary	210,009	270,083
Advance against expenses	1,370,802	697,930
Loan to employees	1,795,852	2,569,058
Prepaid expenses	12,657,763	3,015,877
Other deposit	-	300,000
Rent deposits	4,598,295	3,636,400
Advances to vendor	1,535,498	5,793,801
Total	22,168,219	16,283,149

Note 2.16: Other current assets

Particulars	As at 31 March, 2019	As at 31 March, 2018
Interest accrued and due on fixed deposit	1,155,898	1,794,103
CMS Collection	2,257,494	-
Other receivables	26,493,153	18,879,383
Total	29,906,545	20,673,486

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Note 2.17 : Revenue from operations

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
A. Income from Services		
Service fee	1,744,270,807	898,866,036
Upfront processing fees	148,460,696	148,364,751
Fees on Savings Deposit	687,038	422,357
Marketing Fees -CD Loan	118,800	54,555
Total (A)	**1,893,537,341**	**1,047,707,699**
B. Other operating income:		
Interest Income from fixed deposit	5,902,480	18,368,108
Manpower Services	20,497,834	-
Other operating income	473,526	3,543,451
Total (B)	**26,873,840**	**21,911,559**
Total (A + B)	**1,920,411,181**	**1,069,619,258**

Note:

1. The company during the year from September 1, 2018 has revised its revenue sharing percentage for service fee for JLG loan from 9.5% to 8% and for MSME loans from 10% to 8.5%and for processing fees for JLG loan from 0.5% to Nil and for MSME loan from 2.50% to 1.25%.
2. Interest on Fixed deposit Lien with bank as part of business coresspondent agreement.

Note 2.18 : Other income

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
Interest on fixed deposit	13,275,635	4,676,575
Marketing fees	-	14,000,000
Interest recieved From IT refund	-	1,821,550
Other interest	377,669	283,237
Total	**13,653,304**	**20,781,362**

Note 2.19: Employee benefit expenses

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
Salaries, incentives and bonus	1,030,341,600	568,044,820
Contribution to Provident fund and other funds	93,719,045	56,112,076
Staff welfare expenses	37,234,857	18,907,778
Total	**1,161,295,502**	**643,064,674**

Note 2.20: Expenses for Loss on Managed Assets

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
Expenses for Loss on Managed Assets	329,055,882	331,218,937
Total	**329,055,882**	**331,218,937**

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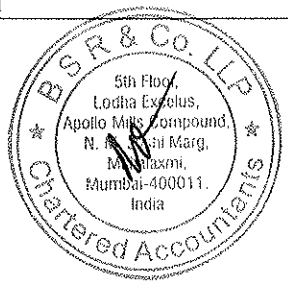
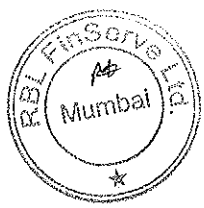
Note 2.21: Administrative and Other expenses

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
Advertisement	827,922	708,302
Audit fees (Refer note no. 2.32)	2,732,650	1,786,850
Bank charges	3,024,455	166,938
Cash handling charges	17,981,571	9,672,682
Commission for collection	13,830,781	-
Cloud Server charges	8,806,914	-
Electricity expenses	7,485,055	4,552,308
Insurance charges	2,899,391	1,793,804
Legal expenses	2,566,756	1,668,518
Memberships and subscription	617,337	219,652
Office expenses	11,531,240	9,526,062
Rates and taxes	740,297	2,639,773
Business loss and portfolio loss	6,695,168	6,287,294
Brokerage	823,500	839,400
Printing and stationery	21,205,542	11,610,824
Professional charges	33,818,405	22,859,071
Postage and Telegram	5,320,965	4,210,409
Retainership charges	110,501	205,546
Mangement Service Charges for seconded employees	14,428,548	10,852,355
Interest on ST payment and TDS	4,828	37,362
Meeting and conference expenses	938,665	712,895
Rent- premises	83,783,029	48,800,792
Rent- computer & Printer	7,807,934	920,231
Security charges	8,684,158	1,434,574
Recruitment charges	647,298	264,500
Repair and maintenance charges	3,569,085	851,833
Telephone and fax exps.	16,003,525	10,062,765
Tour and travels	127,007,960	79,468,106
Training expenses	9,653,958	7,816,610
Donation	-	1,200,000
Loss on Property, Plant and Equipment	11,772	5,061
Directors sitting fees	1,190,000	493,000
Other miscellaneous expense	3,023,876	1,941,249
Total	**417,773,086**	**243,608,766**





Note 2.22 : Basic and diluted earnings per share:

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
a) Basic Earnings per share		
Net Loss attributable to equity shareholders [A] (Rs.)	(55,861,694)	(121,420,435)
Weighted Average number of equity shares issued [B]	54,679,913	54,679,913
Basic earnings per share [A/B] (Rs.)	(1.02)	(2.22)
b) Diluted Earnings per share		
Net Loss attributable to equity shareholders [A] (Rs)	(55,861,694)	(121,420,435)
Weighted average number of equity shares issued [B]	54,679,913	54,679,913
Diluted earnings per share [A/B] (Rs.)	(1.02)	(2.22)
Number of equity shares at the beginning and end of the year for the purpose of calculation of Basic EPS	54,679,913	54,679,913

Note 2.23: Employee benefit disclosure
The company has classified various benefits provided to employees benefits as under

A .Defined contribution plan

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
Employer contribution to		
Provident fund	58,240,776	33,021,610
Employee state insurance corporation	20,808,020	11,490,722
Labour welfare	169,867	107,695
Total	79,218,663	44,620,027

B .Defined benefit plan

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 subject to limit of Rs.2,000,000 as per The Payment of Gratuity Act, 1972 as amended from time to time. This plan is unfunded.

i. Leave encashment

Detailed disclosures of compensated absence is not given in terms of Para 132 of AS 15 "Employee benefits"

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
Current liability	6,514,503	975,364
Non Current liability	-	3,323,669
	6,514,503	4,299,033

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Note 2.23: Employee benefit disclosure *(continued)*

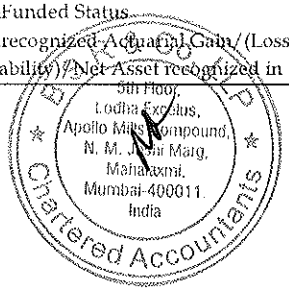
ii. Gratuity:

Gratuity provision has been made based on the actuarial valuation done as at the year end. The details of actuarial valuation as provided by the independent actuary are as follows:

Gratuity Valuation report as at 31 March 2019

Assumptions	**FY 2018-19**	**FY 2017-18**
Mortality Rate	the Indian Assured Lives Mortality (2012-14) Ult table	the Indian Assured Lives Mortality (2006-08) Ult table
Discount Rate	7.80%	8.05%
Salary escalation rate	10.00%	10.00%
Attrition Rate		
Age Group		
upto 30	20.00%	20.00%
31-40	15.00%	5.00%
41 and above	10.00%	3.00%
Rate of return (expected) on plan assets		-
Benefit: as per Gratuity ACT with Limit	2,000,000	2,000,000
Retirement age (Years)	60	60

Particulars	**FY 2018-19**	**FY 2017-18**
I. Data information		
Number of members	4,701	2,720
Total monthly salaries (In Rs.)	51,200,962	25,435,964
Average age (years)	29.30	28.76
Average Service (years)	1.10	1.17
II Changes in present value of obligations (PVO)	**(Amt in Rs.)**	**(Amt in Rs.)**
PVO at beginning of year	20,259,295	10,398,443
Interest cost	2,589,300	1,252,979
Past Service Cost	-	873,099
Current Service Cost	12,974,025	6,762,196
Benefits Paid	(2,427,696)	(1,502,646)
Actuarial (gain)/loss on obligation	(7,182,185)	2,475,224
Transferred from holding company	7,343,097	-
PVO at end of year	33,555,836	20,259,295
III Actuarial Gain/(Loss) Recognized	**(Amt in Rs.)**	**(Amt in Rs.)**
Actuarial Gain/(Loss) for the year (Obligation)	(7,182,185)	2,475,224
Actuarial Gain/(Loss) for the year (Plan Assets)	-	-
Total Gain/(Loss) for the year	(7,182,185)	2,475,224
Actuarial Gain/(Loss) recognized for the year	(7,182,185)	2,475,224
Unrecognized Actuarial Gain/(Loss) at end of year	-	-
IV Amounts to be recognized in the balance sheet and statement of profit and loss	**(Amt in Rs.)**	**(Amt in Rs.)**
PVO at end of year	33,555,836	20,259,295
Fair Value of Plan Assets at end of year		
UnFunded Status	(33,555,836)	(20,259,295)
Unrecognized Actuarial Gain/(Loss)		
(Liability)/Net Asset recognized in the balance sheet	(33,555,836)	(20,259,295)



Note 2.23: Employee benefit disclosure *(continued)*

ii. Gratuity (continued)

V Expense recognized in the statement of Profit and Loss	(Amt in Rs.)	(Amt in Rs.)
Current Service Cost	12,974,025	6,762,196
Past Service Cost	-	873,099
Interest cost	2,589,300	1,252,979
Expected Return on Plan Assets	-	-
Net Actuarial (Gain)/Loss recognized for the year	(7,182,185)	2,475,224
Expense recognized in the statement of Profit and Loss	8,381,140	11,363,498

VI Movements in the Liability recognized in Balance Sheet	(Amt in Rs.)	(Amt in Rs.)
Opening Net Liability	20,259,295	10,398,443
Expenses as above	8,381,140	11,363,498
Benefits paid	(2,427,696)	(1,502,646)
Transferred from holding company	7,343,097	-
Closing Net Liability	33,555,836	20,259,295

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
Current Liability	1,197,563	2,136,208
Non- Current Liability	32,358,273	18,123,087

iii) Disclosure required as under para 120(n) of AS-15 (Experience Adjustment Table)

	Period Ended				
	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015
Defined Benefit Obligation	33,555,836	20,259,295	10,398,443	1,595,542	1,309,248
Plan Assets	-	-	-	-	-
Surplus/(Deficit)	(33,555,836)	(20,259,295)	(10,398,443)	(1,595,542)	(1,309,248)
Exp Adj. on Plan Liabilities	(1,265,012)	(620,887)	(725,977)	7,100	1,018,602
Exp Adj. on Plan Assets	-	-	-	-	-

Note 2.24 Expenditure in Foreign Currency

Particulars	As at 31 March, 2019	As at 31 March, 2018
Professional charges	243,756	235,944
Foreign Tours and Travels	-	294,502
Training expenses	-	542,708
Total	243,756	1,073,154

Note 2.25 : Segment reporting

a) Business Segment:

The Company operates in a single reportable segment i.e. business correspondent to RBL Bank Limited. Accordingly there is no reportable segment to be disclosed as required by Accounting Standard 17 " Segment reporting".

b) Geographical Segment:

During the year, the Company has engaged in business within India. The conditions prevailing in India being uniform, no seperate geographical disclosure is considered necessary.

Note 2.26: Capital commitments

Estimated amount of contracts remaining to be executed on capital accounts and not provided for Rs. 12,053,070 (31 March 2018 Rs. 12,351,160).

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Note 2.27: Contingent liability and claim

a) Loan loss provision

The company has entered into an agreement with RBL Bank Limited for maximum loan loss provision for the JLG and MSME loans outstanding as on 31 August 2018 which were sourced by the Company on behalf of RBL Bank Limited. As per the agreement the total loan loss provision for the Company on the portfolio outstanding as on 31 August 2018 will capped at Rs. 942,714,430. The Company during the year has accounted for loan loss of Rs. 316,654,630 based on the expected loss and unaccounted loan loss balance as at 31 March 2019 is Rs. 626,059,800.

b) Provident Fund

The supreme court of india in its judgement in the case of THE REGIONAL PROVIDENT FUND COMMISSIONER (II) WEST BENGAL v/s VIVEKANANDA VIDYAMANDIR AND OTHERS on 28th February 2019 has clarified that any emolument paid universally, necessarily and ordinarily to all employees across the board are to be considered as basic wage and accordingly needs to be considered for calculation of Provident Fund contribution. In view of inadequate clarity on the period of applicability of the judgement, the company is unable to quantify the exact liability for the past periods if any. As a prudent practice, the Company has made provision on a prospective basis from the date of the SC order. The Company would record any further effect in its financial statements, on receiving additional clarity on the subject.

c) Litigation

There are no pending litigation which may impact the financial statement of the Company.

Note 2.28 : Impairment of asset

All current assets, loans and advances would be realizable at least at an amount equal to the amount at which they are stated. Hence, no impairment of asset has been recognized.

Note 2.29 : Dues to micro, small and medium enterprises

The amounts that need to be disclosed in accordance with the Micro Small and Medium Enterprise Development Act, 2006 (the 'MSMED') pertaining to micro or small enterprises for the year ended March 31, 2019 is given below:

Particulars	2018-19	2017-18
the principal amount and the interest due thereon remaining unpaid to any supplier at the end	6,921,035	73,206
the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
the amount of interest due and payable for the period of delay in making payment (whic h has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-
the amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-

Note: The above details are provided based on the available information with the Management.

Note 2.30 : Lease:

The Company is obligated under operating lease for office space. During the year, the total rental expenses debited to the Statement of Profit and Loss account amounted to Rs. 83,783,029 (Previous year Rs 48,800,792). This rental cost is exclusive of Goods and Service tax.

Future Minimum lease payments under non-cancellable operating lease as follows:

Particulars	As at 31 March, 2019	As at 31 March, 2018
Not later than 1 year	14,149,530	6,769,914
Later than 1 year and not later than 5 year	36,077,472	360,330
Later than 5 year	-	-

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Note 2.31 : Related Party Transactions

A) Enterprise that can exercise significant influence:

RBL Bank Limited (Holding Company w.e.f 08 November 2017)
Accion International (Upto 28 June 2018)
Accion Technical Advisors India (Upto 28 June 2018)

B) Key Management Personnel (KMP):

Ms. Veena Mankar - Chief Executive Officer (upto 31 August 2018)
Mr. Vikas Muttoo- Chief Excecutive officer (from 01 Novermber 2018)
Mr. G. Madan Mohan - Chief Executive officer (from 01 September to 31 October 2018)
Mr. Manouj Kabra - Chief Financial Officer (From 05 February 2018)
Mr. Pranav Desai- Chief Financial Officer (upto 09 March 2018)
Ms. Anshu Mohta - Company Secretary

C) List of Enterprise in which KMP exercise significant influence

Swadhaar FinAccess
Swadhaar Finserve Employee Welfare Trust
India Consult

D) Relatives of KMP:

Mr. Vikas Bhagwan Mankar (Spouse of Ms. Veena Mankar)

Transaction	For the period ended 31 March 2019			For the period ended 31 March 2018		
	Enterprise that can exercise significant influence	Key Management Personnel	List of enterprises in which KMP exercises significant influence	Enterprise that can exercise significant influence	Key Management Personnel	List of enterprises in which KMP exercises significant influence
Accion International:						
Training Related Expenses	-	-	-	542,708	-	-
Foreign Travel	-	-	-	294,502	-	-
Accion Technical Advisors India:						
Technical Assistance	-	-	-	4,403,453	-	-
Swadhaar Finserve Employee Welfare Trust						
Expenses received	-	-		-	-	76,768
Investment redemption	-	-		-	-	46,559
Loans and Advances repaid	-	-		-	-	50,434,792
Swadhaar FinAccess:						
Donation given	-	-	-	1,200,000	-	-

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Transaction	For the period ended 31 March 2019			For the period ended 31 March 2018		
	Enterprise that can exercise significant control	Key Management Personnel	List of enterprises in which KMP exercises significant influence	Enterprise that can exercise significant control	Key Management Personnel	List of enterprises in which KMP exercises significant influence
RBL Bank Limited						
Revenue from service fees, upfront processing fees, fees on savings deposit and Manpower services	1,913,950,950	-	-	1,051,498,521	-	-
Fixed Deposit (including accrued interest)	57,543,137	-	-	117,766,683	-	-
FD Pre-closed for LLP Adjustment	149,585,908	-	-	138,630,073	-	-
Fixed Deposit interest Income	5,795,937	-	-	18,368,109	-	-
FD Matured	51,693,614	-	-	104,048,418	-	-
Expenses for Loss on Managed Assets	329,055,882	-	-	331,218,937	-	-
Management service charges for seconded employees	14,428,548	-	-	10,852,355	-	-
Transfer of Assets (Car)	2,855,211	-	-	-	-	-
Salary and Remuneration						
Vikas Muttoo	-	2,928,678	-	-	-	-
Anshu Mohta	-	2,662,356	-	-	1,953,443	-
Manouj Kabra	-	3,599,008	-	-	1,004,884	-
Pranav Desai	-	-	-	-	2,871,138	-
Veena Mankar	-	5,647,083	-	-	4,879,812	-
Total	**2,524,909,187**	**14,837,125**	-	**1,778,823,759**	**10,709,277**	**50,558,119**

Note:

1. Management service charges includes salary and remuneration paid to G. Madhan Mohan (Interim CEO) who was RBL seconded employee.
2. Remuneration to key managerial personnel does not include benefits payable under gratuity except Veena Mankar.

Outstanding receivable / payable with related parties:

Transaction	As at 31 March 2019			As at 31 March 2018		
	Enterprise that can exercise significant control	Key Management Personnel	List of enterprises in which KMP exercises significant influence	Enterprise that can exercise significant control	Key Management Personnel	List of enterprises in which KMP exercises significant control
RBL Bank Limited						
Receivable from RBL Bank Limited	217,743,990	-	-	182,796,654	-	-
Payable to RBL for Undisbursed funds	-	-	-	74,833,284	-	-
Bank Balances in current account	367,837,997			47,984,499		
Fixed deposit	-	-	-	143,635,594	-	-
Accrued interest on FD	-	-	-	1,279,299	-	-
Loss on Managed Portfolio payable	108,093,850	-	-	130,452,153	-	-
Management service charges payable	-	-	-	2,034,993	-	-
Receivable from RBL*	7,343,097	-	-	-	-	-
*towards employee retirement benefits of transferred employees						

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Note 2.32 : Auditor's Remuneration

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
Statutory Audit Fees	1,600,000	1,500,000
Limited Review Fees	800,000	-
Tax Audit Fees	200,000	200,000
Others	100,000	-
Reimbursement of expenses	103,000	96,750
Total	2,803,000	1,796,750

2.33 : Specified bank notes

The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made since the requirement does not pertain to financial year ended 31 March 2019.

2.34 : ESOP note

During the year, the holding company transferred certain employees to the Company. Those employees were given stock options by the holding company. Since these stock options are issued by the hoding company directly to the respective employee and the related cost if any will be borne by the holding company, no provision is made in the financial statements.

Note 2.35 : Previous Year Comparative Statement

Previous year figures are regrouped/ reclassified to make them comparable.

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No: 101248W/W-100022

Manoj Kumar Vijai
Partner
Membership No.: 046882

Place: Mumbai
Date: 13 April, 2019

For and on behalf of the Board of
RBL FinServe Limited
(Formerly known as Swadhaar FinServe Private Limited)
CIN: U74110MH2007PLC175181

Vikas Muttoo
Managing Director & CEO
DIN: 06656213

Veena Mankar
Chairperson
DIN: 00004168

Manouj Kabra
Chief Financial Officer

Anshu Mohta
Company Secretary

Place: Mumbai
Date: 13 April, 2019

RBL FinServe Limited Mumbai